HB 26-1263

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1263: CONVERSATIONAL AI SERVICE OPERATOR REQUIREMENTS

Prime Sponsors:
Rep. Camacho; Mabrey
Sen. Carson; Jodeh

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Bill Outcome: Signed into Law
Drafting Number: LLS 26-0420

Version: Final Fiscal Note
Date: July 13, 2026

Fiscal note status: The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill requires operators of conversational AI services to establish certain protections and provide specific information to users.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0
State Expenditures	$0	$0
Transferred Funds	$0	$0
Change in TABOR Refunds	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Beginning January 1, 2027, the bill establishes requirements for operators of conversational artificial intelligence (AI) services related to minor account holders or users, consumer disclosures, suicide protocols, false representation, and annual reporting.

Minor Protections

The bill requires conversational AI service operators to use commercially reasonable methods or generally accepted methods to estimate the age or age range of a user and to perform certain actions related to minors. Specifically, an operator must:

- persistently, repetitively, or responsively disclose that a minor is interacting with AI;
- not incentivize minors to increase engagement with an AI service;
- implement measures to prevent the generation or communication of sexually explicit content to minors;
- implement measures to prevent the generation or communication of emotional dependence between an AI service and minors, or isolation from real-world supports;
- protect a minor's privacy and data; and
- offer privacy and account management tools to minors or their parents.

Additional Provisions

Furthermore, the bill requires operators to:

- repetitively and responsively disclose that a user is interacting with AI;
- implement a protocol for user prompts regarding suicidal ideation or self-harm that refers a user to a crisis service provider; and
- submit an annual report to the Department of Law beginning July 1, 2027, that contains specific information, which the department must publish on its website.

Operators are also prohibited from advertising or representing an AI service as a licensed health care, legal, mental health, or dietary professional.

State Expenditures

Beginning in FY 2026-27, the bill minimally increases workload in the Department of Law, the Judicial Department, and the Office of Information Technology, as discussed below.

Department of Law

Workload in the Department of Law will minimally increase to collect annual reports and publish them after review, which can be accomplished within existing appropriations.

Governor's Office—Office of Information Technology

Workload in the Office of Information Technology will increase to update internal policies and provide technical guidance related to AI services used by state agencies. Given the limited number of agency platforms using this functionality, the fiscal note assumes that any workload will be minimal and absorbable within existing appropriations.

Effective Date

The bill was signed into law by the Governor on May 29, 2026, and takes effect August 12, 2026, assuming no referendum petition is filed.

State and Local Government Contacts

Early Childhood

Education

Information Technology

Judicial

Law

Local Affairs

Regulatory Agencies