The AI Regulatory Landscape

What the EU AI Act, the NIST framework, Colorado, and New York City actually require — with dates checked, not repeated

From CounselCore.ai — the authority on in-house AI compliance for law firms.

EU AI Act — in force in phases; the heaviest duties were delayed, not accelerated

The EU's risk-based AI law reaches any organization whose AI output is used in the EU. Live today: the ban on prohibited practices (enforceable since February 2025), obligations on general-purpose AI models (since August 2025), and the Article 50 transparency duties (since August 2, 2026 — disclose when people are interacting with AI and mark AI-generated content). The high-risk regime — hiring, credit, education, and essential services, with conformity assessments, documentation, logging, and human oversight — was set for August 2026 but the EU's Digital Omnibus regulation moved it to December 2, 2027 (product-embedded systems: August 2, 2028). Fines run up to €35M or 7% of global turnover for prohibited practices, and €15M or 3% for most other breaches.

NIST AI Risk Management Framework — voluntary on paper, mandatory through your clients

The US baseline is not a statute. NIST's AI RMF (2023), with its Generative AI Profile (2024), organizes governance into four functions — Govern, Map, Measure, Manage. Nothing in it is legally binding, but federal procurement increasingly expects alignment and enterprise clients use it as their vendor due-diligence standard; ISO/IEC 42001 is its certifiable companion. Governance becomes non-optional through contracts and client questionnaires long before it arrives through legislation.

Colorado — the cautionary tale: the famous law no longer exists

Colorado's 2024 AI Act, the first comprehensive US state AI law, never took effect. After two postponements and a federal court order freezing enforcement, it was repealed and replaced on May 14, 2026 by SB 26-189, the Automated Decision-Making Technology Act — a narrower regime of disclosure, correction, human review, and three-year records for consequential decisions, effective January 1, 2027. Compliance plans still citing the old Act's impact-assessment regime are planning against a repealed law. Illinois' employment AI law has been in effect since January 1, 2026, and California's automated-decisionmaking rules join Colorado's on January 1, 2027.

New York City Local Law 144 — narrow, in force, and waking up

Enforced since July 5, 2023, LL 144 covers one thing precisely: automated employment decision tools used to screen candidates or employees in New York City. It requires an independent bias audit within the past year, a published summary of the results, and at least 10 business days' notice to candidates, with penalties of $500–$1,500 per violation per day. Enforcement has been complaint-driven — a December 2025 State Comptroller audit called it ineffective — and the city has committed to tougher enforcement.

Documented, not hypothetical

The consequences of ungoverned AI use are already on the public record — in US courts. In Whiting v. City of Athens (Sixth Circuit, March 2026), two attorneys were sanctioned $15,000 each, plus fees and double costs, over briefs containing more than two dozen fabricated citations. In Couvrette v. Wisnovsky (D. Oregon, 2025–26), sanctions and fee awards totaled roughly $110,000, the claims were dismissed, and the matter was referred to the state bar. In Lnu v. Blanche (Ninth Circuit, June 2026), two attorneys were suspended from practice for six months. A public database of AI hallucination cases counted 1,598 court decisions involving AI-fabricated content as of June 2026. Legislatures are codifying the lesson: California's SB 574, effective January 1, 2027, is the first statute regulating attorneys' use of generative AI, imposing verification duties, confidentiality safeguards, and disclosure to the court. In the EU, enforcement powers are live and the AI Office opened its first formal case in October 2026; no AI Act fine has been confirmed on the public record yet — reports of large fines circulating online remain unverified, and this overview does not repeat them.

What this means for your firm

For law firms, the binding duties today come from ethics rules and client demands more than from AI statutes: under NYCLA Opinion No. 755-2026, the duties to assess AI tools before deployment, keep client data out of unsecured public AI, and verify all AI-assisted work before signature and filing are personal and non-delegable. The position that satisfies every regime at once is architectural: AI deployed in-house, on infrastructure the firm controls, never training on firm data, with firm-controlled access, an audit trail, and attorneys verifying and signing. That is the standard CounselCore is built to.

Prepared by CounselCore.ai for your firm's leadership review with its own counsel. This overview is general information, not legal advice. CounselCore.ai · info@counselcore.ai · (908) 795-8377 · Request a confidential briefing at counselcore.ai

Sources: Regulation (EU) 2024/1689 (EU AI Act), as amended by Regulation (EU) 2026/1744 (Digital Omnibus on AI); NIST AI 100-1 (2023) and NIST AI 600-1 (2024); Colorado SB 26-189 (2026); NYC Local Law 144 of 2021; NYCLA Ethics Opinion No. 755-2026 (Nov 5, 2026); Whiting v. City of Athens, Nos. 24-5918/5919/25-5424 (6th Cir. 2026); Couvrette v. Wisnovsky, No. 1:21-cv-00157 (D. Or.); Lnu v. Blanche, No. 24-4790 (9th Cir. 2026); California SB 574 (2026); D. Charlotin, AI Hallucination Cases database, HEC Paris. Status as of November 12, 2026.

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