



AI in the Workplace:

The Legislative and Regulatory Landscape



AI IN THE WORKPLACE

As AI and automated decision systems (ADS) continue to integrate with the workplace at an exponential pace, regulatory frameworks have yet to catch up, particularly in the United States. The U.S. has no federal AI law, and only a handful of states have thus far passed legislation or regulations focused primarily on workplace AI.¹

At the crux of the AI regulatory debate: the balance between needed guardrails and fostering innovation.

In this report, you'll find:

- A snapshot of the current federal and state regulatory landscape
- What to expect from the EU AI Act
- Troublesome themes in existing regulations

¹ This report is focused on workplace AI regulation. Unless noted otherwise, "AI regulation" refers to laws and regulations targeting labor and employment AI issues.



AI IN THE WORKPLACE

But First— Considerations for Employers

While major federal laws are likely still far off on the horizon, state laws will certainly see a major uptick within the next few years. Now is the time for employers to prepare, regardless of where you are on your AI implementation journey. As always, the CHRO Association is here to help ensure your voice is heard.

- **Catalog AI and automation:** Given broad definitions of AI and automation in policy efforts, it is essential for employers to map uses of automation and AI across their entire organizations, and throughout the full spectrum of employment decisions.
- **Keep humans in the loop:** When mapping AI and ADS uses, ensure that human oversight is built in, particularly with employment-related decisions.
- **Audit, audit, audit:** Particularly with algorithmic employment decision-making, regular audits and impact assessments to find harmful bias is key.
- **Review vendors closely:** Employers may be liable for defective results of ADS and AI even where they have little control over their inputs and operations. Accordingly, work with your legal teams to prepare detailed questions and conditions for AI vendors.
- **Review notice and transparency policies:** Providing notice to impacted individuals is a mainstay of AI regulation. Transparency in AI workplace integration fosters the trust of employees needed to ensure technologies are implemented successfully.
- **Seek indemnification:** Seek to limit liability through indemnification agreements with developers.
- **Leverage government relations:** Business community advocacy against AI regulatory efforts has proven very successful thus far, even in progressive states such as California. Ensure your in-house government relations teams are plugged into state lobbying coalitions where you do business.

The Executive Branch— Focus on Innovation and Workforce Development

The Biden administration's approach to AI focused on workers' rights and organized labor.

- Executive actions were on safety, discrimination, and the impact on labor, through Executive Orders, task forces, solicitation of public input, and the [Blueprint for an AI Bill of Rights](#).

Meanwhile, the new Trump administration has backtracked on nearly all these actions and shifted the focus towards national security issues associated with AI. In fact, the White House has threatened to withhold federal funding from states enacting restrictive AI regulations.

- Top priorities are eliminating red tape and restrictions, fostering innovation, and creating an AI-ready workforce.²
- The [AI Action Plan](#) has three pillars: accelerating innovation, building AI infrastructure, and leading international diplomacy and security.
 - **What it does:** The plan calls for employers to identify required skills and competencies and build an AI-ready workforce.³ This includes the creation of industry-driven training programs.
 - **What it doesn't do:** The plan does not envision regulation of workplace AI—by contrast, it prioritizes “removing red tape and onerous regulations.”

Congress—Partisan Divides and Fact-finding

An all-encompassing federal AI law like the EU AI Act remains a distant prospect. Even targeted legislation is unlikely to be passed in the immediate future. Congress—particularly under Republican leadership—has taken a slow, cautious approach to AI regulation, with concerns over creating burdensome regulatory frameworks that stifle AI innovation.

- Most AI-related legislation proposed in the last two Congresses has focused on voluntary guidelines, best practices, and self-auditing.⁴
- Congress remains in a fact-finding stage—committees and task forces are gathering information from various stakeholder groups, holding hearings, and producing reports.
- Meanwhile, more progressive, worker-friendly lawmakers such as Sen. Bernie Sanders (I-VT) expound the need to protect labor against AI displacement (see below).

Bipartisan Task Force Report

In one of Congress's first major moves on AI, the [U.S. House Bipartisan AI Task Force released a report](#) at the end of 2024 which covers the waterfront of AI issues, including creating an AI-ready workforce through training and upskilling.

2. Laura Harris, Cong. Rsch. Serv., R4855, *Regulating Artificial Intelligence: U.S. and International Approaches and Considerations for Congress* (2025).

3. Office of the President of the United States, *Winning the Race: America's AI Action Plan* 17 (July 2025).

4. Laura Harris, Cong. Rsch. Serv., R4855, *Regulating Artificial Intelligence: U.S. and International Approaches and Considerations for Congress* (2025).

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The report is a blueprint for future federal actions on AI, reflective of Congress' current overall approach to AI regulation:

- A focus on fostering innovation and enabling the U.S. to be a leader in AI
- A preference for slower, incremental approaches to regulation and avoidance of larger, restrictive frameworks
- A reluctance to make any federal laws preemptive, *i.e.*, supreme to state laws
- A preference for sector-specific regulatory approaches

“100 million jobs lost in a decade”

By contrast, a new report released by Sen. Bernie Sanders (I-VT) reflects the chief concern of most progressive Democrats—job displacement and the impact on American workers broadly.

- [“The Big Tech Oligarchs’ War Against Workers”](#) examines AI through the lens of how it may negatively impact American workers, and claims that AI and automation “could destroy nearly 100 million U.S. jobs in a decade.”⁵
- Sen. Sanders uses public statements from major business leaders, AI innovators, and companies to demonstrate potential job loss, including the prediction from OpenAI CEO Dario Amodei that around half of all entry-level white-collar jobs will be replaced by AI within five years.

- The report makes several policy recommendations to protect workers, including:
 - 32-hour workweeks with no loss in pay;
 - Employee profit-sharing;
 - Employee representation on corporate boards;
 - Taxes for use of robot workers;
 - Doubling union membership; and
 - Guaranteeing paid family and medical leave.

Sen. Sanders' arguments indicate that the future of AI regulation may include unrelated goals for policymakers, such as mandatory paid leave and pro-union reforms (or healthcare reforms for Republicans).

Meanwhile, the Senate's latest hearing on AI, [“AI’s Potential to Support Patients, Workers, Children, and Families.”](#) highlighted the differences in approach between Republicans and Democrats.

- While Democrats emphasized immediate, drastic action to protect workers, Republicans evinced a wait-and-see approach that ensures continued innovation, as well as a focus on the benefits of AI in industries such as healthcare and education.
- Where Republicans expressed concerns, they were focused on individual privacy and safeguarding underage Americans against harmful effects of chat bots—issues squarely beyond the workplace.

5. The methodology for reaching this estimate is, somewhat ironically, a ChatGPT-based statistical model.

Examples of recently proposed federal workplace AI legislation:

- **No Robot Bosses Act (S.2419)**— introduced by Sen. Bob Casey (D-PA), this bill would ban employers from relying solely on ADS for employment-related decisions, among other requirements.
- **Stop Spying Bosses (S.262)**—also introduced by Sen. Casey, this bill would restrict employers' ability to engage in workplace surveillance and employee monitoring.
- **Algorithmic Accountability (S.2892)**— introduced by Sen. Ron Wyden (D-OR), this bill would require employers to conduct impact assessments of ADS when making critical employment decisions.

While the above legislation has little to no chance of moving in the current Congress, the bills provide examples of potential approaches. The first proposal, the No Robot Bosses Act, was recently passed in similar form in California before being vetoed by Gov. Newsom (see more below).

Absent a Democratic supermajority in the House and Senate within the next few years—doubtful—it is unlikely that a major workplace AI law is coming soon.

Somewhat more likely is an initial federal framework focused on bolstering innovation and providing transparency and accountability standards for specific AI systems.⁶ Such a law would likely impact only developers of high-impact/high-risk AI systems. Smaller bills, targeting issues beyond the workplace such as deepfakes and social media, are possible as well.

6. Benjamin M. Ebbink & Braden Lawes, 3 AI Bills In Congress for Employers to Track: Proposed Laws Target Automated Systems, Workplace Surveillance, and more, Fisher Phillips, <https://www.fisherphillips.com/en/news-insights/3-ai-bills-in-congress-for-employers.html> (April 2, 2024)

CURRENT FEDERAL AND STATE REGULATORY LANDSCAPE

There are three primary barriers to comprehensive AI legislation:

A HYPER-POLAR LEGISLATIVE ENVIRONMENT:

For more than a decade, extreme partisan divides in Congress have frozen significant legislative efforts. Senate rules require at least 60 votes to pass major legislation, which usually means getting at least half a dozen votes from the other party—a nearly impossible outcome in the current environment. Extreme aversions to compromise by both parties—driven in part by fear of giving the other side a “win”—have made passing laws on any major issue extremely difficult.

RELUCTANCE TO OVERRIDE STATE LAWS:

Preemption—which makes federal laws supreme over state laws on the same issues—has become a non-starter for federal legislative efforts. Traditionally, Republicans have avoided making federal laws preemptive out of a belief in state autonomy, while Democrats are cautious about the same to allow for more progressive state laws. This undermines attempts at uniform, national law. Accordingly, even if AI legislation does gain momentum, it is more likely than not that any such law will not override state laws (or prevent more from being passed).

EXISTING LAWS AND REGULATIONS:

Many opponents of large-scale AI regulation point to existing laws and regulations as being already sufficient for achieving the goals of proponents. AI discrimination, for example, is arguably already prohibited under existing anti-discrimination laws such as Title VII. Indeed, a primary focus of Congress has been on how existing laws, regulations, and agencies could meet the needs of AI regulation.⁷



REPUBLICAN PRIORITIES

- Avoiding a comprehensive, one-size-fits-all approach
- Removing red tape to foster innovation
- A split between protecting state autonomy and preventing states from passing restrictive regulations
- AI use cases that can improve healthcare and education
- Data privacy and safeguarding minors against intrusive AI and chat bots (bipartisan)



DEMOCRATIC PRIORITIES

- A comprehensive, preemptive federal law like the EU AI Act
- No restrictions on state regulatory efforts in the meantime
- A primary focus on how AI will impact American workers and the workplace
- Providing protections for workers, including shorter work weeks, paid leave, and easier paths to unionization
- Data privacy and safeguarding minors against intrusive AI and chat bots (bipartisan)

7. Laura Harris, Cong. Rsch. Serv., R4855, Regulating Artificial Intelligence: U.S. and International Approaches and Considerations for Congress (2025).

In the States— What to Expect

While federal legislation remains stifled by partisan divisions, states have rushed to fill the void. However, at present, there are still only a handful of laws directly impacting employers and their workplaces. Dozens of state AI laws have been passed over the last few years, and each year brings hundreds of new proposed bills— but mostly small in scope and targeting specific issues, such as deepfakes.



Colorado Artificial Intelligence Act.

The CAIA was the first major U.S. law to tackle AI on large scale, and the first one with significant implications for user employers (in addition to developers). It creates significant and potentially burdensome documentation and notice requirements for employers.

The CAIA is currently subject to potential amendments limiting its initial impact after Gov. Jared Polis (D) pushed the state legislature to re-open the law following pressure from industry stakeholders. The extra deliberations succeeded in pushing the effective date of the law from February to June 2026, and additional rounds may result in further amendments to narrow the law's scope.

- Enacted in 2024, effective June 30th, 2026
- Primarily focused on algorithmic discrimination in high-risk AI systems
 - Broadly defined to include any system that makes or is a “substantial factor” in making, a “consequential decision,” which includes employment decisions.

- Establishes a *duty of reasonable care* for users and developers to protect individuals from known or foreseeable risks of AI-driven algorithmic discrimination
- **Employers** are subject to the following requirements for meeting this duty:
 - Conduct annual impact assessments for high-risk AI systems
 - Notice requirements, including notifying individuals that AI will be used in making an employment decision, and if the decision is adverse to the individual, the reasons and the impact of AI on making such a decision.
- **Developers** are subject to the following requirements for meeting this duty:
 - Documentation of a tool's purpose, intended benefits and uses, potential harmful uses and risks, and steps taken to mitigate discrimination risk
 - Summaries of the tool's training data, anti-bias testing, data governance measures, and intended output
- Provides affirmative defenses to employers if they take steps to review and cure any violations and comply with the latest version of the NIST AI risk management framework or similar.

The CAIA's broad definitions—including for high-risk AI systems, “substantial factor,” and “consequential decision”—and intermittently vague language create legal uncertainty around its scope. These defects triggered special legislative sessions to rewrite some provisions; the law faces potential amendments ahead of its effective date.

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Illinois HB 3773 Amending Human Rights Act.

This law prohibits employers from engaging in AI/algorithmic discrimination.

- Enacted in 2024, effective January 1, 2026
- Prohibits employers from using AI or ADS discriminating against employees on the basis of protected characteristics (race, gender, etc.)
- Requires employers to notify employees when they use AI or ADS in employment decisions

Like in Colorado, the law broadly defines AI and ADS. It also fails to provide details on the scope of employment decisions covered and how and when notice must be provided to employees; the Illinois Department of Human Rights is directed to issue further rules for implementing the law (no such rules have yet been issued).



California Transparency in Frontier Artificial Intelligence Act.

The TFAIA creates public, standardized safety disclosure requirements for developers of AI models.

- Enacted in 2025, effective January 1, 2026.
- Applies to developers of “frontier” AI models, defined as a foundation model on a quantity of computing power greater than 10^{26} integer or floating-point operations (“FLOPs”)

- This threshold notably exceeds the EU AI Act’s threshold of 10^{25} .
- Few companies have publicly disclosed exceeding this threshold (and therefore subject to this law), but more are expected to in the coming years.

- Requires covered developers to disclose how they manage safety risks and create new transparency frameworks.

California Civil Rights Department AI Discrimination Regulations.

The state’s CRD issued regulations focused on preventing AI and ADS discrimination in the workplace.

- Initially issued in 2023, effective Oct. 1, 2025
- Prohibits employers from using ADS or criteria that results in discrimination based on protected characteristics
- Requires employers to preserve records of ADS usage, including dataset descriptions, scoring outputs, and audit findings, for up to four years
- Consistent use of bias audits may be exculpatory in enforcement actions

This regulation’s scope of liability presents potential issues for both users and developers. Users may be liable for discriminatory results even if they do not have control over the algorithms or training data (*i.e.*, the employer is just using the product out of the box), and developers may be liable even if they have no control over how their product was used.

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New York City Local Law 144.

This law requires employers using ADS in employment decisions to conduct independent bias audits of the tools.

- Enacted 2021, effective 2023
- In addition to conducting audits, employers must publish summaries of the audits annually and provide notice to individuals if they are subject to ADS use.

Regulation Coming Soon to a State Near You.

Nearly every state has several workplace AI legislative proposals. Their chances of becoming law vary, with blue states more likely to pass restrictions.

- In particular, New York, Massachusetts, Maryland, and Virginia appear poised to pass significant workplace AI legislation.
- Virginia did in fact pass major legislation in 2025 which, while applying only to “consumers” (and excluding AI in employment contexts) was in some ways stricter than Colorado’s law; the law was subsequently vetoed by Gov. Youngkin (R). The state’s pending gubernatorial election could result in a similar law being passed next year.
- Similarly, New York passed the RAISE Act, which regulates large AI models like California’s TFAIA—that law is awaiting the signature of Gov. Hochul (D).

One common, and somewhat surprising, theme of state AI regulation in 2025 was the willingness of both red and blue state leaders to curtail broader regulatory efforts, even in opposition to their own legislatures.

- Govs. Newsom, Youngkin, and Abbott (R-TX) all vetoed significant AI legislation, citing potential negative impacts on innovation and lack of clarity.
- Gov. Polis pushed his state legislature to reopen the Colorado AI Act for similar reasons, which could reduce the scope of the law.
- Gov. Newsom vetoed [California’s No Robo Bosses Act, which would have enacted some of the strictest controls over employer use of AI in the workplace in the country](#). Newsom said the bill’s restrictions were “overly broad” and created burdensome requirements for employers “using even the most innocuous tools.”
- It remains to be seen whether Gov. Hochul will follow suit in New York.

Nevertheless, these outcomes highlight the effectiveness of the business community’s lobbying efforts, the influence of AI developers on state lawmaking, and the unwillingness of even Democratic state governors to regulate AI and potentially stifle innovation.

What to Know About the EU AI Act

The EU AI Act, enacted in 2024, is the first major global law tackling AI. Some provisions of the law went into effect in 2025, while full implementation does not arrive until 2030.

The EU AI Act takes a risk-based approach to AI regulation, classifying AI systems into five risk categories with different legal schemes attached to each risk level:

- **Unacceptable risk:** AI with a clear threat to safety and human rights is fully prohibited.
 - *E.g.*, deepfakes, social scoring, biometric categorization to infer protected characteristics.
- **High risk:** AI that can pose serious risks to health, safety, or fundamental rights is subject to significant assessments and mitigation obligations.
 - *E.g.*, ADS in education and employment decisions, safety components in critical infrastructure, remote biometric identification
- **Transparency risk:** AI that poses risk of impersonation or deception is subject to notice, information, disclosure, and transparency requirements.
 - *E.g.*, chatbots, AI generated images or videos

- **Minimal or no risk:** Not subject to any requirements.
 - *E.g.*, AI-enabled video games, spam filters
- **General-purpose AI (GPAI):** GPAI models are required to maintain up to date technical documentation, among other requirements. Models exceeding 10^{25} FLOPs are subject to additional risk mitigation requirements.

The EU AI Act is a blueprint for future AI regulation around the world. Initial returns indicate significant compliance complexities, including determining which category an AI system might fall under and what exactly is required.

- Meeting transparency requirements has also proved difficult for some companies. A 2024 MIT Sloan survey found that nearly half of surveyed companies considered themselves unprepared for compliance.⁸

Given the roadblocks to federal AI laws, it is unlikely that the U.S. enacts a federal law at the scale of the EU AI Act—at least in the near future. Nevertheless, the law's overall risk-based approach and individual provisions have already proven influential on nascent U.S. AI regulatory efforts. Piecemeal implementation of its individual parts and language is already occurring.

- Colorado's law, for example, essentially mirrors the EU AI Act's high-risk tranche in scope and language, and California's regulations also use similar definitions.

⁸ Renieris et al. *Organizations Face Challenges in Timely Compliance with the EU AI Act*, MIT Sloan Management Review, <https://sloanreview.mit.edu/article/organizations-face-challenges-in-timely-compliance-with-the-eu-ai-act/> (June 13th, 2024).

Regulatory Red Flags

We see several problematic themes creating difficulties for employers—now and in the future:

- **Another state patchwork:** As has been the case with paid leave, pay transparency, and recently, labor, the absence of meaningful federal action is giving rise to a growing state patchwork of AI laws. Different regulatory frameworks across different states create significant compliance issues for multistate employers, and it is entirely possible that nearly every state could eventually pass a workplace AI law.
- **All-encompassing definitions of AI and ADS:** A major flaw of state workplace AI laws is their significantly broad and often unclear definitions of AI. These definitions could unreasonably broaden the scope of a law's reach and make its limits unknowable. Under such definitions, using a sophisticated AI agent to actually *interview* job applicants—a new AI use case—could be treated the same as automatically screening out applicants who fail an initial knowledge test or do not meet certain eligibility criteria—practices in existence for many years before the current AI moment.
- **All-encompassing definitions of employment decisions:** Similarly broad definitions of “employment decisions” create the same lack of clarity and liability issues for employers. Hiring and termination decisions could be treated the same as scheduling meetings.
- **Expansive liability:** Regulation typically does not provide finite limits on liability for developers and users. Expansive liability schemes could hold users responsible for defective results of products over which they have no end control, while conversely, developers could be liable for misuse of their products, despite having no control over the end user.⁹
- **Legal layering:** California's AI discrimination regulations prohibit AI-related discrimination in employment decisions—but discrimination in employment is already prohibited (and has been for decades) under various federal and state laws. This “layering” of laws is likely to include other areas of overlap, and risks confusion for employers, particularly where AI-specific laws have additional requirements or heightened standards (*e.g.*, in the discrimination context, a broader definition of discrimination than exists under Title VII).

⁹. This type of liability is not unlike an overly broad joint employer law or rule, which would hold employers liable for the violations of third-party contractors over which they have little or no control.