

# Now & Next

## Labor & Employment Alert

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### **Connecticut's new AI legislation: What employers need to know**

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New Connecticut legislation regulates the use of artificial intelligence (AI) in employment decisions and imposes new disclosure requirements on employers.



#### **What's the impact?**

- Effective October 1, 2026, employers filing notices under the federal Worker Adjustment and Retraining Notification (WARN) Act must disclose to the Department of Labor whether layoffs are "related" to the employer's use of AI or other technological changes.
- Effective October 1, 2027, employers using AI in hiring, promotion, and other employment decisions must provide written notices to employees and job applicants regarding the use of AI tools that make or materially influence employment decisions.
- Connecticut's anti-discrimination statute now expressly states that the use of AI in employment decisions is not a defense to a discrimination complaint. The 74-page act also addresses AI governance, consumer protection, and online safety.

Connecticut's new legislation, which the governor is expected to sign into law, adds transparency and accountability requirements for employers using AI and other technologies in workforce

decisions. This alert discusses the key employment provisions, effective dates, and practical steps to prepare for the new disclosure obligations.

## **Key employment provisions of the new legislation**

### **WARN ACT AI DISCLOSURE**

Effective October 1, 2026, employers filing WARN Act notices must disclose whether layoffs are related to an employer's use of AI or another technological change. With this new disclosure obligation, Connecticut becomes one of the first states to require employers to identify any relationship between layoffs and AI.

### **USE OF AI IN EMPLOYMENT DECISIONS**

The act creates a framework governing "automated employment-related decision technology," defined as technology that processes personal data and uses computation to generate any output that serves as a substantial factor in an employment-related decision. The definition covers decisions to hire, promote, discipline, or discharge; renew employment; or select an individual for training or apprenticeship.

Beginning October 1, 2027, employers using automated employment-related decision technology must disclose, in plain language, to each employee or applicant who interacts with such technology that they are doing so. Before an employment-related decision is made, the employer must also provide a written notice disclosing the use of the technology; its purpose, trade name, categories and sources of personal data analyzed; and the technology deployer's contact information.

Violations of this disclosure requirement will constitute unfair or deceptive trade practices enforced solely by the Attorney General, with no private right of action. The Attorney General may issue a cure notice for violations occurring on or before December 31, 2027. If the violation is not cured within 60 days, the Attorney General may bring an action.

### **AI NOT A DEFENSE TO DISCRIMINATION**

The act amends Connecticut's anti-discrimination statute to provide that an employer may be liable for discrimination if its use of automated employment-related decision technology causes the employer to make an adverse employment decision based on a protected characteristic. In other words, reliance upon automated employment-related decision technology is not an absolute defense to a discrimination complaint; however, the language of the act seemingly suggests that an aggrieved employee will still have to prove that the automated employment-related decision technology made the decision at issue based on a protected characteristic — as opposed to some other legitimate, non-discriminatory reason.

The act also recognizes proactive compliance efforts by allowing courts to consider evidence of anti-bias testing or similar measures taken to avoid discriminatory outcomes.

## Action steps for employers

- / Update WARN Act compliance protocols to capture and report layoff information when the new requirement takes effect in October 2026. Compliance protocols should include processes for determining whether layoffs are attributable in whole or in part to AI adoption or other technological changes.
- / Conduct an inventory of AI tools used in employment-related decision-making and evaluate whether each falls within the act's definition. For each relevant tool, begin creating the required written notices before October 2027.
- / Consider investing in anti-bias testing for automated employment-related decision technology and maintaining documentation of those efforts, including the methodology, results, and any remedial actions taken.

The bottom line is that employers can begin translating these new Connecticut AI requirements into practical, defensible compliance programs, from updating WARN protocols and notice templates to assessing automated decision tools and documenting anti-bias testing. Nixon Peabody's [Labor & Employment team](#) can help businesses evaluate how this legislation applies to their operations and build a roadmap before the October 2026 and October 2027 effective dates.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

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