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CONNECTICUT ENACTS NEW AI LEGISLATION

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Connecticut has enacted Senate Bill 5 ("SB 5"), a sweeping artificial intelligence statute that introduces new obligations for Connecticut employers using AI systems. Signed by the Governor on May 27, 2026, the law signals a broader state law trend focusing on how AI materially influences hiring and workforce outcomes.

SB 5 defines "automated employment-related decision technology," to include any system that processes personal data and produces outputs "that [are] a substantial factor used to make or materially influence an employment-related decision." This definition captures a wide range of commonly used workplace tools, so long as the technology meaningfully affects the outcome of hiring, promotion, discipline, or termination decisions.

The law also imposes new employer transparency obligations. Starting in 2027, employers must disclose when applicants or employees are interacting with AI systems, unless the use of such technology is obvious. More significantly, where AI is used as a substantial factor in an employment decision, employers must provide advance written notice explaining the use of the technology, its purpose, the nature of the decision involved, the trade name of the technology deployed, and the categories and sources of personal data analyzed by the system. These requirements obligate employers to provide meaningful information about how AI is used before an employment decision is made.

SB 5 also incorporates anti-discrimination protections specific to AI-driven decision-making. The law expressly provides that certain uses of automated decision technology may constitute unlawful discriminatory practices and clarifies that an employer's reliance on AI does not shield it from liability under existing anti-discrimination laws. Accordingly, employers remain fully responsible for ensuring that AI-assisted decisions do not result in disparate treatment of, or a disparate impact on, protected class applicants or employees, even where the underlying technology is developed or provided by third-party vendors.

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The law provides additional employee safeguards by introducing new disclosure obligations when layoffs are related to the use of AI or another technological change.

The statute further reflects a broader accountability framework by distinguishing between AI “developers” and “deployers,” while still placing responsibility on employers for how such systems are used in practice. In effect, employers must be able to understand, monitor, and defend the operation of any AI tools that materially influence employment decisions, including those obtained from third-party vendors.

Enforcement authority for the new law is vested in the Connecticut Attorney General through the Connecticut Unfair Trade Practices Act (CUTPA), meaning violations could result in regulatory action and civil penalties.

This alert is for informational purposes only and is not intended to be construed or used as legal advice. Wiggin and Dana’s Labor, Employment and Benefits Practice Group will continue to provide briefings with material employment-based immigration case updates. If you have any questions, please contact the practice group leader, Lawrence Peikes, at 203.363.7609 or lpeikes@wiggin.com.