

LEGAL UPDATE TEXAS

Texas Enacts Comprehensive AI Legislation

On **June 22, 2025**, Texas enacted the [Texas Responsible Artificial Intelligence Governance Act](#) (Act) to impose guardrails on the development and deployment of artificial intelligence (AI) systems in the state. The Act takes effect **Jan. 1, 2026**, and makes Texas the second state to enact omnibus AI legislation.

Act Overview

The Act applies to any person who promotes, advertises or conducts business in Texas; produces a product or service used by Texas residents; or develops or deploys an AI system in the state. “**AI system**” means any machine-based system that, for any explicit or implicit objective, infers from the inputs the system receives how to generate outputs, including content, decisions, predictions or recommendations that can influence physical or virtual environments.

The majority of the Act’s compliance obligations apply only to governmental entities. However, certain provisions apply to private businesses, including the Act’s prohibition on the development or deployment of AI systems that:

- **Unlawfully and intentionally discriminate** against an individual based on their protected class, including race, color, national origin, sex, age, religion or disability (however, disparate impact alone is insufficient to show an intent to discriminate);
- Infringe, restrict or impair an individual’s **constitutional rights**;
- **Manipulate human behavior** by inciting or encouraging self-harm, harm to another person or criminal activity; or
- **Create illegal content**, such as sexually explicit content or child sexual abuse material.

Enforcement and Penalties

The attorney general has the sole authority to enforce the Act. Violations of the Act may result in civil penalties between \$10,000 and \$200,000 per violation, and \$2,000 to \$40,000 per day for continued violations. However, noncompliant entities will generally have a 60-day cure period to avoid penalties.

Employer Takeaways

Employers may consider reviewing and, if necessary, revising AI systems they use to ensure they are nondiscriminatory and otherwise noncompliant with the Act.

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Highlights

June 22, 2025

Texas enacted the Act, which imposes certain restrictions and requirements on the development and deployment of AI systems.

Jan. 1, 2026

The Act takes effect.

***Effective Jan. 1, 2026,
Texas businesses that
use AI will be subject
to greater restrictions.***