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Blue Wave Will Reshape State Tech and AI Regulation in 2027

Client Alerts

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Most of the attention after the November 3 elections has gone to the Democrats' sweeping victories in US Senate and US House races, where Democrats will hold both chambers of Congress with significant majorities. But another important story has greater implications for tech policy and regulation in 2027: Democrats' control of state legislatures. While results will continue to roll in as votes are counted in the coming days and weeks, Democrats flipped at least one legislative chamber in at least eight states and gained trifectas (control of the governorship and both legislative chambers) in at least five. When those legislatures are seated in 2027, the new majorities will move quickly on technology and artificial intelligence (AI) issues that have captured public attention, such as AI development and deployment, data centers, child online safety, algorithmic pricing, and digital surveillance tools and data collection.

Below, we outline the enacted laws and state attorney general (AG) enforcement activity that will provide a foundation for tech regulation in 2027. We then explain why we expect a wave of AI regulation in the state legislatures and what companies can expect for state tech legislation in 2027. We conclude with specific recommendations for regulated companies to inform their strategy for the wave of new state proposals we expect on AI and other priority issues. Companies should act now to engage on fast-moving legislative proposals and minimize compliance risk.

Key Highlights

- Democrats flipped at least one legislative chamber in at least eight states and gained trifectas in at least five.
- New majorities are expected to move quickly on legislation addressing AI, data centers, child online safety, algorithmic pricing, and digital surveillance in 2027.
- State AGs can pursue technology and AI companies under existing consumer-protection and privacy laws, even where no AI statute applies.
- Companies should take stock of enacted laws, prioritize issue areas, and engage early on proposed legislation.

Enacted State AI Laws and Active Attorney General Enforcement

In 2027, states will build on the slate of AI laws enacted over the past two years, many of which include enforcement by state attorneys general:

- Frontier AI. California's SB 53, the Transparency in Frontier Artificial Intelligence Act, took effect on January 1, 2026, and Illinois SB 315 and New York's Responsible AI Safety and Education (RAISE) Act both take effect on January 1, 2027. All three laws require developers of the most advanced AI models to publish and comply with frontier AI frameworks, publish transparency reports, and report critical safety incidents, with AG enforcement and significant civil penalties.

- Companion chatbots. Companion chatbot bills drew more legislative attention in 2025 and 2026 than almost any other area of AI, with more than a dozen becoming law. California and New York were the first to enact such laws (New York's took effect in November 2025 and California's on January 1, 2026), and both have since enacted second-generation laws focused on minors: California's SB 1119, signed in September 2026 and operative July 1, 2027, and New York's S.9051B, signed in October 2026, both of which regulate companion chatbot features for minors. Washington, Oregon, Connecticut, and several other states have also enacted similar laws that take effect in 2027.

- Child online safety and age verification. Roughly 20 states have enacted social media laws for minors, and several states, including Texas, Utah, Louisiana, Alabama, and California, have enacted laws obligating app marketplaces or operating system providers to determine the age of users and share that information with app developers. States including California and New York have also enacted age-appropriate design and addictive feed laws, many of which are being challenged in court.

- Algorithmic pricing. New York's algorithmic pricing disclosure law has been enforceable since November 2025, and Maryland's ban on using personal data to set higher prices at large food retailers and delivery services took effect on October 1, 2026. Each state's AG enforces its law.

- Workplace surveillance and AI at work. States considered more than 100 workplace AI bills in 2026, according to MultiState. On September 30, 2026, California enacted AB 1883 and AB 1331, which restrict AI-powered monitoring tools, including those that infer emotional state.

- Automated decision-making. California's privacy regulations under the California Consumer Privacy Act on automated decision-making, risk assessments, and cybersecurity audits took effect in January 2026. Colorado replaced its 2024 AI Act in 2026 with a narrower notice and consumer-rights law requiring deployers of AI systems that impact consumers in contexts such as education, healthcare, employment, and other sensitive domains to provide disclosures and protections to impacted consumers. Colorado's law takes effect January 1, 2027, with implementing regulations expected from the Colorado AG in the coming months.

- Wearables. Some states have enacted laws prohibiting the use of smart glasses in certain contexts, and others have enacted or considered legislation regulating the use of data collected from wearable devices.

- Right to repair. A growing number of states have enacted right-to-repair laws requiring manufacturers to make parts, tools, and repair information available for electronic devices and other consumer products.

State Attorney General Enforcement Against Tech and AI Companies

State AGs have been active on enforcement matters involving companies in the technology and AI sectors, using both long-established authorities and new ones under AI-specific legislation. Many enforcement actions rest on deceptive-practices and consumer-protection laws, plus privacy and child-specific statutes where they exist, and newer AI-specific laws add enforcement authority. Some actions also invoke common-law theories such as design defect and public nuisance.

The enforcement theories available to states matter because a company does not need to be covered by an AI statute to face an AG inquiry. Safety claims, age-assurance practices, collection or use of minors' data, and product marketing are all subject to scrutiny under existing laws. Numerous new AG authorities taking effect will add to that exposure, and we expect active enforcement. For more, read our recent client alert on the 2026 state attorneys general elections and what comes next.

Forces Driving State Tech and AI Legislation in 2027

With divided government, where Democrats control Congress and Republicans hold the White House, we expect significant new state tech regulation in 2027. Three forces should keep state legislatures on the same aggressive pace as they set in 2026:

- Federal gridlock. With divided control in Washington, comprehensive US federal legislation on AI or other tech regulation is less likely in the near term. President Trump's December 2025 executive order directing agencies to challenge "onerous" state AI laws has had limited impact so far, and it exempts key AI policy areas, including child safety.

- New majorities and a new legislative calendar. 2027 will be the first year of a new two-year session in many states, so pending bills from the prior session generally must be reintroduced. New majorities and trifectas will arrive with mandates and priorities of their own, and we expect some bills that stalled under prior Republican leadership to advance where Democrats have won control.

- Response to the election results. In many races across the country, candidates of both parties campaigned on public concerns about AI and data centers, including their effect on electricity costs. With AI and data centers likely to remain a focus heading into 2028, legislators of both parties will want to show that they are responsive to voters' concerns.

2027 State Legislative Outlook for AI and Tech Policy

Recent state legislative activity is the best guide to what to expect in 2027. In 2026, state lawmakers introduced more than 1,500 AI-related bills and enacted scores of them, up from the previous year. AI is not the only focus: legislators from both parties are also considering measures involving workplace surveillance and data collection, child online safety, and right to repair. California has led this effort, and many other states have followed suit.

North Dakota Interim Committee on AI and Data Centers

North Dakota offers an early signal of what is coming. In June 2026, its legislative leaders established a bipartisan interim committee of legislators and citizen members devoted to AI and data centers. The committee is charged with reviewing other states' AI laws, US federal efforts to preempt state AI laws, and statutory protections for children, all before the North Dakota Legislature convenes in January 2027.

Democratic-Controlled and Republican-Led State Legislatures

Policymaking on AI and tech issues will also accelerate in states that Democrats now fully control, including Pennsylvania, Minnesota, Michigan, and Wisconsin. In Minnesota, for example, Governor-elect Amy Klobuchar was active on tech policy during her time in the US Senate and is likely to work closely with Democrats in the Minnesota Legislature on AI and tech legislation.

Republican-led states are active as well. Although Republicans kept control of the Florida Legislature and governorship, the Florida AG has publicly criticized tech and AI companies and has said he will push AI legislation in 2027.

Expected 2027 State Legislative Themes on AI and Tech

We expect 2027 state bills to build on 2026 enactments, with several themes likely to emerge.

Within AI, we expect the most attention on AI protections for minors and regulations of frontier AI models. After a first generation of companion chatbot laws, California's SB 1119 and New York's S.9051B set a stricter second generation of requirements for minors, and we expect many more states to adopt similar requirements, alongside continued action on age verification, age-appropriate design, and other child online safety measures. We also expect additional states to consider frontier AI legislation, following the models set by California, New York, and Illinois. As AI diffusion accelerates throughout the economy, we also expect states to continue to take up other forms of consumer protection measures tailored to how citizens interact with the new technology.

Beyond AI, we expect states to focus on how technology and personal data are used in consumer and workplace settings. That includes algorithmic and surveillance pricing, where disclosure-based approaches are the most likely model; workplace surveillance and AI used at work, where we expect similar, notice-based bills in other states; and wearable devices. We also expect continued activity on data centers, including their energy costs, and on right to repair.

Steps Companies Should Take Now to Prepare for State AI and Tech Laws

Because many states have truncated legislative sessions and most allow bills to be pre-filed in the weeks before January, the window to shape proposals is already short. To prepare, companies should launch two parallel workstreams.

Workstream 1: Take Stock of Enacted Legislation Taking Effect Soon

- Evaluate existing laws. Compile and analyze relevant enacted laws that could apply to products and services, by state, and their effective dates.
- Assess enforcement and litigation risk. Maintain a documented compliance plan for laws that apply to the company. Note which laws give the state AG general exclusive enforcement authority, which carry notice-and-cure periods, and which allow private lawsuits.
- Inventory AI development and deployment. Review how the company develops and deploys AI both internally and with customers or business partners. For vendors, confirm who provides notice, handles appeals, and keeps documentation for any AI uses that trigger statutory obligations, and check contracts for allocation of that work.

Workstream 2: Build an Engagement Strategy for Proposed Legislation

- Prioritize issue areas. Hundreds of proposed bills could affect businesses in the tech and AI sectors and beyond. Rank the issues most important to the company and make a plan for tracking and engagement.
- Engage early and constructively. Reach out to new committee chairs, sponsors, and staff before bills are drafted, and offer technical input on definitions, thresholds, effective dates, cure periods, and safe harbors.
- Track US federal developments. Congress continues to discuss federal preemption of state AI laws and other tech regulation that could impact companies alongside the new state laws taking effect.
- Assign an owner. Create a cross-functional team and name one lead for state legislative tracking to ensure the company consistently tracks, analyzes, and engages on legislation affecting the business.

Looking Ahead to the 2027 State Legislative Sessions

The 2027 sessions will open with new majorities, a full docket of tech bills, and AGs positioned to pursue tech and AI enforcement. Companies that prepare now and engage early are likely to be better positioned than those that wait for bills to be introduced.

Jenner & Block's AI regulatory practice helps companies prepare for the 2027 state legislative sessions. Our lawyers track state AI and technology legislation across all 50 states and at the federal

level, advise clients on compliance and enforcement, and help companies shape legislative strategy.

For questions, contact Will Weaver or Caroline Cease.

The analysis above was drafted as votes continue to be counted.

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