

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6608
BILL NUMBER: HB 1421

NOTE PREPARED: Dec 15, 2025
BILL AMENDED:

SUBJECT: Ban on Employer Use of Automated Decision Systems.

FIRST AUTHOR: Rep. Harris
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill prohibits an employer from:

- (1) relying exclusively on an automated decision system in making an employment related decision with respect to a covered individual;
- (2) using an automated decision system output in making an employment related decision with respect to a covered individual unless certain conditions are met; and
- (3) discriminating or retaliating against a covered individual for exercising rights under these provisions.

The bill sets forth disclosure requirements for an employer that uses or intends to use an automated decision system output in making an employment related decision. It allows the Department of Labor (DOL) to take certain enforcement actions.

The bill allows a covered individual or labor organization to bring a civil action for a violation.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *DOL:* The DOL may have increased workload and/or expenditures to enforce provisions of the bill. If employers are largely compliant, the agency could likely provide enforcement within current resources. Additional resources may be required if there are large numbers of violations. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

State Agencies as Employers: State agencies as employers that use or intend to use automated decision systems to make employment decisions will have increased workload to meet reporting, training, and disclosure requirements under the bill.

A state agency would experience an increase in expenditures if a civil action is brought against them for a

violation under the proposal and damages are awarded.

[This bill has the potential to impact all agencies as employers, thus impacting all funds that provide operating funds to agency staff.]

Additional Information - In a civil action brought against an employer for a violation, the court may award any of the following to a covered individual or labor organization who prevails in the case:

- Damages equal to the amount of actual damages sustained, but not more than three times actual damages.
- Statutory damages ranging from \$5,000 to \$100,000. The dollar ranges for statutory damages will increase each fiscal year based on the percent increase, if any, in the consumer price index (CPI).
- Reasonable attorney's fees and costs.

Explanation of State Revenues: If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#).

Explanation of Local Expenditures: The bill would impact political subdivisions as employers. See *Explanation of State Expenditures*.

Explanation of Local Revenues: If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#).

State Agencies Affected: Department of Labor, state agencies as employers, state educational institutions.

Local Agencies Affected: Political subdivisions as employers, trial courts, city and town courts.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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