

Senate Engrossed House Bill

artificial intelligence; state agencies; rules

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2592

AN ACT

AMENDING TITLE 18, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 18-105; RELATING TO GOVERNMENT INFORMATION TECHNOLOGY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 18, chapter 1, article 1, Arizona Revised
3 Statutes, is amended by adding section 18-105, to read:

4 18-105. Regulation of artificial intelligence systems; budget
5 units; legislative ratification of rules; annual
6 report; definitions

7 A. THE DIRECTOR SHALL REQUIRE EACH BUDGET UNIT TO DO ALL OF THE
8 FOLLOWING:

9 1. IDENTIFY OPPORTUNITIES TO IMPLEMENT ARTIFICIAL INTELLIGENCE
10 SYSTEM SOLUTIONS THAT REDUCE ADMINISTRATIVE BURDENS.

11 2. ELIMINATE REGULATIONS THAT UNNECESSARILY RESTRICT ARTIFICIAL
12 INTELLIGENCE SYSTEM INNOVATION.

13 3. STREAMLINE PROCUREMENT PROCESSES TO ENABLE THE ADOPTION OF
14 ARTIFICIAL INTELLIGENCE SYSTEMS.

15 4. ESTABLISH ENTERPRISE ARTIFICIAL INTELLIGENCE SYSTEM GOVERNANCE
16 TO ENSURE CONSISTENT, EFFICIENT AND APPROPRIATE USE OF ARTIFICIAL
17 INTELLIGENCE TO BETTER ACHIEVE INTERNAL AND EXTERNAL OBJECTIVES.

18 5. REVIEW EXISTING REGULATIONS AFFECTING ARTIFICIAL INTELLIGENCE
19 SYSTEM DEVELOPMENT TO IDENTIFY INSTANCES OF REGULATORY CAPTURE OR NEGATIVE
20 IMPACTS ON COMPETITION AND INNOVATION.

21 6. MODIFY OR ELIMINATE ANY ARTIFICIAL INTELLIGENCE SYSTEM
22 REGULATION THAT CREATES UNREASONABLE BARRIERS TO ARTIFICIAL INTELLIGENCE
23 SYSTEM INNOVATION.

24 B. IN IMPLEMENTING AN ARTIFICIAL INTELLIGENCE SYSTEM, EACH BUDGET
25 UNIT SHALL:

26 1. FOCUS ON REDUCING COSTS AND IMPROVING SERVICE DELIVERY.

27 2. NOT CREATE NEW REGULATORY REQUIREMENTS THAT ARE SOLELY
28 APPLICABLE TO PRIVATE SECTOR ARTIFICIAL INTELLIGENCE SYSTEM DEVELOPMENT.

29 3. USE EXISTING STAFF AND RESOURCES WITHOUT CREATING NEW
30 ADMINISTRATIVE BODIES.

31 C. A BUDGET UNIT MAY NOT ADOPT RULES SPECIFICALLY REGULATING
32 ARTIFICIAL INTELLIGENCE SYSTEMS OR COMPUTATIONAL RESOURCES UNLESS ALL OF
33 THE FOLLOWING APPLY:

34 1. THE LEGISLATURE PROVIDES AN EXPRESS STATUTORY DELEGATION TO
35 ADDRESS A SPECIFIC HARM.

36 2. THE RULE IS THE LEAST RESTRICTIVE MEANS AVAILABLE TO ACHIEVE THE
37 STATUTORY OBJECTIVE.

38 3. THE BENEFIT OF THE RULE CLEARLY OUTWEIGHS IMPACTS ON INNOVATION
39 AND COMPETITION.

40 4. THE RULE DOES NOT CREATE A BARRIER TO MARKET ENTRY OR AN
41 ADVANTAGE TO AN INCUMBENT FIRM.

42 D. ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DIRECTOR SHALL SUBMIT
43 A REPORT TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF
44 REPRESENTATIVES AND THE GOVERNOR, AND SHALL SUBMIT A COPY TO THE SECRETARY
45 OF STATE, REGARDING THE IMPLEMENTATION AND EFFECTIVENESS OF ARTIFICIAL

1 INTELLIGENCE SYSTEMS BY BUDGET UNITS DURING THE PRECEDING FISCAL YEAR.
2 THE REPORT MUST DO ALL OF THE FOLLOWING:

3 1. IDENTIFY EACH BUDGET UNIT THAT IMPLEMENTED AN ARTIFICIAL
4 INTELLIGENCE SYSTEM DURING THE PRECEDING FISCAL YEAR.

5 2. DESCRIBE THE FUNCTION OR ADMINISTRATIVE PROCESS TO WHICH THE
6 ARTIFICIAL INTELLIGENCE SYSTEM WAS APPLIED.

7 3. INCLUDE, TO THE EXTENT PRACTICABLE, QUANTITATIVE AND QUALITATIVE
8 MEASURES OF GOVERNMENT EFFICIENCY RESULTING FROM THE ARTIFICIAL
9 INTELLIGENCE SYSTEM FOR ALL OF THE FOLLOWING:

10 (a) REDUCTIONS IN PROCESSING TIME OR BACKLOGS.

11 (b) COST SAVINGS OR COST AVOIDANCE.

12 (c) IMPROVEMENTS IN SERVICE DELIVERY OR OUTPUT QUALITY.

13 4. IDENTIFY ANY REGULATORY, PROCUREMENT OR OPERATIONAL BARRIERS
14 THAT WERE ENCOUNTERED AND THAT LIMITED THE EFFECTIVE USE OF THE ARTIFICIAL
15 INTELLIGENCE SYSTEM.

16 E. FOR THE PURPOSES OF THIS SECTION:

17 1. "ARTIFICIAL INTELLIGENCE SYSTEM" MEANS ANY MACHINE
18 LEARNING-BASED SYSTEM THAT CAN, FOR A GIVEN SET OF OBJECTIVES, GENERATE
19 OUTPUTS SUCH AS CONTENT, PREDICTIONS, RECOMMENDATIONS OR DECISIONS
20 INFLUENCING PHYSICAL OR VIRTUAL ENVIRONMENTS.

21 2. "COMPUTATIONAL RESOURCE" MEANS ANY TOOL, TECHNOLOGY, SYSTEM OR
22 INFRASTRUCTURE, WHETHER DIGITAL, ANALOG OR QUANTUM, THAT FACILITATES
23 COMPUTATION, DATA PROCESSING, STORAGE, TRANSMISSION, MANIPULATION OR USE
24 OF INFORMATION.

25 3. "CONTENT" MEANS ANY DIGITALLY GENERATED, MANIPULATED OR
26 SYNTHESIZED TEXT, IMAGE, AUDIO RECORDING, VIDEO RECORDING,
27 THREE-DIMENSIONAL MODEL OR INTERACTIVE ELEMENT, OR ANY COMBINATION OF
28 THESE, THAT CAN BE PRODUCED AS OUTPUT BY AN ARTIFICIAL INTELLIGENCE
29 SYSTEM.