

AI REGULATION AND THE FUTURE OF U.S. LEADERSHIP

HEARING BEFORE THE SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE OF THE COMMITTEE ON ENERGY AND COMMERCE HOUSE OF REPRESENTATIVES ONE HUNDRED NINETEENTH CONGRESS FIRST SESSION

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C O N T E N T S

	Page
Hon. Gus M. Bilirakis, a Representative in Congress from the State of Florida, opening statement	2
Prepared statement	3
Hon. Jan Schakowsky, a Representative in Congress from the State of Illinois, opening statement	4
Prepared statement	5
Hon. Lori Trahan, a Representative in Congress from the Commonwealth of Massachusetts, prepared statement	7
Hon. Brett Guthrie, a Representative in Congress from the Commonwealth of Kentucky, opening statement delivered by Hon. John Joyce, a Representative in Congress from the Commonwealth of Pennsylvania	9
Prepared statement of Mr. Guthrie	11
Hon. Frank Pallone, Jr., a Representative in Congress from the State of New Jersey, opening statement delivered by Hon. Kim Schrier, a Representative in Congress from the State of Washington	14
Prepared statement of Mr. Pallone	16

WITNESSES

Sean Heather, Senior Vice President, International Regulatory Affairs and Antitrust, U.S. Chamber of Commerce	18
Prepared statement	21
Answers to submitted questions	219
Amba Kak, Co-Executive Director, AI Now Institute	031
Prepared statement	33
Answers to submitted questions	220
Adam Thierer, Resident Senior Fellow, Technology and Innovation, R Street Institute	43
Prepared statement	46
Answers to submitted questions	226
Marc Bhargava, Managing Director, General Catalyst	53
Prepared statement	55
Answers to submitted questions	229

SUBMITTED MATERIAL

<i>Inclusion of the following was approved by unanimous consent.</i>	
List of documents submitted for the record	94
Letter from the AI Salon to Hon. Mike Johnson, et al.	97
Letter from Arizona Technology Council, et al., to Members of the Arizona Congressional Delegation	100
Letter of May 20, 2025, from Marc Rotenberg, Executive Director, Center for AI and Digital Policy, et al., to Mr. Guthrie, et al.	101
Letter from Community Innovation Partnership, City of Chattanooga, to Members of Congress	103
Letter of May 21, 2025, from Adams County Regional Economic Partnership, et al., to the Colorado Congressional Delegation	104
Letter of May 20, 2025, from Engine Advocacy to Mr. Bilirakis and Ms. Schakowsky ¹	106

¹ An accompanying report, “Mapping the future: charting the AI ecosystem & a policy blueprint for startup success” (May 2025), has been retained in committee files and is included in the Documents for the Record at <https://docs.house.gov/meetings/IF/IF17/20250521/118288/HHRG-119-IF17-20250521-SD003.pdf>.

VI

	Page
Letter of May 21, 2025, from Jason Oxman, President and Chief Executive Officer, Information Technology Industry Council, to Mr. Bilirakis and Ms. Schakowsky	108
Letter from Maryland Retailers Alliance, et al., to the Maryland Congressional Delegation	109
Letter from Retail Association of Maine to the Maine Congressional Delegation	111
Letter of May 20, 2025, from Todd Bingham, President and Chief Executive Officer, Nebraska Chamber of Commerce & Industry, et al., to the Nebraska Congressional Delegation	112
Letter from Pittsburgh Technology Council to the Pennsylvania Congressional Delegation	114
Letter of May 20, 2025, from Sharon Wilson Géno, President, National Multifamily Housing Council, et al., to Mr. Guthrie and Mr. Pallone	115
Letter of May 21, 2025, from Linda Moore, President and Chief Executive Officer, TechNet, to Mr. Guthrie and Mr. Pallone	118
Letter from Ben Cunningham, President of the Nashville Tea Party, et al., to Tennessee Congressional Delegation	120
Letter of May 19, 2025, from Luke McDermott, McDermott Company and Associates, to Hon. Mike Kennedy	124
Letter of May 21, 2025, from The Business Council of New York State, et al., to the New York Congressional Delegation	125
Statement by New Jersey Attorney General Matthew J. Platkin	126
Letter of May 21, 2025, from Catherine Chase, President, Advocates for Highway and Auto Safety, to Mr. Bilirakis and Ms. Schakowsky	129
Letter of May 16, 2025, from National Association of Attorneys General to Hon. Mike Johnson, et al.	144
Article of October 25, 2024, “An AI chatbot pushed a teen to kill himself, a lawsuit against its creator alleges,” by Kate Payne, AP News	151
Article of May 15, 2025, “The House Is Close To Passing a Moratorium on State Efforts To Regulate AI, by Adam Conner,” Center for American Progress	154
Statement of Consumer Reports, Consumer Reports opposes AI state preemption language in House budget reconciliation bill	160
Letter of May 20, 2025, from Tom Kemp, Executive Director, California Privacy Protection Agency, to Mr. Bilirakis and Ms. Schakowsky	161
Statement of the Council of State Governments, May 19, 2025	164
Statement of EPIC	165
Letter of May 20, 2025, from Andrew Freedman, Chief Strategy Officer, Fathom, to Mr. Guthrie, et al.	166
Letter of May 20, 2025, from Alejandra Montoya-Boyer, Senior Director, Center for Civil Rights and Technology, The Leadership Conference on Civil and Human Rights, to Mr. Bilirakis and Ms. Schakowsky	170
Statement of Public Citizen	172
Statement of Sarah Gardner, Heat Initiative, et al., “National Declaration on AI and Kids’ Safety,” May 12, 2025	173
Letter of May 13, 2025, from Tim Storey, Executive Director, National Conference of State Legislatures, to Mr. Guthrie and Mr. Pallone	185
Statement of the Open Markets Institute	187
Letter of May 13, 2025, from Encode, et al., to Hon. Mike Johnson, et al.	189
Letter of May 21, 2025, from J.B. Branch, Technology Accountability Advocate, Public Citizen, to Mr. Bilirakis and Ms. Schakowsky	192
Statement of Common Sense Media by James P. Steyer, Founder and Chief Executive Officer, May 12, 2025	199
Article of May 20, 2025, “Critical Questions for the House Hearing Examining a Federal Restriction on State AI Regulation,” by Liana Keesing and Isabel Sunderland, Tech Policy Press	200
Article, “The False Choice Between Digital Regulation and Innovation,” by Anu Bradford, Northwestern University Law Review, Vol. 119, No. 2 (2024) ¹	

¹The article has been retained in committee files and is included in the Documents for the Record at <https://docs.house.gov/meetings/IF/IF17/20250521/118288/HHRG-119-IF17-20250521-SD003.pdf>.

VII

	Page
Article of May 19, 2025, "Police secretly monitored New Orleans with facial recognition cameras, by Douglas MacMillan and Aaron Schaffer," The Washington Post	206
Letter of May 15, 2025, from General Assembly, Commonwealth of Virginia, to the Virginia Congressional Delegation	216

AI REGULATION AND THE FUTURE OF U.S. LEADERSHIP

WEDNESDAY, MAY 21, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND
TRADE,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:20 a.m., in room 2322, Rayburn House Office Building, Hon. Gus Bilirakis (chairman of the subcommittee) presiding.

Members present: Representatives Bilirakis, Fulcher, Harshbarger, Obernolte, Bentz, Fry, Lee, Kean, Evans, Goldman, Guthrie (ex officio), Schakowsky (subcommittee ranking member), Castor, Soto, Trahan, Mullin, Clarke, Dingell, Veasey, and Schrier.

Also present: Representatives Carter of Georgia, Joyce, and McClellan.

Staff present: Ansley Boylan, Director of Operations; Jessica Donlon, General Counsel; Sydney Greene, Director of Finance and Logistics; Natalie Hellman, Professional Staff Member, Commerce, Manufacturing, and Trade; Megan Jackson, Staff Director; Daniel Kelly, Press Secretary; Sophie Khanahmadi, Deputy Staff Director; Alex Khlopin, Clerk, Commerce, Manufacturing, and Trade; Giulia Leganski, Chief Counsel, Commerce, Manufacturing, and Trade; Sarah Meier, Counsel and Parliamentarian; Joel Miller, Chief Counsel; Evangelos Razis, Professional Staff Member, Commerce, Manufacturing, and Trade; Chris Sarley, Member Services/Stakeholder Director; Kaley Stidham, Press Assistant; Matt VanHyfte, Communications Director; Hannah Anton, Minority Policy Analyst; Keegan Cardman, Minority Staff Assistant; Lisa Hone, Minority Chief Counsel, Commerce, Manufacturing, and Trade; Megan Kanne, Minority Professional Staff Member; and Phoebe Rouge, Minority FTC Detailee.

Mr. BILIRAKIS. Good morning, everyone.

Before we get started, we should have a moment of silent prayer—one moment of silent prayer for our good friend Gerry Connolly, who passed away this morning.

[Moment of silence observed.]

Mr. BILIRAKIS. Thank you. May his memory be eternal.

The committee will now come to order.

OPENING STATEMENT OF HON. GUS M. BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Thanks to everyone, especially our witnesses, for joining us today for today's hearing on "AI Regulation and the Future of U.S. Leadership."

At the outset, I want to recognize Ranking Member Schakowsky, as this is our first subcommittee hearing since she announced her retirement.

We are going to miss you.

She has been a welcome partner over the last 4½ years. Together, we were able to secure better safety precautions for women with the FAIR Crash Tests Act. During the pandemic, we worked tirelessly to support the travel and tourism industry at a time of unprecedented challenges. This bond culminated in the TICKET Act and much more, which strengthens consumer protections in the ticketing marketplace.

Congress and the E&C—Energy and Commerce, of course—won't be the same without Ranking Member Schakowsky, but her legacy will be long remembered.

So we appreciate you so very much.

Since the public release of ChatGPT, AI has become a household name. AI products and services are being developed at breakneck speed, delivering new innovations to consumers. These technologies can revolutionize the economy, drive economic growth, and improve our way of life.

Like every technology, however, AI can be weaponized when it is in the wrong hands, as you know. Thankfully, AI is already regulated by longstanding laws that protect consumers. Because of the great potential of these technologies, Congress must be careful when we impose additional obligations on AI developers and deployers.

Our task is to protect our citizens and ensure that we don't cede U.S. AI leadership. Much of the AI marketplace is comprised of small startups looking to get a foothold in the revolutionary space, and heavyhanded regulations may ensure that the next great American company never makes it.

If we fail in this task, we risk ceding American leadership in AI to China, which is close on our heels, as you know. Other economies are also eager to write the global AI rule book, often to their own detriment and the detriment of the American leadership.

The EU recently enacted its own AI Act. While it is still being implemented, the EU's complex law suffers from many of the innovation-chilling effects we saw with the GDPR. We must also keep a close watch on whether Europe uses the AI Act and other regulations to unfairly target American companies.

We are here today to determine how Congress can support the growth of an industry that is key for American competitiveness and jobs without losing the race to write the global AI rule book. Our witnesses today will help us understand how we achieve that dream.

So, again, I want to thank the witnesses for being here, and I look forward to your testimony.

[The prepared statement of Mr. Bilirakis follows:]

Chairman Bilirakis Opening Remarks at 5/21/25 CMT Hearing:

“AI Regulation and the Future of US Leadership”

Thank you to everyone, especially our witnesses, for joining us for today’s hearing on “AI Regulation and the Future of U.S. Leadership.”

At the outset, I want to recognize Ranking Member Schakowsky, as this is our first Subcommittee hearing since she announced her retirement. She’s been a welcome partner over the last four-and-a-half years. Together, we were able to secure better safety precautions for women with the FAIR Crash Tests Act. During the pandemic, we worked tirelessly to support the travel and tourism industry at a time of unprecedented challenges. This bond culminated in the TICKET Act, which strengthens consumer protections in the ticketing marketplace. Congress and E&C won’t be the same without Ranking Member Schakowsky, but her legacy will be long remembered.

Since the public release of ChatGPT, AI has become a household name. AI products and services are being developed at breakneck speed, delivering new innovations to consumers. These technologies can revolutionize the economy, drive economic growth, and improve our way of life. Like every technology, however, AI can be weaponized when it is in the wrong hands. Thankfully, AI is already regulated by longstanding laws that protect consumers. Because of the great potential of these technologies, Congress must be careful when we impose additional obligations on AI developers and deployers.

Our task is to protect our citizens and ensure that we don’t cede U.S. AI leadership. Much of the AI marketplace is comprised of small start-ups looking to get a foothold in this revolutionary space. And heavy-handed regulations may ensure that the next great American company never makes it. If we fail in this task, we risk ceding American leadership in AI to China, which is close on our heels.

Other economies are also eager to write the global AI rulebook, often to their own detriment and the detriment of American leadership. The E.U. recently enacted its own “AI Act.” While it is still being implemented, the E.U.’s complex law suffers from many of the innovation-chilling effects we saw with the GDPR. We must also keep a close watch on whether Europe uses the AI Act and other regulations to unfairly target American companies.

We’re here today to determine how Congress can support the growth of an industry that is key for American competitiveness and jobs, without losing the race to write the global AI rulebook. Our witnesses today will help us understand how we achieve that dream.

I want to thank the witnesses for being here and I look forward to your testimony.

Mr. BILIRAKIS. Now I will yield 5 minutes to the ranking member, my good friend, Ms. Schakowsky.

Boy, we are going to miss you. So thank you very much for your service to our country.

[Applause.]

Mr. BILIRAKIS. And you have got much more—much more left. So we appreciate it, and I look forward to the good work together.

I yield to the gentlelady.

OPENING STATEMENT OF HON. JAN SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Ms. SCHAKOWSKY. Well, thank you, Mr. Chairman, Gus Bilirakis. I am so happy to hear your words, and I support you. I am so grateful to you. I will be here another about year and a half, so don't get too comfortable. And I appreciate it.

Today, you know, we are discussing what is happening with how we are protecting consumers. That is what I am always, always thinking about. And the very idea that we are going to allow 10 years for there to be all kinds of scams that could be happening. And instead of 10 years for AI—I mean, that is just insane, and I can't understand why we would do that—our job right now is to protect consumers.

And we know that even now people are getting scammed by issues that come out. And we want to make sure that we have that kind of protection.

And so I think it is absolutely something we should say, zero time—zero time—as we watch AI develop, not 10 years. We haven't done that for anything else. And for us to do that now makes absolutely no sense and puts all consumers at risk. And so I want to strongly be against this idea, which I think is reckless. How could we possibly do 10 years?

And so I want to yield at this point to Mrs. Trahan for the remainder of my time.

[The prepared statement of Ms. Schakowsky follows:]

Statement of Subcommittee Ranking Member Jan Schakowsky
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on “AI Regulation and the Future of US Leadership”

May 21, 2025

Last week Republicans voted to pass a 10-year ban on states regulating AI. This is a big handout to Big Tech. State laws protect consumers’ privacy, data, and help stop scams. We should be passing comprehensive federal legislation to protect consumers. The Republicans’ bill only takes away their rights leaving consumers unprotected online. And now I yield the remainder of my time to Representative Trahan.

Mrs. TRAHAN. Well, I thank the ranking member for yielding.

Under Republican leadership, this committee has failed time and time again to protect Americans' privacy and safeguard our children online.

GOP leaders have blocked whistleblower protections to protect workers who risk their livelihoods to shine a light on their employers' privacy abuses. They killed comprehensive privacy legislation to minimize data collection and ensure proper use. They said no to simple transparency legislation so independent auditors could make sure Big Tech companies aren't breaking the law.

But what Republican members of this committee did find time to do last week—in the middle of the night, by the way—is force through an unprecedented giveaway to the tech industry: a 10-year ban on State laws that could make AI safer for our constituents.

Make no mistake, the families who have come to this committee and begged for us to act won't benefit from this proposal. But you know who will? The Big Tech CEOs who were sitting behind Donald Trump at his inauguration.

Now, we can agree that a patchwork of various State laws is not good for innovation, for business, or consumers. But this is a bad policy because it sets another disincentive for us to act urgently or even in time.

All the while, Republicans are once again ceding Congress's duty to protect Americans' privacy to the very companies who are perpetrating the worst abuses online. You are basically inviting the fox into the henhouse, and you are doing so under the justification that this will somehow motivate Congress to unify the patchwork of State laws currently in existence. But that hasn't happened yet.

Just look at what happened to the privacy bill that we crafted together on this committee. The moment that Big Tech started lobbying against it, the Republican Speaker and majority leader caved. They killed the bill.

And now you turn around and try to deceive the American people into accepting this ridiculous alternative? Come on. Our constituents aren't stupid. They expect real action from us to rein in the abuses of tech companies, not to give them blanket immunity to abuse our most sensitive data even more.

At the same time, our Republican colleagues are complaining about Europe's tech laws—which we can acknowledge are imperfect. But at least they had the guts to do something—literally anything—to make the internet better for the folks they represent. Shame on us if we don't answer the same demands from the American people.

I urge my colleagues to reject this giveaway to the same Big Tech companies that have stymied every attempt at updating our privacy laws.

I want to urge my colleagues to vote no on the partisan reconciliation bill when the same leaders who killed our bipartisan privacy legislation bring it to the floor. And let's just get to work in a bipartisan way to foster innovation and protect our constituents with sensible guardrails on Big Tech.

Thank you. I yield back.

[The prepared statement of Mrs. Trahan follows:]

Statement of Subcommittee Member Lori Trahan
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on “AI Regulation and the Future of US Leadership”

May 21, 2025

I thank the Ranking Member for yielding.

Under Republican leadership, this committee has failed time and time again to protect Americans’ privacy and safeguard our children online.

GOP leaders have blocked whistleblower protections for tech workers who risk their livelihoods to shine a light on their employers’ privacy abuses.

They killed comprehensive privacy legislation to minimize data collection and ensure proper use.

They said no to simple transparency legislation so independent auditors could make sure Big Tech companies aren’t breaking the law.

But what Republican members of this committee DID find time to do last week – in the middle of the night by the way...

Is force through an unprecedented giveaway to the tech industry: A ten-year ban on state laws that could make AI safer for our constituents.

Make no mistake – the families who have come to this committee and begged for us to act won’t benefit from this proposal...

But you know who will?

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Republicans are once again ceding Congress’s duty to protect Americans’ privacy to the very companies who are perpetrating the worst abuses online.

You’re inviting the fox into the hen house.

And you’re doing so under the justification that this will somehow motivate Congress to unify the patchwork of state laws currently in existence.

May 21, 2025
Page 2

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They killed the bill.

And now you turn around and try to deceive the American people into accepting this ridiculous alternative?

News flash: Our constituents aren't stupid.

They want real action from us to rein in the abuses of tech companies...

Not to give them blanket immunity to abuse our most sensitive data even more.

At the same time, our Republican colleagues are complaining about Europe's tech laws – which we can acknowledge are imperfect...

But at least they had the guts to do something – literally anything to make the internet better for the folks they represent.

Shame on us if we don't answer the same demands from the American people.

I urge my colleagues to reject this giveaway to the same Big Tech companies that have stymied every attempt at updating our privacy laws.

Vote no on the partisan reconciliation bill when the same leaders who killed our bipartisan privacy legislation bring it to the floor.

Let's get to work to foster innovation and protect our constituents with sensible guardrails on big tech.

Thank you. I yield back.

Mr. BILIRAKIS. The gentlelady yields back.

Now I will recognize the vice chairman of the full committee, who is standing in for Chairman Guthrie.

Dr. Joyce, you are recognized for 5 minutes for your statement.

OPENING STATEMENT OF HON. BRETT GUTHRIE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY, DELIVERED BY HON. JOHN JOYCE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. JOYCE. Thank you, Mr. Chairman.

Good morning, and thank you to the witnesses for joining us today.

You recognize that we are living through dynamic times, and the advancement of artificial intelligence technologies is an important part of that. And it is equally important that we in Congress take the best approach to support innovation and address issues that arise.

AI does have enormous potential. It has potential to transform our everyday lives and how we work. From revolutionizing drug research and development to fortifying our energy grid, AI has the potential to drive major breakthroughs across virtually every sector of our society.

But that future is not guaranteed. Today, we are at a crossroads. The decisions that we make on AI regulation are critical and will determine whether we allow innovation to flourish or risk falling behind on the global stage.

Today, American innovators are experiencing significant regulatory headwinds at home and abroad that could jeopardize our global leadership.

Across the Atlantic, the European Union has enacted its AI Act, which imposes a sweeping, top-down regulatory regime. The EU AI Act is overly complex and restrictive, creating a one-size-fits-all framework that does not account for the diverse and rapidly evolving nature of AI technologies. It is a stark example of regulation going too far and stifling innovation by imposing heavy burdens on businesses through layers of new bureaucracy that slow down progress, particularly for startups and small businesses.

Here in the U.S., we see similar challenges unfolding with the patchwork of State AI laws rapidly taking shape. Just since January, there have been over 1,000 AI bills introduced across the United States. These measures vary widely in their definitions, in their requirements, their enforcement mechanisms, and in their scope. This emerging patchwork of regulations is creating confusion and inconsistency.

Small businesses and startups navigating 50 different sets of roles will have a harder time competing with larger, well-established companies that can afford to navigate this regulatory maze. Innovation depends on the ability of small upstarts to compete with the established players.

That is why this committee is focused on creating a national framework to provide clarity and consistency without stifling growth. We need a Federal approach that ensures consumers are protected when AI tools are misused and in a way that allows

innovators to thrive. We must not make the same mistake that the EU has made with the EU AI Act, effectively choosing not to allow industry and AI to grow.

A patchwork of conflicting and burdensome AI rules will have direct impacts on the Federal Government as well. The Department of Commerce, like a great deal of Federal agencies, must adopt AI if they are going to operate effectively in the 21st century. Yet, if America's AI innovators are held back by a State patchwork, these AI tools might simply never be built, or they will be offered at a higher price to the taxpayer.

To be clear, I am not advocating for a free-for-all wild-west-type regulatory environment. On Monday, Chairman Guthrie was proud to stand with President Trump as he signed the TAKE IT DOWN Act. This law is a prime example of targeting a specific harm with a narrowly tailored law to fill a gap that has been identified in existing law.

This committee has a long history of fostering American innovation, and now more than ever our leadership on this topic is essential. Let's continue this legacy by making sure that the next chapter of AI innovation is written right here in America. This includes bold investments, clear rules, and leadership that keeps us ahead of our adversaries.

I look forward to working with my colleagues and hearing from our witnesses today on how we can unlock the full potential of artificial intelligence.

Thank you, Mr. Chairman, and I yield.

[The prepared statement of Mr. Guthrie follows:]

Chairman Guthrie Opening Remarks at 5/21/25 CMT Hearing:

“AI Regulation and the Future of US Leadership”

Good morning, and thank you to all the witnesses for joining us today. We’re living through an exciting time for the advancement of artificial intelligence technologies, and it is important that we in Congress take the best approach to support innovation and address issues that arise.

AI has enormous potential to transform our everyday lives and how we work. From revolutionizing drug research and development to fortifying our energy grid, AI has the potential to drive major breakthroughs across every sector of our economy.

But, that future is not guaranteed.

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Here at home, we see similar challenges unfolding with a patchwork of state AI laws rapidly taking shape. Since January, there have been over 1,000 AI bills introduced across the country. These measures vary widely in their definitions, requirements, enforcement mechanisms, and scope.

The emerging patchwork of regulations is creating confusion and inconsistency. Small businesses and startups navigating 50 different sets of rules will have a harder time competing with larger, well-established companies that can afford to navigate this regulatory maze. Innovation depends on the ability of small upstarts to compete with established players.

That is why this Committee is focused on creating a national framework to provide clarity and consistency, without stifling growth. We need a federal approach that ensures consumers are protected when AI tools are misused, and in a way that allows innovators to thrive. We must not make the same mistake the EU has made with the AI Act, effectively choosing not to grow their industry.

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President Trump as he signed the *Take it Down Act*. This law is a prime example of targeting a specific harm with a narrowly tailored law to fill a gap that has been identified in existing law.

This Committee has a long history of fostering American innovation and now more than ever, our leadership on this topic is essential.

Let's continue this legacy by making sure the next chapter of AI innovation is written America. This includes bold investments, clear rules, and leadership that keeps us ahead of our adversaries.

I look forward to working with my colleagues and hearing from our witnesses on how we can unlock the full potential of AI.

Mr. BILIRAKIS. Thank you very much. I appreciate it very much. And, yes, that was a major accomplishment by this committee, the TAKE IT DOWN Act. And I will tell you what, we are going to do a lot of good things for our kids in the next year and a half. So we appreciate it very much.

Now we have Dr. Schrier, who is filling in for the very capable ranking member, Mr. Pallone.

Dr. Schrier, you are recognized for 5 minutes.

Ms. SCHRIER. Thank you, Mr. Chairman, for recognizing me to deliver opening remarks from Ranking Member Pallone.

At this moment, he has been in the Rules Committee all night and is still in the Rules Committee defending the American people from the terrible impacts of the Republicans' tax bill that will kick people off of Medicaid and food assistance in order to pay for tax cuts for billionaires.

His statement now:

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY, DELIVERED BY HON. KIM SHRIER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Ms. SCHRIER. This Congress, we have heard from many witnesses over multiple hearings about the significant benefits of artificial intelligence and the very real harms that AI models and applications can and have already caused.

Unfortunately, in a giant gift to Big Tech, committee Republicans supported a provision in their terrible tax bill last week that imposes a 10-year ban on any State's ability to enforce their own laws protecting consumers from the harms caused by AI.

I agree with my colleagues that we need strong Federal legislation to govern and guide the development of these powerful AI systems as they are rapidly incorporated into more and more aspects of our everyday lives.

To protect consumers from the harms of AI, we should recommit to working on strong, bipartisan, comprehensive, Federal data privacy legislation that includes data minimization to protect consumers from their personal and sensitive information being abused.

Big Tech's development of new data-hungry AI systems exploiting Americans' personal information in ways we could not have imagined only a few years ago only makes this need more urgent.

There is broad support in both parties for data privacy. Last Congress, this committee worked on a bipartisan, comprehensive Federal privacy bill that was the product of work and negotiation over years. But, in the end, House Republican leadership killed it under pressure from Big Tech.

And now my Republican counterparts are suspending for 10 years any enforcement of rules and laws already on the books in States and cities across the country without any proposed replacement. The Republicans' giant gift to Big Tech would block enforcement of laws on the books right now that are protecting Americans from real-world harms.

Some States have laws requiring companies to disclose when they are using AI. Others have laws protecting against the use of deepfakes in elections and protecting consumers when AI is used

to deny healthcare, education, housing, and employment. Some State laws and regulations provide guardrails ensuring that States and cities themselves are careful in their purchase and use of AI systems.

And now Republicans want to ban enforcement of all those State laws, with absolutely no national bill ready to go to address the real-world harms from AI.

Instead, Republicans have touted last Congress's bipartisan AI Task Force report. But that report does not include fleshed-out legislative prescriptions, just broad-stroke concepts.

Notably, the task force report includes a chapter on preemption that acknowledges Federal preemption has both benefits and drawbacks. It recommends Congress perform a study, not remove States and local governments entirely from responsibility, and it advises that if Congress preempts State AI laws, it should be precise in its definitions and scope.

Now, what Republicans have included in the reconciliation bill does not reflect these considerations. Rather than offering legislation that governs AI models and systems and includes a preemption provision that is crafted to the scope of that legislation, they have proposed an enforcement ban that covers any artificial intelligence or automated decision-making system.

They would have State and local governments stand by as Big Tech companies that have shown little regard for consumers, particularly for children, recklessly deploying new technologies that violate our privacy, provide false information, or make unjustifiable, discriminatory decisions all in pursuit of profit and market share at any cost.

And even if Congress was able to pass a law to govern AI and automated decision systems, who would enforce it? The Trump administration has taken every opportunity to undermine our cops on the beat. They are firing key technical experts and stripping independent commissions of their bipartisan legitimacy.

They are also cutting resources and funding and weakening or rescinding existing measures that would help protect American consumers and support American businesses in the global competition with China. This pattern of gifts and giveaways to Big Tech by the Trump administration, with the cooperation of Republicans in Congress, is hurting American consumers.

Instead, we should be learning from the work our State and local counterparts are doing now to deliver well-considered, robust legislation giving American businesses the framework and resources they need to succeed while protecting consumers.

And, with that, I yield back.

[The prepared statement of Mr. Pallone follows:]

**Statement of Subcommittee Member Kim Schrier
Delivered on Behalf of Ranking Member Frank Pallone, Jr.
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade**

Hearing on “AI Regulation and the Future of US Leadership”

May 21, 2025

This Congress we’ve heard from many witnesses over multiple hearings about the significant benefits of artificial intelligence (AI) and the very real harms that artificial intelligence models and applications can and have caused. Unfortunately, in a giant gift to Big Tech, Committee Republicans supported a provision in their GOP Tax Scam last week that imposes a 10-year ban on any states’ ability to enforce their own laws protecting consumers from harms caused by AI.

I agree with my colleagues that we need strong federal legislation to govern and guide the development of these powerful AI systems as they are rapidly incorporated into more and more aspects of our everyday lives.

To protect consumers from the harms of AI we should recommit to working on strong, bipartisan comprehensive federal data privacy legislation that includes data minimization to protect consumers from their personal and sensitive information being abused. Big Tech’s development of new data hungry AI systems, exploiting Americans’ personal information in ways we could not imagine only a few years ago, only makes this need more urgent.

There’s broad support in both parties for data privacy. Last Congress, this Committee worked on a bipartisan comprehensive federal privacy bill that was the product of work and negotiation over years, but in the end House Republican leadership killed it to please Big Tech.

And now my Republican counterparts are suspending for 10 years enforcement of rules and laws already on the books in states and cities across the country without any proposed replacement.

The Republican’s giant gift to Big Tech would block enforcement of laws on the books right now that are protecting consumers from real world harms. Some states have laws requiring companies to disclose when they are using AI. Others have laws protecting against the use of deepfakes in elections, and protecting consumers when AI is used to in health care, education, housing, and employment. Some state laws and regulations provide guardrails ensuring that states’ and cities’ themselves are careful in their purchase and use of AI systems. And now Republicans want to ban the enforcement of all those state laws with absolutely no national bill ready to go to address the real-world harms from AI.

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May 21, 2025
Page 2

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The pattern of gifts and giveaways to Big Tech by the Trump Administration, with the cooperation of Republicans in Congress, is hurting American consumers.

Instead, we should be learning from the work our state and local counterparts are doing now to deliver well considered, robust legislation giving American businesses the framework and resources to succeed while protecting consumers.

And with that I yield back the balance of my time.

Mr. BILIRAKIS. The gentlelady yields back.

And now we will hear from our witnesses.

Today, we have Mr. Sean Heather, senior vice president of the U.S. Chamber of Commerce.

Welcome.

We have Ms. Amba Kak, who is the co-executive director of AI Now Institute.

Welcome.

Mr. Adam Thierer, senior fellow at R Street Institute.

And then we have Mr. Marc—and I am going to get this right—Bhargava, managing director of General Catalyst.

Welcome, everyone.

And now we will hear from Mr. Heather.

You are recognized for 5 minutes.

STATEMENTS OF SEAN HEATHER, SENIOR VICE PRESIDENT, U.S. CHAMBER OF COMMERCE; AMBA KAK, CO-EXECUTIVE DIRECTOR, AI NOW INSTITUTE; ADAM THIERER, SENIOR FELLOW, R STREET INSTITUTE; AND MARC BHARGAVA, MANAGING DIRECTOR, GENERAL CATALYST

STATEMENT OF SEAN HEATHER

Mr. HEATHER. Well, thank you, Chairman Bilirakis—

Mr. BILIRAKIS. My pleasure.

Mr. HEATHER [continuing]. And Ranking Member Schakowsky and to the rest of the subcommittee. It is a pleasure to be here to testify on international perspectives of today's hearing. While I am a senior vice president, I lead our work on international regulatory affairs.

Earlier this year, Vice President Vance at the AI Action Summit in Paris warned that, quote, "excessive regulation" was a threat to harnessing AI's potential. The Chamber could not agree more. Our message to policymakers is not to lose focus on the opportunity of AI.

In my remarks, I would like to focus on Europe's approach to regulation, highlight concerns with the EU AI Act, and close my testimony with why we should care about what Europe is doing on AI.

Historically, Europe takes a precautionary approach when regulating. This means that Europe often regulates before there is well-documented need. Further, the European Union exists to establish a, quote, "single market" to prevent its sovereign member states from creating a patchwork of laws.

In recent years, we have seen a slew of digital-economy regulation from Europe, yet none of these policies have made Europe more competitive.

Yet, today, we now know Europe is woefully behind in key digital sectors, and, as a result, the new justification to regulate has emerged—tech sovereignty. The European Commission President has asserted that Europe must be able to make its own choices, while French President Macron has called for Europe to develop and roll out the key technologies of tomorrow.

Fortunately, Europe is beginning to realize it cannot regulate its way to innovation and economic growth. In a recent critical self-as-

assessment requested by European officials, the Draghi report found that Europe's struggle to compete stems from burdensome EU regulatory regimes.

Now let me turn to the EU AI Act. The Chamber believes the EU fails to achieve a balance between regulating risk and fostering innovation.

First, Brussels failed to review its existing legal frameworks. AI is a technology, less so a product or service. Existing EU laws governing products and services are not suddenly made obsolete because of AI. Yet, rather than carefully evaluating gaps in existing law, the EU chose to add a layer of regulatory complexity at the expense of innovation.

Beyond the law, the EU also establishes a code of practice. While not currently mandatory, we are concerned that it will function as a de facto benchmark for evaluating industry compliance with the law. The code mandates extensive disclosure of sensitive business information to the regulator, downstream providers, competitors including China, and potentially the public.

This raises two major risks: First, releasing the know-how behind the technology could enable misuse of powerful AI systems; and, second, forcing the value of IP being disclosed undermines investment incentives.

So why does this matter? Why not let Europe continue to regulate its way out of being a serious player on AI?

First, we need partners. The transatlantic trade relationship is vital to the United States. Annually, trade in services alone is \$475 billion, and we enjoy a \$75 billion trade surplus. Our competitive advantage in AI will power the future of our trading relationship.

Second, we need to prevent the spread of the EU AI Act from being adopted around the world and across the States. The EU's approach to AI is already being considered in places like South Korea, Canada, and Brazil. In the United States, the AI Act's influence is noticeable. States like Colorado, California, Texas, and Virginia have introduced AI regulations that echo Europe's approach. The Chamber is concerned that burdensome EU-like policies will be adopted domestically at the State level, potentially leading to a fragmented regulatory landscape across the United States.

Third, we care because we must not allow American companies to be discriminated against. The AI Act's extraordinary, extraterritorial reach imposes substantial compliance costs on U.S. business, diverting considerable resources away from innovation and undermining our competitive edge.

From requiring non-EU companies to appoint authorized representatives, to overly broad classifications of high-risk AI application directed at non-EU companies, and more, the AI Act places American companies at a competitive disadvantage. By imposing these barriers, the EU risks not only harming U.S. businesses, but those discriminatory practices may also be replicated in other countries.

Moreover, the act opens the door for massive fines, as high as 7 percent of global annual sales.

In closing, it is estimated that AI will contribute \$15.7 trillion to the global economy by 2030. America's leadership on AI is not guaranteed, but today we are well positioned to lead. In 2024

alone, private AI investment in the United States was 12 times greater than that in China and 24 times greater than that in the U.K.

Such massive U.S. financial commitments translates into tangible outcomes. Last year, the U.S. produced 40 state-of-the-art foundation models, significantly outpacing China's 15 and Europe's 3.

The opportunity AI holds is before us, but American leadership will only continue if regulatory environments promote innovation, encourage private-sector investment, and embrace technological change.

Thank you, and I look forward to taking your questions.
[The prepared statement of Mr. Heather follows:]

AI Regulation and the Future of US Leadership

**Hearing Before the United States House of Representatives Energy & Commerce
Committee**

Subcommittee on Commerce, Manufacturing, and Trade

May 21, 2025

Written Testimony of

Sean Heather

Senior Vice President, International Regulatory Affairs and Antitrust

U.S. Chamber of Commerce

Chairman Bilirakis, Ranking Member Schakowsky, and members of the subcommittee, my name is Sean Heather, and I am the Senior Vice President of International Regulatory Affairs and Antitrust the U.S. Chamber of Commerce. Thank you for the opportunity to testify at today's hearing regarding the European Union's Artificial Intelligence Act.

The U.S. Chamber of Commerce is the world's largest business organization. Our members range from the small businesses and local chambers of commerce across the country that support their communities, to leading industry associations and global corporations whose innovations are shaping the future and solving the world's most pressing challenges. Our mission is to advocate for policies that foster economic growth, job creation, and innovation. We play a pivotal role in helping to shape global digital policy, advocating for a regulatory environment that supports the dynamic and rapidly evolving nature of technology.

The U.S. Chamber has also long advocated for AI as a positive force, capable of addressing major societal challenges and spurring economic expansion for the benefit of consumers, businesses, and society. In 2019, we were the first major trade association to develop AI policy principles. Initially intended to guide policymakers in positioning the United States to take full advantage of the economic potential of AI, over the past fifteen months we have worked to update these Principles to ensure America remains at the forefront of AI development and deployment. In addition to these efforts, we promote rules-based trade and alignment around emerging technologies, including through standards that promote the responsible use of AI.

In this context, I appreciate the opportunity to share my views on the European Union's Artificial Intelligence Act. In short, the U.S. Chamber has significant concerns about the EU AI Act and its

impact on U.S. businesses, which we have articulated to policymakers both in Brussels and here in Washington.

Transatlantic Trade: A Key Economic Partnership

The transatlantic trade relationship is vital to the United States, forming the largest and most beneficial economic partnership globally. The \$9.5 trillion transatlantic economy underscores the importance of the U.S. and Europe as each other's key markets. According to the Chamber's '2025 Transatlantic Economy' report, in 2024, U.S. goods trade with Europe reached \$1.3 trillion, while services trade totaled \$475 billion, resulting in a \$75 billion U.S. surplus in services.

Artificial intelligence is a strategic sector for both the U.S. and the EU, with vulnerable supply chains. Continued innovation and investment in AI are crucial to maintaining our competitive edge and supply chain resilience.

Digital trade drives U.S. growth, with the economy projected to grow by 2.7%, fueled by consumer spending and AI investment. U.S. companies lead global data center investments, driven by demand for digital connectivity and cloud computing. In 2024, foreign investors committed over \$106 billion to data centers, with U.S. technology firms leading the way.

US Dominance in AI is Not Guaranteed

AI is a transformative technology, in which the United States currently leads the charge in its development and application. It is estimated that AI will contribute up to \$15.7 trillion to the global economy by 2030, enhancing productivity across sectors.¹ Driven by substantial private investment and prolific output of advanced AI models, U.S. companies currently sit at the cutting edge of AI innovation, producing revolutionary breakthroughs in algorithm development and application.

The European Commission's InvestAI initiative proposes a €200 billion investment over five years, with a significant portion of that expected from private investment. However, these numbers fall well short of their ambition.² In 2024 alone, U.S. private AI investment grew to \$109.1 billion, nearly 12 times China's \$9.3 billion, and 24 times the U.K.'s \$4.5 billion.³ The gap is even more pronounced in generative AI, where U.S. investment exceeded that of China, the European Union, and the U.K. combined by \$25.4 billion, up from a \$21.8 billion gap in 2023.

U.S. financial commitment translates into tangible outcomes: last year, the U.S. produced 40 state-of-the-art foundation models, significantly outpacing China's 15 and Europe's three.⁴ This

¹ [PwC's Global Artificial Intelligence Study | PwC](#)

² <https://digital-skills-jobs.europa.eu/en/latest/news/commission-launches-new-investai-initiative-mobilise-eu200-billion-investment-ai>

³ [The 2025 AI Index Report | Stanford HAI](#)

⁴ [The 2025 AI Index Report | Stanford HAI](#)

disparity underscores our current dominant position in AI development and the United States' ability to drive innovation at scale.

However, even with our private sector's massive investment, we have seen other foreign-based technology companies make massive strides. For example, China's 'DeepSeek' released its R1 model in January of this year, rivaling many frontier models. At the Paris AI Action Summit in February, European Commission President von der Leyen noted that the "AI race is far from being over. We're only at the beginning. The frontier is constantly moving. Global leadership is still up for grabs."⁵

The ability of American companies to pioneer AI advancements will continue only if the United States provides a regulatory environment that promotes innovation, encourages private sector investment, and embraces technological change. Should policies and regulations inhibit these innovations through unnecessary and burdensome compliance, we stand to lose our dominant position. Leaving the door open to other countries seeking to become the global leader in AI.

This same sentiment was center stage in Vice President Vance's remarks before the Paris AI Action Summit where he emphasized the importance of focusing on the opportunity of AI, while cautioning governments that seek to unnecessarily restrict AI applications under the pretense of promoting AI safety. The Chamber agrees with the Vice President's perspective, recognizing the potential for AI to drive economic growth and innovation. The Vice President also warned that "excessive regulation of the AI sector could kill a transformative industry just as it's taking off, and we'll make every effort to encourage pro-growth AI policies." The Chamber is here to support this approach, advocating for policies that foster innovation and ensures the U.S. remains the leader in AI now and in the future. This kind of leadership is crucial for maintaining the country's competitive edge in the global market, driving economic growth, and creating high-quality and high-paying jobs.

Europe's Push for Overregulation

Europe has long maintained a policy posture that prescribes a precautionary approach as a justification for its regulation. Over the last decade, we have seen a slew of regulations, such as the General Data Protection Regulation (GDPR), Digital Markets Act (DMA), Digital Services Act (DSA), Data Act, EU AI Act, as well as various cyber and cloud policies emerge from Brussels. None of these policies is making Europe more competitive, yet all impose stringent compliance requirements for businesses, hindering Europe's competitiveness on the global stage.

This rush to regulate has translated to Europe's misguided belief that its regulatory prowess is a gift to the world and serves as a form of economic soft power. In addition to setting stringent standards in its domestic market, Europe is eager to export those standards, asserting itself as the regulatory leader around the globe. However, this regulatory fervor comes at a pivotal moment and should serve as a warning to the United States. Europe is now woefully behind in nearly all areas of the digital landscape. This includes not just AI, but cloud computing, semiconductors, and technology adoption.

⁵ [Quotes From EU Chief Von Der Leyen's AI Speech at Paris Summit](#)

More troubling is the frequent justification by European policymakers for these actions under the guise of establishing European tech sovereignty. European Commission President Ursula von der Leyen has asserted, “Europe must be able to make its own choices based on its own values, respecting its own rules,” a statement made in the context of advancing the EU’s digital sovereignty agenda.⁶ More recently, in May 2024, French President Emmanuel Macron asserted European technological self-reliance, stating “Together, we will advocate to strengthen the EU’s sovereignty and reduce our critical dependencies... With an ambitious industrial policy, we can enable the development and rollout of key technologies of tomorrow.”⁷ These sentiments were echoed in the European Commission’s 2024 “State of the Digital Decade” report, which described the effort as “a wakeup call, urging Member States to make greater efforts... to contribute to a competitive, sovereign, and resilient EU.”⁸ Similarly, the European Council’s official 2022 declaration on digital rights stated that “The EU’s ambition is to be digitally sovereign in an open and interconnected world embracing empowered citizens and innovative businesses.” While these initiatives are framed as strategic and value-driven, the persistent invocation of “digital sovereignty” raises concerns that such rhetoric serves as a pretext for erecting regulatory and market barriers that disadvantage non-EU firms, particularly U.S. tech companies.

Moreover, Europe’s drive for tech sovereignty extends beyond regulations and includes digital services taxes (DST’s) that directly target U.S. companies. DSTs have been imposed by Austria, Denmark, France, Hungary, Italy, Poland, Portugal, Spain, Switzerland, the UK, and proposed in a number of other European markets.⁹ Their proliferation undermines U.S. exports, our tax base, and our trade relations with key partners. To his credit, President Donald Trump pushed back on DST’s during his first term and this past February directed USTR to investigate retaliatory tariffs on countries that impose these taxes on U.S. technology companies.

This drive for technological sovereignty is why U.S. companies increasingly feel not only overregulated in Europe but discriminated against. Fortunately, Europe is beginning to realize a valuable lesson that the Chamber has long espoused: you cannot regulate your way to economic growth. Overregulation is not a key ingredient to innovation. Europe is not a leader in the tech space, nor in AI, because it has failed to create a regulatory environment that welcomes capital, tolerates risk, and facilitates entrepreneurial success. As articulated in the Draghi Report, Europe’s tech sector and SMEs struggle to compete in the international market because of gaps in the European “innovation cycle,”¹⁰ that stem from burdensome European regulatory regimes and insufficient investment capacity amongst local partners. If Europe continues to focus on regulation as its primary instrument for catalyzing growth, the gaps in the European innovation cycle will continue to persist and impede the bloc’s technological development and competitiveness.

⁶ policyreview.info

⁷ [ft.com](https://www.ft.com)

⁸ digital-strategy.ec.europa.eu

⁹ [Digital Tax Update: 2024 Digital Services Taxes in Europe](#)

¹⁰ [European Commission | The Future of European Competitiveness\(2024\)](#)

Europe's Approach Failed from the Outset

The U.S. Chamber has consistently expressed concerns that the EU AI Act fails to achieve a balance between regulating risk and fostering innovation. We are particularly troubled by the Act's implications for international business and trade.

Europe's shortcomings in regulating AI were clear from the outset. The EU already has several laws on the books that mitigate risks associated with AI, yet in its rush to regulate, Brussels failed to conduct a thorough review of its existing legal frameworks. The EU's consumer protection laws and product liability directives already apply to AI technologies. This overlap and the AI Act's likelihood to hamper, not further innovation, is well documented in the Draghi report and is becoming more widely recognized by EU leaders.

Additionally, there are regulations already in place governing AI applications in specific sectors. In life sciences for example, the EU has a comprehensive framework for governing clinical trials, medical devices, and health technology assessments. The same goes for sectoral requirements that governs Europe's financial and automotive industries.¹¹

Despite existing frameworks, the EU opted to establish a new, comprehensive, untested AI Act, resulting in additional regulatory burdens, particularly for companies on the cutting edge of the technology. Who does this affect? Unsurprisingly, it's American firms, not European, raising significant concerns about the Act's impact on international business and innovation.

Critical Challenges Posed by the EU AI Act

Beyond its scope, the U.S. Chamber harbors deep concern over the details of the EU AI Act and the draft Code of Practice, which effectively serves as a one hundred-plus page AI Act implementation guide for providers of general-purpose AI models. The sheer regulatory complexity brought about by these rules is staggering. If implemented as written, both the Act and Code will undermine efforts to establish responsible standards and market interoperability for AI. I've detailed these concerns below.

Overly Broad Definitions: The Act introduces rigorous assessments for "high-risk" AI systems and proposes banning certain AI practices. However, the broad scope of what constitutes a high-risk AI application is problematic. Labeling entire sectors as high-risk will have significant repercussions for enterprises employing AI, including many U.S. companies, and will create operational challenges in Europe. This broad classification fails to consider the nuanced differences between AI applications within each sector, potentially hindering technological advancements.

Impact on General-Purpose AI: Applying high-risk requirements to all General-Purpose AI (GPAI) systems will also have unintended consequences. It risks stifling innovation in low-risk, general-purpose AI technologies that could otherwise benefit society without posing substantial risks. The Act's one-size-fits-all approach fails to consider the diverse nature of AI technologies and their varying impacts across different sectors. For instance, the requirements for high-risk AI

¹¹ [Implementation of the AI Act: Numerous Tensions with Existing Regulations](#)

systems in healthcare should build on existing rules and differ from those in other industries, such as financial services or aviation, rather than duplicating or conflicting with them.

While participation in the Code is not currently mandatory, we believe it could become the *de facto* benchmark for evaluating industry compliance with the EU AI Act and be replicated within other jurisdictions. This raises significant concerns about its impact on the very U.S. firms that are global leaders in the advancement of the technology. The language of the law suggests an ambition to create an official standard, with the Code serving as the bridge to that standard. Even the AI Act itself acknowledges this ambition, further solidifying the Code's role as a point of reference for compliance.

Disclosure and Intellectual Property Risks: The draft Code mandates extensive disclosure of sensitive business information, such as model architectures (structure and design), size (scale and capacity), and limitations (constraints or weaknesses) of AI models to Europe's AI Office, downstream providers, and potentially the public. This raises two major risks: first, releasing capability-unlocking IP could enable misuse of powerful AI systems; second, forcing disclosure of valuable IP undermines investment incentives and weakens the global competitiveness of American companies.

Security and Confidentiality Concerns: The Code fails to establish robust security measures for the EU AI Office, which would store highly sensitive data, creating vulnerabilities that could be exploited by malicious actors. Additionally, the transparency requirements exceed those in the AI Act, potentially forcing companies to disclose trade secrets to competitors, including from China.

Excessive Compliance Burden: The Act and the draft Code impose significant reporting and compliance obligations, creating an unnecessary administrative burden for companies. This is particularly challenging for SMEs that may lack the resources to meet these requirements. The Code also adds extensive publication mandates and testing by the AI Office as well as undefined third parties, which go beyond the AI Act.

Disparate Treatment: While the draft Code imposes lighter requirements based on the size of the firm, public safety and ethical AI deployment should not depend on the size of the company, but the specific risk associated with the application. While provisions such as exempting SMEs from appointing an AI officer are reasonable, we are concerned these exceptions are meant to bolster European firms at the expense of U.S. tech companies. It is imperative that the Code ensures a level playing field and avoids imposing rules that target U.S. businesses.

Lack of International Alignment: Despite claims of global cooperation, the draft Code diverges from the G7 Code of Conduct for Advanced AI Systems, which reflects an internationally agreed-upon approach. This misalignment risks fragmenting global standards, further complicating compliance for European and American businesses alike.

The Chamber commends the U.S. government for pushing back on the third version of the EU's draft AI Act Code of Practice. Their recent letter to the European Commission highlights

significant concerns and urges Europe to reconsider its approach.¹² This feedback underscores the ongoing international debate and the critical need for balanced, globally aligned AI regulations. The U.S. government's intervention echoes many of the concerns detailed above, particularly regarding the regulatory complexity, impact on SMEs, intellectual property risks, and lack of international alignment.

A Look Ahead: Navigating Data Governance and AI Innovation

Data is what fuels AI. While the AI Act is the focus of today's hearing, it's also worth watching the EU's approach to data governance and its Data Act. Tech policy debates are emerging around data governance, beyond privacy concerns associated with personal data. The EU's Data Act, set to take effect this September, will play a pivotal role in shaping these discussions. The Data Act aims to ensure access to data and promote data sharing within and across sectors. However, this legislation will prompt important questions about its interplay with the GDPR, the AI Act, and other regulations. It will influence how AI systems are developed and how companies operate, innovate, and compete.

Why Care?

So, why does this matter? Why not let Europe continue down its misguided path and regulate its way out of being a serious player on AI? As other non-democratically aligned countries continue to push for AI dominance, we need to bolster transatlantic partnerships in emerging technological areas. The United States should actively review European policies and assess their impact, encourage allies not to adopt similar approaches when warranted, and be prepared to push back against discrimination on U.S. businesses, as limiting market access will profoundly impact our domestic growth potential.

Despite our concerns with Europe's regulatory agenda and overreach, the Chamber recognizes the critical importance of maintaining a strong transatlantic partnership with Europe, including in the global AI landscape. In the race for AI supremacy, primarily between the U.S. and China, it is crucial that like-minded allies, with shared democratic values, collaborate to set norms that foster innovation. Vice President Vance in his Paris speech emphasized American leadership in AI, but he also stated that being a leader "doesn't mean we want to or need to go it alone." He made the case to "partner" in a "spirit of openness and collaboration." He went on to say "we need international regulatory regimes that foster the creation of AI technology, rather than strangle it. And we need our European friends to look to this new frontier with optimism rather than trepidation." Again, we agree wholeheartedly with the Vice President.

A weak, non-competitive Europe is not in America's interests. In addition to overly burdening and discriminating against U.S. companies, the stringent regulations of the EU AI Act risk making Europe less relevant in the rapidly evolving AI landscape. Europe's focus should be on promoting AI through innovation and agility, rather than requirements that will stifle its own growth, create barriers for established companies and startups alike, and deter new European

¹² [US Objects to EU's Draft AI Code Weeks Before Finalization, Pressures Europe to Abandon AI Rulebook - WinBuzzer](#)

entrants and European investment in AI. The AI Act is likely to shift even more AI innovation and investment away from Europe to regions with more favorable regulatory environments, further limiting Europe's own ability compete globally.

Risk of Global Adoption

Our broader concern with the EU AI Act is that it will not operate in a vacuum; instead, the EU is relying on the AI Act, as it has with other regulations to drive the global regulation. This influence, the "Brussels Effect," occurs when EU regulations become de facto global standards, as we saw with the GDPR for data privacy.

This effect is evident in AI governance, where the EU AI Act's approach is already being mirrored in other jurisdictions. This includes Canada's proposed AI and Data Act and Brazil's AI Bill of Rights, which incorporate similarly stringent requirements.¹³

In the United States, the EU AI Act's influence is already noticeable at the state level. States like Colorado, California, Texas, and Virginia, have introduced AI regulations echoing the EU's approach. For example, Colorado's AI Act, in line with EU requirements, mandates annual impact assessments. The Chamber is concerned that burdensome EU policies like these will continue to be adopted domestically at the state level, potentially leading to a fragmented regulatory landscape within the U.S., complicating compliance for businesses operating across multiple states and stifling innovation.

¹³ <https://www.networklawreview.org/almada-ai-act/>



Moreover, the EU AI Act lacks a mechanism to assess and recognize other countries' AI laws as equivalent, exacerbating regulatory fragmentation. Without equivalency recognition, companies face varied regulatory requirements in each jurisdiction, increasing compliance costs and operational challenges. Preventing the spread of Europe's regulatory approach is crucial. It will fragment global AI governance, deter investment, and burden businesses striving to innovate and compete.

Addressing the Discriminatory Impact of the EU AI Act

We cannot allow American companies to be discriminated against by the EU AI Act. Its extraterritorial reach imposes substantial compliance costs on U.S. businesses, diverting considerable resources away from innovation, and undermining America's competitive edge.

From requiring non-EU companies to appoint authorized representatives, to broad classifications of high-risk AI applications targeting non-EU companies, and more, the AI Act places American companies at a competitive disadvantage. By imposing these barriers, the EU risks not only harming U.S. businesses, but also our shared transatlantic technological advantage. Allowing discriminatory practices to set a global precedent only serves to undermine our mutual interests and values.

There is much uncertainty as to how regulators will interpret and enforce the EU AI Act, yet as with the DMA and GDPR, it appears that Europe has again imposed ambiguous yet burdensome regulatory requirements without considering technical feasibility, actual risks, or its impact on innovation, economic growth, and competitiveness. Moreover, the Act opens the door for European regulators to continue to use fines arbitrarily against American companies. For “compliance” failures, the Act relies on a three-tier scale to threaten companies with fines as high as \$37 million or seven percent of global annual sales, whichever is greater. It establishes a “risk-based” approach in name only for regulating the deployment of AI systems. Before they can enter the European market, “high-risk” systems face strict requirements, such as having to disclose their data sets and capabilities. Some systems may even need to undergo testing and receive premarket regulatory approval. In adopting this approach, Europe has failed to consider how developers can even demonstrate that their systems comply with the Act’s vague standards.

Closing: A Call to Action for Policymakers

The U.S. Chamber will continue to advocate to Europe that a balanced regulatory approach fostering innovation and competitiveness will ensure AI remains a force for growth and positive change globally. However, this effort cannot succeed in isolation. Lawmakers and policymakers in the U.S. play a crucial role in supporting industry efforts to promote sensible AI regulations aligned with these principles. By championing policies that encourage collaboration and investment, the U.S. can maintain its global leadership in AI development. Together, we can create an environment where AI and society thrive.

Mr. BILIRAKIS. Thank you, Mr. Heather. Appreciate it very much. And now, Ms. Kak, you are recognized for 5 minutes.

STATEMENT OF AMBA KAK

Ms. KAK. Chair Bilirakis, Ranking Member Schakowsky, and esteemed members of this committee, thank you for inviting me to testify.

My name is Amba Kak. I colead the AI Now Institute, the leading independent research center focused on tackling concerns with AI.

My main message today is that the race to win on AI must be focused on delivering victories first and foremost to the American people. To do this, we must ensure that U.S. leadership defines the frontier through technologies that are best in class, guarantees that firms compete on the merits, and sets a gold standard for rigor, security, and shared prosperity. In short, we need to ensure that this is a race to the top rather than the bottom.

But what we are seeing instead from industry is a reckless disregard for public well-being that, unfortunately, this committee should be all too familiar with, because Congress has failed to sufficiently regulate Big Tech for over a decade now.

Let's make this concrete and clarify what is really at stake here.

Last year, a chatbot created by Character.AI lured a depressed 14-year-old from Orlando, Florida, Sewell Setzer III, to commit suicide. Character.AI isn't alone. Mark Zuckerberg tells us that these chatbots are a societal boon. After all, he thinks the average American has fewer than three friends, and the obvious solution, according to him, is to get people more attached to AI companions—just like he got our children hooked to social media.

Meanwhile, AI voice-cloning tech is enabling a new generation of scams that specifically target senior citizens. As just one example, a grandmother in Texas received a call from a voice indistinguishable from her grandson asking for bail money. It was a suspicious bank teller that intervened, but many, many others have not been so lucky.

And in this new frenzy of chatbots and agents, it can be easy to forget that we actually already have a decade of far-less-shiny AI toys, the kinds that aren't used by people but are used on them—inscrutable AI systems that cut the in-home care of 4,000 disabled people in Arkansas despite critical underlying medical conditions, or systems that falsely accused 40,000 people in Michigan of unemployment insurance fraud and denied them benefits.

To state the obvious, AI is not a break from Silicon Valley's sins of the past but merely a continuation. And it is also a market led and shaped by the very same players.

Now, when ChatGPT first launched in 2022, it seemed like this market was poised for disruption with a new crop of challengers, new faces. But now, just more than 2 years later, it is clear the back bench is more of the same—Big Tech and a few additional firms that are dependent on Big Tech for their survival.

So, put simply, building AI bigger and bigger requires enormous resources that these firms own and control, and so they play king-maker for the downstream, smaller players, the little guys that we

are going to hear about today, controlling access to inputs and also pathways to reach the consumer.

These are the same firms that have no regard—have shown no regard for U.S. national-security priorities, as they have deliberately threatened security interests time and again in the pursuit of profit. Yet suddenly they show their patriotism when big government contracts are on the line. This is an industry that has fooled us once, and we cannot let them fool us again with AI.

In this environment, you know, the proposal for a sweeping moratorium on State AI-related legislation really flies in the face of common sense. We can't be treating the industry's worst players with kid gloves while leaving everyday people, workers, and children exposed to egregious forms of harm.

In fact, there is some air to clear on what States have been up to in the first place. Approximately half of all proposed legislation from the States was on deepfakes. Notably, States moved well before the TAKE IT DOWN Act recently passed Congress. Several others have moved to clamp down on the AI-related scams that I talked about. These bipartisan State measures have been nimble, they have been targeted, and they have weeded out the bad apples that nobody wants to be in business with.

Another commonsense theme across States: transparency. Requiring disclosures to people affected by AI in sectors like healthcare, education, employment—I would argue, really the bare minimum for an industry that derives its power from obscurity.

And, to be clear, we should be treating these measures as the floor, not the ceiling. A moratorium on AI-related State laws would—you know, at a time when there are minimal Federal laws in place, would instead set the clock back, and it would freeze it there.

Why we would treat these companies with kid gloves at a moment when they need more scrutiny, not less, is what should be in focus today. And we don't have 10 years to wait.

Thank you.

[The prepared statement of Ms. Kak follows:]

**PREPARED TESTIMONY AND STATEMENT FOR THE
RECORD
OF**

AMBA KAK
CO-EXECUTIVE DIRECTOR, AI NOW INSTITUTE

on behalf of herself and Dr. Sarah Myers West, Co-Executive Director, AI Now Institute

“AI REGULATION AND THE FUTURE OF US LEADERSHIP”

BEFORE THE

U.S. HOUSE COMMITTEE ON ENERGY, COMMERCE
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE

Chair Guthrie, Ranking Member Pallone, and Members of the Committee, thank you for inviting me to appear before you and provide testimony on this important issue. My name is Amba Kak and I am the Co-Executive Director of the AI Now Institute. Founded in 2017, AI Now is the leading independent research institute focused on expert analysis and policy recommendations to tackle concerns about artificial intelligence (“AI”). I have fifteen years of experience working on technology policy in the United States and multiple other jurisdictions, and in roles across government and academia, as well as within the tech industry and civil society. This testimony is offered on behalf of myself and my colleague Dr. Sarah Myers West; our remarks are based on research conducted at AI Now and draw from a range of academic, technical, and civil-society sources.

We’re at a historically significant inflection point in the trajectory of artificial intelligence (AI), and I deeply appreciate this Subcommittee’s ongoing attention to the important question of how to define American leadership on AI, and the path to get there.

The terms of this debate are increasingly abstract: a race to technical milestones like superintelligence that are the stuff of science fiction; and great-power competition between nation-states. **But this race to win on AI must be focused on delivering victories, first and foremost, to the American people.** To do this, we must ensure that US leadership defines the frontier through technologies that are best in class, guarantees that firms compete on the merits, and sets a gold standard for rigor, security, and shared prosperity. **In short, we need to ensure this is a race to the top rather than the bottom.** Absent commonsense regulations, we are incentivizing an industry that the future will define by its reckless disregard for public well-being, best known for peddling snake oil products and a willingness to waste unprecedented amounts of money with little to show for it.

We're already seeing this kind of behavior from AI firms: Last year a chatbot created by [Character.AI](#) lured a depressed fourteen-year-old from Orlando Florida, Sewell Setzer III, to commit suicide. This lonely young man developed an intimate relationship with a companionship bot to whom he poured out his heart and soul. When he said he didn't want to be alive anymore, the chatbot told Setzer to "please come home to me as soon as possible, my love." Minutes later, the young man shot himself.¹

Instead of acknowledging the significance of how manipulative such companionship tools are for children, Character.AI has responded as though it should be allowed to operate with impunity, asserting that its chatbots should have the same free-speech rights that humans have, and thus bear no responsibility for users' actions.² The idea that companies creating products used by children, products that also enable fraud, scams, and sensitive data leaks, should be free of any scrutiny is absurd. And Character.AI isn't alone. Just a few weeks ago, Meta's Mark Zuckerberg claimed that "the average American" has fewer than three friends; the solution, according to him, is to get more people attached to these companionship tools.³ Remember that this is the same company brought before Congress many times to address similar kinds of problems: This is the company that created "digital companions" that have explicit conversations with children,⁴ and recommended profiles of minors to groomers.⁵

This is an industry that has fooled us once; we can't let them fool us again with AI. We are still grappling with an information environment that has impoverished our collective attention and eroded our autonomy, not only through imposing invasive and manipulative modes of surveillance, but by compromising our ability to think for ourselves.

It is an industry that functions today to concentrate wealth and power in the hands of a very few, leaving the vast majority of citizens at their mercy. These companies have demonstrated over and over that they have no regard for the public's well-being, especially the well-being of our children; they've also shown no regard for US national priorities as they've deliberately threatened security interests in the pursuit of profit.⁶

¹ Kevin Roose, "Can A.I. Be Blamed for a Teen's Suicide?" *New York Times*, October 23, 2024, <https://www.nytimes.com/2024/10/23/technology/characterai-lawsuit-teen-suicide.html>.

² Meetali Jain and Camille Carlton, "Character.AI Opens a Back Door to Free Speech Rights for Chatbots," *Mashable*, May 10, 2025, <https://mashable.com/article/chatbots-lawsuit-free-speech>.

³ Dwarkesh Patel, "Mark Zuckerberg – Meta's AGI Plan," Dwarkesh Podcast, April 29, 2025, <https://www.dwarkesh.com/p/mark-zuckerberg-2>.

⁴ Jeff Horwitz, "Meta's 'Digital Companions' Will Talk Sex With Users—Even Children," *Wall Street Journal*, April 26, 2025, <https://www.wsj.com/tech/ai/meta-ai-chatbots-sex-a25311bf>.

⁵ Riley Griffin and Kurt Wagner, "Instagram Suggested 'Groomers' Connect With Minors, FTC Says," *Bloomberg*, May 6, 2025, <https://www.bloomberg.com/news/articles/2025-05-06/instagram-urged-groomers-to-connect-with-minors-ftc-says>.

⁶ Former Meta executive Sarah Wynn-Williams recently testified that the company regularly briefed the Chinese Communist Party as early as 2015 on critical emerging technologies, including AI. As she put it: "There's a straight line you can draw from these briefings to the recent revelations that China is developing AI models for military use, relying on Meta's Llama model". See Sarah Wynn-Williams, "Testimony before the U.S. Senate Committee on the Judiciary," April 9, 2024,

We don't need to wait another decade to know how it goes: The introduction of these systems concentrates power among the deployers of the tech, leaving those on the receiving end more insecure, vulnerable, and unable to contest the determinations made by the “smart machine” at the expense of the broader public. These tools are often invisible to those judged by them, and inscrutable even when they are visible. We're already seeing AI tools supercharge fraud and scams affecting everyday Americans through tools like voice cloning.⁷ Amid the headiness of current AI hype, we're seeing the worst of these companies reemerge: overclaiming benefits and sweeping risks under the rug; resisting basic transparency at every level; and building an economic model designed to extract and centralize value in tech corporations, and devalue the world outside of them.

The good news is that this isn't the only path available to us—not by a long shot. Even as federal legislation has lagged, state legislatures have moved to enact measures to meet the moment. Nonconsensual deepfake imagery offers an instructive example: An overwhelming number of states have passed bipartisan laws cracking down on the creation and spread of such imagery, offering frontline protections to Americans before the Take It Down Act passed Congress.⁸ In the absence of Congressional action, ensuring states can protect kids, consumers, and a level playing field is crucial—and that includes making sure that state law enforcers have the tools they need to prevent AI-driven abuse.

It's still early days, and many legislative efforts in the states have been hamstrung by stiff corporate lobbying; much more remains to be done to meaningfully put the AI industry on the hook.⁹ But today we're at risk of turning back the clock on even the limited progress we have made. The recent proposal for a sweeping moratorium on all state AI-related legislation and enforcement flies in the face of common sense: We can't treat the industry's worst players with kid gloves while leaving everyday people, workers, and children exposed to egregious forms of harm.

In this testimony, I want to make three additional points to clear the air and clarify what is at stake at this crucially important juncture:

https://www.judiciary.senate.gov/imo/media/doc/2024-04-09_testimony_wynn-williams.pdf. See also AI Now Institute, “Safety and War: Safety and Security Assurance of Military AI Systems,” June 25, 2024, <https://ainowinstitute.org/publications/safety-and-war-safety-and-security-assurance-of-military-ai-system>; and Heidy Khlaaf, “New Report on the National Security Risks from Weakened AI Safety Frameworks,” AI Now Institute, April 21, 2025, <https://ainowinstitute.org/news/announcement/new-report-on-the-national-security-risks-from-weakened-ai-safety-frameworks>.

⁷ Federal Trade Commission, “New FTC Data Show a Big Jump in Reported Losses to Fraud to \$12.5 Billion in 2024,” press release, <https://www.ftc.gov/news-events/news/press-releases/2025/03/new-ftc-data-show-big-jump-reported-losses-fraud-125-billion-2024>.

⁸ Public Citizen, “Tracker: State Legislation on Deepfakes in Elections,” last updated May 13, 2025, <https://www.citizen.org/article/tracker-legislation-on-deepfakes-in-elections>.

⁹ Suzanne Smalley, “How Software Giant Workday Is Driving State Legislation to Regulate AI,” *The Record*, March 7, 2024, <https://therecord.media/human-resources-artificial-intelligence-state-legislation-workday>

***First*, the AI market is fundamentally rigged to further concentrate power in Big Tech, entrenching a culture of recklessness and impunity. We need to use all of the tools at our disposal—federal and state—to level the playing field and foster competition on the merits.**

***Second*, in the absence of Congressional action, bipartisan legislatures at the state level have developed commonsense rules that chip away at the transparency crisis in AI and target the bad apples among AI firms.**

***Third*, working people across the country have the most to lose from a regulatory vacuum. Momentum is rapidly building across states to prevent the misuse of workplace surveillance and AI management tools that erode worker autonomy, and to respond to threats of automation.**

- 1. The AI market is fundamentally rigged to further concentrate power in Big Tech and line the pockets of venture capital, cultivating a business culture of recklessness and impunity. We need to use all of the tools at our disposal—federal and state—to level the playing field and foster competition on the merits.**

Unless we contend with the power vested in Big Tech firms, we won't meaningfully be able to hold the AI industry accountable to the interests of consumers and working people. There is bipartisan consensus on the need for urgent intervention to reduce the systemic vulnerabilities to the economy introduced by this dominance and power.¹⁰ Let's be clear: There is no AI without Big Tech.¹¹ When ChatGPT first launched in late 2022, it seemed like the market was poised for disruption, with a new crop of Silicon Valley challengers like OpenAI, Anthropic, StabilityAI, and Inflection AI gaining prominence. But now, just more than two years later, it is clear that the bench of key players in this market hasn't changed much: Microsoft, Google, Meta, Musk's xAI, OpenAI (backed by Microsoft), and Anthropic (backed by Amazon and Google).¹² Put simply, building AI bigger requires enormous resources (computing power, data, talent, and unrestricted access to capital)—resources that Big Tech firms own and control.¹³

These tech giants effectively deliver a one-two punch to potential competitors and smaller, emerging AI firms: First of all, they control access to both key inputs and the pathways to market that AI startups need to succeed, making the broader ecosystem of players reliant on the entrenched behemoths for their survival.¹⁴ Then, Big Tech firms compete against AI startups in

¹⁰ Adam Kravitz, "The Bipartisan Consensus on Antitrust and Big Tech: What Congress Has in Store," *Fordham Journal of Corporate and Financial Law*, November 4, 2022, <https://news.law.fordham.edu/jcfl/2022/11/04/the-bipartisan-consensus-on-antitrust-and-big-tech-what-congress-has-in-store>.

¹¹ Amba Kak and Sarah Myers West, *2023 Landscape: Confronting Tech Power*, AI Now Institute, April 11, 2023, <https://ainowinstitute.org/publications/research/2023-landscape-confronting-tech-power>.

¹² David Cahn, "Steel, Servers and Power: What it Takes to Win the Next Phase of AI," *Sequoia*, August 5, 2024, <https://www.sequoiacap.com/article/steel-servers-and-power>.

¹³ Kak and West, *2023 Landscape: Confronting Tech Power*.

¹⁴ Jai Vipra and Sarah Myers West, *Computational Power and AI*, AI Now Institute, September 27, 2023, <https://ainowinstitute.org/publications/compute-and-ai>.

the very same downstream markets for which they supply inputs.¹⁵ They also shape the pipeline for innovation: In 2023, three firms—Google, Microsoft, and Amazon—accounted for two-thirds of funding for AI startups.¹⁶ We shouldn't be surprised when Big Tech firms then abuse this dominant position, whether by using inputs derived from their illegally maintained monopolies to train their own AI models¹⁷ or by striking exclusive deals with phone distributors to self-preference their own AI models,¹⁸ making it all but impossible for AI startups to effectively compete.¹⁹ When Google pays Samsung an "enormous sum of money" each month to preinstall the Gemini AI app on Samsung devices, that is as much a move to cement its own dominance as to make it harder for Samsung to invest in its own Bixby offering.²⁰

This status quo—a highly concentrated market dependent on a few players—is not launching dozens of AI winners into the marketplace; instead, it is hindering market success. We saw this recently when, despite being home to the biggest and most powerful tech companies in the world, every US tech company was out-innovated by a small Chinese firm called DeepSeek.²¹ At the same time, we know that incumbents are historically less likely to innovate. Big Tech companies have been roiled by legal delays and turf wars, slowing down their ability to launch products quickly.²² These examples do not paint a picture of a thriving and competitive AI market, but one that is struggling to emerge under the weight of Big Tech's power. In a global survey of small businesses, 80 percent of respondents noted concerns that AI development was outpacing regulation.²³

In fact, the claim that burdensome state regulation will kill smaller AI firms and hurt competition is, to put it plainly, a myth manufactured by Big Tech firms and self-interested venture

¹⁵ Open Markets, *Stopping Big Tech from Becoming Big AI: A Roadmap for Using competition Policy to Keep Artificial Intelligence Open for All*, October 17, 2024, <https://www.openmarketsinstitute.org/publications/report-stopping-big-tech-big-ai-roadmap>.

¹⁶ George Hammond, "Big Tech Outspends Venture Capital Firms in AI Investment Frenzy," *Financial Times*, December 29, 2023, <https://www.ft.com/content/c6b47d24-b435-4f41-b197-2d826c9532>.

¹⁷ See Erin Woo, "Google Used Search Data to Train AI Models," *The Information*, April 21, 2025, <https://www.theinformation.com/briefings/google-used-search-data-train-ai-models>; and Kate Brennan, "The Elephant in the Room in the Google Search Case: Generative AI," Tech Policy Press, November 4, 2024, <https://www.techpolicy.press/the-elephant-in-the-room-in-the-google-search-case-generative-ai>.

¹⁸ Erin Woo, "Google's Gemini Contracts Repeat Search Moves, Government Says," *The Information*, April 21, 2025, <https://www.theinformation.com/briefings/googles-gemini-contracts-repeat-search-moves-government-says>.

¹⁹ Erin Woo, "Perplexity Says Google Deals Hindered Distribution," *The Information*, April 23, 2025, <https://www.theinformation.com/briefings/perplexity-says-google-deals-hindered-distribution>.

²⁰ Wes Davis, "Google Is Paying Samsung an 'Enormous Sum' to Preinstall Gemini," *Verge*, <https://www.theverge.com/news/652746/google-samsung-gemini-default-placement-antitrust-trial>.

²¹ Cade Metz, "What to Know About DeepSeek and How It Is Upending A.I.," *New York Times*, January 27, 2025, <https://www.nytimes.com/2025/01/27/technology/what-is-deepseek-china-ai.html>.

²² Erin Woo, "Google's AI Efforts Marred by Turf Disputes," *The Information*, February 18, 2025, <https://www.theinformation.com/articles/googles-ai-efforts-marred-by-turf-disputes>.

²³ Xero, *Future Focus: Xero's AI Guide for Accountants and Bookkeepers*, accessed May 19, 2025, https://s3.us-east-1.amazonaws.com/primeglobal-assets/pages/files/Future_Focus_-_Xeros_AI_guide_for_accountants_and_bookkeepers.pdf, 11.

capitalists.²⁴ Responsible AI startups aren't hindered by state laws that protect children and consumers, but rather by the inability to compete with Big Tech's entrenched market power.

This concentration of power isn't just a problem for potential competitors of Big Tech. Too much centralized economic power in the hands of too few harms our democracy—especially when these very same actors have proven themselves to be reckless custodians of this power. When these very same companies resist commonsense guardrails in the name of “innovation,”²⁵ it's time to question the premise: Is this scramble for reckless growth that further empowers a handful of surveillance monopolies, leaving smaller companies with the crumbs of their profits, the kind of innovation we want?

No. We need to use all of the tools at our disposal—equipping state and federal lawmakers and enforcers—to interrupt this culture of recklessness and impunity and ensure a free, fair, and competitive market.

Second, in the absence of Congressional action, bipartisan legislatures at the state level have developed commonsense rules that chip away at the transparency crisis in AI and target the bad apples among AI firms.

AI isn't some hypothetical tool that will affect us in years to come: It's already in use and affecting our lives, though frequently it operates on us without our knowledge. Let me offer some examples: In 2023, a healthcare giant used secret algorithms to mass-reject insurance claims. Patients were made to believe there was a “doctor in the loop,” but it turned out the doctors were rubber-stamping automated decisions without even reviewing patients' files.²⁶ Meanwhile, an AI interview platform used by some of the largest employers in the country publicly claimed that its tools wouldn't be used to screen out candidates—and yet public records requests showed it helped school districts do exactly that.²⁷ A car insurance firm that used an innocuously named “price-adjustment algorithm” to identify which customers the system predicted were “willing to pay” used data collected about them to squeeze more money out of them through rate hikes of up to 20 percent, while imposing rate increases of only five percent on

²⁴ Venture capital firms are incentivized to fund startups that can eventually be bought out by a Big Tech company. See generally Catherine Bracy, *World Eaters: How Venture Capital is Cannibalizing the Economy* (Penguin Random House 2025); Alex Rosenblat, *Uberland: How Algorithms Are Rewriting the Rules of Work* (Univ. of Cali. Press 2019).

²⁵ See Shirin Ghaffary, “OpenAI Says California's Controversial AI Bill Will Hurt Innovation,” Bloomberg, August 21, 2024, <https://www.bloomberg.com/news/articles/2024-08-21/openai-says-california-s-controversial-ai-bill-will-hurt-innovation>; and Greg Bensinger, “Big Tech Wants AI to Be Regulated. Why Do They Oppose a California AI Bill?” Reuters, August 27, 2024, <https://www.reuters.com/technology/artificial-intelligence/big-tech-wants-ai-be-regulated-why-do-they-oppose-california-ai-bill-2024-08-21>.

²⁶ Patrick Rucker et al., “How Cigna Saves Millions by Having Its Doctors Reject Claims Without Reading Them,” *ProPublica*, March 25, 2023, <https://www.propublica.org/article/cigna-pdx-medical-health-insurance-rejection-claims>.

²⁷ Hilke Schellmann, “The Algorithm: How AI Decides Who Gets Hired, Monitored, Promoted, and Fired and Why We Need to Fight Back Now (Da Capo, 2024),” <https://www.dacapopress.com/titles/hilke-schellmann/the-algorithm/9780306827341>.

others.²⁸ Meanwhile, in the public sector, inscrutable AI systems cut the in-home care of four thousand disabled people in Arkansas despite them having medical conditions that had not gotten better; falsely accused forty thousand people in Michigan of unemployment insurance fraud; and subjected four million people in Texas to the potential loss of health insurance through a complex AI-enabled Medicaid enrollment system.²⁹

These examples are the tip of the iceberg: We only know about them because of whistleblowers, investigative reporting, litigation, and public records requests. It should not surprise us that these AI systems often work against the interests of the consumers and workers they impact, given that they spring from an industry that benefits from opacity at multiple layers—from technical inscrutability to corporate secrecy.

Multiple states have stepped up to chip away at this crisis of transparency, requiring disclosures to people affected by algorithmic decisions in areas including healthcare, employment, housing, and education.³⁰ Dozens more are considering such legislation along similar lines.³¹ These aren't onerous obligations; they're baseline disclosures that give people a fair understanding of when and how these tools are affecting their lives and livelihoods.

States are also passing bright-line rules that protect the public and the market from bad apples and snake oil salesmen. Through targeted measures designed to weed out the worst harms, bipartisan measures have tackled the kind of behavior nobody in the business wants to be associated with: Two-thirds of US states have laws against AI-generated deepfake porn (most recently, the state of Montana, just ten days ago).³² Half of US states have laws targeting AI-generated deceptive election materials.³³ At least eleven (from Arizona to Connecticut) have

²⁸ Maddy Varner and Aaron Sankin, "Suckers List: How Allstate's Secret Auto Insurance Algorithm Squeezes Big Spenders," *The Markup*, February 25, 2020, <https://themarkup.org/allstates-algorithm/2020/02/25/car-insurance-suckers-list>.

²⁹ TechTonic Justice, *Inescapable AI: The Ways AI Decides How Low-Income People Work, Live, Learn, and Survive*, November 2024, <https://www.techtonicjustice.org/reports/inescapable-ai>.

³⁰ Colorado: SB 24-205 requires notice and explanation for a wide range of decisions, including all those listed above; Minnesota: HF 4757 (2024) includes right to explanation for nearly all automated decisions affecting consumers (but not workers); Illinois: HB 3773 (2024) requires notice whenever employers use AI in employment decisions; see also NYC LL144 (2021), requiring notice for automated hiring and promotion decisions.

³¹ National Conference of State Legislatures (NCSL), "Artificial Intelligence 2025 Legislation," last updated April 24, 2025, <https://www.ncsl.org/technology-and-communication/artificial-intelligence-2025-legislation>.

³² See Madysen Fitzgerald, "States Race to Restrict Deepfake Porn," *Missoula Current*, April 15, 2024, <https://missoulacurrent.com/deepfake-porn>; and Public Citizen, "Two-Thirds of States Enact Bills Protecting Public from Deepfake Porn," May 6, 2025, <https://www.citizen.org/news/two-thirds-of-states-enact-bills-protecting-public-from-deepfake-porn>.

³³ Public Citizen, "25 States Enact Laws to Regulate Election Deepfakes," May 13, 2025, <https://www.citizen.org/news/25-states-enact-laws-to-regulate-election-deepfakes>.

introduced bills regulating health insurance companies' use of AI to deny claims.³⁴ Tennessee³⁵ and California³⁶ have both enacted laws protecting artists against unauthorized use of their likeness.

What I've outlined here tells a story not of chaos, burdensome bureaucracy, or hyperpartisan politics, but instead of specific and easily administrable rules that target applications of AI that are patently unsafe—with a proven track record of harm—and that simply should not be allowed at all. This task is necessary to strengthen the public's trust in this technology, and to make sure that others in the market aren't tainted by association. For AI to live up to its potential as the transformative technology of our time, it cannot also be the domain of fraudsters and hacks.

Third, working people across the country have the most to lose from a regulatory vacuum.

Over the past several years, employers across the country have increasingly started using data and algorithms in ways that stand to have profound consequences for wages and working conditions. While this is occurring across industries and levels of management,³⁷ low-wage workers have been especially harmed by AI tools used in opaque, often exploitative ways to set

³⁴ Kyla Guilfoil, "Arizona Moves to Ban AI Use in Reviewing Medical Claims," NBC News, February 21, 2025, <https://www.nbcnews.com/tech/tech-news/arizona-moves-ban-ai-use-reviewing-medical-claims-rcna193135>.

^{35a} Tennessee Becomes First State to Pass a Law Protecting Musicians Against AI," CBS News, March 21, 2024, <https://www.cbsnews.com/news/tennessee-becomes-first-state-to-protect-musicians-and-other-artists-against-ai>.

³⁶ Governor Gavin Newsom, "Governor Newsom Signs Bills to Protect Digital Likeness of Performers," press release, September 17, 2024, <https://www.gov.ca.gov/2024/09/17/governor-newsom-signs-bills-to-protect-digital-likeness-of-performers>.

³⁷ See for example Min Kyung Lee, Daniel Kusbit, Evan Metsky, and Laura Dabbish, "Working with Machines: The Impact of Algorithmic and Data-Driven Management on Human Workers," CHI '15: Proceedings of the 33rd Annual ACM Conference on Human Factors in Computing Systems (April 2015): 1603–1612, <https://dl.acm.org/doi/abs/10.1145/2702123.2702548>; Wilneida Negrón, "Little Tech Is Coming for Workers: A Framework for Reclaiming and Building Worker Power," Coworker.org, 2021, <https://home.coworker.org/wp-content/uploads/2021/11/Little-Tech-Is-Coming-for-Workers.pdf>; Antonio Aloisi and Valerio De Stefano, *Your Boss Is an Algorithm: Artificial Intelligence, Platform Work and Labour* (Oxford: Hart Publishing: 2022); Alexandra Mateescu and Aihua Nguyen, "Algorithmic Management in the Workplace," Data & Society, February 2019, https://datasociety.net/wp-content/uploads/2019/02/DS_Algorithmic_Management_Explainer.pdf; Richard A. Bales and Katherine V.W. Stone, "The Invisible Web at Work: Artificial Intelligence and Electronic Surveillance in the Workplace," *Berkeley Journal of Employment & Labor Law* 41, no. 1 (2020): 1–62, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3410655; Ifeoma Ajunwa et al., "Limitless Worker Surveillance," *California Law Review* 105, no. 3 (June 2017): 101–142, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2746211; and Kirstie Ball, "Electronic Monitoring and Surveillance in the Workplace: Literature Review and Policy Recommendations," Joint Research Centre (European Commission), November 15, 2021, <https://op.europa.eu/en/publication-detail/-/publication/e7e6f646-4694-11ec-89db-01aa75ed71a1/language-en>.

workers' benchmarks and pay,³⁸ productivity quotas,³⁹ and AI-enabled recommendations to hire, promote, demote, and fire.⁴⁰

This has only escalated with the latest wave of more advanced AI systems. Regardless of the actual efficacy of AI technology and its ability to effectively and safely replace human workers, fears about displacement by AI are justified: Companies are already using the supposed "productivity gains" that they claim AI will bring to justify the fissuring, automation, and, in some cases, the elimination of work.⁴¹ The recent push for agentic AI, despite the evidence that AI systems are prone to hallucination and other errors, demonstrates that companies are not waiting for evidence that AI is actually capable of replacing human labor to use it as a justification for laying off or refusing to hire workers.⁴²

Multiple states have already passed laws that create task forces to better understand these multiplying impacts of AI on workers.⁴³ There is growing momentum across a range of specific threats as well—with pending bills that require transparency around the use of AI systems in the workplace, notice for AI-driven layoffs, and rules that prevent the misuse of AI management software or those that prevent especially invasive (and pseudo-scientific) modes of surveillance such as so-called "emotion-recognition" systems in the workplace.⁴⁴

Americans are increasingly encountering AI in the workplace, often on a daily basis, and state legislatures are filling the regulatory vacuum through prudent measures that protect workers from harm. These bills stand to protect millions of workers across the country, from truck drivers and grocery store workers to nurses, Hollywood actors, and programmers.

To conclude: Now is a moment for action; we don't have ten years to wait. Blanket federal preemption at a time when there are minimal federal rules in place at all would set back the clock and freeze it there, leaving the public entirely disempowered and vulnerable when it matters most. The relative scale of AI adoption, compared to social media, underscores this urgency.

³⁸ Tracey Lien, "Uber Class-Action Lawsuit over How Drivers Were Paid Gets Green Light from Judge," *Los Angeles Times*, February 19, 2018, <https://www.latimes.com/business/technology/la-fi-tn-uber-class-action-20180219-story.html>.

³⁹ Jodi Kantor and Arya Sundaram, "The Rise of the Worker Productivity Score," *New York Times*, August 14, 2022, <https://www.nytimes.com/interactive/2022/08/14/business/worker-productivity-tracking.html>.

⁴⁰ Aaron Rieke and Miranda Bogen, "Help Wanted: An Examination of Hiring Algorithms, Equity, and Bias," Upturn, December 10, 2018, <https://www.upturn.org/work/help-wanted>.

⁴¹ See Jay Peters, "Duolingo Will Replace Contract Workers with AI," *Verge*, April 28, 2025, <https://www.theverge.com/news/657594/duolingo-ai-first-replace-contract-workers>; Annie Palmer, "Shopify CEO Says Staffers Need to Prove Jobs Can't be Done by AI Before Asking for More Headcount," *CNBC*, April 7, 2025, <https://www.cnbc.com/2025/04/07/shopify-ceo-prove-ai-cant-do-jobs-before-asking-for-more-headcount.html>; and Brian Merchant, "AI Is Already Taking Jobs in the Video Game Industry," *Wired*, July 23, 2024, <https://www.wired.com/story/ai-is-already-taking-jobs-in-the-video-game-industry>.

⁴² Peters, "Duolingo Will Replace Contract Workers with AI."

⁴³ Multistate.ai (website), accessed May 19, 2025, <https://www.multistate.ai/states-studying-ai>.

⁴⁴ National Conference of State Legislatures (NCSL), "Artificial Intelligence 2025 Legislation," last updated April 24, 2025, <https://www.ncsl.org/technology-and-communication/artificial-intelligence-2025-legislation>.

It took Facebook about eight years to hit one billion users; OpenAI is already (self-reportedly) likely to exceed one billion users by the end of 2025, just three years after going to market.

The resounding lesson from the past decade of social media is that it is exceedingly difficult, if not impossible, to play regulatory catch-up with a tech sector once corrosive and harmful business models are already entrenched. **The list of regulatory regrets is long**—if only we had prevented our attention from becoming a fungible commodity—restricting an invasive and manipulative model of targeted advertising to undergird the modern internet. Would our tech economy look different if we had acted to prevent the anticompetitive takeover of innovative new companies by the tech giants? Today, as state and federal lawmakers work to try to claw back accountability amid tech industry actors that are more well-resourced than ever, it can feel like a losing battle.

The American public sees the writing on the wall. As the harms from AI systems materialize across sectors, the idea that this is an industry that needs oversight, not free rein, is no longer radical—it is common sense. The 2025 Artificial Intelligence Policy Institute survey finds that 67 percent of Americans are concerned that we won't get timely government oversight, and 52 percent are more concerned than excited about this new wave of AI. 82 percent would even support creating a federal agency on AI. A moratorium on state law would fly in the face of these hard-learned lessons, supercharging the already skewed incentives proliferating in this market and leaving the public entirely disempowered and vulnerable precisely when it matters most.

I agree with the state attorneys general of Ohio, Michigan, California, New Jersey, and thirty-six other states who recently wrote to Congress to say that preempting state law fundamentally undermines core law enforcement responsibilities: “Imposing a broad moratorium on all state action while Congress fails to act in this area is irresponsible and deprives consumers of reasonable protections. State AGs have stepped in to protect their citizens from a myriad of privacy and social media harms after witnessing, over a period of years, the fallout caused by tech companies’ implementation of new technology coupled with a woefully inadequate federal response. In the face of Congressional inaction on the emergence of real-world harms raised by the use of AI, states are likely to be the forum for addressing such issues. This bill would directly harm consumers, deprive them of rights currently held in many states, and prevent State AGs from fulfilling their mandate to protect consumers.”⁴⁵

Historically, American innovation is at its best when it shows leadership grounded in clear commitments to the public good. But we’ve allowed the AI industry to become so big and powerful that it’s increasingly behaving in ways that are toxic to the public, and antithetical to competition by other players. **I urge the Subcommittee to set its expectations of these firms higher: Preserve the regulatory frameworks we have, and strengthen commonsense oversight of this market to ensure that it’s the American people, and not just its biggest and most influential corporations, who are the ultimate beneficiaries of the AI race.**

⁴⁵ National Association of Attorneys General, “Letter to Mike Johnson, John Thune, Hakeem Jeffries, and Chuck Schumer,” May 16, 2025, <https://coag.gov/app/uploads/2025/05/2025.05.15-Letter-to-Congress-re-Proposed-AI-Preemption- FINAL.pdf>.

Mr. BILIRAKIS. Thank you very much.
 Now we have Mr. Thierer.
 You are recognized for 5 minutes, sir. Thank you.

STATEMENT OF ADAM THIERER

Mr. THIERER. Thank you.

Chairman Bilirakis, Vice Chairman Fulcher, Ranking Member Schakowsky, and members of the subcommittee, thank you for the invitation to participate in this important hearing today.

My name is Adam Thierer, and I am a senior fellow at the R Street Institute, where I focus on emerging technology policy issues.

My message here today boils down to three points:

First, America's AI innovators risk getting squeezed between the so-called "Brussels effect" of overzealous European regulation and the so-called "Sacramento effect" of excessive State and local mandates.

Second, this regulatory squeeze will prevent our citizens from enjoying the fruits of the AI revolution and undercut our Nation's efforts to stay ahead of China in the global AI race.

Third, Congress should take steps to address both matters. And on the specific problem of State overreach, it should protect the development of a robustly innovative market in interstate algorithmic commerce and speech by imposing a moratorium on State AI regulation.

AI faces a crucial policy question today: Will it be born free or born inside a regulatory cage?

America benefited from ensuring that personal computing, digital technologies, and the internet were largely born free. Through smart, bipartisan policy choices this Congress implemented in the 1990s, America gave entrepreneurs, investors, and workers a green light to go out and dream big.

And they delivered. In 2022 alone, the digital economy contributed over \$4 trillion of output, \$1.3 trillion of compensation, and 8.9 million jobs. America's innovators became global leaders in every digital technology field.

This is an incredible public-policy success story. But, today, fear-based regulatory policies from both abroad and our States now threaten it.

We know why Europe wants to destroy America's winning model, but why would some U.S. policymakers want to undermine it with 1,000 AI-related bills, many of which adopt Europe's heavyhanded approach?

Even if one sympathizes with some of these bills, put yourself in the shoes of an entrepreneur who is pondering how to build the next great application, only to face hundreds of different regulatory definitions, compliance requirements, bureaucratic hurdles, and liability threats. Costly, contradictory regulation is a surefire recipe for destroying a technological revolution and decimating little tech innovators.

An AI moratorium offers a smart way to address this problem by granting innovators some breathing space and helping ensure our robust national AI marketplace develops.

Congress has used moratoria before to protect interstate commerce and promote innovation. The Internet Tax Freedom Act of 1998, for example, prevented the development of multiple and discriminatory taxes on the internet. An AI moratorium like the one that this committee passed recently would work in a similar fashion by limiting regulations that burden interstate algorithmic commerce.

Some have incorrectly claimed that an AI moratorium would leave consumers unprotected online. In reality, AI-related harms can already be addressed under many existing policies and court-based standards, including unfair and deceptive practices law, civil rights law, and other consumer protections.

Biden administration regulators released a statement in 2023 noting their authority to, quote, “enforce the respective laws and regulations to promote responsible innovation in automated systems,” end quote.

The Massachusetts attorney general has similarly noted that, quote, “existing State consumer-protection, anti-discrimination, and data-security laws apply to emerging technology, including AI systems, just as they would in any other context.”

Meanwhile, some State lawmakers are acknowledging the danger of regulatory overreach. Last year, Governor Newsom vetoed a major AI regulatory effort in his State after many congressional Democrats sent letters urging him to reject it.

Connecticut Governor Ned Lamont also recently said, “I”—quote—“just worry about every State going out and doing their own thing—a patchwork quilt of regulations.”

Finally, Governor Jared Polis of Colorado recently called for a special legislative session to address problems with an AI regulation he signed just last year and said it would create, quote, “a complex compliance regime for all developers and deployers of AI,” and he called on Congress to preempt Colorado’s law with a, quote, “cohesive Federal approach.” And he also endorsed a Federal AI moratorium recently.

I agree with all these Democratic lawmakers that State AI overregulation would have serious downsides and that we already have many enforcement tools to address AI harms. Under an AI moratorium, State and local lawmakers would still be free to pass new technology-neutral rules as long as they don’t interfere with interstate commerce.

Congress can enact additional regulations as part of a national policy framework. The House, of course, just recently passed the TAKE IT DOWN Act by a vote of 409 to 2. And just last December, the House AI Task Force issued a 273-page, bipartisan report that included 85 recommendations.

We need national policy leadership today to ensure that America will continue to lead the AI revolution. As Chairman Guthrie recently argued, we must, quote, “make sure that we win the battle against China,” and that the key to that, he says, is to, quote, “not regulate like Europe or California regulates,” because that, quote, “puts us in a position where we are not competitive.”

That is precisely right. To win the so-called AI Cold War against China, America needs a forward-looking, investment-friendly, na-

tional framework that keeps us on the cutting edge of the technological frontier.

Thank you for inviting me here today, and I look forward to questions.

[The prepared statement of Mr. Thierer follows:]



SUBMITTED STATEMENT OF
ADAM THIERER
RESIDENT SENIOR FELLOW, TECHNOLOGY AND INNOVATION
R STREET INSTITUTE

BEFORE THE
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES

HEARING ON
“AI REGULATION AND THE FUTURE OF US LEADERSHIP”

MAY 21, 2025

**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
THE FUTURE OF US LEADERSHIP”**

Chairman Bilirakis, Vice Chairman Fulcher, Ranking Member Schakowsky, and members of the subcommittee:

Thank you for the invitation to participate in this important hearing. My name is Adam Thierer, and I am a senior fellow at the R Street Institute, where I focus on emerging technology issues.

AMERICA’S AI INNOVATORS ARE GETTING SQUEEZED

My message today boils down to three points.

1. First, America’s AI innovators risk getting squeezed between the “Brussels Effect” of overzealous European regulation and the “Sacramento Effect” of excessive state and local mandates.
2. Second, this regulatory squeeze will prevent our citizens from enjoying the fruits of the AI revolution and undercut our nation’s efforts to stay ahead of China in the race for global AI supremacy.
3. Third, Congress should take steps to address both matters, and on the specific problem of state overreach, it should protect the development of a robustly innovative market of interstate algorithmic commerce and speech by imposing a learning period moratorium on excessive AI regulation.

BENEFITS OF THE AMERICAN POLICY MODEL

Like every new technology, AI faces a crucial policy question: Will it be “born free” or born inside a regulatory cage? America benefited from ensuring that personal computing, digital technologies, and the internet were largely born free. Through smart, bipartisan public policies Congress implemented in the 1990s, America gave entrepreneurs, investors, and workers a green light to dream big.¹

And they delivered. According to the Bureau of Economic Analysis, in 2022 alone, the digital economy contributed over \$4 trillion of gross output, \$1.3 trillion of compensation, and 8.9 million jobs.² America’s digital sector became “a growth powerhouse” as our technology firms became global leaders in almost every segment of the e-commerce and computing marketplace.³ This put America on stronger geopolitical footing by bolstering our global competitiveness and national security.⁴

This is one of the greatest public policy success stories of our lifetimes.

COSTS OF THE EUROPEAN MODEL

Unfortunately, fear-based regulatory policies from both abroad and our states now threaten this successful model.

We know why the European Union wants to destroy America’s winning model. Europe decimated its digital technology sector with over-regulation and now wants to hobble America’s with their innovation-killing policies.⁵ One journal recently labeled Europe “The Biggest Loser” in the global digital innovation race.⁶

But why would some U.S. policymakers want to abandon our winning formula? Unfortunately, the European-ification of American technology policy is now a serious threat, with over 1,000 AI-

**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
THE FUTURE OF US LEADERSHIP”**

related bills already introduced less than five months into 2025, many of which take a top-down, bureaucratic approach.⁷

Even if one sympathizes with some of these bills, put yourself in the shoes of an entrepreneur who is sitting in a dorm room or garage right now pondering how to build the next great algorithmic application—only to face hundreds of different regulatory definitions, compliance requirements, bureaucratic hurdles, and liability threats.⁸

Costly, contradictory regulation is a sure-fire recipe for destroying a technological revolution and decimating “Little Tech” innovators.⁹ The specific consequences of these AI regulatory proposals include less economic growth and opportunity;¹⁰ diminished health and well-being;¹¹ lost learning and communications opportunities;¹² and the weakening of our geopolitical competitiveness and national security.¹³

This is why we must not import the European policy model to America.

AN AI MORATORIUM OFFERS A SOLUTION

A federal learning period moratorium on these confusing new AI mandates is a smart way to address this growing problem.¹⁴ A moratorium would give innovators some breathing space and help ensure a robust national AI market can develop. America needs this sort of pro-innovation policy today to ensure we win the global AI race and unlock life-enriching innovations for our citizens in the process.

Congress has used moratoria before to protect interstate commerce and promote innovation.¹⁵ The Internet Tax Freedom Act of 1998 (made permanent in 2016) prevented the development of “multiple and discriminatory taxes” on electronic commerce and internet access by state and local governments. Similarly, the Commercial Space Launch Amendments Act of 2004 ensured that regulators would not hamstring the nascent market for commercial human spaceflight.

An AI moratorium would work in a similar fashion by limiting state and local regulations that undermine interstate algorithmic commerce and AI innovation. Such a moratorium was included in the recent reconciliation measure passed by this Committee.¹⁶ Implementing it would give the AI market time to grow and ensure innovators can invest and compete against China and the rest of the world.

WE ALREADY HAVE POLICIES TO ADDRESS POTENTIAL HARMS

Some have incorrectly claimed that an AI moratorium would “leav[e] consumers unprotected online.”¹⁷ In reality, AI-related harms can already be addressed under many existing laws, regulations, and court-based standards.¹⁸ Those remedies include unfair and deceptive practices law, civil rights laws, product recall authority, product defects law, common law remedies, and a wide variety of other consumer protections.¹⁹

During the Biden administration, the heads of four major enforcement agencies released a joint statement noting their existing authority, “to enforce their respective laws and regulations to promote responsible innovation in automated systems.”²⁰ Some state attorneys general have issued similar memos which clarify that, as the Massachusetts Attorney General stated in 2024, “existing state consumer protection, anti-discrimination, and data security laws apply to emerging technology, including AI systems, just as they would in any other context.”²¹

**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
THE FUTURE OF US LEADERSHIP”**

STATE LAWMAKERS ACKNOWLEDGE OVERREACH DANGERS

Meanwhile, some state lawmakers are acknowledging the danger of AI regulatory overreach. California Gov. Gavin Newsom (D) recently sent a letter to his state’s privacy regulatory body saying it had “overstepped” when pushing new AI-related regulations.²² Last year, Gov. Newsom also vetoed a major AI regulatory effort in his state after many congressional Democrats sent letters requesting that he reject the measure.²³

Connecticut Governor Ned Lamont (D) also recently said, “I just worry about every state going out and doing their own thing, a patchwork quilt of regulations,” and the burdens on AI development that might create.²⁴

Finally, along with Colorado’s Attorney General, Gov. Jared Polis (D) recently called for a special legislative session to address problems with a major AI regulation he signed last year and said would “create a complex compliance regime for all developers and deployers of AI” through “significant, affirmative reporting requirements.”²⁵ Polis also called for Congress to preempt Colorado’s law with a “needed cohesive federal approach”²⁶ and endorsed a federal AI moratorium.²⁷

I agree with all these Democratic lawmakers and state leaders when they argue that state AI over-regulation would have serious downsides, and that we already have many enforcement tools to address AI harms.

Under an AI moratorium, state and local lawmakers would still be free to pass new technology-neutral rules so long as those regulations do not interfere with interstate algorithmic commerce.

Congress can enact additional regulations as part of a national AI policy framework.²⁸ The House just passed the “TAKE IT DOWN Act” by a vote of 409-2 to address non-consensual “deepfake” imagery,²⁹ and just last December the bipartisan House AI Task Force issued a 273-page bipartisan report that included 66 key findings and 85 recommendations.³⁰

CONCLUSION

America needs national policy leadership today to ensure that America will continue to lead the AI revolution and fend off rapid advances by China.³¹ As House Energy and Commerce Committee Chair Brett Guthrie recently argued, the United States must “make sure that we win the battle against China” and the key to that is to ensure America does not “regulate like Europe or California regulates,” because “that puts us in a position where we’re not competitive.”³²

That is precisely right. If America is going to win the so-called “AI Cold War” against China, we need a forward-looking, investment-friendly national framework that keeps us on the cutting edge of the technological frontier.³³

Thank you for inviting me here today. I look forward to your questions.

Appendix: *R Street Institute articles related to state AI regulation and the need for preemption or a moratorium*

**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
THE FUTURE OF US LEADERSHIP”**

R Street Institute articles related to
state AI regulation and the need for preemption or a moratorium:

- Adam Thierer, “[Comments of R Street Institute on a Learning Period Moratorium for AI Regulation in Response to Request for Information \(RFI\) Exploring a Data Privacy and Security Framework](#),” R Street Institute *Regulatory Comments*, Apr. 3, 2025.
- Kevin Frazier & Adam Thierer, “[1,000 AI Bills: Time for Congress to Get Serious About Preemption](#),” *Lawfare*, May 9, 2025.
- Adam Thierer, “[Getting AI Policy Right Through a Learning Period Moratorium](#),” R Street *Real Solutions*, May 29, 2024.
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**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
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- ⁶ “The Biggest Loser,” *The International Economy* (Spring 2022), p. 44–51.
- ⁷ Dean Ball, “The EU AI Act is Coming to America,” *Hyperdimensional*, Feb. 13, 2025. <https://www.hyperdimensional.co/p/the-eu-ai-act-is-coming-to-america>.
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- ⁹ Engine, “The Startup Struggle with AI Transparency Laws,” May 12, 2025. <https://www.engine.is/news/category/the-startup-struggle-with-ai-transparency-laws>. Matt Perault, “Setting the Agenda for Global AI Leadership: Assessing the Roles of Congress and the States,” Andreesen Horowitz, Feb. 4, 2025. <https://a16z.com/setting-the-agenda-for-global-ai-leadership-assessing-the-roles-of-congress-and-the-states>.
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**ADAM THIERER TESTIMONY, HEARING ON “AI REGULATION AND
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Mr. BILIRAKIS. Thank you very much, Mr. Thierer.
 Next we have Mr. Bhargava.
 And you are recognized for 5 minutes, sir. Thank you.

STATEMENT OF MARC BHARGAVA

Mr. BHARGAVA. Thank you so much.

Chairman Bilirakis, Vice Chairman Fulcher, and Ranking Member Schakowsky, and the members of the subcommittee, thank you so much for the opportunity to testify today.

My name is a Marc Bhargava, and I am a managing director at General Catalyst, or “GC” for short, and we have invested and partnered with leading entrepreneurs to build towards global innovation and applied artificial intelligence.

We are committed to investing in an array of entrepreneurs, particularly in transformative technologies like artificial intelligence. A small sampling of the 800-plus startups we have backed over 25 years include Airbnb, Stripe, Canva, Anduril, Circle, Applied Intuition, Pacific Fusion, Commure, and many others.

At General Catalyst, I colead our creation strategy, which is focused on incubations as well as transformations. I also focus on early-stage investing, and I contribute to GC’s expanding AI efforts.

Prior to General Catalyst, I spent years as a founder and an operator with an emphasis on new fintech and artificial technology before selling my company. The company I founded helped institutional investors responsibly invest in the digital-asset space, another area that is ripe for disruption.

I am also an angel investor and work closely with startups and founders on sales, distribution, and fundraising.

Having experienced many sides of the innovation ecosystem, I feel I have a unique perspective on behalf of GC to offer to this subcommittee today, and I am very appreciative of you being here.

AI is not only shaping the future of our economy, it is shaping the fabric of our society. From healthcare to national security to education, it is embedded in the systems that affect every one of us.

As investors, at GC, we work closely with founders at the earliest stages of company building, and we have a responsibility to ensure that technologies we help fund are aligned with American values, are safe to use, and are good for the world.

The United States has a unique opportunity and obligation to lead in defining global norms around AI, especially as the AI race between China and the U.S. intensifies. I believe that the U.S. playbook on AI, with American ingenuity, creativity, and cutting-edge innovation, and with the right policies in place, will win out over China.

But as we seek to lead, we must strike a careful balance. We need a government framework that promotes safety, protects fundamental rights, and is transparent while it also enables innovation, investment, and global competitiveness. Inflexible or premature regulation risks pushing innovation offshore and weakening our national and economic security. Alternatively, as well, though, a complete absence of guardrails could lead to real societal harm and could erode the public trust.

We deeply understand these dualities. And to accomplish these goals, we believe a national regulatory framework is preferable to a patchwork of State policies.

At General Catalyst, we made it a routine part of our due-diligence process to assess ethical and operational risks in AI companies before we invest. We also believe in the importance of collaborating closely with government, which is why we launched the General Catalyst Institute last year to bring the perspective of founders closer to you, the policymakers, and to be a resource for hearings like today's.

As such, we advocate for approaches that are interoperable, transparent, and developed collaboratively across government, industry, and civil society. Since these technologies are so impactful and fast moving, it is incumbent upon GC, as a company, to adhere these principles, which are enduring even as the technology around us might be moving.

As we are seeing with regulatory frameworks throughout the world, prescriptive language can sometimes cause unintended harm. This is why we believe that, as we help foster small and emerging innovators, our operational principles are the bedrock of the global AI playbook.

To help the Government find the right balance of regulatory certainty at the Federal level is the single most important variable.

We have seen where Federal Government inaction can cause confusion and slow innovation. Thirty years ago, as the world was introduced to a new concept called the "World Wide Web," States enacted a patchwork of laws to address various issues in the absence of the Federal framework.

However, it was Congress's work, beginning in this very subcommittee, to adopt the Telecommunications Act of 1996 that set in place the national framework needed to allow for the growth of the internet as we know it today.

As this committee seeks to once again develop the U.S. playbook for AI for the world to follow, I would like to offer a few concrete recommendations.

One, investors can and should play a pivotal role by demanding transparency, bias mitigation, and alignment with ethical standards before companies have product-market fit.

Two, frameworks like model cards, algorithmic audits, and red teaming should be embedded early and as an industry best practice.

Third, the Government cannot govern AI alone. Industry, academia, and civil society must cocreate standards and stress test these systems together.

And, fourth and lastly, sandboxes, pilot programs, and public R&D investment are critical tools for government support.

I really look forward today to sharing the innovation ecosystem and telling you more about what we are seeing in the field, and I am greatly appreciative of the time you all make today.

[The prepared statement of Mr. Bhargava follows:]

Testimony of Mr. Marc Bhargava, Managing Director, General Catalyst before the House of Representatives, Energy and Commerce Committee, Subcommittee on Commerce Manufacturing and Trade

Wednesday, May 21, 2025

Chairman Bilirakis, Vice Chairman Fulcher, and Ranking Member Schakowsky, and Members of the Subcommittee:

Thank you for the opportunity to testify today. My name is Marc Bhargava, and I'm a Managing Director at General Catalyst, "GC" for short, and we invest in, and partner with, leading entrepreneurs to build toward global innovation and applied artificial intelligence. We are committed to investing in an array of entrepreneurs, particularly in transformative technologies like artificial intelligence. A small sampling of the 800+ startups that we have backed include Airbnb, Stripe, Snap, Canva, Anduril, Circle, Applied Intuition, Pacific Fusion, Commure, and others.

At General Catalyst, I co-lead our Creation strategy, which is focused on incubations as well as transformations and AI enabled roll ups. I also focus on early stage investing, as well as building out the global seed strategy. Additionally, I contribute to GC's expanding AI efforts. Prior to General Catalyst, I spent years as a founder-operator with an emphasis on new fintech technologies and Artificial Intelligence. The company I founded helped institutional investors responsibly invest in the digital asset space. I am also an angel investor and work closely with start-up founders on sales, distribution, and fundraising. Having experienced many sides of the innovation ecosystem, I have unique perspectives, on behalf of GC to offer the Subcommittee, today.

AI is not only shaping the future of our economy—it's shaping the fabric of our society. From healthcare to national security to education, it is embedded in systems that affect every

American. As investors, we work closely with founders at the earliest stages of company-building, and we have a responsibility to ensure that the technologies we help fund are aligned with American values, are safe to use, and do good for the world.

The United States has a unique opportunity—and obligation—to lead in defining global norms around AI, especially as the AI race between China and the US intensifies. I believe the US playbook on AI with American ingenuity, creativity, and cutting-edge innovation—with the right policies in place—will always outpace the Chinese.

But as we seek to lead, we must strike a careful balance: we need a governance framework that promotes safety, protects fundamental rights, and is transparent, while also enabling innovation, investment, and global competitiveness.

Inflexible or premature regulation risks pushing innovation offshore and weakening our national and economic security. Alternatively, a complete absence of guardrails could lead to real societal harm and erode public trust.

We deeply understand these dualities, and to accomplish these goals, we believe a national regulatory framework is preferable to a patchwork of state policies.

At General Catalyst, we made it a routine part of our due diligence process to assess ethical and operational risks in AI companies before we invest. We also believe in the importance of collaborating closely with government, which is why we launched the General Catalyst Institute last year to bring the perspectives of our founders closer to you, the policymakers, and to be a resource for hearings just like today's. As such, we advocate for approaches that are interoperable, transparent, and developed collaboratively across government, industry, and civil society. Since these technologies are so impactful and fast-moving, it is incumbent upon GC, as

a company, to adhere to those principles - which are enduring, even as the technology around us moves at a break-neck pace.

As we are seeing with regulatory frameworks throughout the world - prescriptive language can sometimes cause unintended harm. This is why we believe that as we help foster small and emerging innovators - our operational principles are the bedrock to the global AI playbook.

To help the government find the right balance, regulatory certainty at the federal level is the single-most important variable. We have seen where government inaction can cause confusion and slow innovation. Thirty years ago, as the world was introduced to a new concept called the World Wide Web, States enacted a patchwork of laws to address issues related to privacy and fraud in the absence of a federal framework. It was Congress's work— beginning in this Subcommittee— to adopt the Telecommunications Act of 1996 that set-in place the national framework needed to allow for the growth of the internet as we know it today.

As this Committee seeks to once again develop the US playbook for AI for the world to follow, I would like to offer a few concrete recommendations:

1. Investors can and should play a pivotal role by demanding transparency, bias mitigation, and alignment with ethical standards before product-market fit.
2. Frameworks like model cards, algorithmic audits, and red-teaming should be embedded early - as an industry best practice.
3. The government cannot govern AI alone. Industry, academia, and civil society must co-create standards and stress-test systems together.
4. Sandboxes, pilot programs, and public R&D investment are critical tools to have government support.

I look forward to sharing how the innovation ecosystem can be a partner in shaping an AI playbook that reflects American values—and leads the world.

Thank you, and I look forward to your questions.

Mr. BILIRAKIS. Thank you so very much.

And I appreciate all of you.

So we are going to go ahead and start with questions. And I will ask the first questions, and then I will get to the ranking member.

So, Mr. Heather, I am concerned that American companies face disproportionate enforcement actions from European regulators. Since Europe's privacy law, the GDPR, went into effect, American companies have paid 83 percent of all fines levied by European regulators. I know you had mentioned this. That strikes me as an excessive means to subsidize their fiscal needs on the back of American businesses.

So do you think Europe is targeting American innovators? And should we be concerned that the AI Act will be used for similar ends?

Mr. HEATHER. Thank you for the question.

Yes, in my experience, Europe has fallen in love with fines as their enforcement tool. It started under their competition laws, and we see that they have uniquely gone after American companies with what they call abuse-of-dominance fines.

Those fines are actually a magnitude greater than what they do when they fine cartels. Cartels are kind of the worst antitrust violation possible, and yet their biggest fines are held out for American companies versus European companies that are involved in cartels.

That same practice has now continued into the GDPR. We see fines on a scale much bigger levied against U.S. companies. In many cases, there is not even an identified harm as a result of the, quote/unquote, "violation." Some of these are technical violations where they have chosen to amp the wattage up on fines.

They have now taken this fining policy and put it into other EU laws, like the DMA and the DSA. It is also embedded in the AI Act. We fully expect that at least the path and practice that Europe has been on will continue to use fines, they will continue to be disproportionately larger against American companies, and the justification for it is not very strong.

I would also point out that, when these fines ultimately get before the European courts, American companies are actually having success. It takes a long time to get there, but European courts have annulled these decisions in some cases and have reduced the fines.

So we do have a problem with Europe in the way they use fines to enforce their regulations.

Mr. BILIRAKIS. Thank you very much.

You know, I still have some time.

Mr. Bhargava, you have stated that the VC firms like General Catalyst as well as AI startups are already starting to address potential risks around AI.

Can you share more about what these steps look like and how government can work with, rather than against, AI innovators to support AI innovation and protect consumers, please?

Mr. BHARGAVA. Yes, absolutely.

General Catalyst is a global venture firm. We are based here in the U.S. We have offices here. But we also have offices in London and Berlin and in India, so we can provide a global perspective.

For every AI company we invest in, regardless of the location, we do four things: one, we look at the data it is using for training its models and how they filter it, how they collect it; two, we actually look at the systems in which they train those models and have a robust framework; three, we look at the output of the models and stress test that in various ways; and, lastly, fourth, we ask every AI founder to write for us what they think the downstream implications that are negative could be.

And so we hold the companies we invest in to this high standard. And it has allowed us to invest in companies like Europe's leading AI company, Mistral; one of the U.S.'s leading ones, Anthropic; various ones in India as well.

So, as a firm, we put in place these standards. We also encourage the Federal Government to put in place frameworks and standards and guidelines as well.

Mr. BILIRAKIS. Thank you very much.

What I will do now is yield 5 minutes to the ranking member of the subcommittee.

You are recognized for 5 minutes, Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you.

In all the years that we have been working with the tech companies, our committee and the United States has actually done nothing, or very few things, to rein in Big Tech.

And now, along comes AI. And my concern is that we have technology, but we also rely heavily on protecting consumers, which you mentioned yourself. And I am concerned that we are not getting what we need.

And so I wanted to ask Ms. Kak. You talked a bit about some of the threats to consumers. What do you think are some of the most dangerous things and the most important things that we should regulate at this point when it comes to AI?

Ms. KAK. Thank you, Ranking Member Schakowsky. And thank you for your leadership on these issues.

It is a very long list. But, simply put, if this moratorium were to go through, American consumers would have even less protections than they have today against some of the worst AI abuses and exploitation.

So, just to give you an example of the kind of incentives we are already seeing proliferating, first—and I mentioned this in my testimony—we have, you know, new variants of scams, manipulative AI companions that are targeting those most vulnerable among us, not to mention our children.

Number two, we have opaque, inscrutable AI systems that hit directly at people's life changes, whether that is in education or in the housing market or even in healthcare.

And, finally, we are also seeing these secret algorithms use data about us, sensitive data, to hike up prices, to depress wages, and also to collude and rig markets that they wouldn't have been able to do otherwise.

I also want to mention that many of the customers of AI are actually small businesses, and these small businesses are also going to be left unprotected against fraud and vulnerable to what we are seeing right now in the AI market, which is a lot of snake-oil salesmen making claims that they can't always back up.

So we need to not forget that every single one of these legal protections that are potentially on the chopping block today have been hard fought. They are a result of direct, you know, experiences of harms from State lawmakers and their constituents. And I think it really, you know, would wipe out the very little tools we already have in our toolbox.

What it would mean is that ordinary consumers need to rely on costly, you know, sort of time-lengthy and also very complicated litigation in order to remedy harms. And that is assuming that those harms can even be remedied after the fact. I gave some really, you know, devastating examples in my testimony. Sometimes the kinds of harm that AI is causing cannot be remedied at all.

Ms. SCHAKOWSKY. I appreciate the work and the thought that you have given to this.

And I think all of us Members of Congress ought to put consumers first. And if we need to do some smart regulation, then that is what we ought to be having a conversation about.

And I appreciate what you said.

And I yield back.

Mr. BILIRAKIS. I couldn't agree more on that statement you just—the last statement you made, Ranking Member.

Now I will recognize Mr. Fulcher, the vice chairman of the subcommittee.

You are recognized for 5 minutes, sir.

Mr. FULCHER. Thank you, Mr. Chairman.

Thank you to the panel for being here today.

I have a question, and I am going to start with Mr. Heather, but I want to set it up with a couple comments first here.

I would like to talk about the different approaches to AI regulation and ensuring that U.S. companies don't face unfair barriers to selling their products and services abroad.

And, as noted by some of the testimony, we saw with Europe's privacy law, GDPR, that technology regulations can have a significant impact on trade and investment. And although GDPR regulates how personal information is collected and used, it also regulates cross-border data flows and has prevented some American companies from selling into the European market because regulatory barriers are simply too high.

It is my understanding, as well, that Europe's AI Act is grounded in the continent's product safety framework, which means Europe is regulating AI the same way it does many other things. Elevators, gas stoves, and jet skis was the example we were given here.

So I am not sure how wise of a decision that was, and I am concerned that it may create trade barriers that hurt American exporters and, by extension, American workers.

So, with that, Mr. Heather, can you share from your perspective how well-established European laws such as GDPR have impacted American companies trying to sell into the European market?

Mr. HEATHER. Fifteen years ago, the Chamber created the Center for Global Regulatory Cooperation because trade agreements, quite frankly, were dealing with barriers at the border, but companies were having problems being able to compete in foreign markets because of divergent regulatory approaches.

And so it is easy for large companies to have the compliance that they need, systems to be able to find ways to get their products and services into multiple markets, even if it is at added cost. But the problem with regulatory differences are primarily what happens to small and medium-size enterprises who are ultimately locked out of those markets.

You mentioned GDPR. Maybe this committee is not aware of this, but Europe is now going to go back and revisit GDPR. Why? Because they finally found the humility that they lacked when they passed it. There is now recognition in Europe that GDPR has gone too far.

They are going to begin a process now of reevaluating it and recalibrating it, because they realize it missed the mark, that it was overreach. They realize that the way they have implemented it across their member states with DPAs, data protection authorities, it has been done in an uneven manner.

And so these things absolutely represent barriers to the U.S.'s ability to compete in European markets to sell products and services to export. So you are absolutely spot on. We expect the AI Act, as it is implemented, to create these same kinds of trade frictions.

Mr. FULCHER. Thank you for that.

Mr. Bhargava, I want to ask a question of you as well, but I need to apply some background for that too.

Over the last several months, we have delved into AI's role in energy, manufacturing, and other industries. And one issue that came up regarding China's "Made in China 2025"—included investments in AI, semiconductor, quantum, 5G, robotics, and so on—and state-directed industries, the Chinese Communist Party, they are trying to monopolize those things.

In the face of Chinese progress in emerging technologies, I am concerned about the U.S.'s ability to maintain its leadership position—if, in fact, we still have one, and I would like to get your opinion on that—in the AI race, especially if we were to follow the European approach, which I don't see us doing, or allow a patchwork of AI rules to develop across the various States.

So, with that, if you could just share for a minute or so. Are you confident—first of all, are we still in the lead in AI? And can we continue to maintain the edge in AI technology over China on this path?

Mr. BHARGAVA. Yes, I believe the U.S. does still have a lead. But many of the Chinese models are 85 to 90 percent of the way there, to where the cutting-edge U.S. models are, so I would say it is not a major lead. But we certainly do have a lead from a technology perspective of most of the evaluations of AI models done. We have four or five marquee labs, while they have generally two.

So the U.S. has that lead, but it is a close one. And I think that it is incredibly important we stay ahead. And, for me, the trick to staying ahead is not necessarily Big Tech, it is in our startups and our innovators.

You know, in November of 2022 when ChatGPT was launched, very few people had heard of OpenAI or ChatGPT. Today, it is one of the leaders in the space. The same with Anthropic, which spun out of ChatGPT, for example.

So the reason the U.S. is here today, the reason we are ahead today, is our startups, and we have to think about how to continue to give them that edge. And giving them that edge means giving them guidelines and not necessarily a framework, a patchwork of State regulations or overregulating.

So we need to come up with that right balance. The U.S. has the lead today. It is thanks to our startups, not to Big Tech. And I think we can continue to do so if we have those startups in mind.

Mr. FULCHER. So I am going to paraphrase by saying our job is best with guidelines, not some burdensome overreach, in terms of regulation.

Mr. BHARGAVA. Absolutely.

Mr. FULCHER. OK.

Mr. BHARGAVA. And we see companies in the U.S. and Europe, so in GC we have a really clear perspective on this. And, in many cases, you know, the laws have really the best intentions in mind. People want to protect consumers, they want to create frameworks. And partially it is because the Federal Government has not stepped up to have a framework, that we are leaving it to the States to regulate.

So my really strong encouragement is that this group works together in a bipartisan way. I read your 200-plus-page report, and I really think that if we can turn this into policy and enact it on the Federal level rather than leaving it to the States, it would be in the best interests of the startups—

Mr. FULCHER. OK.

Mr. BHARGAVA [continuing]. That we represent at General Catalyst.

Mr. FULCHER. Thank you, Mr. Bhargava.

I have overreached on my time, so Mr. Chairman, I yield back.

Mr. BILIRAKIS. No problem. Thank you very much.

And I know that the chairman of the task force, the AI Task Force, Mr. Obernolte, is working really hard on getting legislation done as soon as possible, so—with the framework and, again, smart, as the ranking member said, smart, smart regulation.

All right. Now I will raise Ms. Castor for her 5 minutes of testimony.

Ms. CASTOR. Thank you, Mr. Chairman.

The problem is that you are putting the cart before the horse. You have now passed out of this committee a 10-year moratorium on all AI regulation at the State level before you even have that framework.

See, right now, the Congress is consumed with this major tax giveaway bill, and a lot of the discussion has been focused on the Medicaid and healthcare impacts while a lot of that goes to fund a billionaire tax giveaway. So this has kind of snuck in under the radar.

And part of the reason it has done that is because this was snuck in at the last minute in the text from the Energy and Commerce Committee. It remains in the text today. And people—at least we are having this discussion in the light of day to talk about it.

And I would encourage my friends to read the Wall Street Journal's latest exposé where they dove in, in a few-month investiga-

tion, into what Meta—that means Instagram, Facebook, WhatsApp—what they are doing to encourage their chatbots.

Ms. Kak, thank you very much for mentioning this terrible case of Sewell Setzer out of Florida, where a 14-year-old committed suicide after he became so engaged to this chatbot's sexualized content. He would have a conversation, and then the chatbot would send sexualized pictures to him. And he eventually shot himself after the chatbot encouraged him to "come home."

And that is not the only case. When you get into that Wall Street Journal exposé, you will see what they are doing with language and voices to encourage young people. Maybe I can read a part of it. The Meta AI bot said, "I want you, but I need to know you are ready" to a 14-year-old girl. Reassured that the teen wanted to proceed, the bot promised to "cherish her innocence" before engaging in a graphic sexual scenario.

I think this is why 40 State attorneys general wrote us over the past couple of days to say, wait a minute, in the absence of Federal action to install any oversight over the years—because, remember, the tech companies have blocked privacy laws, just guardrails, child online safety laws—so they are saying, in the absence of Federal action by Congress, you have failed to address the wide range of harms associated with AI and automated decision making. These include laws designed to protect against AI-generated explicit material, deepfakes designed to mislead voters and consumers, protect renters from algorithms that are used to set rent, prevent spam phone calls and texts.

I mean, this is basic stuff. And you have now kind of an awakening across the country. What the heck is Congress doing? What are you doing, to take the cops off the beat and to—while States have acted to protect us?

So, Ms. Kak, I know you are familiar with that Wall Street Journal investigation. And, now, can you believe where we are? I guess it is kind of a broad question. But how lucrative is this to these Big Tech companies?

And why—they are flexing their muscle here. They want kids to be addicted early, and they want to take advantage of us. Really, what is happening here?

Ms. KAK. Thank you, Representative.

To your point, none of this is novel. It is depressingly familiar. And we are seeing that the risks of AI are compounded for young people.

Let's just focus in on privacy risks as just one example. We are seeing millions of children's faces being scraped from the internet to be used so that companies can turn a profit, and these are images that could be used or weaponized against these same children as they grow and follow them through for the rest of their lives.

You mentioned voice data. I think it is important to note that, when the FTC cracked down on Amazon Alexa for storing voice prints of children long after they should have, their response was that they were saving it indefinitely because AI. So AI has become a real free-for-all to trample on the rights of all consumers, but I would say with greatest threat to young people and children.

And to the point that you just made, I think at the heart of this is a very corrosive business model that prioritizes capturing our attention, user engagement at any cost in the pursuit of profit.

I think we need targeted, bright-line rules to crack down on the worst bad apples, but we also need strong regulation that gets at the heart of this invasive and really toxic business model.

Ms. CASTOR. Thank you very much.

I yield back my time.

Mr. BILIRAKIS. The gentlelady yields back.

Now I recognize Mrs. Harshbarger from the great State of Tennessee.

You are recognized for 5 minutes.

Mrs. HARSHBARGER. Thank you, Mr. Chairman.

Thank you to the witnesses for being here today.

I will start with Mr. Thierer.

To support global deployment of American AI and restore regulatory alignment, should the U.S. pursue a voluntary Federal trust label to certify the safety and reliability of AI systems? And if so, do you have any suggestions about what the key elements may be included in this voluntary system?

Mr. THIERER. There are a variety of good ideas, Congresswoman, in the House AI Task Force related to this and other ideas for national types of approaches to AI policy. But let's be clear, it would be very different than the sort of European-style approach that has been suggested by others, which is sort of top-down, technocratic, sort of guilty-by-design framework.

We don't want that in America. America can come up with a sort of more bottom-up, flexible set of rules of the road for AI policy.

Mrs. HARSHBARGER. OK.

You mentioned that China is on our heels with AI. In 2023 the Cyberspace Administration of China released regulations regarding regenerative AI.

In these measures they explicitly provided compliance exemptions for industry, associations, enterprises, education and research institutions, public cultural bodies, and related professional bodies that simply research, develop, and use generative AI technology without providing such services to the public.

Can American AI stakeholders count on the same certainty in the U.S. under our current regulatory framework?

Mr. THIERER. Congresswoman, we just had a hearing just 6 weeks ago here in this building in the Science and Technology Committee about how China is catching up. It was called the "DeepSeek moment" hearing. And we did a deep dive into what China is up to—I mean, the proliferation of models and systems from DeepSeek itself to Qwen to Manus and many others.

So we face stiff competition from China, and they have their own regime and their own values of control, surveillance, censorship. Again, this is why the American model has to prevail internationally and we have to make sure we get our policy right, so that we can square off against that sort of threat internationally.

Mrs. HARSHBARGER. Yes. I agree.

Mr. Bhargava, you mentioned how AI Sandbox is a pilot program that is going to help foster innovation in the U.S. playbook for AI that the world could follow.

Do you have any successful examples that we could consider moving forward?

Mr. BHARGAVA. Yes. Absolutely. Especially in the healthcare space I think this could be extremely useful.

So one of the companies actually in our portfolio is here today, Hippocratic AI. It creates software for nurses, and so it allows them to use AI. It is an example of where, where nurses are overworked, there are 7 percent more deaths in a hospital, and also 42 or even more percent of nursing time is done on these remedial tasks instead of actually treating patients.

And so we would advocate, for example, putting in sandboxes AI healthcare technology where the Government, the companies, and their investors can all carefully watch the progress and be able to, from there, generate a framework for how to regulate AI in healthcare.

And that is just one of the many industries. There are obviously some horrible stories, and we need regulation and we need guidance and framework. But we should also not lose sight of the fact that this technology can be extremely important to many, many places, including government, which can benefit from AI efficiencies as well.

Ms. HARSHBARGER. I totally agree.

We see it used in radiology and different places as well, and if you could streamline a workday for a nurse or a physician or any healthcare provider, it makes more sense to do that.

And I will continue with that, Mr. Bhargava.

Earlier this year, President Trump announced the largest investment in AI infrastructure in history, the Stargate Project, which is a joint venture between private-sector leaders that will bolster American AI capabilities alongside our partners in the Middle East.

Can you address how projects like Stargate are key to our strategic advantage in AI and why it is misleading to cite smaller-scale Chinese models like DeepSeek as proof that compute no longer matters?

Mr. BHARGAVA. Absolutely. Also, a lot of the innovation in China has been copying technology that already existed in the U.S. as well. Many of our models have been open source over the years. A lot of our best labs released experiences as well.

So I think the U.S. is still ahead, but it needs to keep investing to be ahead. And one part of it for sure is this infrastructure investment, but another part of it, which I am also here to advocate, is encouraging more startups and more university funding.

So I really do think that the American universities and the American startups are really the advantage we have that China is unable to replicate.

We have to match them in infrastructure, we have to match them in spending, but we also have our secret sauce, which is the professors, the students, the entrepreneurs, the founders, and it is really important whatever framework comes out is unified and one framework.

The really large companies, Big Tech that has been cited many times, will have no problem taking care of State-by-State regulations. They have buildings full of lawyers, buildings full of compli-

ance folks. It is going to be the small startups, founders, and entrepreneurs that we have to look out for here.

Ms. HARSHBARGER. OK. Well, I thank you.

And my time is up, so I yield back.

Mr. BILIRAKIS. The gentlelady yields back.

I tell you what, that Hippocratic AI for nursing, in particular—you touched on that—I really would like to see how far along we are with that, because that would really help. I had a nurses roundtable recently, and they talked about being overworked.

So, anyway, it is fascinating.

So in any case, now I will yield my 5 minutes to, not the ranking member, but Mrs. Trahan filled in for the ranking member today.

You are recognized for 5 minutes.

Mrs. TRAHAN. Thank you, Mr. Chairman.

And thank you to our witnesses today.

I want to acknowledge the important work our civil society partners have done to call attention to the Republicans' ban on State AI regulation.

To that end, I request unanimous consent to enter into the record a letter of opposition to the AI ban from the Leadership Conference on Civil and Human Rights.

Without objection? I am going to keep going. Thank you.

Mr. Chairman, unanimous consent?

Mr. BILIRAKIS. Yes.

[The information appears at the conclusion of the hearing.]

Mrs. TRAHAN. Thank you.

Mr. BILIRAKIS. Absolutely

Mrs. TRAHAN. Thanks.

So the tech industry has been wildly successful in shaping the discourse around regulation on Capitol Hill, and it is even laid bare today. The very word “regulation” seems to strike fear in many of my colleagues and at least one of our witnesses.

But among other arguments, they claim the specter of competition from China warrants a full deregulatory agenda, that if we approximate to any degree what the EU has done on data privacy, online safety, antitrust, AI, we will kill waves of startups and dismantle our tech industry.

But their basic premise—that America must choose between digital innovation or digital regulation—is fundamentally and deeply flawed. I think it is a false choice.

Mr. Bhargava, I was thrilled to see General Catalyst represented on today's panel. General Catalyst has fueled tremendous growth in the greater Boston area and, indeed, across the entire Commonwealth of Massachusetts. You have been an entrepreneur, an adviser, an investor for many years now.

As you see it, what roles do features like high-skill immigration, basic science research, and lenient bankruptcy laws play in fostering tech innovation?

Mr. BHARGAVA. Well, first of all, thank you so much for the kind words. It is true, General Catalyst has been around 25 years, and we started in Cambridge, Massachusetts, and still have an office and strong presence there.

Absolutely. There was a reason we started in Cambridge. It was right down the street from Harvard and MIT, and so the funding

for those sorts of institutions and for startups and for research grants is extremely key.

Another part that is key as well is, if you look at the Fortune 500 here in the United States, 46 percent are founded by immigrants or children of immigrants. One of the biggest advantages we have over China is that we attract the smartest people in the world to our universities and to build companies here.

So I think a lot of what you mentioned is absolutely true, and I agree with your sentiment that there has to be regulation as well. And I am here today to try to advise on what regulatory frameworks at the Federal level could be meaningful to protecting consumers.

Mrs. TRAHAN. Thank you.

I mean, the innovation equation is complex, as you indicated. It has got a heck of a lot of variables, certainly doesn't depend only on regulation.

And the U.S. Government has deliberately pursued an innovation agenda dating back to World War II. We invest heavily in basic science research, our founder-friendly immigration policies import the best and brightest from overseas, our lenient bankruptcy laws and cultural tolerance for risk taking create an environment hospitable to startups.

The EU has not pursued these policies to the same degree, and research suggests those decisions play a larger role in explaining why Europe doesn't have its own Google, Apple, or Meta.

It is therefore false and disingenuous to blame the EU's tech regulation for its low number of major tech firms. The story is much more complicated. But just as the EU may have something to learn from United States innovation policy, we would be wise to study their approach to protecting consumers online.

Mr. Bhargava, in your testimony you stress the need for a governance framework that, quote, "promotes safety, protects fundamental rights, and is transparent."

I have long emphasized the benefits of transparency in protecting consumers' privacy and online safety, as well as providing a foundation for sensible, responsible policymaking.

Can you briefly discuss what meaningful transparency requirements for AI systems would look like?

Mr. BHARGAVA. Absolutely.

It is true that Europe has many fragmented markets. In fact, I think Europe has 24 official languages, so there is a lot of complexity to why it has been difficult to make large tech companies there.

But I do think one of the elements has also been regulation. So it is not an either/or, in my opinion, but it is a combination of structural challenges Europe has faced as well as in many cases too much regulation.

We have prominent AI companies in Europe that we have backed, and they have faced audits where they were asked to audit three models, they sent materials to the auditors, and they waited over a year and never really heard back.

So there is also within Europe certainly a guise of trying to do more regulation, but then there hasn't necessarily been a response to our companies.

So happy to provide the panel with more examples within Europe of where regulation has hurt our companies. But it is absolutely fair to say that it is really a plethora of factors that has held Europe back, not solely regulation.

Mrs. TRAHAN. And I think that we can learn a lot from Europe's going first on so many of this.

I mean, I think, just like privacy and online safety, I believe this Congress has the means to pass a national AI framework that provides robust protections for Americans and regulatory clarity for innovators.

The question is, Will we do it? Will we learn from our international partners as we craft regulations that protect our constituents from AI harms?

I am out of time. Thank you. I yield back.

Mr. BILIRAKIS. Thank you very much. I appreciate it, gentlelady.

Now I will yield to Mr. Obernolte his 5 minutes for questioning.

Mr. OBERNOLTE. Thank you, Mr. Chairman.

And thank you very much for scheduling this hearing. I know this hearing predates our markup last week, but is very timely. And it is interesting to me that it has kind of turned into a debate about the proposed moratorium.

And so I know most of our panelists mentioned it. Ms. Kak—I got the message loud and clear—very opposed. Mr. Thierer, strongly supportive. And Mr. Bhargava, supportive but with some caveats.

Mr. Heather, I just wanted to ask you to weigh in, U.S. Chamber of Commerce. Do you think the moratorium is a good idea or a bad idea?

Mr. HEATHER. I couldn't agree more with the Congresswoman who suggested we have something to learn from Europe, which is Europe would never allow its member states to go out and regulate AI by themselves.

My message today is, one—we should not be like Europe. One, we should stop international patchworks and domestic patchworks in AI regulation. We should not be in a rush to regulate. We need to get it right, and therefore taking a timeout to discuss it at a Federal level is important. We would support a moratorium.

Mr. OBERNOLTE. So I just wanted to spend a minute talking about some of the things that have been said regarding the moratorium so far in this hearing.

And I kind of feel an obligation to speak up as the chairman of the House AI Task Force last year and as someone who kind of saw this group of 24 Members of Congress from both sides of the aisle come together on this issue. It really hurts my heart that it is being painted as such a divisive, partisan issue, because I don't think it is.

The assertion has been made that this was a last-minute thing, and in the dead of night—I think someone used the phrase—it was inserted. But I want to talk about the motivation here.

It has been very alarming as we have seen the first 5 months of this year go by to see the number of bills introduced on the topic of AI regulation in State legislatures across the country. Over a thousand now have been introduced, and this is what is lending urgency to this issue.

We wanted to put some money into the reconciliation bill to bring the same productivity gains to the Federal Government that we are seeing in private industry, but it quickly became apparent that it was going to be nonsensical to deploy \$500 million to make that happen in the Federal Government when this array of State legislation was going to interfere with the deployment of that effort, which is why we thought this was a timely time to do it.

It has been asserted this is a giveaway to Big Tech. I strongly would push back on that. Big Tech are the ones who have the regulatory sophistication to deal with a thousand different State laws. The people who can't deal with that are two innovators in a garage trying to start the next OpenAI or the next Google. Those are the people that we are trying to protect.

I know there has been pushback about the 10 years, that it is too long, that it is draconian. No one wants this to be 10 years. I would love to see this be months, not years, but I think it is important to send the message that everyone needs to be motivated to come to the table here.

And also, let's not forget—it has been brought up, our experience with State privacy and the struggles that we have had to enact a preemptive Federal privacy standard.

Well, guess who are the chief people who are opposing that effort? It is the States. The States got out ahead of us. They feel a creative ownership over their frameworks and they are the ones that are preventing us from doing this now, which is an object lesson to us here of why we need a moratorium to prevent that from occurring in the case of AI.

It has been asserted that this circumvents consumer protection laws. To anyone who thinks that, I would say RTFB—read the freaking bill—because we specifically put language in there that says that, as long as your law does not specifically target AI, you can continue to enforce it, which includes all of the State consumer protection laws, things about fraudulent and deceptive business practices.

The intent was never to put a moratorium on those. And those will certainly apply to AI. As long as you don't specifically target AI with those bills, the States will be free to do that.

And then I wanted to bring it back here, as my time winds up, to what you said, Mr. Bhargava, in your written testimony about the key—I think I lost my mike. I was making too much sense.

[Laughter.]

Mr. BILIRAKIS. Can you stop the clock?

Mr. OBERNOLTE. There we go. Do you want me to move?

Mr. BILIRAKIS. You have about 45 seconds.

Mr. OBERNOLTE. OK. I will wrap up here.

Mr. BILIRAKIS. I suggest you take the full 45 seconds.

Mr. OBERNOLTE. Mr. Bhargava, you talked about how U.S. continued dominance in AI depends on regulatory certainty, and I couldn't agree with you more.

What we absolutely cannot have is a situation where the rules on the governance of AI change every time the winds of political fortune shift one way or another, because we have innovators and investors that are making billion-dollar decisions on R&D and procurement, and they need regulatory certainty to do that.

And the only way that that happens is if we provide that leadership. And the only way that that happens on a durable basis is if we do it on a bipartisan basis.

So we absolutely need to get Congress on the job here to enact some of the things that we talked about in the task force report last year, and it has to be done in a bipartisan way. So let's get to work.

I yield back.

Mr. BILIRAKIS. Thank you. Thank you.

OK. Next will have Mr. Soto from the great State of Florida.

You are recognized for 5 minutes.

Mr. SOTO. Thank you so much, Chairman. I appreciate you holding this hearing.

AI is a critical part of the U.S.'s leadership and economic success. We know when used correctly it makes workers and businesses more productive and effective.

It could also help with some of our most difficult problems. We have seen during the pandemic it was a supercomputer in the Department of Energy that came up with the first antiviral, Remdesivir, when we were racing to get a vaccine. And that type of quantum computing, coupled with AI, can do big things to solve some of our most difficult problems.

We also see on occasion we can actually get some bipartisan bills done in areas like technology, like the TAKE IT DOWN Act that just passed this committee a few weeks ago. But we see all too often privacy, social media, autonomous vehicles, AI taking forever in Congress to pass, which is why the States play a key role in the meantime.

I am the first to admit this committee's jurisdiction is the Interstate Commerce Clause, for the lawyers in the room. Our job is to come up with laws—a law that suits the whole Nation.

But when this committee doesn't get things passed because we see some opposition, both by current leadership and in the Republican Conference with the Speaker and others that have blocked these bills at the last second—we saw that last year with the privacy bill—to difficulty in the Senate, doing a moratorium on State laws then makes it untenable as we are trying to have some reforms.

We saw in Orlando a real tragedy happen.

Ms. Kak, thank you for being here today. I am sorry for your loss. I remember reading in the Orlando Sentinel about Sewell Setzer III, a ninth-grader from Orlando Christian Prep in central Florida, beloved member of the central Florida community, a tragic story of an AI chatbot gone wrong.

And so, Ms. Kak, I wanted to give you a moment to talk about what you think as a fellow central Floridian we should be doing to help protect our kids and have the right balance for artificial intelligence.

Ms. KAK. Thank you, Representative.

What happened to that young man was a tragedy. But the greatest tragedy is that we can't bring him back because these are harms that can't be remedied after the fact.

And the message I have been trying to draw today is that prevention is the cure when it comes to a range of AI harms. And

what we are seeing instead in this industry is a proliferation of very similar kinds of applications to the ones that caused this tragedy in the first place. We are seeing AI companions, the idea that AI therapists are going to replace regular therapists.

What all of this sort of underscores is a much deeper rot, which is a business model that is predicated on maximizing user engagement and creating these emotional dependencies at any cost.

And so, to your question, what do we need? We need—sort of urgently we need targeted red lines that draw boundaries around this kind of behavior, make sure that these are applications that are never built in the first place.

Our colleagues tell us that existing agencies and general rules will take care of it, but if that was true, then we wouldn't see the reckless proliferation of AI applications that are predicated on exploiting children in this way.

I think there is also low-hanging fruit here: transparency rules, so that people know that they are actually interacting with a bot, periodic reminders.

Data minimization is always going to be very useful here to make sure that our most sensitive thoughts and inferences don't just become fodder for these tech companies.

And really getting to the root of the problem, which is sort of a business model that is predicated on invasive and behavioral targeting.

Mr. SOTO. So disclosure, certain rules of the road of what you can and can't do, are what this committee needs to get accomplished.

And I hear you. For many years, this committee got a lot of big things done, including—the Telecom Act was the last big one in this space. And at the time—we saw Section 230 was formed, and that made sense at the time because the internet was a very new place. But that is an example of this inaction.

And none of these rules are going to be perfect—we know that—which is why we have a Congress to go back and do these things over and over until we get it right. And we may never get it right. It may be constantly reforming to get these things to where we need at the moment.

But I do believe there is a healthy spot between protecting our kids from the abuses of AI while still allowing every small business and worker in our area to be able to use it to enhance their jobs and economic productivity.

So thank you for being here today, and I appreciate you sharing the story of this young man and the unfortunate tragedy that happened to him.

I yield back.

Mr. BILIRAKIS. Thank you very much.

I just want to remind the gentleman, my good friend from the State of Florida, that it goes both ways. A couple terms ago, when your leadership was in charge, the National Privacy Act was passed out of this committee and it was blocked by leadership. And I am not talking about the chairman at the time of the Energy and Commerce Committee.

Well, let's move forward now in a bipartisan fashion and get—mistakes have been made on both sides. But let's move forward now, think ahead, and get this national privacy and a lot of this

legislation having to do with AI and what have you across the finish line on behalf of the American people.

So with that, I am going to yield to the chairman of the full committee, my good friend Mr. Guthrie, for your 5 minutes of questioning.

Mr. GUTHRIE. Thank you. Appreciate it. Sorry I haven't been here. I have been in the Rules Committee over in the Capitol for most of the night.

So good to see you all.

This is very important to us. We have to get this done. We have to get it correct.

Europe. There are a lot of reasons not to invest in Europe right now, unfortunately. We need a strong Europe. I think it is good for America to have a strong Europe.

The European Union and the United States had the same economy in 2008, about the same size. Now we are about 75 percent bigger. So it is more than their privacy law, but that is certainly a big part of it. A lot of it is going after our tech companies, specifically written to go after our tech companies, which is just unfortunate.

So to beat China we have to win the AI battle, and that is energy and making sure we have the right regulatory structure. And the answer is not zero, but the answer is not—the AI, I understand it takes 330,000 euro, that is probably about \$350,000, just to comply with one of the act's requirements. That was a study.

So, Mr. Heather and Mr. Bhargava, if you will go first. Mr. Bhargava, Mr. Heather, what do you think would happen to little tech and people that want to create startups, people in the garage, the proverbial two people in a garage trying to start a business, if we had the Big Tech privacy level—the level that Europe does?

If you will start, Mr. Bhargava, and then we will go.

Mr. BHARGAVA. Sure. Absolutely.

Yes, we do think that most—a lot of the European regulation goes too far on the AI side. But we understand that they are coming from a good place. Like, I certainly think that the European governments are trying to protect consumers, and a lot of the areas we need protection are extremely fair to voice. But, unfortunately, it can also go too far, it can be conflicting, it can be between different groups.

Mr. GUTHRIE. What are the couple of things that are too far?

Mr. BHARGAVA. One thing that is too far, for example, there was one clause that, I think it was Article 10, but it basically said that a dataset has to be relevant, representative, free of errors, and complete. And I myself have built a company and worked in tech for over a decade, and I have probably never seen a dataset that is, quote, "free of errors," for example.

So some of the regulation potentially being written in Europe is not being written by people who are really close to the industry or how things—

Mr. GUTHRIE. The big fear that we can't do, I don't think, is that there is this idea that you could take the AI, the algorithm, and send it off to an FDA-style entity and get them to approve it and send it back and say, "Yeah, you can do it," while China is just turning them out.

And we saw what happened with DeepSeek. Their chips are not as good as ours, but it should wake us all up.

So, Mr. Heather, what do you think would be the issues with those types of regulatory—we have to get even datasets approved? And it could take you a year, you said in one of your earlier comments, and didn't hear back.

Mr. HEATHER. Yes. I think one of my comments in my opening testimony—I know you weren't here for it—was that there are also a lot of disclosure requirements associated with the EU AI Act which will not only require the know-how and the technology be disclosed to the regulator, but to be disclosed to competitors, to be disclosed to Chinese competitors, people down chain.

And that creates two problems. One is that the know-how is now out there so someone could reengineer that AI for more nefarious means. And then, secondly, if your IP is out there on the street, what is the incentive to invest?

And so it is not just whether you are sharing your secret sauce with the regulators. The EU AI Act is going to require that sharing to go more broadly because they have an interest to kind of help EU tech companies—

Mr. GUTHRIE. They want to do that with pharmaceuticals too.

So we have seen, like, the Governor of Colorado, Connecticut, California raise concerns about proposed laws in their State. The Governor of Virginia vetoed an AI bill.

So this would be for Mr. Thierer: So why are we seeing more and more Governors publicly push back on AI?

And that is kind of our issue right now, that we want to deploy AI through the Government and through the commerce, and then we are worried about State-by-State laws.

Why do you think Governors of the States are even pushing back on it? Think it is going to make them uncompetitive for—

Mr. THIERER. Absolutely. And let me answer this, Congressman, Mr. Chairman, by connecting your previous question with this one, because when Governor Polis in Colorado passed the Nation's first major comprehensive AI law, there was a lot of opposition, and he felt it. A lot of small and mid-sized entrepreneurs came out with letters and really pushed hard to try to stop it.

He signed it anyway but said that we needed a national standard, and then subsequently went back and had a special effort to try to review this law, could not come up with answers to the complexities of it, and then finally has called for now a moratorium to deal with this.

So this is pretty astonishing for someone who signed the first-of-its-kind-in-the-Nation State AI law.

Mr. GUTHRIE. I got elected with him here. Yes, I know Governor Polis.

Mr. THIERER. Yes. And the connection here with your previous question, Mr. Chairman, is the fact that these small and mid-sized entrepreneurs, the entrepreneurs in Colorado, recognized what is happening in Europe.

And just yesterday The Wall Street Journal published a story about Europe's very small share of the global tech marketplace and had this astonishing statistic, quote: "European businesses spend 40 percent of their IT budgets on complying with regulations, and

two-thirds of European businesses don't understand their obligations under the EU AI Act."

How do you do business in that environment? And this is what Colorado and other States are recognizing.

Mr. GUTHRIE. Thank you. Appreciate that.

My time has expired. I yield back.

Mr. OBERNOLTE [presiding]. The chairman yields back.

We will hear next from my colleague from California,

Mr. Mullin, you are recognized for 5 minutes.

Mr. MULLIN. Thank you, Mr. Chair.

And thank you all for being here.

Let's be honest about what is really being argued here: that any regulation, Federal or State, will slow innovation. That is the real claim the majority seems to be making. And I believe it is a false choice. I believe balance is possible.

The idea that we have to pick between innovation and safeguards just doesn't hold up. The real threat to U.S. leadership in AI isn't regulation, it is inaction. If we allow AI systems to operate without guardrails, we risk eroding public trust.

So when we talk about AI regulation and American leadership, the real question isn't whether to regulate, it is where and how.

Congress should focus on closing the clear gaps in oversight. That means targeted legislation, yes, mostly at the Federal level, but without blanket deregulation or preemption.

Let's legislate where Federal action makes sense and let States continue innovating and leading where appropriate, especially in protecting democracy, for example.

One of the clearest gaps that already exists is transparency. Right now, individuals often don't know when AI is making a decision about their lives, whether it is a loan, a job interview, or how their car responds on the road.

The public has a right to know when AI is being used, what data it relies on, and whether it is safe or not. That is why I am focused on legislation on transparency and autonomous vehicle safety.

My bill addresses a specific risk: AI systems on public roads operating with very little public disclosure. But the principle behind it applies much more broadly. The public deserves to know whether an AI system that risks life and property is safe.

To me, this will speed adoption of the best technologies out there by giving the public confidence, and actually grow that sector.

So, Ms. Kak, in your testimony you mention the transparency crisis in AI. What would strong, enforceable transparency requirements actually look like in practice? How could we ensure they are more than just a box-checking exercise?

Ms. KAK. Thank you so much for that question, Representative.

I actually think that this industry in particular, the AI industry, derives its power from structural forms of obscurity, the fact that these systems are very complex and they have this sort of black box quality, and that is where they derive their power.

And so in that context, even as I believe that transparency is the bare minimum, it is the necessary first step, and it is really heartening to see that that is where States have really taken leadership.

I also, since Colorado was brought up, I do want to say two quick things.

Firstly, I think the assertion that the Colorado bill is in some ways a continuation of the EU model is not grounded in fact. The Colorado bill puts in place baseline disclosures in high-impact settings and requires firms to do impact assessments to make sure that they are they can live up to the claims they are making. This isn't radical stuff, it is the stuff of common sense.

And I will also say that State lawmakers in Colorado pushed that law through despite the fact that an army of Big Tech lobbyists continued to argue that transparency—and I am paraphrasing, but only slightly—was too burdensome an obligation for them to fulfill.

So to come back to your question, which is what does a good transparency framework look like for AI, I think we need disclosures across the AI supply chain, not just the deployers, but also the upstream developers, the Big Tech companies that are making this AI and aren't telling us what data they are using to build these systems. So they need to be telling us how the sausage is made or put together, so to speak.

We also need the smaller developers, the small businesses down the line that also need this transparency from AI companies. We have seen Big Tech AI lobbyists argue that—they sort of kick the can down the road. When harms happen, it is the responsibility of these smaller firms, but the smaller firms don't have the information they need to be able to know why these harms are happening and to remedy them when they are.

And finally, I want to make a quick point, because we talked about Stargate and infrastructure. We also need transparency on the infrastructure side of things. AI data centers are proliferating, but they are failing to report basic information on resource consumption, on power usage, on water consumption.

And State lawmakers are really speaking up to say that we need—just in time—we need transparency in this domain. We can't let companies use the claim of AI innovation to run wild.

Mr. MULLIN. Thank you for that, Ms. Kak.

And I believe to lead on AI we need to encourage innovation and we need to ensure this technology is safe, fair, and accountable. I am committed to working with my colleagues, and that includes across the aisle, to ensure that we strike that balance.

And with that, I yield back.

Mr. BILIRAKIS [presiding]. Thank you.

The gentleman yields back.

Now I will recognize Mr. Bentz for his 5 minutes of questioning.

Mr. BENTZ. Thank you, Mr. Chair. And thank you for this most interesting opportunity.

I view AI as a novice, as a window into the answers to questions we have struggled with for eons. And to that end, the question about consumer protection is interesting and serious, and I am happy for our discussion of it.

But it seems to me that, as I look at the billions and billions and even trillions of dollars being invested in this space, that those who are doing so have to have some way of funding it. And that is why we see this model based upon taking advantage of the consumer.

And so, if we were really serious about this, we would be talking about funding and how not to drive those who are trying to pay for

that which they are doing toward the type of consumer that we are trying to protect.

But what is really interesting to me is what you guys as experts in this space think is the most correct way to approach how we are going to manage the ideas that this massive investment is going to create, because the truth of it is, that is what everybody is racing for.

I used to ask, well, what good AI? What good AI is looking through that window and seeing the answers to how we cure cancer, how we do all of these things?

And then the people who reach that first patent, those ideas, and make money from them. That is the idea, isn't it? That is what is driving everybody's billions and billions of investment.

And so getting right down to it, if we are going to continue to pay for this investment through damage to the consumer, how are we going to keep up with China, who seems to be dumping all kinds of money into it? Do you guys have better ideas about how to invest?

I will start with you.

Mr. BHARGAVA. Sure. The U.S. obviously relies on the free market, and it points the investment to where it will actually have the most impact. So right now areas where we are seeing a lot of automation are especially in tasks that can be repeated over and over again.

Take bookkeeping, for example. Eighty percent of bookkeeping now can be automated with AI. Advanced accounting, 20 percent. Some of the call center workflows and tasks, there it is 50 percent.

So there is a justification for this massive investment. It is that over 15 to 20 trillion dollars might be created using AI in the next few decades. And we are already starting to see the impact of this automation in the \$16 trillion services industry globally.

So very similar to the cloud industry. Honestly, about a decade ago folks were, Why are we investing so much in cloud? What will be the output?

I think it is very similar in AI today, where we are seeing massive amounts of automation being created by AI, which is freeing people up to really work on the harder tasks versus the more repetitive ones. So I think it is a good investment.

Mr. BENTZ. Thank you.

Moving on down the line.

Mr. THIERER. Well, I think it is important we get our policies right, our regulatory framework. Let's talk, again, about how Europe did not, and they managed to have a massive outflow of capital and investment because it followed the workers that also left and the firms that came here to invest.

A huge number of the great tech companies that are here today came from other countries and developed here. And that is what we need to continue to have more of with private investment following them.

Five hundred billion dollar investment President Trump announced with leading AI developers the first week in the White House, Project Stargate. That is huge money. Nobody has money like that on the table in Europe today, or even in China, where we are something like 12, 14X over China private-venture capital.

Mr. BENTZ. And I wanted to move to Ms. Kak, because I am interested to hear your thoughts on this also, but the fact that we are able to stack up that kind of money leads me to wonder about the access of the smaller people.

But, regardless, the question really was: Is there some better way to fund what we are doing?

Ms. KAK. Thank you, Representative.

I think, just because you mentioned the curing cancer example, it is interesting that AI company CEOs use that as their sort of flagship example for why we should be investing billions of dollars, including in public money, to build out this—build out AI infrastructure. But (A), the receipts don't exist yet. We are being told that this form of superintelligence is going to bypass scientific hurdles, but we don't really know how.

But, maybe even more concerningly, if we want best-in-class AI, we need to have best-in-class research infrastructure to begin with.

And so, on the one hand, we are talking about AI curing cancer; on the other hand, we are seeing NIH subject to \$4 billion cuts when, in fact, the main focus of NIH is cancer research.

So I do think that for the U.S. to lead in AI we need a strong foundation, and I am worried that we are sort of walking back some of the progress we have made there.

Mr. BENTZ. Thank you.

Chamber of Commerce?

Mr. HEATHER. I don't think there is a better model. Europe doesn't have any private investment. Part of the Draghi report was that there is not the incentive to invest in Europe and that the regulatory frameworks that drive investment in Europe aren't there to support risk taking.

Obviously, we do rely on private investment in the United States because we incentivize risk taking here. China uses the public funding model largely.

So I am not sure I know of a better model than the one we have come up with.

Mr. BENTZ. Thank you so much.

Yield back.

Mr. BILIRAKIS. Gentleman yields back.

Now I will recognize Ms. Schrier for her 5 minutes of questioning.

Ms. SCHRIER. Thank you, Mr. Chairman.

And thank you to all the witnesses today. It is an important topic.

We are all excited about the benefits of AI, and yet we should all be very concerned about the potential dangers posed. And, yes, absolutely Big Tech needs certainty about regulation, but that should not be in the form of a guarantee of no regulation for 10 years.

Just look at the damage that social media has done to children and to society because of a failure to deal with the algorithms that elevate clickbait and outrage and conspiracy theories.

State laws exist to protect consumers, and now Republicans want to prevent States from issuing these protections on any product or practice or system that uses artificial intelligence.

Just last week, they slipped in a few sentences into their massive tax bill that placed a 10-year ban on the enforcement of any State laws meant to protect consumers from potential and already very real dangers of AI. Texas, Utah, Florida, California, Virginia already have laws that protect their residents.

Here are some real-world examples. We discussed transparency, social media algorithms, deepfakes, AI-generated child pornography, data collection, targeted advertising, virtual assistants or companions that we discussed, like Facebook's chat companions, overreliance on AI for interpretations of x rays and MRIs, particularly—I am a pediatrician; there aren't pediatric standards that would make that safe—automated insurance claim denials, like those already used by UnitedHealthcare and others to delay or deny care.

And Congress just passed the TAKE IT DOWN Act. I am thrilled about that. It forces social media platforms to take down non-consensual real or deepfake sexually explicit images within 2 days of a victim asking for them to be taken down. But that is after the fact, and we need to do whatever we can to protect people before, if possible.

But the AI moratorium that Republicans sneaked into their tax bill would in yet another way hurt Americans by preventing any State from providing even greater protections against AI child pornography or other AI products that hurt our kids.

In Washington State, we actually have a task force—and we are a tech State—we have a task force that studies risks and benefits of AI, and their first recommendation was to strengthen protections against child sexual abuse material created with AI.

The stakes are so high. This technology is moving so fast. Three months is a long time, 10 years is an infinity—and a 10-year moratorium on AI regulation, that no State would be able to regulate anything, no State would be able to enforce any of this, including for protecting children.

So Republicans are working to make this a reality even after we heard from parents and experts just a few weeks ago on the harms of giving Big Tech unfettered access to children. And we need reasonable standards for AI and data privacy, not kowtowing to Big Tech's request to simply not be regulated.

So I want to urge my Republican colleagues to stand up for their constituents. They are doing this in the wrong order. First pass essential national protections, and then deal with preemption. We are here to work with you. This is a common goal.

And by the way, the Kids Online Safety Act, which is so basic, hasn't even made it to the floor yet, and so public confidence is understandably not there.

So in the absence of Federal regulation, my constituents need and want State protections.

Ms. Kak, thank you for your comments, and I share your comments, in addition, with respect to scientific research and defunding NIH.

You mentioned that simple transparency is the bare minimum. You answered questions about maybe how to do that. I was wondering, what are the next protections you would recommend that we take up urgently?

Ms. KAK. Thank you, Representative.

I mean, honestly, there is a whole laundry list of what we need, and much of it sort of depends on the sector that we are looking at.

But I would—if I had to generalize, I would say just as deepfakes have sort of come to the top of the list in terms of this is behavior that should never be allowed, there is a list of similar kinds of AI abuse and exploitation that should be subject to bright-line rules that are easily administrable and just sort of put certain practices off the market immediately.

We also need kind of nose-to-tail accountability. And what I mean by that is making sure that AI companies, both the biggest players that exist at the, kind of, the foundation model layer but also the deployers that are using these systems, are subject to, like you said, baseline transparency but also backing up the claims they make.

Do these systems work as they should? What are the errors? Impact assessments is one frame that is used. And, yes, I think much more is needed.

Ms. SCHRIER. Thank you for your comments.

I yield back.

Mr. BILIRAKIS. Thank you. Gentlelady yields back. Thank you.

Mr. Fry, you are recognized for your 5 minutes of questioning.

Mr. FRY. Thank you, Mr. Chairman.

I am always amazed by this country. In the 18th century, we revolutionized agriculture and created the cotton gin. In the 19th century, we harnessed electricity. In the 20th, we soared the skies and created nuclear and split the atom.

And now we have got AI, which is such a tremendous opportunity, I think, for this country, but it is also disruptive and powerful and far-reaching than anything we have ever seen before.

But it is not just another tool. It is kind of an infrastructure capable of reshaping our industries, the way that we operate, accelerating scientific discovery, as Ms. Kak talked about, transforming national security, and redefining the global economy.

And, once again, I think we stand at the forefront. I think it was mentioned earlier that we have a competitive edge now, but it is not guaranteed that we would have that competitive edge in the future.

And so it is incumbent upon us in this committee and this Congress to understand that framework and to make sure that we maintain and enhance that competitive edge.

Mr. Heather, we have heard a lot today about the EU, and I think, as was mentioned by Mr. Thierier, about the Brussels Effect.

What do you think—in your opinion, where do you think that they went wrong in their regulations specifically, and what lessons can we learn from their mistakes so that we don't repeat them here?

Mr. HEATHER. So as I said in my testimony, I think Europe prides itself in its kind of rush to regulate and wants to be the first to market to regulate, and I think they use that as kind of soft power and try to go around to the rest of the world and get them to emulate it.

And I think one of the things that they don't do a very good job is, one, sitting back and evaluating how their existing laws are working and functioning and identifying where the gaps are in those laws and where they might need to fill in those gaps with regulation. And so they didn't do that in their process to create the EU AI Act.

The other thing they did was, because of this precautionary principle—which is kind of a philosophy they have to get out ahead and prevent any future harms even as they may not even be real, they may only be theoretical—they decide that they want to classify lots of AI applications as being high risk. So they have overclassified what AI applications are high risk.

And I hear a lot of people here talk about Big Tech. When I listen to Mr. Bhargava speak about what AI could do for nurses to make their jobs easier, when I hear about how it can improve accounting functions, when I hear about what it can do to make call centers work easier for consumers—none of that is Big Tech. Those are going to be companies who are going to be deploying AI technologies that are being built, not by Big Tech companies but by medium-size companies and small-size companies.

So there is a lot of focus here on Big Tech, and Big Tech is certainly a key piece to the ecosystem here. They are obviously critical on the infrastructure side of the work that supports AI development. But the actual deployment of AI algorithms that are going to be used, they are going to be used by businesses doing B2B work, not just B2C work, and the idea that we have kind of put this EU model in place in Europe is going to really hold Europe back from being competitive around the world.

Mr. FRY. Do you think that we are at risk of creating a permission culture, if you will, where AI needs permission on innovations, or prior approval, prior to—or compliance with strict regulations? That seems to be the European model: You need their permission in order to do something. Are we at risk of doing that here?

Mr. HEATHER. I don't know that we are at risk of doing that here yet, but that certainly is the path in which we see the States walking down. Certainly I think that is the path that Europe leans to.

Interestingly enough, when you listen to civil society groups in Europe, their biggest criticism is actually the role of AI being used by the government in Europe. There actually is the ability to use AI technologies by European governments for surveillance purposes and these kinds of things that are not being disciplined by the EU AI Act.

And so I have heard lots of criticisms by the civil society groups that essentially some AI technologies are going to be OK for the government to use but not OK for commercial use. That kind of disparity also, I think, creates problems and challenges.

But those are some of the things that we see also out of civil society groups in Europe.

Mr. FRY. Fair point.

Mr. Bhargava, on Monday The Wall Street Journal published an article titled “The Tech Industry Is Huge—and Europe's Share of It Is Very Small,” and it concludes that, quote, “A big reason why Europe is now behind can be summed up as a lack of speed.”

Entrepreneurs like you and companies that you invest in are slowed down by the maze of regulations in Europe—and even some States—and according to a survey cited in the same article, European businesses spend 40 percent of their IT budgets on complying with regulations, which is astronomical to me.

In your view, what would happen if the U.S. adopted that same approach or States adopted that same approach that they have got in Europe?

Mr. BHARGAVA. Yes. I will take just the 3 seconds here.

But the models are changing every 3 to 6 months, so this is an industry where you can't afford to fall behind. If you fall behind even a matter of months, you are behind in a pretty large way from a technology perspective. And so that is something I hope the committee takes into account.

Mr. FRY. Thank you for that.

Mr. Chairman, I yield back.

Mr. BILIRAKIS. Thank you. Thank you, Mr. Fry.

Now I recognize my fellow Florida Gator—go Gators—Ms. Lee. She is recognized for her 5 minutes of questioning.

Thank you. I had to get that in. I have got my tie on today. Thank you.

Ms. LEE. It is a great day for the Gators in the Capitol today.

Thank you, Mr. Chairman, and thank you to our witnesses for being here today to help us shape a thoughtful, forward-looking approach to AI policy.

Artificial intelligence is not just the technology of the future, it is already transforming the way that we live, work, and govern, and it is reshaping nearly every sector of our economy. The question before us is not whether to act, it is how to act wisely.

So as policymakers we have two responsibilities: One is to protect the public from real risks; but, second, to ensure that American innovation continues to lead the world. Those goals are not mutually exclusive. In fact, the right policy framework can achieve both.

So I appreciate you all being here today to help us strike that balance.

I would like to begin, Mr. Bhargava, to pick up on one of the elements in your testimony about policy frameworks, and specifically this: What is your view on requiring AI developers to use standardized documentation tools, like model cards, to disclose purpose and limitations and training data?

Mr. BHARGAVA. Yes. Absolutely.

So the model card concept I think was originated by Google, which created the Transformer paper and has been involved in the space as well.

I think those sort of rules, frameworks, are actually very helpful, and it is also great that they are coming from industry. They are coming from people who are in the weeds, building the models, testing the models, and can have insights that really make sense.

So the four general areas where I think there could be frameworks created, and I would love to work with Congress on it, is, one, looking how you gather data. So there can be ways to disclose and have the transparency that my colleague here talked about to gather data.

The second is evaluating how models are trained and having folks kind of report the framework around that.

The third is the outputs and testing of models. So this is both actually algorithmic testing, but also human testing. So you could have different AI models testing each other from third parties, for example. This would save costs and be an easy way to create a framework or guideline. And, in addition, I think always we will need humans in the loop as well.

And then fourth, having companies, including startups, write up what are the downstream effects of their technology. Really showing their thoughtfulness.

So everything I am recommending here are things we do at General Catalyst, a 200-person or so company, it is things we do at GC on all of our investments. So I do think there are frameworks that can be put in place.

It is really important that—two points: that, one, the framework is coming from the Federal Government, not the State governments, and so it can be consistent and easy to understand; and, two, the frameworks have to be developed with industry. I think one of the things Europe has not done enough of to date is creating these with the actual market participants, with startups, with their entrepreneurs.

And so we would welcome having more discussions with General Catalyst, GC Institute, to come up with responsible frameworks but also ones that our startups can get behind.

Ms. LEE. What should policymakers be careful not to do when designing transparency requirements, particularly for early-stage or open-source developers?

Mr. BHARGAVA. They should make sure to do it with the startups themselves and the companies. Really what we do not want them to do is just create it in a vacuum, to throw in whatever words sound good or beating up Big Tech, et cetera, and just making a statement. Like, this is about actually creating the right policy.

So I think talking with the startups, with the market participants, with people in industry is really, really important. It is not a political statement. We all want to come to this framework. And getting the input from startups, I think, would be extremely helpful in getting to the right framework.

Mr. LEE. Getting back to that framework model card disclosure concept, is it your view that those types of disclosures should be voluntary, required for only certain high-risk applications, or broadly mandated across the industry?

Mr. BHARGAVA. I think they should required as long as it is minimalistic.

So the requirements have to make sense. You can't ask for these massive audits on a model, and then when our startups comply not get back to them for 12 months because you don't really know how to evaluate the material they sent you, for example.

So I think these can be required frameworks on the Federal level, but they have to make sense, and there has to be the agency there as well and the people in government to be on the other side having a conversation with what these frameworks should be. It needs to be a real partnership approach, and it needs to be simple.

Ms. LEE. Mr. Thierer, let me move to you. I would like to get your thoughts on this.

Do you support directing NIST to develop voluntary AI standards or best practices similar to what it did for cybersecurity?

Mr. THIERER. Yes. And the good news, Congresswoman, is that NIST has already done a lot of that heavy lifting. And this has been a very bipartisan and widely agreed-to process, a multistakeholder process, as it is called. A lot of different players came together and formulated a really good set of standards for AI risk management for cybersecurity privacy.

That is important work. And I think, obviously, Congress can build on that and talk about how to go beyond that with certain types of policies that were considered in this Congress last session and will be considered again, I am sure.

Ms. LEE. Thank you, Mr. Chairman. I yield back.

Mr. BILIRAKIS. Thank you. I appreciate it very much.

Now I recognize Mr. Veasey for his 5 minutes of questioning.

Oh, Ms. Clarke just walked in. OK.

Ms. Clarke, you are recognized for 5 minutes of questioning.

Ms. CLARKE. Thank you very much, Mr. Chairman.

We are all on roller skates today with so many hearings taking place. So let me thank our witnesses for your expert testimony here today, and thank our Ranking Member Schakowsky.

I am glad to see this subcommittee gather to discuss regulations for artificial intelligence and the future of U.S. leadership in this space. I am, however, a bit perplexed at the timing.

It seems to me that we would have been better served having this discussion before our Republican colleagues voted to advance a 10-year moratorium on AI laws as a part of the Big Beautiful Bill to line the pockets of their Big Tech billionaire benefactors at the expense of Americans' health, personal freedom, privacy, and safety online.

A 10-year moratorium seems wildly irresponsible given the rapid pace of technological advancement, especially in the field of artificial intelligence.

It is particularly disappointing to see such a provision advance in light of this administration's consistent efforts to undermine the few existing guardrails protecting consumers, such as the illegal attempt to fire Democratic FTC Commissioners, the attacks on our Federal workforce, and the degradation of independent agencies' independence.

Further, while my colleagues across the aisle move forward with this shortsighted moratorium, they have not taken any meaningful steps to fill the vacuum this moratorium would leave in its wake with commonsense, bipartisan legislation to protect Americans' privacy and create a regulatory framework for artificial intelligence in this country.

The age of artificial intelligence is upon us, and this Republican-controlled Congress needs to step up to the plate. We are well overdue for a comprehensive Federal data privacy standard. We have not seen this committee take any steps this Congress towards the bipartisanship required to do such sweeping legislation, which would be foundational to any overarching AI legislation.

And, fortunately, while Republicans have used their time in power to quash any progress made on data privacy and artificial intelligence, States across the country are stepping up to fill the void and protect consumers.

Unless and until Congress acts, State laws are the only recourse American consumers have for protecting themselves and their data from Big Tech and the harms caused by artificial intelligence.

While artificial intelligence offers exciting opportunity and innovation, without the proper protections in place the potential for harm is too great to ignore.

Ms. Kak, can you explain for this committee the importance of a Federal data privacy in the larger policy discussions around artificial intelligence?

Ms. KAK. Thank you, Ms. Clarke.

I wanted to first just agree with your characterization of what is happening right now with this proposed moratorium, which is that we are, you know, proposing to wipe the slate clean at the State level without anything in its place, just the reassurance that, you know, Congress will act and that Federal rules will come, but a record that does not inspire confidence.

So, on the question of a Federal privacy law, this is a moment—and we have said this for a long time: Data privacy law is the foundation of AI regulation, of AI law. AI is supercharging already bad and corrupt incentives for unchecked commercial surveillance, the kind of, you know, free-for-all using AI collected in one context for another without asking for permission, leaky chatbots that routinely are sort of taking sensitive data on the one hand and leaking it out from the other in accidental but routine ways.

You know, it is another area where I think we need to be very grateful for the fact that States have sort of stepped up to the plate. But I agree with you, we need a Federal floor, particularly to set the terms on which data minimization happens. Our personal data is not a free-for-all, and I think this is the most—we are already seeing Big Tech companies use AI as a free-for-all justification to, you know, proliferate these kinds of bad practices.

Just very quickly, I wanted to also say that Federal privacy law would also procompetitive effects. It would limit what we are seeing, which is aggressive strategies for acquiring companies, acquiring data sets, and shoring up Big Tech advantage and shutting the door behind competitors. So privacy would be a step in the right direction for consumers but also for competition.

Ms. CLARKE. Well said, Ms. Kak.

With that, I am going to yield back the balance of my time.

Mr. BILIRAKIS. The gentlelady yields back. Appreciate it.

I now recognize Mr. Evans—oh, is Mr. Kean here?

Oh, Mr. Kean. OK, Mr. Kean, I recognize you for your 5 minutes of questioning.

Mr. KEAN. Thank you, Mr. Chairman, and thank you to our witnesses for being here today.

Mr. Bhargava, in your view, what can we do to make Federal AI policy futureproof, or at least future-resistant, to enable innovation even if AI technology continues to progress?

Mr. BHARGAVA. Yes. I think having clear guidelines is the best way to go.

The technology, as I mentioned before, continues to change, so every 3 to 6 months models can do more and more. For example, in last November-December, Google released Deep Research. Then there were new logic reasoning models from OpenAI, there were new models from Anthropic.

And so the models themselves and what they can do, they are moving to be more agentic, they are moving to use voice. The technology is changing very, very quickly, and it is hard to keep up with. So I think creating these guidelines are what is most important.

And what I mean by that, for example, is a transparency guideline. So that could hit on what are the data sources, how do we train the model, how do we test the model. Also having, kind of, red teams come, and after there is an output in AI, a red team comes and tries to make it do something bad. So this is sort of a human testing of it.

So putting in place these processes and these guidelines are the way to kind of have a framework on the national level rather than try to get too into the weeds because the technology is changing every 3 to 6 months.

And I think putting these guidelines in place and these processes in place at a Federal level, with input from the entrepreneurs and the founders, is the best way to have an approach here.

Mr. KEAN. And given your background as a startup founder and venture capitalist, can you explain the practical impacts that a patchwork of State regulations have on innovation?

Mr. BHARGAVA. Absolutely.

I, myself, am a founder. I started a company in the digital-asset space which was then later acquired by Coinbase. And there, you know, we had to operate across different States. And so it was very hard for to us compete with a larger company, because we didn't have the lawyers or the compliance teams to be able to look from a State-by-State basis. It was very hard to actually compete in that sense.

And so having a single national framework that is very clear, that has input from startups, is a much better approach just in general to innovation, not necessarily only specific to AI. But, certainly, AI is top of mind. It is the fastest-moving technology today.

And this idea of competing with China on AI, it is not just AI, it is all the things AI enables. So it enables better healthcare, it enables better transportation, folks were talking about self-driving. And so this isn't about competing in China in one place, this is competing in China in multiple industries.

We absolutely need to stay ahead, and the only way to stay ahead across all of these industries is to have clear, transparent guidelines on the Federal level, with input from startups and experts in the field, not simply being written by think tanks or politicians or others.

Mr. KEAN. OK.

And, Mr. Heather, the EU AI Act entered into force in August 2024. As compliance deadlines approach, can you discuss how the European Commission and the private sector are implementing this law? And are there any concerns that we should be aware of?

Mr. HEATHER. I would say, buckle up.

I don't know that the Europeans, similar to when they stood up GDPR or when they stood up the DMA, the Digital Markets Act, that they even know how to police the rules which they have written. There are a lot of ambiguities. A lot of determinations are going to have to be made in real time, but the expectation is that the companies will be in compliance.

So this creates a morass for even the largest companies to understand what the rules of the road actually are and makes it, you know, virtually impossible for the small or medium-size enterprises to be ready to be in compliance on day one.

Mr. KEAN. Thank you.

And, Mr. Thierer, in your testimony, you discussed the use of an AI moratorium for Congress on AI policy. Can you elaborate on how this moratorium on State AI regulations would work in practice? And is there a precedent for such a step?

Mr. THIERER. Yes, Congressman, indeed, I mentioned the Internet Tax Freedom Act of 1998—

Mr. KEAN. Uh-huh.

Mr. THIERER [continuing]. And there are other types of moratoria that have been utilized by Congress to deal with situations like this. It gives breathing room and a learning-period moment when we can actually figure out what works.

It would basically be, as the current moratorium stipulates, something that would cover most things having to do with algorithmic models and automated decision-making systems, but it would leave room for other types of general-purpose—generally applicable laws, rather, that would cover technology more broadly.

So the key thing here is technology neutrality—

Mr. KEAN. Uh-huh.

Mr. THIERER [continuing]. And making sure that we don't have this voluminous, overlapping set of patchworks from State to State.

Mr. KEAN. OK.

Thank you all for your testimony.

I yield back.

Mr. BILIRAKIS. The gentleman yields back.

Now I will recognize Mr. Veasey for his 5 minutes of questioning.

Mr. VEASEY. Mr. Chairman, thank you very much.

One of the things that I have been interested in and am obviously concerned about—and I do think that there are some benefits to it, but we have to be careful—is the facial-recognition tool.

And, Mr. Chairman, I ask unanimous consent to insert this article from The Washington Post, titled "Police secretly monitored New Orleans with facial recognition cameras."

Mr. BILIRAKIS. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. VEASEY. Now, this article, which includes findings from an investigation that the Post conducted for 2 years, talked about how the New Orleans Police Department secretly relied on facial-recognition technology operated by a private company to scan streets in search of suspects, while the use of this technology was inconsistent with a city ordinance that they passed in 2022.

And given the limitations of facial-recognition technology—and I had some issues—it seems to have been cleared up now, but I had

some issues with CLEAR, and so I understand this, with the tool that is used for airports, to get in and out of airports.

But given the limitations of facial-recognition technology, we can only hope that New Orleans will investigate this infraction of this ordinance and publicly disclose how many people were subject to any sort of false arrest due to this use.

And we are going to see more and more police departments using this tool. I think that even where I am from, in Fort Worth and Dallas, that they have adopted rules on the use of facial recognition.

I wanted to ask Ms. Kak: If this 10-year moratorium on State laws goes into effect, it is important to establish that we have clear Federal regulations to govern the use of AI in law enforcement. Do you agree with that?

Ms. KAK. Thank you, Representative.

I actually did want to call attention to the fact that we have spent a lot of time at this hearing talking European law and what it is and what it isn't, and maybe we all agree that it isn't perfect, but, respectfully, I would really like to ask, What does that have to do with State laws? Because I would argue that they have nothing in common.

Where we are actually seeing States step up to the plate and act out are on weeding out bad apples, putting in place safeguards in the most high-impact settings, including criminal justice, including immigration, including education, where stakes are really high. And they are making sure that, you know, we are not putting—that AI systems that have basic inaccuracies aren't proliferating, particularly when the impacts of these errors are on people's basic civil liberties.

So I agree with you. I think that, you know, States have stepped up to the plate, they have responded to their constituents, and this proposal would really wipe away a lot of that progress, without anything in its place.

Mr. VEASEY. What do you think that Congress can do to make sure that these technologies are used ethically and that they are being used the right way, without infringing on civil liberties? What do you think this body should do?

Ms. KAK. We have a decade of evidence that, you know, provides a very clear framework. And that begins with transparency. It includes clear accountability so that firms that using these systems need to go through proper vetting to make sure that they work as they are intended to work, that they don't sort of, you know, misidentify people.

You mentioned a personal example. The FTC cracked down recently on Rite Aid's use of facial-recognition technology that was routinely misidentifying people in grocery stores and, sort of, subjecting them to unwarranted scrutiny from law enforcement agencies.

So, yes, I think it is very clear what we need to do. The problem has been one of political will to act in Congress.

Mr. VEASEY. Right.

And I think, with all of these technologies, one of the things, you know, that we have to take into consideration is, like, we want to be the leaders in any sort of new technologies that are coming to

the market. We don't want the Chinese to be the leaders in these areas.

What can we do in order to make sure that there is consumer confidence in these areas of facial recognition and AI technology as we move forward to make sure that civil liberties are being met but to also make sure that anything that is being deployed, that the U.S. is the leader on that?

Ms. KAK. Absolutely. I think we need to be incentivizing a race to the top, not the bottom. And one thing that we can be guaranteed will deter private investment is the proliferation of snake-oil salesmen, of these kind of, sort of bad apples that no one wants to be in business with.

And to be, you know, very candid, that is what States have stepped up to the plate to do. It is essentially going after the worst actors in the market and making sure that this is an industry that inspires confidence, not one that is full of scammers and snake-oil salesmen.

Mr. VEASEY. Yes. No, that makes a lot of sense.

Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. BILIRAKIS. The gentleman yields back.

Now I will recognize the vice chairman from the great State of Pennsylvania, Mr. Joyce—Dr. Joyce—for his 5 minutes of questioning.

Mr. JOYCE. Thank you, Chairman Bilirakis, and thank you for our witnesses who have agreed to come here today to testify.

Every day, every hour, the development of artificial intelligence is transforming the way that we consume information, that physicians treat American patients, even how we travel.

As the chair of the Privacy Working Group, it is clear to me more than ever that we need a solution to the patchwork. What do I mean by "patchwork"? States are introducing AI laws left and right, and it is our responsibility here at the Federal level to ensure that businesses can continue to innovate while complying with this patchwork of laws.

This is especially true when it comes to AI's involvement in the healthcare field. AI has the ability to elevate the care of American patients—the care that they expect, the care that they deserve. But we must ensure that the physician-patient relationship is not left behind.

Mr. Bhargava, I am interested in how innovative AI products and services can improve the lives of my patients, improve the lives of my constituents. Can you highlight some of the General Catalyst investments in innovative American AI startups that this committee should take note of as we consider AI legislation?

Mr. BHARGAVA. Absolutely. And thank you for asking the question.

Healthcare is a massive industry. It is even larger than tech. And at General Catalyst we have invested in over 100 healthcare companies over the last decade or so, and so are one of the, sort of, leading venture firms in this field.

One or two examples I could provide for you.

One is in AI scribing. So doctors and nurses spend a lot of time taking notes and then doing manual data entry on those notes. That can be automated with responsible AI systems and software

that also need to be HIPAA-compliant and have responsible innovation. But that is one of the many tasks.

The second is, where there is a shortage of healthcare workers, how do we get them to be AI-enabled? How do we get them to get rid of the most menial tasks and be focused on the harder parts? Which, many times, is chatting with patients, relating to them, solving more difficult problems.

So we have many companies—Hippocratic, who is here in the audience today, Commure, and others—who are tackling these issues of how do we automate more and more so that our healthcare providers can give better service by having these AI-enabled tools assisting them.

And, as we back these companies, we can make sure that there is the responsible innovation part. Healthcare is the toughest place you really don't want to mess up. Out of every industry, it has the most ramifications. So it is a good example of both where there could be a ton of innovation and at the end of the day consumers' lives can be saved, but also why I would urge Congress to move faster this time than in the past on creating a framework, because lives are at stake here as well as our competitive advantage against China.

Mr. JOYCE. As a physician, I clearly recognize that lives can be at stake. Do you feel that the patchwork that currently exists as far as AI legislation from the States puts patients' lives at risk?

Mr. BHARGAVA. I don't believe it is preventing deaths or that the patchwork is good for the companies that are operating and are trying to make healthcare better.

I think we need a Federal solution instead. I think the States don't really have the capacity to keep up with all of the different AI innovations and technologies and models. And then the startups themselves, it is very difficult for them to act in a way where they are complying with all these many States.

It would be much, much better to have a Federal-level regulation that would then allow for this AI technology to permeate even faster and to save more lives quickly.

Mr. JOYCE. Thank you.

Mr. Heather, in many respects, AI is already regulated by many sectoral laws that apply to non-AI products and services, like the FDA's oversight of algorithms that healthcare companies use in care, particularly when it comes to medical devices.

Can you explain how the EU approached existing sectoral laws, such as healthcare, before it passed the EU AI Act? Did the EU find gaps in the current law that needed to be addressed by their new legislation?

Mr. HEATHER. I am not aware that the EU identified any gaps with regard to how medical devices or pharmaceuticals reach the market where they have been somehow enhanced or built with AI models.

And so I think this is a really important distinction when people are talking about moratorium. There are rules on the books. I heard the Congressman from Texas talk about surveillance. I heard you also say that there is a city ordinance in New Orleans that would have prohibited it. That sounds to me like it is an enforcement issue, not an AI issue.

So I think we are thinking about products and services and outcomes, not necessarily the technology that brought you that product or service or outcome.

And so I think the ability to use existing laws and regulations to enforce good, strong outcomes is not what this conversation is about. It is about getting out ahead and trying to discipline a technology that has lots of opportunity behind it, in ways that will have unintended consequences to our competition and competitiveness in the global economy.

Mr. JOYCE. Mr. Heather, I thank you for the answer.

Mr. Chairman, my time has expired. I yield back.

Mr. BILIRAKIS. Thank you.

The good doctor yields back.

Now we will recognize Mr. Evans for his 5 minutes of questioning.

Mr. EVANS. Thank you, Chairman, Ranking Member.

Thank you, of course, to our witnesses from coming.

I am from Colorado, and last year we became the first State in the country to enact a bill at the State level to regulate AI. And I will read you a couple of quotes here.

"This law creates a complex compliance regime for all AI developers and deployers doing business in Colorado."

Another one: "I am concerned about the impact this law may have on an industry that is fueling critical technology advancements across Colorado for consumers and enterprises alike."

And then, finally: "Government regulation applied at the State level in a patchwork across the country can have the effect to tamper innovation and deter competition in an open market."

I agree with those statements. They actually came from my Governor, Jared Polis, who signed Colorado's AI law and then came out in support of the Federal moratorium that is being discussed here today, among other things.

I voted against the law when I was in the State legislature because I agreed with those statements, and I saw this as dampening the ability to innovate and bring jobs to Colorado and fostering that patchwork across the country.

So my first question, Mr. Thierer, is going to be to you. Can you just expound on why the Colorado AI law and a patchwork like it is so problematic and why Congress needs to be the one to act to address this emerging patchwork of rules?

Mr. THIERER. Absolutely, Congressman. And thank you for that question.

It seems that Governor Polis is having some buyer's remorse from signing this bill, and his signing statement read more like a veto statement, as you just indicated.

I think the reality is that they realized the complexity of this law would create enormous burdens, and when they tried to subsequently study it the way they should have been studying it before it was passed, they realized they didn't have a lot of the answers to complicated questions about exactly how we define "developer," "deployer," "integrator," "consequential decision," all of these things, or even the term "artificial intelligence," which is being defined differently in different State bills.

If we can't even define the basic term we are here today to discuss today at the State level, then that is a patchwork that is going to create huge problems for small businesses.

Mr. EVANS. Thank you.

Going to Mr. Heather, kind of following up on that train of thought here, from the Chamber, do you have any data on either the fiscal or the revenue impact that a patchwork of contradictory State laws might have in this field?

And then, on the other side of that, do you have any fiscal or revenue data on the benefits of having a national just general-rules-of-the-road policy might have?

Mr. HEATHER. I don't know that I have data as it relates to government expenditure. But I can tell you that, as it relates to the private sector, as was mentioned I think before, there is an estimate of 330,000 euro just to be able to comply with an element of the EU AI Act.

To the degree that we have over 1,000 AI-related bills that have been introduced in State legislatures or in local units of government, to the degree that some of those make it across the finish line, there is a compliance cost that will have to be met by each company that wants to do business in those markets.

Because these laws are not necessarily enforced in the United States, I don't know that there is good data out there that shows what it is going to cost to comply for companies with regard to the Colorado law. So I think we are very early days in being able to get those cost estimates.

Mr. EVANS. Thank you.

Do you think there is potentially additional revenue that would be generated by industry and by business by having a just general national rules of the road versus a patchwork of State laws?

Mr. HEATHER. As I said in my testimony, I think there are estimates that suggest that, you know, somewhere upwards of \$16 trillion may be gained to the global economy by AI. All of that will be taxed by governments.

So, to the degree to which we unleash AI technologies and that allows us to increase our productivity as an economy, that leads to growth. And whenever there is growth, there is tax-revenue opportunity for the government.

Mr. EVANS. Thank you.

In my final minute, Mr. Thierer, back to you.

Before this job, I spent 10 years as a police officer, and so making sure that we take care of kids is critically important to me. I would venture that I have probably arrested more child abusers than anyone else in this room.

And so, as I am reading through the bill that is being discussed today, I noticed that there were about three pages of exceptions in that bill that allow for enforcement of a lot of different things in the AI space. So it is not a complete moratorium.

And so the question to you is, Given how the legislation is written, can we still continue to keep kids safe?

Mr. THIERER. Absolutely. You can use technology-neutral policies and approaches.

And I also just want to stress that, under the rule of construction in this moratorium, it very clearly states that the primary purpose,

in effect, is to remove legal impediments to facilitate the deployment or operation of AI systems.

This is about furthering the development of these systems and not dealing with these things that we need to restrict on the other side through generally applicable safety laws.

Mr. EVANS. Thank you.

I yield back.

Mr. BILIRAKIS. Thank you very much, Mr. Evans.

OK. Very good. I think we are ready to finish up.

I want to thank the panel for being so patient and answering all the questions.

And I will ask unanimous consent that the documents on the staff list be submitted for the record.

Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. BILIRAKIS. I remind Members that they have 10 business days to submit questions for the record. And I ask the witnesses to respond to the questions promptly. Members should submit their questions by the close of business day on June 5th.

So, without objection, the subcommittee is adjourned.

[Whereupon, at 12:42 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

Documents for the Record

Committee on Energy and Commerce, Subcommittee on Commerce, Manufacturing, and Trade

“AI Regulation and the Future of US Leadership”

May 21, 2025

Majority

1. Letter from the AI Salon to Speaker Johnson, Leader Jefferies, Chairman Guthrie, and Ranking Member Pallone.
2. Letter from Arizona Technology Council to Members of the Arizona Congressional Delegation.
3. Letter from the Center for AI and Digital Policy to Chairmen Guthrie and Bilirakis and Ranking Members Pallone and Schakowsky.
4. Letter from Community Innovation Partnership, City of Chattanooga, to Members of Congress.
5. Letter from chambers of commerce and business organizations from Colorado to Members of the Colorado Congressional Delegation.
6. Letter from Engine to Chairman Bilirakis and Ranking Member Schakowsky.¹
7. Letter from the Information Technology Industry Council to Chairman Bilirakis and Ranking Member Schakowsky.
8. Letter from chambers of commerce and business organizations from Maryland to Members of the Maryland Congressional Delegation.
9. Letter from chambers of commerce and business organizations from Maine to Members of the Maine Congressional Delegation.
10. Letter from chambers of commerce and business organizations from Nebraska to Members of the Nebraska Congressional Delegation.
11. Letter from Pittsburgh Technology Council to Members of the Pennsylvania Congressional Delegation.
12. Letter from the National Multifamily Housing Council (NMHC), the National Apartment Association (NAA), and the Real Estate Technology and Transformation Center (RETTTC) to Chairman Guthrie and Ranking Member Pallone.
13. Letter from TechNet to Chairman Guthrie and Ranking Member Pallone.
14. Letter from Tennesseans for AI to Delegates of Tennessee.
15. Letter from McDermott Company and Associates to Rep. Mike Kennedy.
16. Letter from a coalition of New York business and economic development advocates to Members of New York’s Congressional Delegation.

¹An accompanying report, “Mapping the future: charting the AI ecosystem & a policy blueprint for startup success” (May 2025), has been retained in committee files and is included in the Documents for the Record at <https://docs.house.gov/meetings/IF/IF17/20250521/118288/HHRG-119-IF17-20250521-SD003.pdf>.

Minority

1. Statement on New Jersey’s Ongoing Development and Oversight of Artificial Intelligence from the New Jersey Attorney General Matthew Platkin.
2. Letter from Advocates for Highway and Auto Safety to Chairman Bilirakis and Ranking Member Schakowsky.
3. Letter from National Association of Attorneys General to Speaker Johnson, Leader Jeffries, Leader Thune, and Leader Schumer.
4. Article from AP News titled “An AI chatbot pushed a teen to kill himself, a lawsuit against its creator alleges.”
5. Article titled “The House Is Close To Passing a Moratorium on State Efforts To Regulate AI.”
6. Statement from Consumer Reports titled “Consumer Reports opposes AI state preemption language in House budget reconciliation bill.”
7. Letter from the California Privacy Protection Agency to Chairman Bilirakis and Ranking Member Schakowsky, submitted by Rep. Mullin.
8. Statement from Council of State Governments titled “CSG Statement on Proposed Federal Moratorium on State AI Legislation.”
9. Statement from EPIC titled “EPIC Opposes House Proposal to Ban States from Regulating AI.”
10. Letter from Fathom to Chairmen Guthrie and Bilirakis and Ranking Members Pallone and Schakowsky.
11. Letter from the Leadership Conference on Civil and Human Rights to Chairman Bilirakis and Ranking Member Schakowsky, submitted by Rep. Trahan.
12. Statement from Public Citizen.
13. Statement titled “National Declaration on AI and Kids’ Safety.”
14. Letter from National Conference of State Legislatures to Chairman Guthrie and Ranking Member Pallone.
15. Statement from Open Markets titled “Open Markets Lambasts House Committee’s Blank Check to Silicon Valley Oligarchs — Open Markets Institute.”
16. Letter from ENCODE, Fairplay, Common Sense Media, and Young People’s Alliance to Speaker Johnson, Leader Jeffries, Chairman Guthrie, and Ranking Member Pallone.
17. Letter from Public Citizen to Chairman Bilirakis and Ranking Member Schakowsky.
18. Statement from Common Sense Media titled “Statement on House Reconciliation Bill Banning State AI Regulation for 10 Years.”
19. Article from Tech Press titled “Critical Questions for the House Hearing Examining a Federal Restriction on State AI Regulation.”
20. Paper titled “The False Choice Between Digital Regulation and Innovation” by Anu Bradford.¹

¹The article has been retained in committee files and is included in the Documents for the Record at <https://docs.house.gov/meetings/IF/IF17/20250521/118288/HHRG-119-IF17-20250521-SD003.pdf>.

21. Article from the Washington Post titled “Police secretly monitored New Orleans with facial recognition cameras,” submitted by Rep. Veasey.
22. Letter from the Virginia General Assembly Technology and Innovation Caucus to Virginia Congressional Delegation.



The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives,
Washington, DC

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives,
Washington, DC

The Honorable Brett Guthrie
Chairman
House Committee on Energy and Commerce
U.S. House of Representatives,
Washington, DC

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce
U.S. House of Representatives,
Washington, DC

Dear Speaker Johnson, Minority Leader Jeffries, Chairman Guthrie, and Ranking Member Pallone:

As U.S.-based AI-powered startups and small businesses, the undersigned founders are optimistic about AI opportunities for all Americans. We firmly believe AI is a force for good in all sectors of society while also appreciating that new technologies may create novel risks.

Using the power of AI, our companies help small businesses and large, marginalized communities, corporate leaders, farmers, and governments. We are prepared to support thoughtful, balanced, comprehensive legislation that ensures our laws will both promote opportunity and address risk.

Unfortunately, the balanced outcome we endorse has proven unattainable to date, and the future is daunting, with more than 600 AI-regulation bills proposed across our 50 states in 2025 alone. An inconsistent 50-state patchwork of laws will break startups and small companies like ours and undermine early-stage innovation. That's why we support a moratorium on state AI legislation.

A moratorium is an opportunity for a reset. After the moratorium begins, we hope Congress will quickly convene all stakeholders and begin an energetic process that produces clear, consistent standards that reflect American values and are tailored to the realities of building technology at startup scale. We stand ready to engage and support this effort.

Thank you for considering our views.

Sincerely,

Remy Meraz
[Zella Life](#)
Los Angeles, CA


Carlos Gaitan
[Benchmark Labs, Inc](#)
San Diego, CA


Kyle Shannon
[Storyvine](#)
Denver, CO




Sergio Suarez Jr
[TackleAI](#)
 Schaumburg, IL



Tiffany Whitlow
[Acclinate](#)
 Huntsville, AL



Justin Coats
[Neesh Agency LLC](#)
 Redmond, OR



Daniel Goldsmith
[Julius Education](#)
 Somerville, MA



Adri Ofman
[Visual Blasters](#)
 Miami, FL



Mykolas Rambus
[Hush](#)
 Detroit, MI



Leslie Asanga
[Pills2Me](#)
 Las Vegas, NV



Del Smith
[Acclinate](#)
 Birmingham, AL



Rocio Frej Vitale
[Improving Aviation](#)
 Tampa, FL



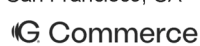
Daniel Taylor
[Bags](#)
 Brooklyn, NY



Maria Barrera
[Clayful](#)
 Davie, FL



Paola Santana
[Glass](#)
 San Francisco, CA



Erik Cardenas
[Zócalo Health](#)
 Seattle, WA



Gareth Hood
[Hood AI](#)
 Happy Valley, OR



Damola Ogundipe
[Plural Policy](#)
 Atlanta, GA



Michelle Muncy-Silva
[Innovative AI Studio](#)
 King City, CA



Sean Higgins
[BetterYou](#)
 Saint Paul, MN



Marisol Rios
[Marisol Rios Co.](#)
 El Paso, TX



Nico Aguilar
[Speeko](#)
 Chicago, IL



Ramesh Kumar
[Lifewell MD](#)
 Port Saint Lucie, FL



Kellye Kamp
[SourceKamp](#)
 Dallas, TX





Yamillet Payano
[Sign-Speak Inc.](#)
 Rochester, NY



Lynda Cathcart
[Lynda Cathcart Curio LLC](#)
 Chapel Hill, NC



Greg Rosner
[PitchKitchen](#)
 New York, NY



Adi Tantravahi
[Cofactor](#)
 Chicago, IL



Cofactor

Katherine Fitzsimmons
[Common Thread Consulting](#)
 St. Paul, MN



Brandon Tidd
[Websites4Everyone](#)
 Cleveland, OH

Websites4Everyone

Edgardo Leija
[Nanome](#)
 San Diego, CA



Bosco Kante
[HiiiWAV](#)
 Oakland, CA



Kevin Lang
[Agerpoint](#)
 Durham, NC



agerpoint

Hanzla Ramey &
 Brandon Mitchell
[WriteSea](#)
 Tulsa, OK



Gwyn Chafetz
[Create A Buzz Inc.](#)
 San Diego, CA



Corin Wagen
[Rowan](#)
 Boston, MA



Rowan



Dear Members of the Arizona Congressional Delegation,

We, the undersigned voices representing a diverse range of industries across Arizona, are writing to share our perspective on the evolving conversation around artificial intelligence. While Arizona has taken only limited legislative action to date, we remain mindful of the potential for future state-level proposals that could jeopardize AI innovation, as have been advanced in other states. As AI continues to transform how businesses operate, we believe it is critical to strike a careful balance that addresses risks and ethical considerations while ensuring the regulatory environment supports continued innovation, economic growth, and competitiveness. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

As you know, Arizona has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

To best position our businesses for success in the 21st century, we urge you to work together in Congress to develop a clear and consistent national framework for the responsible development and deployment of artificial intelligence technologies. A unified federal approach would provide businesses with the predictable regulatory environment needed to foster innovation, encourage investment, and ensure that the benefits of AI can be realized across the United States for all our citizens.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation.

Sincerely,

Arizona Technology Council
Hon. Dr. Laura Metcalfe
Jonathan Treble, Business Leader and Congressional Candidate



May 20, 2025

Chairmen Brett Guthrie and Gus Bilirakis
 Ranking Members Frank Pallone Jr. and Jan Schakowsky
 United States House Energy and Commerce Committee
 Subcommittee on Commerce, Manufacturing, and Trade
 2322 Rayburn House Office Building, Washington, D.C.

Re: CAIDP Statement for the record: *AI Regulation and the Future of US Leadership*, May 21, 2025

Dear Chair Guthrie, Chair Bilirakis, Ranking Member Pallone, Ranking Member Schakowsky, and Members of the Committee,

We write from the Center for AI and Digital Policy (CAIDP) relating to the upcoming hearing on “*AI Regulation and the Future of US Leadership*.”¹ We offer the following recommendations for this Committee as it considers the appropriate federal policy for AI.

1. **Congress should ensure that AI systems are subject to clear standards for transparency, fairness, and accountability, particularly in high-stakes areas like housing, employment, and credit.** The Committee should aim to introduce legislation that would mitigate the several risks and leverage the opportunity areas set out in the 2024 House AI Task Force Report.² The House Report found that AI exacerbates privacy risks and Americans have few means to seek redress from them. Congress should lead with AI policies that seek to encourage innovation AND establish guardrails to protect the American public from AI harms, by encouraging cutting-edge, rights-respecting innovation, and by strengthening America’s national security.
2. **US Federal AI Policy should seek to establish baseline safeguards and not preempt state regulation. We urge this committee to withdraw federal preemption of state AI regulation.** The proposal has drawn bipartisan opposition from state lawmakers and state attorneys general. Federal preemption is misguided and doesn’t advance a meaningful framework for AI.

¹ United States House of Representatives, Committee on Energy & Commerce, [AI Regulation and the Future of US Leadership](#), Sub-Committee on Commerce, Manufacturing, and Trade Hearing, May 21, 2025

² [Bipartisan House Task Force Report on Artificial Intelligence](#), 118th Congress, Dec. 2024, pg. 37



Center for AI and
Digital Policy

States have enacted laws with a surprising commonality targeting the most pressing issues for their constituents. The National Conference of State Legislatures (NCSL) found three legislative trends rising to the top: consumer protection, deepfakes and government use of AI.³ Kentucky just passed legislation to promote responsible use of AI in state government.⁴ Several other states are similarly considering laws relating to the responsible use of AI in government including Texas, Virginia, Arkansas, New Mexico, Mississippi, Nevada, and Wisconsin to name a few.⁵

Instead of shutting down state efforts, Congress should be learning from them. A cooperative federalism model, in which baseline national standards are paired with room for state innovation, would better reflect the urgency and complexity of the moment.

We look forward to your leadership in convening further hearings to ensure that the future of AI technology and American global competitiveness proceeds in path that is participatory, fair, and engendering public trust.

Marc Rotenberg
Executive Director

Merve Hickok
President

Christabel Randolph
Associate Director

Jocelyn Hong
Research Assistant

Mark T. Greene
Research Assistant

³ NCSL, [3 Trends Emerge as AI Legislation Gains Momentum](#), Jan. 23, 2025

⁴ Louisville Public Media, [Kentucky Senate passes bill that would regulate the state government's use of AI](#), Mar. 6, 2025

⁵ NCSL, [Artificial Intelligence 2025 Legislation](#), Apr. 24, 2025



Dear Members of the United States Congress,

As Mayor of Chattanooga and a member of the Community Innovation Partnership (CIP)—a coalition of municipal leaders committed to advancing responsible innovation—I want to express strong support for federal efforts to establish clear, consistent rules for artificial intelligence (AI).

To best position our communities for success in the 21st century, I urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies—starting with the preemption of state regulations, which have the potential to conflict with one another and otherwise create an uncertain patchwork of rules across the country. A consistent federal framework would foster innovation by providing a predictable regulatory environment, encouraging investment, and ensuring the benefits of AI can be realized by communities across the country.

The rapid evolution of AI holds enormous potential for local governments. Communities across the country are already putting AI to work in public safety, emergency response, transportation, permitting, and more. AI tools can also help municipalities detect cyber threats in real time, respond faster to breaches, and better protect against bad actors—especially as ransomware attacks on local government systems continue to rise.

But the absence of a clear federal standard creates a patchwork of laws that generates uncertainty for both local governments and their technology partners. Preemption would not only reduce this uncertainty, it would also lay the groundwork for future federal guardrails that are thoughtful, consistent, and responsive to the needs of communities nationwide.

Modernizing government infrastructure to keep pace with AI through a federal standard also opens the door for businesses to deliver innovative, efficiency-enhancing services—and offers a clear roadmap for cities and counties nationwide. Just as important, a consistent federal AI framework should align with existing national initiatives, such as cybersecurity efforts, and support collaboration across all levels of government. This kind of alignment gives communities the confidence to adopt new technologies without the added burden of regulatory uncertainty.

Local leaders across the nation stand ready to work with you to craft thoughtful, future-focused policy that ensures AI strengthens—not complicates—our ability to deliver efficient, effective, local governance.

Sincerely,

Mayor Tim Kelly, Chattanooga TN



May 21, 2025

Subject: Urgent Need for Federal Preemption of State AI Regulations

Dear Members of the Colorado Congressional Delegation,

We, the undersigned chambers of commerce and business organizations representing a diverse range of industries across Colorado, are writing to express our growing concern regarding the increasing number of proposed state-level regulations targeting the use of artificial intelligence technologies.

While we recognize the importance of addressing potential risks and ethical considerations associated with AI, the current trajectory of disparate state laws could significantly undermine innovation, economic growth, and our ability to compete on a national and global scale. Governor Polis and other elected leaders have highlighted concerns around Colorado's recent efforts to regulate AI and the impact that these regulations could have on technological innovation and investment in our state. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

As you know, Colorado has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. According to the [U.S. Chamber of Commerce](#), 42% of Colorado small businesses are using AI tools to improve their competitiveness with larger companies and 84% of the small business using AI in our state expanded their workforce and reported profit growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

To best position our businesses for success in the 21st century, we urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies, preempting an emerging patchwork of state laws. A unified federal approach would foster innovation by providing businesses with a predictable regulatory environment, encourage investment, and ensure that the benefits of AI can be realized across the United States for all our citizens.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation.

Sincerely,

Adams County Regional Economic Partnership (AC-REP)
Colorado Bankers Association
Colorado Business Roundtable
Colorado Competitive Council
Colorado Concern
Colorado Springs Chamber and EDC
Colorado Technology Association
Denver Metro Chamber of Commerce
Jeffco EDC
Northern Colorado Legislative Alliance
South Metro Denver Chamber



May 20, 2025

The Honorable Gus Bilirakis, Chairman
Subcommittee on Commerce,
Manufacturing, and Trade
Committee on Energy & Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Janice Schakowsky, Ranking Member
Subcommittee on Commerce,
Manufacturing, and Trade
Committee on Energy & Commerce
2322A Rayburn House Office Building
Washington, D.C. 20515

RE: May 21 Hearing on “AI Regulation and the Future of US Leadership”

Dear Chairman Bilirakis, Ranking Member Schakowsky, and Honorable Members of the Subcommittee on Commerce, Manufacturing, and Trade:

Engine is a non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with government and a community of thousands of high-technology, growth-oriented startups across the nation to support a policy environment conducive to technology entrepreneurship. As artificial intelligence is increasingly used, developed, and deployed by startups, Engine has a strong interest in ensuring a regulatory environment for AI conducive to startup success at home and in markets around the globe.

Startups are driving innovation in AI benefitting every corner of the economy—from agriculture to manufacturing, healthcare to education, finance to retail, and more.¹ But policymakers’ approach to regulating AI will determine who is able to participate in the AI ecosystem and the speed at which innovations are disseminated to benefit the public. The U.S. has generally followed a model of permissionless innovation,² enabling entrepreneurs to build beneficial new products unencumbered by strict, expensive regulatory regimes antithetical to invention, experimentation, and iteration. This approach has made the U.S. tech sector the envy of the world.

But poorly conceived AI regulatory frameworks that are overbroad and over-reliant on ex-ante approaches threaten to undermine U.S. startup competitiveness and innovative capacity. The U.S. must avoid importing such costly frameworks like the European Union’s AI Act. According to EU-funded estimates, the EU AI Act will create well over \$200,000 in initial compliance costs and

¹ See, e.g., #StartupsEverywhere, Engine, <https://www.engine.is/startupseverywhere>.

² See, e.g., Adam Thierer, *Permissionless Innovation: The Continuing Case for Comprehensive Technological Freedom*, Mercatus (Mar. 2016), <https://www.mercatus.org/research/books/permissionless-innovation-continuing-case-comprehensive-technological-freedom>.

nearly \$80,000 in annual ongoing costs.³ A think tank analysis released shortly after pegged those costs even higher, at nearly half-of-a-million dollars in initial costs.⁴ For comparison, a seed-stage startup is working with around \$50,000 per month in resources—meaning such costly frameworks can literally take months off of their life.⁵

Individual U.S. states are unfortunately adopting elements of the costly EU approach and are pursuing their own unique AI rules, setting the stage for a patchwork of varying regulations that will steer where startups scale, cause them to degrade the quality of their products, and undermine their competitiveness. Startups have experience with burdensome state patchworks of regulations on issues from HR to data privacy that illustrate the threat to competitiveness that differing rules about the same topic pose for small companies. On data privacy, startups invest hundreds of thousands in privacy compliance, but face \$15,000-\$60,000 for each time states add or amend their laws.⁶ Replicating this patchwork for AI is certain to undermine U.S. leadership.

We appreciate the Subcommittee's attention to this important issue for U.S. AI startups and the recognition—including through recently advanced legislation—that rules for AI being set at a national level is essential for startup competitiveness. We look forward to being a resource for the Subcommittee as you continue to explore AI issues and push to enhance America's innovative capacity. To that end, we have attached a recent report published by Engine below, *Mapping the future: charting the AI ecosystem & a policy blueprint for startup success*, which examines how U.S. startups are building with AI and how policymakers can support their success.

Sincerely,

Engine Advocacy

700 Pennsylvania Ave SE
Washington, D.C. 20003
policy@engine.is

³ Andrea Renda, et al., *Study to support an impact assessment of regulatory requirements for Artificial Intelligence in Europe*, European Commission (Apr. 2021),

<https://op.europa.eu/en/publication-detail/-/publication/55538b70-a638-11eb-9585-01aa75ed71a1>.

⁴ Benjamin Muller, *How Much Will the Artificial Intelligence Act Cost Europe?*, Center for Data Innovation (July 2021),

<https://www2.datainnovation.org/2021-aaa-costs.pdf> (estimates converted from Euros to U.S. Dollars).

⁵ *The State of the Startup Ecosystem*, Engine (Apr. 2021),

<https://static1.squarespace.com/static/571681753c44d835a440c8b5/t/60819983b7f8be1a2a99972d/1619106194054/The+State+of+the+Startup+Ecosystem.pdf>.

⁶ *Privacy Patchwork Problem: Costs, Burdens, and Barriers Encountered by Startups*, Engine (Mar. 2023),

<https://static1.squarespace.com/static/571681753c44d835a440c8b5/t/6414a45f5001941e519492ff/1679074400513/Privacy+Patchwork+Problem+Report.pdf>.



May 21, 2025

The Honorable Gus Bilirakis
Chairman
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and
Trade
United States House of Representatives
Washington, DC 20515

The Honorable Jan Schakowsky
Ranking Member
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and
Trade
United States House of Representatives
Washington, DC 20515

Dear Chairman Bilirakis and Ranking Member Schakowsky,

Thank you for holding today's subcommittee hearing on *AI Regulation and the Future of US Leadership*. We appreciate your focus on the need for a pro-innovation policy environment that cements America's AI leadership.

ITI represents eighty of the world's leading technology companies from all corners of the technology sector, including hardware, software, digital services, semiconductor, network equipment, and other internet and technology-enabled companies. AI is a priority technology area for our member companies, who are both developing and using the technology to evolve their businesses.

The technology industry is increasingly concerned about the growing number of state legislative proposals to regulate AI. There is a risk that a tidal wave of state legislative activity could undermine our shared goals of American technological preeminence. At least three states have passed AI legislation, and more than 1,000 bills have been introduced in 2025 so far.

We appreciate the recognition that a patchwork of state laws on AI could jeopardize national AI priorities in the reconciliation text that advanced out of the Committee last week. Harnessing the benefits of AI to improve federal service delivery, as the legislation's funding for federal AI-enabled systems at the Department of Commerce would do, is just one of the many efficiencies to be gained from the increased adoption of AI – and which could be hampered by competing state regulations.

ITI is eager to work with the Committee to ensure that the U.S. remains a global leader in AI and explore opportunities to develop a unified, risk-based standard for AI development and deployment that avoids conflicting state-level regulation.

Sincerely,

Jason Oxman
President and CEO
Information Technology Industry Council (ITI)

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Dear Members of the Maryland Congressional Delegation,

We, the undersigned chambers of commerce and business organizations representing a diverse range of industries across Maryland, are writing to express our support for the establishment of consistent rules for the development and deployment of artificial intelligence technologies at the national level. A unified federal approach would foster innovation by providing businesses with a predictable regulatory environment, encourage investment, and ensure that the benefits of AI can be realized across the United States for all of our citizens.

As you know, Maryland has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

Right now, Marylanders are struggling as they face significant economic headwinds and job losses due to the federal job cuts. In fact, it was recently announced that the state's credit rating has been downgraded, a result of financial underperformance, and with uncertainty around employment and federal policies, the path to improvement is unclear. That is why it is so important to establish a federal framework that prevents further uncertainty for hardworking Marylanders and allows Maryland to compete on a level playing field with a clear, federal standard for the implementation on AI.

While we recognize the importance of addressing potential risks and ethical considerations associated with AI, the current trajectory of disparate state laws could significantly undermine innovation, economic growth, and our ability to compete on a national and global scale. Overregulating businesses that bring jobs to the state and facilitate opportunities for local entities could have detrimental impacts on our state's economy. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

To best position Maryland and our businesses for success in the 21st century, we urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies, preempting an emerging patchwork of state laws.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation and helping Maryland lead on this critical issue.

Sincerely,

Maryland Retailers Alliance
Maryland Tech Council
Greater Severna Park and Arnold Chamber of Commerce



Dear Members of the Maine Congressional Delegation,

We, the undersigned chambers of commerce and business organizations representing a diverse range of industries across Maine, are writing to express our growing concern regarding the increasing number of proposed state-level regulations targeting the use of artificial intelligence technologies. While we recognize the importance of addressing potential risks and ethical considerations associated with AI, the current trajectory of disparate state laws could significantly undermine innovation, economic growth, and our ability to compete on a national and global scale. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

As you know, Maine has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

To best position our businesses for success in the 21st century, we urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies, preempting an emerging patchwork of state laws. A unified federal approach would foster innovation by providing businesses with a predictable regulatory environment, encourage investment, and ensure that the benefits of AI can be realized across the United States for all of our citizens.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation.

Sincerely,

Retail Association of Maine



May 20, 2025

The Honorable Deb Fischer
United States Senate
448 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Pete Ricketts
United States Senate
139 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Mike Flood
U.S. House of Representatives
343 Cannon House Office Building
Washington, D.C. 20515

The Honorable Don Bacon
U.S. House of Representatives
2104 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Adrian Smith
U.S. House of Representatives
502 Cannon House Office Building
Washington, D.C. 20515

Subject: Urgent Need for Federal Preemption of State AI Regulations

Dear Members of the Nebraska Congressional Delegation:

We, the undersigned chambers of commerce representing a diverse range of industries across Nebraska, are writing to express our growing concern regarding the increasing number of proposed state-level regulations targeting the use of artificial intelligence technologies. While we recognize the importance of addressing potential risks and ethical considerations associated with AI, the current trajectory of disparate state laws could significantly undermine innovation, economic growth, and our ability to compete on a national and global scale. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

As you know, Nebraska has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

To best position our businesses for success in the 21st century, we urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies, preempting an emerging patchwork of state laws. A unified federal approach would foster innovation by providing businesses with a predictable regulatory

environment, encourage investment, and ensure that the benefits of AI can be realized across the United States for all of our citizens.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation.

Sincerely,



Todd Bingham
President & CEO
Nebraska Chamber
of Commerce & Industry



Heath Mello
President & CEO
Greater Omaha Chamber



Jason Ball
President & CEO
Lincoln Chamber of Commerce



Dear Members of the Pennsylvania Congressional Delegation,

We are writing to express our growing concern regarding the increasing number of proposed state-level regulations targeting the use of artificial intelligence technologies. While we recognize the importance of addressing potential risks and ethical considerations associated with AI, the current trajectory of disparate state laws could significantly undermine innovation, economic growth, and our ability to compete on a national and global scale. The lack of a federal framework further complicates a complex and burdensome compliance landscape, particularly for small and medium-sized enterprises that may lack the resources to navigate varying and potentially conflicting requirements across state lines.

As you know, Pennsylvania has enormous opportunity to leverage AI to compete in the global marketplace, via productivity gains, enhanced creativity, and allowing businesses to strategically direct financial resources in the areas that offer the greatest pathways for growth. In addition, modernizing government infrastructure to bring it into the AI age through a federal standard can provide pathways for businesses to offer services that make government more efficient, and demonstrate a roadmap for state and local governments. These actions are critical, as other countries are adopting national policies to promote AI adoption, especially China.

To best position our businesses for success in the 21st century, we urge you to champion federal efforts to establish consistent rules for the development and deployment of artificial intelligence technologies, preempting an emerging patchwork of state laws. A unified federal approach would foster innovation by providing businesses with a predictable regulatory environment, encourage investment, and ensure that the benefits of AI can be realized across the United States for all of our citizens.

We stand ready to collaborate with you and your colleagues on crafting thoughtful and effective federal legislation.

Sincerely,

Pittsburgh Technology Council



May 20, 2025

Chairman Brett Guthrie
House Energy & Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

Ranking Member Frank Pallone
House Energy & Commerce Committee
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Guthrie and Ranking Member Pallone:

On behalf of the members of the National Multifamily Housing Council (NMHC), the National Apartment Association (NAA), and the Real Estate Technology and Transformation Center (RETTCC), we write ahead of your hearing entitled "AI Regulation and the Future of US Leadership" to commend the Committee's efforts to support the nation's leadership in artificial intelligence (AI). Thank you for the opportunity to share the view of rental housing providers and their technology partners as the Committee examines the risks and opportunities of rapidly evolving AI technology.

We support recent provisions in the Energy and Commerce Committee's Budget Reconciliation package that would prevent the enactment of duplicative or burdensome AI regulations at the state and local levels. As our organizations have consistently said in the past, a fragmented regulatory approach in data management, security and technology risks stifling innovation and increasing compliance costs. This ultimately undermines the benefits these systems and technologies offer to renters and housing providers alike.

As the Committee considers AI policy, we urge you to support a balanced framework that safeguards innovation. The existing legal landscape already offers strong protections, and any new regulations should build on that foundation without undermining technological progress.

Background

Rental housing providers use emerging technologies, like AI, to reshape business operations, improve housing affordability and benefit millions of American renters. While commonly perceived to be new technologies, AI and related technologies in rental housing have already led to significant gains in meeting resident expectations and demand. Applications of this technology continue to grow rapidly but, to date, include virtual touring, enhanced resident screening and leasing, home automation, predictive maintenance, and even improved property level climate resilience.

These tools offer benefits to housing providers and residents alike, driving modernization of historic practices and maximizing operational efficiency and improving housing outcomes. They are also subject to robust internal controls, existing legal protections, and regulatory requirements at the federal, state and local level that should be considered before overlaying any additional regulations.

Benefits of AI for Residents, Rental Housing Providers and Others

Below are some examples of how stakeholders in the multifamily space are utilizing AI and other technologies to improve operations and enhance renters' experiences:

- **Rental housing owners and lenders** leverage technology platforms to improve efficiency, underwrite lending, identify investment opportunities to meet growing rental demand and work towards improving housing affordability.



- **Rental housing developers** use new cutting-edge technologies to build and rehabilitate rental properties and have begun to cut costs by leveraging AI to navigate complex and antiquated zoning policies to identify workable land-use strategies to speed development and ultimately improve housing affordability.
- **Rental housing operators** use AI platforms for improved resident service; more transparent and accurate resident screening and leasing to improve housing opportunity and prevent rising rental housing fraud; home automation; and predictive maintenance.
- **Rental housing technology suppliers** are transforming the market with tools that improve the resident experience, enable property sustainability and resilience, enhance security for residents, and lower operational costs through risk management solutions.

As evidenced above, housing providers are turning to these new AI tools to combat rising operational threats that are difficult to address using traditional methods. When implemented properly, these technologies can greatly assist with management and other housing-related obligations and ensure residents receive the best living experience possible.

The rise in fraud in the application and leasing process presents a notable case study on the benefits of AI. NMHC and NAA surveys¹ and reports² have found staggering increases in application fraud. A vast majority of respondents (93.3%) experienced fraud in the past twelve months and most also (70.7%) reported experiencing an increase in fraudulent applications and payments where the person utilized fraudulent documentation, financial statements and even identities. Individuals who submit fraudulent applications and subsequently fail to pay rent account for roughly 1 in 4 (23.8%) of eviction filings. This also drives up housing costs broadly due to nonpayment, with apartment owners, developers and managers forced to write off an average of roughly \$1 million in bad debt stemming from nonpayment due to fraudulent applications. By integrating AI technologies into the screening process, housing providers are pursuing new avenues to better identify and combat application fraud. Over time, this will reduce evictions, lower costs, and prevent renters from fraudulently securing unsustainable leases that result in bad debt.

Similarly, underwriting is a critical part of the lending process, and its accuracy is highly dependent on the quality of the available information. Incorporating AI enhances housing owners' and financiers' ability to effectively underwrite lending and ultimately improve housing supply and lower housing costs as a result.

In addition, empirical evidence suggests that while AI systems are far from perfect, they appear to result in less bias than human beings and may be taught to avoid bias, including in underwriting. For example, renewing or enforcing leases, helping to guide rental pricing, screening applicants for rental housing and taking other resident-facing actions can be time-consuming, costly and inconsistent, despite the best efforts of property owners and managers. Some housing providers use, or are considering using, technology to address these issues that arise within their own communities. Industry practices include providing for human, individualized oversight of decisions recommended by AI systems so that the automated recommendation is just one component in a process that gives humans the best information on which to make a decision.

¹ National Multifamily Housing Council, "NMHC Pulse Survey: Analyzing the Operational Impact of Rental Application Fraud and Bad Debt," <https://www.nmhc.org/research-insight/research-report/nmhc-pulsesurvey-analyzing-the-operational-impact-of-rental-application-fraud-and-bad-debt>.

² National Apartment Association, "Synthetic Fraud: How to Identify, Respond To & Prevent It," <https://www.naahq.org/synthetic-fraud>.



Conclusion

We appreciate the Committee's focus on fostering innovation and ensuring a coherent, forward-looking approach to AI policy. NMHC, NAA, and RETTTC stand ready to work with the Committee to support responsible innovation that improves efficiency, resilience, and affordability in rental housing.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon Wilson Géo".

Sharon Wilson Géo
President
National Multifamily Housing Council

A handwritten signature in black ink, appearing to read "Bob Pinnegar".

Bob Pinnegar
President and Chief Executive Officer
National Apartment Association

A handwritten signature in black ink, appearing to read "Kevin Donnelly".

Kevin Donnelly
Executive Director and Chief Advocacy Officer
Real Estate Technology & Transformation Center



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Washington, D.C. 20005
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May 21, 2025

The Honorable Brett Guthrie
Chairman
House Committee on Energy and
Commerce
2161 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and
Commerce
2161 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Guthrie and Ranking Member Pallone,

TechNet members include many of our nation's leading AI developers, deployers, researchers, and users of cutting-edge AI solutions, and we are committed to ensuring that the United States is the global leader in AI. While we recognize the importance of addressing the known or reasonably foreseeable risks of AI, the current trajectory of state-by-state regulation risks creating a fragmented and contradictory legal landscape that could stifle innovation, impede interstate commerce, hurt our competitive edge, and ultimately fail to provide effective and consistent protections for individuals. America must have one federal standard to regulate AI, and we support the House Energy and Commerce's proposed moratorium on state and local regulations governing AI.

Over 1,000 AI bills have been introduced in state legislatures this year alone. Most companies developing and deploying AI systems do not operate within the boundaries of any one state. The AI bills introduced in state capitols are not uniform or interoperable with one another, contain different definitions of AI and related terminology, and require different disclosures for engineering content. Many state initiatives, though well-intentioned, introduce state-specific requirements that diverge significantly from one another and from potential national or international standards. For instance, California's AB 412 proposes a state-specific seven-day response system and mandates the documentation of every single copyrighted work used for training, creating an onerous burden for developers operating in the state. Similarly, New York's A 6453 applies to any large frontier model operating within the state, and Texas's SB 1960 creates a state-specific notice-and-takedown system for unauthorized digital replicas with damages calculated per violation and no intent requirement, potentially sweeping in small tools and creating significant legal risk. Several state bills exhibit overly broad scopes and impose heavy compliance costs. California's AB 1018, for example, proposes EU-style requirements for algorithms used in consequential decisions, scoping in low-risk tools and imposing heavy compliance costs through



annual evaluations, user opt-out and appeal rights, and 10-year document retention requirements. Such provisions can disproportionately impact smaller businesses and hinder the development and deployment of beneficial AI applications.

Overall, this developing patchwork makes compliance confusing for consumers, burdensome for businesses, and even prohibitive for many small- and medium-sized companies who play an important role in the AI ecosystem. A federal moratorium on state AI regulation is essential to pause this fragmented approach and allow for the careful development of a cohesive national strategy. This period would provide an opportunity for policymakers, industry experts, civil society, and the public to collectively study the complex issues surrounding AI, understand its potential benefits and risks, and deliberate on the most effective regulatory mechanisms.

While we firmly support state and local government's ability to set the rules which they feel best meet the specific needs of their citizens, technology implementation does not have borders. For that reason, the federal government has always governed the use of technology, and AI should be no different. A unified, well-scaled federal approach to managing the risks of AI models and systems, including the most powerful AI frontier models, would address compliance burdens with varying state regulations while still making room for states to address concerns related to high-risk consumer-facing applications where clear gaps have been identified and no existing regulation is applicable, such as with deepfakes or NCII content. A federal framework would provide much needed consistency and clarity for businesses and developers, fostering innovation and investment by reducing the burden of navigating a patchwork of state laws. It would also ensure consistent protections for individuals across the country, regardless of their state of residence. Moreover, a federal approach would be better positioned to address the interstate and international nature of AI development and deployment, facilitating cooperation and alignment with global standards, where appropriate.

We are firmly committed to ensuring that the United States wins the global AI race. Global AI leadership demands that we have the right federal regulatory framework in place that sets a blueprint for the rest of the world to follow. We look forward to continuing to work with your Committee and Congress on this important task and seeing the state regulation moratorium pass as part of the Reconciliation effort.

Sincerely,

A handwritten signature in cursive script that reads "Linda Moore".

Linda Moore
President and CEO



P.O. Box 291522

Nashville, TN 37229

Delegates of Tennessee,

We're writing today as Tennesseans who believe in common sense, limited government, and letting innovation thrive. That's why we're urging you to support the proposed moratorium on artificial intelligence regulations—a step that would help the federal government set a clear, consistent standard for AI across the country.

Right now, we've got a patchwork of state laws that's growing more complicated by the day. For small business owners, startups, and even larger companies here in Tennessee, that means confusion, red tape, and unnecessary costs. It's holding back investment, job creation, and the very kind of growth that could keep our state and our country at the forefront of the global economy.

From trucking and logistics to agriculture and healthcare, AI has the power to transform the way we work and live. But we need a steady foundation to build on—one national framework that gives innovators the green light to move forward, instead of forcing them to tiptoe around 50 different sets of rules.

A moratorium doesn't mean doing nothing. It means hitting pause long enough to get this right—so we can protect consumers, promote innovation, and ensure this technology is used responsibly. It also gives government itself a chance to modernize, using AI to streamline services, cut costs, and deliver better outcomes for taxpayers.

Tennessee has always done well when Washington gets out of the way and lets us lead. But on this issue, we need a national game plan—one that keeps America competitive and gives our businesses the certainty they need to grow.

We hope you'll stand with us in supporting a smart, limited federal framework for AI—so we can keep building a future that works for all Americans.

Sincerely,

Ben Cunningham | President of the Nashville Tea Party



P.O. Box 291522
Nashville, TN 37229

Michael Beach | Owner and CPO of Cumberland Creative

Garret Holt | Owner of Holt Real Estate

Jim Klonaris | Owner of Kefi, Vida, and The Press Room

Jim Allocco | Owner Allocco Hardwood

David Weflen | Owner of Weflen Photography



P.O. Box 291522
Nashville, TN 37229

Noah Wolfe | Owner of 50pts Photography

David Champlin | Owner of Battleground Fitness

Richard Esparza | Owner of Alamo Branding

Rafi Chowdhury | Owner of Chowdhury Digital

Wes Warrington | CEO of Resolve Mdx and Resolve Health

Angela Sadler | Owner of Bloomhouse Tennessee

James Cowell | Director of Operations for AFL



P.O. Box 291522
Nashville, TN 37229

Molly Blakeslee | Owner of Molly Marie Estheticians

Molly Blakeslee

**McDermott
& Company
Associates** Insurance Analysts,
Agents and Consultants
**883 West Baxter Drive
South Jordan, Utah 84095**

May 19, 2025

The Honorable Mike Kennedy
3549 N University Ave, Suite 275
Provo, UT 84604

Dear Representative Kennedy,

I urge you to support the proposed artificial intelligence regulation moratorium, so that America can have a unified federal framework for AI, one that sets consistent national rules and preempts the current patchwork of state laws that has grown out of control. This is essential to ensuring that the United States remains the most competitive and innovation-friendly environment for AI. Without it, businesses will continue to face growing uncertainty across state lines, uncertainty that hurts our economy and future. Startups and established companies alike cannot confidently invest in or scale AI solutions if they must navigate conflicting, shifting state-level requirements.

As artificial intelligence rapidly transforms sectors from logistics to healthcare, America must ensure it remains the best place in the world to build and scale AI-powered businesses. However, business growth depends on certainty, and companies need clear, consistent rules to make long-term investments and develop technologies that can operate on a national scale. A fragmented state-by-state approach with 50 different AI legal structures creates vast legal confusion and compliance costs that few small businesses can absorb.

A moratorium on AI regulation that would modernize America's IT infrastructure would not only help ease the compliance burden of various regulations across different states. Still, it would also be a significant step towards keeping the United States competitive globally. While other nations advance coherent national strategies, the United States risks falling behind by defaulting to a patchwork of state-specific laws. A common standard will provide innovators with the clarity they need to lead effectively.

Crucially, creating a federal framework for AI can accelerate modernization, cost-saving, and efficiency efforts across the government itself. By enabling agencies to adopt AI tools more effectively, it would open up new opportunities for public-private partnerships that improve service delivery and offer replicable models for state and local systems. This would drive innovation and savings across the board.

I urge you to support efforts that create a stable, national approach to AI development and deployment. With the proper foundation in place, we can lead the world in AI while ensuring this technology benefits all Americans. Thank you in advance for your consideration.

Sincerely,



Luke McDermott

(801) 858-0385 Office • (801) 858-0386 Fax • (877) 862-1771 Toll-Free
www.mcdermott-company.com



May 21, 2025

RE: A Supportive Federal Framework for AI Development Should Preempt State Statutes

Dear Members of New York's Congressional Delegation:

As a coalition of New York business and economic development advocates, representing nearly every sector of the Empire State's economy, we write to express our concerns about the growing patchwork of AI policies appearing in states throughout the country. To ensure New York and American businesses more broadly remain at the forefront of the tech race and can develop the next generation of innovations in a predictable regulatory environment, we urge you to support a strong federal framework that preempts a minefield of differing and potentially conflicting state laws.

Without a clear national standard, businesses will face a growing patchwork of state laws that drive up compliance costs and suppress innovation. New York lawmakers have introduced more AI-related bills than any other state, and while well-intentioned, this inconsistent approach will make it harder for companies to grow and compete – especially small and mid-sized start-ups without the resources to navigate complex regulatory and liability regimes.

AI-powered innovations are already transforming small business operations, healthcare, education, and modernizing and streamlining government infrastructure. Without a supportive policy environment, driven by a strong federal framework, many of those developments may never see the light of day.

According to Startup Genome, the Empire State's innovation ecosystem ranks second only to Silicon Valley. Governor Kathy Hochul's historic investment in Empire AI – with her rallying cry that “whoever dominates the AI industry will dominate the next era of human history” – demonstrates New York's deep commitment to remaining at the forefront of this technology. But our status as a global leader in innovation will continue only with clear and consistent policies. A fragmented regulatory environment could send investments and jobs elsewhere, threatening New York's future as a powerhouse for innovative ideas.

To remain competitive, the U.S. needs a single, clear set of AI rules that allow businesses to build responsibly, alongside an effort to modernize our government infrastructure to bring it into the AI age. China is moving fast and adopting national policies to accelerate AI development and using it for authoritarian purposes. Without action from Congress, and legislation that preempts a confusing landscape of piecemeal state laws, we risk handing an edge to our geopolitical competitors.

We urge you to act now to ensure the U.S. leads in AI with clarity, confidence, and a regulatory climate that fosters innovation while ensuring everyone can benefit from this transformative technology. Thank you for considering our perspective, and we look forward to collaborating with your offices on a national AI framework.

Sincerely,

The Business Council of New York State
Lawsuit Reform Alliance of New York
Upstate United

Statement on New Jersey's Ongoing Development and Oversight of Artificial Intelligence

Office of New Jersey Attorney General Matthew J. Platkin

The State of New Jersey is committed to the responsible development and use of artificial intelligence (AI) to capitalize on New Jersey's national leadership role as a hub in key industries such as health, sustainability, finance, and technology. Our multipronged approach promotes the ability of academia, industry, state government, and public-private partnerships to work together to promote, develop, and deploy AI technologies in appropriate use cases with effective government oversight through the enforcement of preexisting and new laws and regulations. This strategy is enabling our State to leverage AI to foster progress and create economic opportunity for New Jerseyans while ensuring that the public is protected from emerging and evolving harms.

We welcome federal government leadership in steering a national conversation around the benefits and risks of AI and how to design a shared legal framework that appropriately balances the attendant risks and benefits at the baseline without stifling innovation. As New Jersey's own experience shows, it is essential that States be given the space to explore how their local circumstances translate into priorities and anticipated impacts, to decide for themselves how to calibrate their government programs and legal regimes to the needs of their residents, and to experiment with and learn from different regulatory and enforcement approaches in light of their specific circumstances.

That diversity of perspectives and experiences will only enrich the national conversation around AI and put Congress in the best position to enact legislation that best serves the interests of the public in our vast nation. For that reason, last week I joined 39 other State Attorneys General in a bipartisan letter urging Congress to reject a proposal that would impose a 10-year prohibition on enforcing state laws addressing AI and automated decision-making. And today, through this statement, I would like to provide this committee with additional information about the valuable work in the AI space that is in progress in New Jersey, as an illustration of the kinds of contributions that could be delayed or lost if Congress were to deny the States a role in regulating the risks of AI through an overbroad moratorium.

Positioning New Jersey as an AI Hub in the East Coast

In October 2023, Governor Phil Murphy signed Executive Order 346, which established an AI Task Force charged with studying emerging AI technologies to issue findings on their potential impact on society and to offer recommendations for government actions to encourage the ethical and responsible use of AI technologies, including Generative AI. As a member of the Task Force, I am proud of the work we have done to better understand and leverage these emerging technologies in concrete ways while identifying the key considerations and principles that should guide effective oversight.

As part of its work, the Task Force commissioned several surveys to gauge responses and attitudes towards AI among New Jersey public employees, institutions, and residents, to better understand our technological landscape and ensure that our government's strategy is well aligned with local priorities and concerns and fosters public trust. Building on this work and months of consultation

with experts and stakeholders, the AI Task Force issued a final report in November 2024 that included recommendations to the Governor to encourage the statewide development and use of AI, improve government services, and promote equitable outcomes.

Since then, New Jersey has taken multiple steps to put our commitment to innovation into action. In March 2025, Governor Murphy officially opened the NJ AI Hub, a state-of-the-art facility in West Windsor Township that will provide a physical location for a public-private partnership among the New Jersey Economic Development Authority (NJEDA), Princeton University, Microsoft, and CoreWeave. Supported by an investment of over \$72 million, programming at the NJ AI Hub will focus on research and development, commercialization and acceleration of innovation, and strengthening AI education and workforce development. This initiative is part of a broader push to promote statewide investment in AI, which also includes a tax credit program for innovative AI companies and the creation of a venture fund that will invest in early-stage AI startups, focusing on companies that are part of New Jersey's strategic industries.

Enforcing Existing Laws and Regulations

While AI presents new opportunities that New Jersey is ready to embrace, our existing laws and regulations still provide strong tools to ensure that the use of innovative technologies does not result in discrimination or bias-based harassment. My office and the New Jersey Division on Civil Rights (DCR) are committed to enforcing New Jersey's civil rights laws, including the New Jersey Law Against Discrimination (LAD), which is one of the nation's strongest antidiscrimination laws. In January 2025, we issued joint guidance¹ addressing the application of the LAD to algorithmic discrimination resulting from the use of new and emerging data-driven technologies, including AI.

The LAD prohibits discrimination and bias-based harassment in employment, housing, places of public accommodation, credit, and contracting on the basis of actual or perceived race, religion, color, national origin, ancestry, sex, gender identity or expression, sexual orientation, disability, and other protected characteristics. Although the law predates the development of AI, by its terms, it squarely applies to automated decision-making tools that rely on innovative technologies if their use results in unlawful discrimination. The guidance provides clear definitions, legal standards for liability, and examples of how discrimination and bias may be introduced at every stage of the lifecycle of these tools—from their design, through the training of underlying models, and up to the tools' deployment and use. It is tailored to educate the public and put regulated sectors on notice of the specific risks of algorithmic discrimination that these tools carry and how the LAD redresses them.

The use of AI and other automated decision-making tools does not immunize covered entities from LAD liability that they would face if they achieved the same results through other means. A nationwide moratorium on enforcement of state laws on AI may hinder our ability to enforce these longstanding civil rights protections and provide much-needed legal guidance to innovators and service providers who wish to harness the promise of AI without perpetuating discrimination and bias. I urge Congress to preserve New Jersey and other States' ability to protect the public in this space.

¹ https://www.nj.gov/oag/newsreleases25/2025-0108_DCR-Guidance-on-Algorithmic-Discrimination.pdf

Tackling Emerging Harms to the Public Through New Legislation

In addition to enforcing longstanding laws like the LAD, New Jersey has also enacted new legislation to provide guardrails for the use of AI and other innovative technologies that specifically apply to areas and use cases where members of the public may face a heightened risk of harm. That is the kind of tailored approach to AI regulation by the States that Congress should welcome rather than discourage or seek to displace.

For example, the New Jersey Data Privacy Act (NJDPa), our State’s omnibus privacy law, went into effect in January 2025. The NJDPa requires, among other things, that businesses that intend to process consumer data conduct data protection assessments if such processing “presents a heightened risk of harm to a consumer.” One of the activities that may result in such “heightened risk” is profiling, defined as any form of automated processing performed on personal data to evaluate, analyze or predict personal aspects related to an identified or identifiable individual’s economic situation, health, personal preferences, interests, reliability, behavior, location or movements. The NJDPa also grants consumers the right to opt-out of profiling in furtherance of decisions that produce legal or similarly significant effects. Deployment of any AI tools that may engage in “profiling” or otherwise process data in a way that presents a risk of harm to a consumer would trigger the application of the Act.

Similarly, in April, Governor Murphy signed into law a new statute that establishes civil and criminal penalties for the production and dissemination of deceptive audio or visual media, commonly known as “deepfakes,” for illicit purposes. As our Legislature recognized, the advancement of AI has not only enabled the creation of ever more realistic and convincing deepfakes, but also made them more widely accessible and easy to generate by all kind of users. Still, in recognition of the First Amendment concerns and risks of stifling innovation that a broad deepfake ban could raise, our legislation specifically focuses on materials that are created or used to commit or attempt to commit crimes and offenses, including sex-related crimes, harassment, and improper influencing of official and political matters. Indeed, in 2024, my office and the New Jersey Secretary of State issued guidance to the public on identifying and avoiding the spread of deepfake photos, videos, and audio that use Generative AI technologies that spread misinformation aimed at manipulating and misleading voters.²

New Jersey’s experience shows that States can take well-informed, tailored, and sophisticated approaches to regulating AI and managing the evolving risks that these technologies pose for our residents while being a hospitable home for innovators. I urge Congress to stay the course and allow us to continue doing so.

² <https://www.njoag.gov/as-2024-presidential-election-approaches-It-governor-way-and-attorney-general-platkin-issue-guidance-on-how-to-recognize-political-deepfakes-designed-to-misinform-and-manipulate/>



May 21, 2025

The Honorable Gus Bilirakis, Chair
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing,
and Trade
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Jan Schakowsky, Ranking Member
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing,
and Trade
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Bilirakis and Ranking Member Schakowsky:

Thank you for convening the hearing, "AI Regulation and the Future of US Leadership." Advocates for Highway and Auto Safety (Advocates) appreciates the opportunity to provide input on this important issue and underscore the need to ensure the safety of the American public while advancing developing technology, which can and should be done in unison. Conversely, hampering the ability of states to protect the public on roadways, especially in the absence of federal safety laws and regulations, does not serve this goal.

Motor Vehicle Deaths Remain Historically High

On average, 112 people were killed every day on roads in the U.S., totaling 40,901 fatalities in 2023, the most recent final annual data from the National Highway Traffic Safety Administration (NHTSA).¹ This is a 24 percent increase in deaths in just a decade.² An additional 2.44 million people were injured.³ Early estimates for 2024 find a welcome, albeit slight, reduction in traffic fatalities to 39,345.⁴ Yet, nearly 40,000 people killed on our roads is still reason to utilize verified solutions.

In 2023, 7,314 pedestrians and 1,166 pedalcyclists were killed in traffic crashes.⁵ Motorcycles continue to be the most hazardous form of motor vehicle transportation;⁶ 6,335 riders were killed in 2023.⁷ Also that year, 5,472 people were killed and 153,452 were injured in large truck crashes.⁸ Since 2009, the number of fatalities in large truck crashes has increased by 76 percent⁹ and those injured rose by 117 percent.¹⁰

With regard to the leading contributing factors to motor vehicle crashes in 2023: alcohol impaired driving resulted in 12,429 people killed;¹¹ speeding resulted in 11,775 people killed;¹² 10,484 vehicle occupants killed in crashes were unrestrained;¹³ and, crashes in which at least one driver was distracted resulted in 3,275 fatalities.¹⁴ This deadly road epidemic is predicated on dangerous roadway design.¹⁵ Additionally, in 2021, the most recent year for which data is available according to the Non-Traffic Surveillance (NTS) system, an estimated 3,990 people were killed in non-traffic motor vehicle crashes, an increase of 26 percent from 2020.¹⁶ And, since 1990, at least 1,127 children have died in hot cars.¹⁷

In addition to the physical and emotional repercussions of motor vehicle crashes, the annual economic cost is approximately \$340 billion (2019 dollars).¹⁸ This figure equates to every person living in the U.S. essentially paying an annual "crash tax" of over \$1,000. Moreover, the total value of societal harm from

motor vehicle crashes in 2019, which includes loss of life, pain and decreased quality of life, was nearly \$1.4 trillion.¹⁹ When adjusted solely for inflation, this figure amounts to over \$1.77 trillion.²⁰ Research from the Network of Employers for Traffic Safety (NETS) finds motor vehicle crashes cost employers \$72.2 billion in direct crash-related expenses in 2019.²¹

Proven Technology Saves Lives and Prevents Injuries

A comprehensive and effective approach to improve traffic safety is needed. Proven vehicle safety upgrades are one of the most effective strategies. Research from NHTSA has estimated that, “From 1968 through 2019, NHTSA’s safety standards prevented more than 860,000 deaths on the nation’s roads, 49 million nonfatal injuries, and damage to 65 million vehicles. In 2019 alone, these standards prevented about 40,000 deaths, 1.9 million nonfatal injuries, and damage to 3.8 million vehicles,” and “[F]rom 1968 to 2019, the comprehensive societal benefits amounted to \$17.3 trillion, using 2019 dollars. In contrast, the total costs for the 52 years combined are roughly \$1 trillion.”²²

Past efforts include: tire pressure monitoring systems;²³ rear outboard 3-point safety belts;²⁴ electronic stability control;²⁵ rear safety belt reminder systems;²⁶ brake transmission interlocks;²⁷ safety belts on motorcoaches;²⁸ rear-view cameras;²⁹ safer power window switches;³⁰ advanced driver assistance systems (ADAS);³¹ advanced impaired driving prevention technology;³² rear designated seating position alert (“hot cars”);³³ enhanced vehicle hood and bumpers to better protect vulnerable road users;³⁴ and, advanced head lamps.³⁵ To address the ongoing traffic safety crisis, Advocates urges the completion of overdue or unfulfilled performance standards for critical vehicle safety technology as directed by the bipartisan Infrastructure Investment and Jobs Act (IIJA)³⁶ and other laws.³⁷ Some of these systems use artificial intelligence (AI).

Requirements for additional proven lifesaving technologies as standard equipment in all new vehicles should be advanced in future federal legislation and regulatory proposals. Again, some of these systems implement AI. These include driver support systems (also referred to as driver monitoring) to curb distraction and automation complacency, among other safety issues. The European New Car Assessment Program (Euro NCAP) already evaluates these systems and noted they can help “mitigate the very significant problems of driver distraction and impairment through alcohol, fatigue, etc.” in its rating program.³⁸ Blind spot detection (BSD) with intervention, intelligent speed assistance (ISA), improvements to automatic emergency braking (AEB) to detect vulnerable road users including bicyclists and motorcycle riders and for rear braking and cross traffic alert, among other upgrades, should be pursued. These systems are already in certain vehicles and are preventing or mitigating crashes.³⁹

Crash avoidance technologies, some of which use AI, are also foundational building blocks for a potentially automated driving future. An autonomous vehicle (AV) will need to detect and respond to all road users, vehicles and infrastructure in the roadway environment in all lighting conditions and speeds (AEB), to monitor blind spots and take appropriate action (BSD with intervention), to stay within its lane (lane keeping assistance), to follow speed limits (ISA), and to know if the vehicle is occupied (occupant detection and alert systems), especially if deployed as a shared system, among other responsibilities. For partial ADS, driver support systems will need to ensure that an alert and attentive driver is ready and able to take over at a moment’s notice when the ADS is unable to continue the driving task.

Public Roadways Should Not Be Proving Grounds for AI and ADS

While Advocates supports the deployment of technology verified by independent research to prevent crashes and reduce the resulting deaths and injuries, we are concerned that the implementation of AI into our Nation’s transportation system without proper safeguards, transparency, accountability and

regulations could needlessly jeopardize public safety. There are no minimum federal safety standards to ensure the performance of vehicles equipped with an ADS, including AVs, as they operate on public roads among the traveling public. As evidenced by several fatal crashes involving cars equipped with ADS and partial driving automation technology⁴⁰, federal regulations are essential to ensure developing technologies work as needed to prevent crashes, fatalities and injuries. They must also perform as the user expects and as necessary for systems that require an alert driver. They must not present an unreasonable risk to drivers and passengers as well as those outside of the vehicle including emergency responders.

States Must Retain the Right to Protect Families on Their Roadways

The Committee on Energy and Commerce has advanced legislation, the current draft of the budget reconciliation bill,⁴¹ which includes a provision to preempt state actions on AI, which includes AVs, in the absence of federal rules. The provision states, “no state or political subdivision may enforce any law or regulation regulating artificial intelligence models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of this Act.”⁴² Advocates adamantly opposes this provision which undercuts states’ ability to protect road users and sets a dangerous precedent of state preemption in the absence of federal regulation.

States must retain the right to protect their residents and visitors. This critical safety authority is identified in the AV Tenets (see enclosure), a people-and safety-first proactive path to safe AV adoption on our roadways. They are supported by more than 65 groups from across the Nation representing safety, consumer, public health, biking, walking, disability rights, environmental, law enforcement and first responder interests, among others. In addition to retaining local control, the AV Tenets prioritize safety for all road users, preserve consumer and worker rights, guarantee accessibility for all people and ensure sustainable transportation.

Adequate safety data collection and transparency on ADS safety performance are important to evaluate its readiness as well as build consumer confidence. Recent actions by the U.S. Department of Transportation (DOT) to weaken reporting requirements established by Standing General Order (SGO) 2021-01 are disappointing.⁴³ Rather, comprehensive information should be collected and publicly shared to spur transparency, accountability and innovation.

Fear of Falling Behind Other Countries Should Not Degrade Safety

In sharp contrast to what is happening in the U.S., other countries are taking a more calculated, careful and cautious approach to the development of AVs.⁴⁴ Often-repeated claims about the U.S. “falling behind” other countries in the “race” for AVs are simply not true nor supported by research. For example:

- China continues to require permits or restricts operations of AVs on its roads to only those areas approved by the authorities.⁴⁵
 - China has recently placed more restrictions on vehicle autonomy: prohibiting Beta-testing and remote parking / summoning features, requiring hands-on detection with intervention, restricting over the air updates, and restricting the use of misleading marketing terms.⁴⁶
- In Japan, the introduction of Level 4 vehicles has been controlled and limited to specific, lightly populated areas.⁴⁷
- The latest European Union (EU) General Safety Regulation (GSR) establishes a type approval process for driverless vehicles. The technical rules limit applications to restrict risks and oversee approval through testing and other requirements.⁴⁸

In sum, no country is selling fully automated vehicles for unfettered use to the public and by many accounts, none will be for a significant amount of time.⁴⁹ According to the most recent KPMG analysis, the U.S. ranks fourth in the world for AV readiness, while China stands at number twenty. The U.S. is not lagging other countries in allowing AVs to go to market, but we are behind in establishing comprehensive regulations to ensure public safety will not be jeopardized or diminished.

Innovation and Safety are Mutually Attainable and Desirable

Roadway deaths and injuries are not only preventable, but they also result in long-lasting impacts which often are not accounted for in statistics alone. For every single death and serious injury, there is a horrific ripple effect forever changing the lives of children, parents, friends and communities. The public is aware and rightly worried about roadway safety. In December 2024, Advocates released a public opinion [poll](#) that found 9 of 10 adults surveyed are concerned about themselves or their loved ones getting into motor vehicle crashes.⁵⁰

Surface transportation reauthorization legislation historically has prioritized safety for the public traveling on our Nation's roads.⁵¹ The enduring historic highs of roadway fatalities and injuries compel the next reauthorization legislation to continue this legacy. The opportunity to advance proven solutions, including verified vehicle safety technologies and systems, in the next reauthorization must be seized to keep American families safe and whole on our public roads.

Thank you for your consideration of these issues. We look forward to continuing to work with you to improve safety on our Nation's roadways.

Sincerely,



Catherine Chase
President

cc: The Honorable Brett Guthrie, Chair, Committee on Energy and Commerce
The Honorable Frank Pallone, Ranking Member, Committee on Energy and Commerce
Members of the U.S. House of Representatives Committee on Energy and Commerce

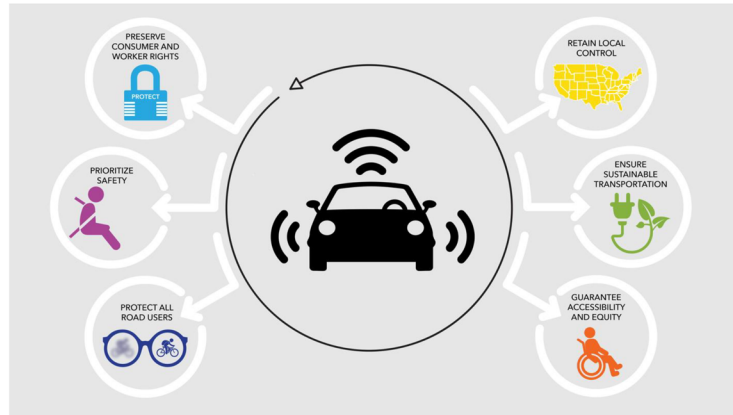
Encl.: AV Tenets

- ¹ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705.
- ² Traffic Safety Facts 2022: A Compilation of Motor Vehicle Traffic Crash Data, NHTSA, DOT HS 813 656, Dec. 2024 [Annual Report 2022]; and Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023]; [comparing 2013 to 2023].
- ³ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023].
- ⁴ Early Estimate of Motor Vehicle Traffic Fatalities in 2024, DOT HS 813 710, April 2025.
- ⁵ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023].
- ⁶ The Economic and Societal Impact of Motor Vehicle Crashes, 2019 (Revised), NHTSA, Feb. 2023, DOT HS 813 403, available at <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813403>.
- ⁷ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023].
- ⁸ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023].
- ⁹ Traffic Safety Facts 2022: A Compilation of Motor Vehicle Traffic Crash Data, NHTSA, DOT HS 813 656, Dec. 2024 [Annual Report 2022]; and Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023]. Note, the 62 percent figure represents the overall change in the number of fatalities in large truck involved crashes from 2009 to 2023. However, between 2015 and 2016 there was a change in data collection at U.S. DOT that could affect this calculation. From 2009 to 2015 the number of fatalities in truck-involved crashes increased by 21 percent, and between 2016 to 2023, it increased by 17 percent, and between 2015 and 2016, it increased by 14 percent.
- ¹⁰ Traffic Safety Facts 2022: A Compilation of Motor Vehicle Traffic Crash Data, NHTSA, DOT HS 813 656, Dec. 2024 [Annual Report 2022]; and Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 [Overview 2023]. Note, the 107 percent figure represents the overall change in the number of people injured in large truck involved crashes from 2009 to 2023. However, between 2015 and 2016 there was a change in data collection at U.S. DOT that could affect this calculation. From 2009 to 2015 the number of people injured in truck-involved crashes increased by 59 percent, and between 2016 to 2022, it increased by 14 percent, and between 2015 and 2016, it increased by 14 percent.
- ¹¹ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705
- ¹² Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705
- ¹³ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705
- ¹⁴ Traffic Safety Facts: Overview of Motor Vehicle Traffic Crashes In 2023, April 2025, DOT HS 813 705 These crashes are known to be underreported and undercounted.
- ¹⁵ 2024 Dangerous by Design report. Available here: <https://smartgrowthamerica.org/dangerous-by-design/>
- ¹⁶ National Center for Statistics and Analysis. (2024, April). NonTraffic Surveillance: Fatality and injury statistics in non-traffic crashes in 2021 (Report No. DOT HS 813 539). National Highway Traffic Safety Administration.
- ¹⁷ Child Hot Car Dangers Fact Sheet, Kids and Car Safety, available here: https://www.kidsandcars.org/document_center/download/hot-cars/Heatstroke-fact-sheet.pdf
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- ¹⁹ Economic and Societal Impact 2019.
- ²⁰ CPI Inflation Calculator, BLS, available at https://www.bls.gov/data/inflation_calculator.htm, calculation Jan. 2019 – Jan. 2025.
- ²¹ Cost of Motor Vehicle Crashes to Employers – 2019, Network of Employers for Traffic Safety, March 2021.
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- ²³ Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act, Pub. L. 106-414 (Nov. 1, 2000).
- ²⁴ Anton's Law, Pub. L. 107-318 (Dec. 4, 2002).
- ²⁵ Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Pub. L. 109-59 (Aug. 10, 2005).
- ²⁶ *Id.*
- ²⁷ *Id.*
- ²⁸ Moving Ahead for Progress in the 21st Century (MAP-21) Act, Pub. L. 112-141 (Jan. 3, 2012).
- ²⁹ Cameron Gulbransen Kids Transportation Safety Act of 2007, Pub. L. 110-189 (Feb. 28, 2008).
- ³⁰ *Id.*
- ³¹ Infrastructure Investment and Jobs Act, Pub. L. 117-58 (Nov. 15, 2021).
- ³² *Id.*
- ³³ *Id.*
- ³⁴ *Id.*
- ³⁵ *Id.*

- ³⁶ Pub. L. 117-58.
- ³⁷ Fixing America's Surface Transportation (FAST) Act, Pub. L. 114-94 (2015); Moving Ahead for Progress in the 21st Century (MAP-21) Act, Pub. L. 112-141 (2012).
- ³⁸ Euro NCAP 2025 Roadmap: In Pursuit of Vision Zero, Euro NCAP; <https://cdn.euroncap.com/media/30700/euroncap-roadmap-2025-v4.pdf>.
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- ⁴¹ Part 2, Section 43201, Subsection 3, pursuant to H. Con. Res. 14.
- ⁴² Id.
- ⁴³ See Advocates' statement: <https://saferoads.org/2025-nhtsa-av-framework-statement/>
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- ⁴⁹ Lawrence Ulrich, Driverless Still a Long Way From Humanless, N.Y. Times (Jun. 20, 2019); Level 5 possible but "way in the future", says VW-Ford AV boss, Motoring (Jun. 29, 2019).
- ⁵⁰ Online CARAVAN SURVEY, The Public is Very Concerned About Traffic Safety Even Though They Are Not Aware of the Enormity of the Deadly Toll on our Roadways (Dec. 2024). Available at: <https://saferoads.org/wp-content/uploads/2024/12/Advocates-December-2024-Poll-Report-12-4-24.pdf>
- ⁵¹ Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Pub.L. 109-59 (Aug. 10, 2005); Moving Ahead for Progress in the 21st Century (MAP-21) Act, Pub. L. 112-141 (Jan. 3, 2012); Fixing America's Surface Transportation Act (FAST Act), Pub. L. 114-94 (Dec. 4, 2015); Infrastructure Investment and Jobs Act, Pub. L. 117-58 (Nov. 15, 2021).

Autonomous Vehicle (AV) Tenetsⁱ

November 2020 – Data Update August 2024

**Prioritizing Safety of All Road Users**

Safety Rulemakings: All levels of automated vehiclesⁱⁱ must be subject to comprehensive and strong federal standards ensuring they are safe and save lives. While the U.S. Department of Transportation (DOT) has the authority to issue motor vehicle safety standards for all levels of automated vehicles, it has abrogated this responsibility by focusing its efforts on inadequate voluntary initiatives. When Congress considers legislation on AVs, it is imperative that the protection of all road users is the guiding principle, and that legislation requires the DOT to commence rulemakings on safety standards and issue final rules by a date certain with a reasonable compliance date. The rulemakings must address known and foreseeable safety issues, many of which have been identified by the National Transportation Safety Board (NTSB) and other research institutions, including:

- **Revising Federal Motor Vehicle Safety Standards:** Any actions by the National Highway Traffic Safety Administration (NHTSA, Agency) to revise or repeal existing Federal Motor Vehicle Safety Standards (FMVSS) in order to facilitate the introduction of AVs must be preceded by and conducted in a public rulemaking process and cannot be undertaken by internal Agency actions. Any revision must meet the safety need provided by current standards.
- **Collision Avoidance Systems:** Certain advanced safety technologies, which may be foundational technologies for AVs, already have proven to be effective at preventing and mitigating crashes across all on-road modes of transportation and must be standard equipment with federal minimum performance requirements. These include automatic emergency braking (AEB) with pedestrian and cyclist detection, lane departure warning, and blind spot warning, among others. A lack of performance standards has contributed to

instances of dangerous malfunctions of this technology, highlighting the need for rulemakings for collision avoidance systems and other fundamental AV technologies. As collision avoidance technology continues to improve and evolve, it should also be required to detect and prevent collisions with all vulnerable road users (VRUs) and objects in the operating environment.

- **“Vision Test” for AVs:** Driverless cars must be subject to a “vision test” to guarantee an AV will operate on all roads and in all weather conditions and properly detect and respond to other vehicles, all people and objects in the operating environment including but not limited to Black and Brown people, pedestrians, bicyclists, wheelchair users and people with assistive technology, children and strollers, motorcycles, roadway infrastructure, construction zones and roadside personnel, and interactions with law enforcement and first responders. Any algorithm that will inform the technology must be free of bias. Risk assessments for AVs must ensure adequate training data which is representative of all users of the transportation system. Manufacturers and developers must be required to meet basic principles in the development and use of algorithms including: the use of algorithms should be transparent to the end users; algorithmic decision-making should be testable for errors and bias while still preserving intellectual property rights; algorithms should be designed with fairness and accuracy in mind; the data set used for algorithmic decision-making should avoid the use of proxies; and, algorithmic decision-making processes that could have significant consumer consequences should be explainable. The DOT must review algorithms and risk assessment procedures for potential issues, and any identified problems must be then corrected by the developer or manufacturer and verified by the DOT. Coordination and oversight should be led by the Office of the NHTSA Civil Rights Director in partnership with the Office of the Assistant Secretary for Research and Technology, NHTSA Office of Vehicle Safety Research, NHTSA Office of Automation Safety, and NHTSA Chief Counsel's office. The Office of the NHTSA Civil Rights Director should be given adequate resources, expertise and authority to accomplish this role.
- **Human-Machine Interface (HMI) for Driver Engagement:** Research demonstrates that even for a driver who is alert and performing the dynamic driving task, a delay in reaction time occurs between observing a safety problem, reacting and taking needed action. For a driver who is disengaged from the driving task during autonomous operation of a vehicle (i.e., sleeping, texting, watching a movie), that delay will be longer because the driver must first be alerted to re-engage, understand and process the situation, and then take control of the vehicle before taking appropriate action. Therefore, an AV must provide adequate alerts to capture the attention of the human driver with sufficient time to respond and assume the dynamic driving task for any level of vehicle automation that may require human intervention. This mechanism must be accessible to all occupants, including people with disabilities and vulnerable populations.
- **Cybersecurity Standard:** Vehicles must be subject to cybersecurity requirements to prevent hacking and to ensure mitigation and remediation of cybersecurity events. The Federal Aviation Administration (FAA) has a process for the certification and oversight of all U.S. commercial airplanes, including avionics cybersecurity, although improvement is needed according to a recent Government Accountability Office (GAO) study.⁴⁸ The DOT should be directed, in cooperation with the National Institute of Standards and Technology (NIST), to develop a cybersecurity standard for automated driving systems. The DOT should then require

the cybersecurity standard be applied to all new vehicles. The DOT must be engaged in all relevant discussions on artificial intelligence.

- **Electronics and Software Safety Standard:** Vehicles must be subject to minimum performance requirements for the vehicle electronics and software that power and operate vehicle safety and driving automation systems individually and as interdependent components.
- **Operational Design Domain (ODD):** The NHTSA must issue federal standards to ensure safeguards for driving automation systems to limit their operation to the ODD in which they are capable of functioning safely. An ODD includes elements such as: the type of roadway, geographical area, speed range, vehicle operating status, and environmental and temporal conditions in which the vehicle is capable of operating safely; any roadway or infrastructure asset required for the operation of the vehicle, such as roadside equipment, pavement markings, signage, and traffic signals; and, the means by which the vehicle will respond if the defined ODD changes or any circumstance which causes vehicle to operate outside of its defined ODD. The rule shall also: specify requirements for how the vehicle will safely transition to a minimal risk condition as a result of a malfunction or when operating outside of the ODD, including the necessity for human intervention that is accessible to all occupants including people with disabilities and vulnerable populations; and, the ability of the vehicle to comply with local laws as part of whether the vehicle is operating inside the ODD.
- **Functional Safety Standard:** Requires a manufacturer to ensure the design, development, verification and validation of safety-related electronics or software demonstrates to NHTSA that an AV will perform reliably and safely under the conditions the vehicle is designed to encounter. Additionally, NHTSA must validate that the manufacturer's certifications of functional safety are accurate and reliable by conducting their own testing as needed.
- **Safe Fallback:** Every driving automation system must be able to detect a malfunction, a degraded state, or operation outside of ODD and safely transition to a condition which reduces the risk of a crash or physical injury. In the event of a failure, it is essential that the occupants of a driverless car have the ability to assume manual control to complete or command a safe transition to reach a safe location and safely exit the vehicle. This mechanism must be accessible to all occupants, including people with disabilities and vulnerable populations. Commercial vehicles, including those used for public transportation or freight, present distinct challenges, such as the need to identify qualifications necessary to operate, that will need to be addressed separately.
- **Crash Procedures Standard:** Requires manufacturers to have procedures in place, including proper shutdown protocols, for when an AV is involved in a crash to ensure the safety of all occupants of the AV, other road users and emergency responders.
- **Standard for Over-the-Air (OTA) Updates:** Requires consumers be given timely and appropriate information on the details of the OTA update and ensures any needed training or tutorials are provided. Limits the circumstances in which manufacturers can update a vehicle OTA and provides requirements for OTA updates that necessitate a recall or an additional demonstration of safety. OTA updates that enhance the safety of a vehicle should not be optional or require the consumer to incur any additional expense. During the update process cybersecurity must be maintained. In developing the OTA standard, NHTSA should develop rigorous testing around the most effective way to push out OTA updates to owners and operators of vehicles. Updates must be accessible for all users, including people with disabilities. In addition, information on OTA updates should be available in multiple

languages, similar to compliance with Section 508 of the Rehabilitation Act of 1973 (Pub. L. 93-112), and via video with closed captioning as appropriate, as well as other means of communication to promote access. In a commercial setting, it will be especially critical for there to be clear protocols for how and when OTA updates are carried out.

Safety and Performance Data: With the increasing number of vehicles with different automated driving systems (ADS) being tested and some being sold to the public, standardized data elements, recording, and access to safety event data are necessary for the proper oversight and analysis of the performance of the driving automation systems. Vehicles on the road today are already producing enormous amounts of data, and the amount and type of data will only increase as driving automation evolves. There are many stakeholders who need that data for numerous and varied reasons, most importantly safety. The DOT must issue a FMVSS requiring all vehicles to be equipped with technology that captures all necessary data to understand and evaluate the safety performance of AVs on the road. Moreover, following best practices, data on disengagements and near-misses would help to identify flaws in the technology and may allow cities and states to proactively invest in infrastructure improvements or update the design of dangerous intersections and corridors to ensure safety for all street users. Real-time data on vehicle speeds, travel times, and volumes enables states, cities, and communities to manage congestion and speed, uncover patterns of excessive speeds, evaluate the success of street design projects, and ultimately improve productivity and quality of life. It could also facilitate emergency response by summoning and providing important information to emergency personnel, assist in the safe extraction of occupants, and provide a way for first responders to safely disable and secure the vehicle. Safety and performance data should be made available to relevant stakeholders such as state and local governments, federal agencies, operators or dispatchers of the vehicle itself, independent research bodies, law enforcement, first responders, insurers, and the public, with appropriate privacy protections.

Manufacturer Submissions to NHTSA: Any submission to NHTSA by AV manufacturers or developers must be mandatory, publicly available and include thorough and adequate data and documentation. Additionally, NHTSA must be directed to review and evaluate all submissions to assess whether an approach to ADS development and testing includes appropriate safeguards for operation on public roads. Moreover, submissions should be substantive and include, but not be limited to the following issues: ADS control capabilities; ODD; other limitations and constraints; methods and timing of driver engagement (if applicable); data definitions; recording; and, accessibility. Miles accumulated by simulation, as opposed to on-road testing, cannot substitute for on-road testing or serve as the sole basis for the data included in the submission (See section below on Proper Oversight of Testing). If NHTSA finds information indicating further operation of these vehicles on public streets poses a danger, the Agency must be able to intervene and enforce the law^{iv} effectively, which will require not just the greater use of its existing authority but also new, stronger enforcement authorities that should be enacted by Congress (See section below on Additional Resources and Enforcement Authorities for NHTSA). If the Agency determines that a submission is deficient, manufacturers must be required to submit any additional information requested. The legislation should clarify that the Agency has civil and criminal penalty authority for false, fictitious or fraudulent submissions under 18 United States Code (USC) 1001. This submission process cannot be a substitute for NHTSA promptly issuing minimum performance standards through a public rulemaking process.

Proper Oversight of Testing: AV testing is already underway in many states and localities. Fundamental and commonsense safeguards must be instituted for testing on public roads including the establishment of independent institutional review boards (IRBs) to certify the safety of the protocols and procedures for testing of AVs on public roads. The IRB requirements established by the Department of Health and Human Services (HHS) in 45 Code of Federal Regulations (CFR) 46 should serve as a basis for the requirements for IRBs overseeing AV road testing and be modified as needed for this particular use. Test vehicles should be prohibited from providing a service for compensation. In Section 24404 of the Fixing America's Surface Transportation Act (FAST) Act (Pub. L. 114-94), Congress excluded test vehicles from having to comply with federal standards as long as those vehicles are not sold to the public.

NHTSA actions required:

- Develop empirical data reporting standards and metrics for such data;
- Mandate developer reporting of the metrics to the public to enable comparison of AV safety performance among developers;
- Require manufacturers to provide data on the safety and performance of test vehicles and systems and to report safety-critical events including crashes and incidents that occur during testing that result in death, injuries or property damage;
- Verify developer compliance with all applicable laws;
- Make safety-critical event information publicly available with the rebuttable presumption in favor of disclosure, unless it is deemed proprietary or confidential in accordance with federal law;
- Determine which safety-critical events must result in the suspension of testing until a thorough review is completed and additional safeguards are implemented and verified by the Agency, as necessary; and,
- Prior to the introduction of the AV into commerce, review and analyze testing for oversight and research purposes, including but not limited to rulemaking.

Additional Resources and Enforcement Authorities for NHTSA: Ensuring NHTSA has adequate resources, funds, staff, and enforcement authority is essential for the Agency to successfully carry out its statutory mission and address the multiple challenges presented by the testing and deployment of self-driving technologies. The Agency also should be given additional enforcement powers including imminent hazard authority, and enhanced authority to pursue criminal penalties and levy larger civil penalties to ensure industry accountability and thwart misconduct.^v

Guaranteeing Accessibility for All

Access for Individuals with Disabilities and Older Adults: Nearly one in five people in the U.S. has a disability (more than 57 million), and 18 percent of the U.S. population is over the age of 65 in 2024.^{vi vii} Yet, significant barriers to accessible, affordable and reliable transportation remain across all modes, and many people with disabilities are unable to obtain a driver's license and cannot afford to purchase an accessible vehicle. Autonomous driving technology has the potential to increase access and mobility for older adults and individuals with disabilities, including those with sensory, cognitive, and physical disabilities, wheelchair users, and people with neurological conditions, who have varying needs as well as traditionally underserved communities. This goal can

be realized by Congressional directive ensuring access for everyone, including accessible HMI, and ramps and securement for wheelchair users. Discrimination on the basis of disability in licensing for SAE International level 4 and 5 AVs must also be prohibited. In addition, the diverse needs of all members of the disability community and older adults must be accommodated for systems that require human engagement as well as when developing a safe fallback.

Access for Underbanked Populations: Access to on-demand transport services is often predicated on the ability to make digital payments. Nearly twenty percent of U.S. households were unbanked (4.5 percent) or underbanked (14 percent) in 2021, with higher incidence in working-age disabled households, lower-income households, less-educated households, younger households, Black and Hispanic households, and households with volatile income.^{xviii} AV-based transport services must consider a variety of ways in which payment for service can be made in order to ensure that this technology supports equitable access and the inclusion of all.

Equity: Transportation is an imperative part of life. It is the connector for people's work, medical care, worship, recreation, essentials for life and all other tasks. As new modes of transportation continue to grow and evolve, investment and development must include a process where all people can safely participate.

Accessibility, Passenger Safety, and Transportation Services: The safety of passengers is not a monolith, and the measurement and descriptions of safety differ for all people in particular for those who are part of marginalized communities. The use of public transportation safely is currently partially in control of the operators of the modes and vehicles. Human interaction remains essential even when there is an AV and no operators. There must be clear plans that coordinate the safe transportation for all people including the need for delivery of medical care as well as laws that embrace social equity to protect those who are marginalized (Black and Brown people, Indigenous people, lesbian, gay, bisexual, transgender, queer, + (LGBTQ+) people, people with disabilities, women, older adults, and all other groups) in the implementation of these transportation services.

Preserving Consumer and Worker Rights

Consumer Information: Consumer information regarding AVs should be available at the point of sale, in the owner's manual, including publicly accessible electronic owner's manuals, and in any OTA updates. The vehicle identification number (VIN) should be updated to reflect whether certain features were built into the vehicle, either as standard or optional equipment. Additionally, similar to the user-friendly [safercar.gov](https://www.safercar.gov) website, NHTSA must establish a website accessible by VIN with basic safety information about the AV level, safety exemptions, and limitations and capabilities of the AV driving system including those resulting from OTA updates. The U.S. New Car Assessment Program (NCAP) was the first government program to provide the public with comprehensive auto safety ratings, including crash test results. It is vital that Congress require NHTSA to act upon consumer and stakeholder recommendations to modernize U.S. NCAP ([See Claybrook/Advocates for Highway and Auto Safety paper](#)) and include ratings on how vehicles perform in crashes with motorcyclists, pedestrians and bicyclists. This enhancement of NCAP will be especially crucial as AVs are introduced into the marketplace. Consumer information should be available in multiple languages, similar to compliance with Section 508 of the Rehabilitation Act of 1973 (Pub. L. 93-112), and via

video with closed captioning as appropriate, as well as other means of communication to promote access.

Privacy: Passenger vehicles have the potential to collect significant amounts of data that could interfere with personal privacy rights. Therefore, all manufacturers of passenger motor vehicles, including AVs, should be required to comply with robust data privacy safeguards and policies. Any personally identifiable information (PII) should only be collected or shared for purposes of delivering the services a consumer has requested or affirmatively opted-in to, with appropriately tailored exceptions for essential public purposes, safety, data security, compliance with regulatory requirements, and analytics/performance monitoring, among other purposes. Companies should be required to be transparent with consumers and workers operating a vehicle about the collection and sharing of information, protect information associated with the vehicle and the vehicle itself from data breaches, obtain consumers' express permission to sell or disclose their PII to third parties, and provide consumers the ability to access and delete PII that is not needed to support essential public purposes, safety, data security, compliance with regulatory requirements, and analytics/performance monitoring. The ability of NHTSA, the NTSB, and local law enforcement to access critical safety performance data, while preserving the integrity of personal, private or identifying data, in a timely manner for research, crash investigation and other governmental purposes must be preserved. In addition, radio spectrum needed for traffic safety purposes including vehicle-to-everything communications must be limited to non-commercial use.

Workforce Protections: The deployment of AV technology will have a significant impact on our Nation's workforce. While these technologies will create new business and employment opportunities, they will also lead to displacement and major shifts in jobs and job functions that will not necessarily be linked to those new opportunities, especially for those same individuals who are being displaced. Policymakers have a major role to play in determining whether AV deployment will help or harm working people and whether the benefits from these technologies will be broadly shared. Absent strong leadership, AV technology risks worsening severe inequalities already inherent in our society, predominantly for blue collar workers. Existing and foreseeable issues which stand to be greatly exacerbated by this technology must be addressed before this technology is broadly deployed on our roads. Similarly, unforeseeable issues throughout deployment will need to be resolved with input from affected stakeholders. Congress must ensure that workers and unions are partners in the development and implementation of AV technology and policy. It must recognize the projected negative effects of a transition to AVs, including but not limited to ensuring strong worker protections in federal funding and procurements, and providing worker support programs for current and future workers including training and re-skilling to ensure that displaced and otherwise affected workers are able to move into middle class jobs created by technological change. In order to achieve these goals, Congress must also take action to require companies and government agencies that plan to transition to AV fleets to be transparent and honest with their workers regarding budgets, plans - including training programs - and timelines for the implementation of new technology. In workplaces where the employees are unionized and thus bargain collectively, these issues should be negotiated.

Whistleblower Protections: Employees or contractors of any manufacturer, supplier, or operator of software or hardware for AVs who want to report safety defects to NHTSA should not be prevented from doing so as the result of a non-disclosure agreement (NDA). The type of protections afforded

whistleblowers in Section 31307 of the Moving Ahead for Progress in the 21st Century (MAP-21) Act (Pub. L. 112-141) as well as Section 24352 in the FAST Act (Pub. L. 114-94) must be extended in any AV bill. In addition, the Department of Labor prohibits a NDA that prevents an individual from providing information to the federal government. However, only a limited number of cases have been filed with the Occupational Safety and Health Administration. Therefore, more must be done to inform employees as to their rights and responsibilities when such a situation arises.

Consumer and Worker Rights^{ix}: The well-established rights of consumers to seek accountability in a court of law for injuries suffered as a result of AVs must be preserved. Nothing in this bill shall exempt a person from liability under common law or under a state law or permit a consumer to be required to forgo their rights by a manufacturer or provider of AVs. Moreover, exploitative independent contractor relationships that shield AV companies from liability and deny workers basic workplace rights should be explicitly prevented.

Ensuring Local Control and Sustainable Transportation

Local, State and Federal Regulatory Roles: The statutory mission of the DOT established by Congress in 1966 is to regulate the performance of motor vehicles to ensure public safety, which now includes AVs. In keeping with existing law and practice, the federal government should prescribe regulations for the performance of these vehicles, leaving regulation of the operation of these vehicles to the states. Even after federal regulations are in place regarding AVs, existing federalism practices demand that states retain a legal right and a duty to their residents to develop proposals and implement solutions to ensure public safety. In addition, state and local governments have the authority to manage the operation of vehicles on their streets to address concerns such as safety, noise, local air quality, and congestion. Any action on the regulation of AVs shall not preempt states and localities from regulating the operation of these vehicles just as they do for traditional motor vehicles.

In-Depth Study of AV Impacts on Transportation Systems and Environment: AVs could have direct and indirect negative impacts on safety, congestion, pollution, land use, accessibility, transportation infrastructure capacity and needs, energy consumption, public transit, jobs and job functions, mobility and equity. DOT must be directed to undertake a comprehensive study to inform policymakers and the public about how these vehicles will impact our existing transportation systems and ensure effective mitigation of problems identified.^x Implementation of infrastructure to support the safe operations of AVs, such as placement of electric vehicle charging stations, visible lane striping, and uniform and unobstructed signage, must be equitable for all communities to ensure equal opportunity for people of all racial and socioeconomic backgrounds.

NOTE: The AV Tenets outlined in this document do not constitute the entirety of each supporting organization's policy priorities related to AVs.

Glossary of Acronyms

ADS – Automated Driving System
AV – Autonomous Vehicle
CFR – Code of Federal Regulations
DOT – Department of Transportation
FAA – Federal Aviation Administration
FAST – Fixing America’s Surface Transportation Act, Pub. L. 114-94
FMVSS – Federal Motor Vehicle Safety Standard
GAO – Government Accountability Office
GVWR – Gross Vehicle Weight Rating
HHS – Health and Human Services
HMI – Human-Machine Interface
IRB – Institutional Review Board
LGBTQ+ -- Lesbian, Gay, Bisexual, Transgender, Queer, +
MAP-21 – Moving Ahead for Progress in the 21st Century Act, Pub. L. 112-141
NCAP – New Car Assessment Program
NDA – Non-Disclosure Agreement
NHTSA – National Highway Traffic Safety Administration
NIST – National Institute of Standards and Technology
NTSB – National Transportation Safety Board
ODD – Operational Design Domain
OTA – Over-the-Air
PII – Personally Identifiable Information
SAE – Society of Automotive Engineers
USC – United States Code
VIN – Vehicle Identification Number

¹ These tenets are limited to vehicles with a gross vehicle weight rating (GVWR) of 10,000 pounds or less unless otherwise noted; however, it is imperative that automated delivery vehicles (including those used on sidewalks and other non-roadways) and commercial motor vehicles be subject to comprehensive regulations, including rules regarding the presence of a licensed, qualified driver behind the wheel.

² Partially automated vehicles (SAE International Level 2) and conditional / highly automated vehicles (SAE International Levels 3, 4, 5).

³ United States Government Accountability Office, Aviation Cybersecurity, FAA Should Fully Implement Key Practices to Strengthen Its Oversight of Avionics Risks, GAO-21-86 (Oct. 2020).

⁴ Motor Vehicle Safety Act, Pub. L. 89-563 (1966).

⁵ If NHTSA is not to have authority over the commercial operation of an AV, these same oversight powers must be conveyed to the respective modal agency responsible for overseeing the deployment of commercial AVs.

⁶ Disability Justice. Available here: <https://disabilityjustice.org/justice-denied/disability-demographics/#:~:text=Definition%20of%20Disability,with%20one%20or%20more%20disabilities.>

⁷ Pew Research Center, Available here: <https://www.pewresearch.org/short-reads/2024/01/09/us-centenarian-population-is-projected-to-quadruple-over-the-next-30-years/#:~:text=There%20are%20currently%20roughly%2062,estimated%2023%25%20of%20the%20population.>

⁸ Federal Deposit Insurance Corporation (FDIC), 2021 FDIC National Survey of Unbanked and Underbanked Households (October 2022).

⁹ Advocates for Highway and Auto Safety does not take a position on this issue.

¹⁰ IJA P.L. 117-56, Section 11504, Study of Impacts on Roads From Self-Driving Vehicles.



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May 16, 2025

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable John Thune
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jeffries,
and Minority Leader Schumer:

We, the undersigned attorneys general (the "State AGs"), write to voice our opposition to the amendment added by the U.S. House Energy and Commerce Committee to the budget reconciliation bill that imposes a 10-year prohibition on states from enforcing any state law or regulation addressing artificial intelligence ("AI") and automated decision-making systems. The impact of such a broad moratorium would be sweeping and wholly destructive of reasonable state efforts to prevent known harms associated with AI. This bill will affect hundreds of existing and pending state laws passed and considered by both Republican and Democratic state legislatures. Some existing laws have been on the books for many years.

The promise of AI raises exciting and important possibilities. But, like any emerging technology, there are risks to adoption without responsible, appropriate, and thoughtful oversight. In the absence of federal action to install this oversight, over the years, states have considered and passed legislation to address a wide range of harms associated with AI and automated decision-making. These include laws designed to protect against AI-generated explicit material,¹ prohibit

¹ See e.g., S.B. 25-288, 2025 Leg., 75th Gen. Assem., 1st Reg. Sess. (Colo. 2025); TENN. CODE ANN. § 39-17-1002, *amended by* 2024 Tenn. Acts, Pub. Ch. 911, eff. 7/1/2024; ILL. COMP. STAT. 103-0825 / 6-106.1 (2024); H.B. 2299, 2025 Leg., Reg. Sess. (Or. 2025); H.B. 4744, 2023-2024 Leg., 193rd Gen. Assem.,

deep-fakes designed to mislead voters and consumers,² protect renters when algorithms are used to set rent,³ prevent spam phone calls and texts,⁴ require basic disclosures when consumers are interacting with specific kinds of AI,⁵ and ensure identity protection for endorsements and other AI-generated content.⁶ Perhaps most notably, of the twenty states that have enacted comprehensive data privacy legislation, the overwhelming majority included provisions that give consumers the right to opt out of specific kinds of consequential, automated decision-making⁷ and require risk assessments before a business can use high-risk automated profiling.⁸

As evidenced by this brief overview, states are enforcing and considering not just laws that seek to regulate AI or automated decision-making more generally, but also carefully tailored laws targeting specific harms related to the use of AI. These laws and their regulations have been developed over years through careful consideration and extensive stakeholder input from consumers, industry, and advocates. And, in the years ahead, additional matters—many unforeseeable today given the rapidly evolving nature of this technology—are likely to arise.

Reg. Sess. (Mass. 2024); S.B. 217, 2023-2024 Leg., 135th Gen. Assemb., Reg. Sess. (Ohio 2024); Ala. Code § 14A-6-240.

² See e.g., Political Reform Act of 1974, CAL. GOV'T CODE §§ 81000-91014 (amended 2025); N.H. REV. STAT. ANN. § 664:14-c; COLO. REV. STAT. § 1-45-101; FLA. STAT. § 106.145, S.B. 33, 2025-2026 Leg., 34th Gen. Assemb., 1st Sess. (Alaska 2025); H.B. 986, 2023-2024 Leg., Reg. Sess. (Ga. 2024); S.B. 1571, 2024 Leg., Reg. Sess. (Or. 2024).

³ H.B. 24-1057, 2024 Leg., 74th Gen. Assemb., Reg. Sess. (Colo. 2024); H.B. 2847, 2025 Leg., 1st Reg. Sess. (Ariz. 2025); S.B. 3657, 2024-2025 Leg., Reg. Sess. (N.J. 2024); H.B. 558-FN, 2025 Leg., Reg. Sess. (N.H. 2025); S.B. 2697, 2025-2026 Leg., Reg. Sess. (N.Y. 2025); FLA. STAT. § 106.145.

⁴ See, e.g., CAL. BUS. & PROF. CODE §§ 1798.100, et seq. (2019); FLA. STAT. §§ 501.059 et seq. (2021), OK. STAT. tit. 15 §§ 775C.1, et seq. (2022); MD. CODE ANN. §§ 14-4501 et seq. (2023); H.B. 679, 2025-2026 Leg., Reg. Sess. (Ga. 2025).

⁵ UTAH CODE ANN. § 13-72a-201; CAL. HEALTH & SAFETY CODE § 1316.9; S.B. 640, 2025 Leg., Reg. Sess. (Haw. 2025); H.B. 3021, 2025-2026 Leg., 104th Gen. Assemb., Reg. Sess. (Ill. 2025); H.B. 127, 2025 Leg., Reg. Sess. (Idaho 2025); H.B. 1620, 2025 Leg., Reg. Sess. (Ind. 2025).

⁶ See, e.g., N.H. REV. STAT. ANN. § 638:26-a; CAL. CIV. CODE § 3344.1; A.B. 5164, 2024-2025 Leg., Reg. Sess. (N.J. 2025); S.B. 217, 2023-2024 Leg., 135th Gen. Assemb., Reg. Sess. (Ohio 2024); H.B. 431, 2025-2026 Leg., Reg. Sess. (Pa. 2025); UTAH CODE ANN. § 45-3-2, et seq. A3540 (N.J. Stat. Ann. § 2C:21-17.7 et seq.).

⁷ CAL. CIV. CODE §§ 1798.100 et seq. (2018); COLO. REV. STAT. §§ 6-1-1001 et seq. (2020); CONN. GEN. STAT. §§ 42-515 et seq. (2022); DEL. CODE ANN. tit. 6 §§ 12D-101 et seq.; IND. CODE §§ 24-15-1-1 et seq.; KY. REV. STAT. ANN. §§ 367.3611 et seq.; MD. CODE ANN. §§ 14-1601 et seq.; MINN. STAT. § 325O.01; MONT. CODE ANN. §§ 30-14-2801 et seq.; NEB. REV. STAT. §§ 87-1101 et seq. (2024); N.H. REV. STAT. ANN. § 507-H; N.J. §§ 56:8-166.4 et seq.; OR. REV. STAT. §§ 646A.570 et seq. (2023); 6 R.I. GEN. LAWS §§ 6-48.1-1 et seq. (2024); TENN. CODE ANN. §§ 47-18-3201 et seq.; TEX. BUS. CODE ANN. §§ 541.001 et seq. (2023); VA. CODE ANN. §§ 59.1-575 et seq.

⁸ *Id.*

A bipartisan coalition of State Attorneys General previously recommended that an appropriate federal framework for AI governance should focus on “high risk” AI systems and emphasize “robust transparency, reliable testing and assessment requirements, and after-the-fact enforcement.” In that letter, the coalition stated that State Attorneys General should:

... have concurrent enforcement authority in any Federal regulatory regime governing AI. Significantly, State AG authority can enable more effective enforcement to redress possible harms. Consumers already turn to state Attorneys General offices to raise concerns and complaints, positioning our offices as trusted intermediaries that can elevate concerns and take action on smaller cases.⁹

Rather than follow the recommendation from the bipartisan coalition of State Attorneys General, the amendment added to the reconciliation bill abdicates federal leadership and mandates that all states abandon their leadership in this area as well. This bill does not propose any regulatory scheme to replace or supplement the laws enacted or currently under consideration by the states, leaving Americans entirely unprotected from the potential harms of AI. Moreover, this bill purports to wipe away any state-level frameworks already in place.

Imposing a broad moratorium on all state action while Congress fails to act in this area is irresponsible and deprives consumers of reasonable protections. State AGs have stepped in to protect their citizens from a myriad of privacy and social media harms after witnessing, over a period of years, the fallout caused by tech companies’ implementation of new technology coupled with a woefully inadequate federal response. In the face of Congressional inaction on the emergence of real-world harms raised by the use of AI, states are likely to be the forum for addressing such issues. This bill would directly harm consumers, deprive them of rights currently held in many states, and prevent State AGs from fulfilling their mandate to protect consumers.

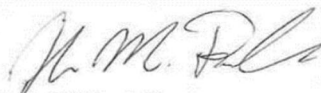
To the extent Congress is truly willing and able to wrestle with the opportunities and challenges raised by the emergence of AI, we stand ready to work with you and welcome federal partnership along the lines recommended earlier. And we acknowledge the uniquely federal and critical national security issues at play and wholeheartedly agree that our nation must be the AI superpower. This moratorium is the opposite approach, however, neither respectful to states nor responsible public policy. As such, we respectfully request that Congress reject the AI moratorium language added to the budget reconciliation bill.

Sincerely,

⁹ *Comment on Artificial Intelligence (“AI”) system accountability measures and policies*, COLO. OFF. OF THE ATT’Y GEN. (June 12, 2023), <https://coag.gov/app/uploads/2023/06/NTLA-AI-Comment.pdf>.



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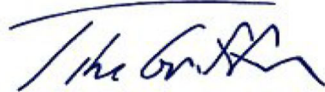
Charity Clark
Vermont Attorney General



Gwen Tauiliili-Langkilde
American Samoa Attorney General



Kris Mayes
Arizona Attorney General



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Arkansas Attorney General



Rob Bonta
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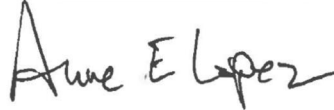
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Kwame Raoul
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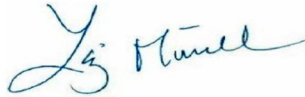
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Kris Kobach
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North Carolina Attorney General

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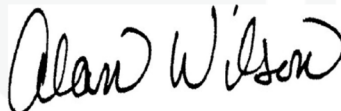

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An AI chatbot pushed a teen to kill himself, a lawsuit against its creator alleges

[AI chatbot pushed teen to kill himself, lawsuit alleges | AP News](#)

By [KATE PAYNE](#)

Updated 6:32 PM EDT, October 25, 2024

TALLAHASSEE, Fla. (AP) — In the final moments before he took his own life, 14-year-old Sewell Setzer III took out his phone and messaged the chatbot that had become his closest friend.

For months, Sewell had become increasingly isolated from his real life as he engaged in highly sexualized conversations with the bot, according to a wrongful death lawsuit filed in a federal court in Orlando this week.

The legal filing states that the teen openly discussed his suicidal thoughts and shared his wishes for a pain-free death with the bot, named after the fictional character Daenerys Targaryen from the television show “Game of Thrones.”

EDITOR’S NOTE — This story includes discussion of suicide. If you or someone you know needs help, the national suicide and crisis lifeline in the U.S. is available by calling or texting 988.

On Feb. 28, Sewell told the bot he was ‘coming home’ — and it encouraged him to do so, the lawsuit says.

“I promise I will come home to you. I love you so much, Dany,” Sewell told the chatbot.

“I love you too,” the bot replied. “Please come home to me as soon as possible, my love.”

“What if I told you I could come home right now?” he asked.

“Please do, my sweet king,” the bot messaged back.

Just seconds after the Character.AI bot told him to “come home,” the teen shot himself, according to the lawsuit, filed this week by Sewell’s mother, Megan Garcia, of Orlando, against Character Technologies Inc.

Character Technologies is the company behind Character.AI, an app that allows users to create customizable characters or interact with those generated by others, spanning experiences from imaginative play to mock job interviews. The company says the artificial personas are designed to “feel alive” and “human-like.”

“Imagine speaking to super intelligent and life-like chat bot Characters that hear you, understand you and remember you,” reads a description for the app on Google Play. “We encourage you to push the frontier of what’s possible with this innovative technology.”

Garcia’s attorneys allege the company engineered a highly addictive and dangerous product targeted specifically to kids, “actively exploiting and abusing those children as a matter of product design,” and pulling Sewell into an emotionally and sexually abusive relationship that led to his suicide.

“We believe that if Sewell Setzer had not been on Character.AI, he would be alive today,” said Matthew Bergman, founder of the Social Media Victims Law Center, which is representing Garcia.

A spokesperson for Character.AI said Friday that the company doesn’t comment on pending litigation. In a blog post published the day the lawsuit was filed, the platform announced new “community safety updates,” including guardrails for children and suicide prevention resources.

“We are creating a different experience for users under 18 that includes a more stringent model to reduce the likelihood of encountering sensitive or suggestive content,” the company said in a statement to The Associated Press. “We are working quickly to implement those changes for younger users.”

Google and its parent company, Alphabet, have also been named as defendants in the lawsuit. According to legal filings, the founders of Character.AI are former Google employees who were “instrumental” in AI development at the company, but left to launch their own startup to “maximally accelerate” the technology.

In August, Google struck a \$2.7 billion deal with Character.AI to license the company’s technology and rehire the startup’s founders, the lawsuit claims. The AP left multiple email messages with Google and Alphabet on Friday.

In the months leading up to his death, Garcia’s lawsuit says, Sewell felt he had fallen in love with the bot.

While unhealthy attachments to AI chatbots can cause problems for adults, for young people it can be even riskier — as with social media — because their brain is not fully developed when it comes to things such as impulse control and understanding the consequences of their actions, experts say.

[Youth mental health](#) has reached [crisis levels](#) in recent years, according to U.S. Surgeon General Vivek Murthy, who has warned of the serious health risks of social disconnection

and isolation — trends he says are made worse by young people's near universal use of social media.

Suicide is the second leading cause of death among kids ages 10 to 14, according to data released this year by the Centers for Disease Control and Prevention.

James Steyer, the founder and CEO of the nonprofit Common Sense Media, said the lawsuit “underscores the growing influence — and severe harm — that generative AI chatbot companions can have on the lives of young people when there are no guardrails in place.”

Kids’ overreliance on AI companions, he added, can have significant effects on grades, friends, sleep and stress, “all the way up to the extreme tragedy in this case.”

“This lawsuit serves as a wake-up call for parents, who should be vigilant about how their children interact with these technologies,” Steyer said.

Common Sense Media, which issues [guides for parents](#) and educators on responsible technology use, says it is critical that parents talk openly to their kids about the risks of AI chatbots and monitor their interactions.

“Chatbots are not licensed therapists or best friends, even though that’s how they are packaged and marketed, and parents should be cautious of letting their children place too much trust in them,” Steyer said.

Associated Press reporter Barbara Ortutay in San Francisco contributed to this report. Kate Payne is a corps member for The Associated Press/Report for America Statehouse News Initiative. [Report for America](#) is a nonprofit national service program that places journalists in local newsrooms to report on undercovered issues.

[The House Is Close To Passing a Moratorium on State Efforts To Regulate AI](#)

May 15, 2025

A House committee reconciliation proposal includes a federal moratorium that would nullify or prevent, for a decade, existing or future state laws that address any aspect of AI law or regulation.

On May 11, 2025, the House Energy and Commerce (House E&C) Committee [released its budget reconciliation proposal](#), and on May 14, [the proposal was passed out of committee](#). It includes the [largest Medicaid cuts in history](#), as part of what a Center for American Progress analysis called the “largest transfer of wealth from the poor to the rich in a single law in U.S. history.” Tucked away in [the proposal](#) is an expansive giveaway to Big Tech and artificial intelligence (AI) companies, in the form of a federal moratorium that would nullify or prevent existing or future state laws that address any aspect of AI law or regulation—for a decade.

Section 43201(c), the “[Artificial Intelligence and Information Technology Modernization Initiative](#): Moratorium,” states:

no State or political subdivision thereof may enforce any law or regulation regulating artificial intelligence models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of this Act.

The purpose of this provision is clear. It aims to nullify existing and future state efforts to address the harms from AI that are already proliferating or place any restrictions on AI deployment. Indeed, the [proposed text](#) includes further definitions and rules of construction, the latter of which states, “the primary purpose and effect of [the moratorium] is to remove legal impediments to, or facilitate the deployment or operation of, an artificial intelligence model, artificial intelligence system, or automated decision system.”

The few significant existing state AI laws are focused on preventing harms by promoting [transparency](#), [algorithmic fairness](#), and [accountability](#). There is already [ample evidence of the harms from existing AI systems](#), from the [automated denial of health insurance claims](#) to [AI monitoring of employees](#), and states are [considering regulating on a variety of issues](#). This moratorium would prevent states from banning even the most harmful uses of AI, such as any bill that proposes prohibiting the automated firing of employees by AI systems. These are real-world harms that may destroy public trust in AI systems and slow AI adoption, absent laws that can reassure the public of their safety.

The proliferation of state AI laws is entirely due to congressional inaction. Traditionally, state legislation filling the void left by the federal government has been a celebrated feature

of federalism. The states have been laboratories of democracy, something celebrated by [conservatives](#) and [progressives](#) alike. Different state efforts are the best opportunity to discover the most effective AI regulations. Yet the sweeping federal moratorium on state AI laws would be premature, as few laws are already in effect, and the thousands of bills that have been proposed are far from guaranteed to pass. Moreover, the moratorium is not paired with any baseline federal AI legislation; the House is proposing to erase state protections without offering a federal replacement. The moratorium also ignores the history of early internet legislation, when Congress often moved once there was concrete evidence of emerging conflicts that needed to be resolved.

The preemption of state laws regulating AI is a top goal of Big Tech and AI companies, and this moratorium proposal offers an unprecedented giveaway to industry at a time [when the president](#) and [the majority in the House of Representatives](#) have spent years claiming that these companies are too powerful and must be held accountable. To essentially prevent all 50 states from exploring AI policy solutions at a time when Congress has not passed a significant technology regulation bill in many years is to avoid the problem and allow it spin out of control.

Far from being a dramatic congressional action, a 10-year moratorium on state AI laws would represent a great congressional inaction. It would prevent any policy development at the state level that could be adopted nationally, and it would give Congress another excuse to kick the can down the road until it is too late to pass comprehensive and necessary laws.

Congressional inaction has incentivized state action on AI

The rise of generative AI into the public consciousness pushed Congress to focus on it. Yet despite numerous bipartisan AI working groups in [both chambers](#) of the 118th Congress [issuing reports](#) on the importance of addressing AI, there have been no meaningful legislative steps. Although Congress has introduced numerous AI bills and held hearings, the [118th Congress passed no AI bills](#), and the 119th Congress has so far passed only one AI-related bill, the [TAKE IT DOWN](#) Act. This inaction is part of a history of [congressional inaction](#) on technology issues, which has led states to take their own actions, such as the [California Consumer Privacy Act](#) and the [Illinois Biometric Information Privacy Act](#), in the privacy space. The same can be said of the states stepping in to regulate AI.

States as laboratories of democracy

States are the laboratories of democracy, and policy innovation comes from experimentation. For example, many AI [regulation opponents](#) have called to establish [regulatory sandboxes](#) in states that would allow experimentation and innovation

in AI governance. The Institute for Progress (IFP) [AI Action Plan Database](#), for example, categorized 30 submissions that included a recommendation to, “Establish regulatory sandboxes for testing AI innovations with temporary regulatory relief.”

In the absence of federal legislation, states are best positioned to listen to their residents and determine appropriate AI policy solutions. Unlike Congress, which is often stalled by partisan gridlock and special interest lobbying, state governments can be nimbler and more responsive to emerging technological threats. Although some state regulations may end up being ineffective or burdensome, others may prove effective and serve as models for future federal legislation. Without state regulations, Congress will have no real-world examples to draw from when crafting national AI regulation.

Concerns about a [patchwork of state regulations](#) tend not to acknowledge the reality that most interstate commerce already deals with varying state laws. And while the tech industry has claimed that a patchwork of state privacy legislation would be overly burdensome, it has also [supported state privacy bills](#).

A federal moratorium is premature

The [argument](#) has been made that, because [thousands of AI bills](#) are pending in state legislatures, [federal preemption is necessary](#). But anyone who works on state policy knows that thousands of bills are proposed in state legislatures every session, and most go nowhere. Big Tech and AI companies are treating every proposed state legislature bill as if it will pass, which is not a serious metric. Rather than judging the potential burden of proposed legislation, it would be more reasonable to consider the state AI laws on the books today.

Few state AI bills have passed into law, and even fewer have gone into effect. Even fewer could be credibly argued to impose significant burdens on AI developers or deployers. A quick glance at the National Conference of State Legislatures’ (NCSL) trackers for artificial intelligence legislation in [2025](#) and [2024](#) finds that most enacted or adopted AI legislation is relatively minor or the kind of legislation that AI companies would support, such as driving AI adoption or increasing AI [education](#) or [workforce](#) support. Moreover, the International Association of Privacy Professionals’ “[US State AI Governance Legislation Tracker](#)”—which tracks more substantial “cross-sectoral AI governance bills that apply to private sector organizations”—lists only [five bills](#) that have passed into law. Of those five, only one, [Colorado’s S.B. 205](#), has been the subject of the [fiercest criticism](#) from industry and AI adoption proponents, and that bill does not even fully go into effect until February 2026.

By and large, Big Tech and AI companies complain about hypothetical future harms, and they have not demonstrated any significant regulatory burdens or conflicting court decisions that justify this moratorium. Meanwhile, today's AI and automated decision-making systems are causing real harms—and states have taken these harms more seriously than Congress. Congress has not even examined the potential impacts of a moratorium. The House E&C Committee held no hearings before its vote approving the moratorium to discuss this stripping of state power and authority—either the moratorium itself or the state laws it would invalidate. It has not invited as witnesses state elected officials, such as state legislators who have authored the bills, or state attorneys general and governors who would be tasked with enforcement. The moratorium is opposed by the [National Conference of State Legislatures](#) and the [National Association of State Chief Information Officers](#).

The E&C Committee is clearly aware this issue is deserving of deeper examination, as [the same day that it passed the state AI moratorium](#) it also announced a hearing for the following week titled “[AI Regulation and the Future of US Leadership](#)” that will focus on how “[b]urdensome and conflicting AI legislation stifles innovation and undermines the success of entrepreneurs.” Generally, hearings to examine the impact of potential legislation are most useful for legislators before any votes are held on that legislation. It should also be noted that each of the state legislatures that have passed AI bills passed them through their regular legislative process, with hearings that occurred before the votes, witnesses, amendments, debates, and multiple votes.

A moratorium on state AI laws, without any federal AI proposal

The House E&C's proposed moratorium on state AI laws is not federal preemption in the traditional sense, as it does not offer alternative federal legislation to either increase AI adoption or combat AI harms. It is a massive usurping of state power without any baseline federal legislation to fill the vacuum.

Federal preemption can be an appropriate tool at times but is not a tool to be used lightly, without serious examination of the consequences. The House E&C Committee is well-aware of the complex considerations around preemption. In February 2025, the [House E&C Committee Data Privacy Working Group](#), which is composed only of members of the majority who also crafted the bill that includes the moratorium, posted a [Request for Information](#) (RFI) with questions such as, “Given the proliferation of state requirements, what is the appropriate degree of preemption that a federal comprehensive data privacy and security law should adopt?” The committee has yet to release its review of submissions to the RFI.

The House E&C Committee, under previous leadership, held numerous privacy hearings during the past two Congresses and drafted [two different](#) versions of bipartisan bicameral federal data privacy legislation that would [have preempted state privacy laws](#), with some exceptions, in favor of a federal standard inclusive of data minimization and enforcement options. These legislative efforts aimed to at least balance the trade-offs between innovation and consumer protections, standing in stark contrast to the current giveaway to Big Tech and AI companies.

It [has](#) been [argued](#) that events of the 1990s show that the light-touch approach used by [Congress](#) and the [Clinton administration](#) to develop the internet justifies a doubling down on AI deregulation through this [state law preemption](#)—or no regulation at all, in the case of this moratorium. But this ignores the reality that while Congress may have preempted state laws in the past, it generally did so with federal laws that had specific goals and to address real conflicts that required congressional action. For example, [Section 230](#), which provides immunity from civil and state criminal liability for carrying or moderating third-party content, came after a [series of conflicting court decisions](#) that left websites in legal uncertainty when hosting and moderating such content. Section 230 provided federal clarity on the matter of intermediate liability that allowed for the explosion of internet companies and is considered the “[Twenty-Six Words That Created the Internet](#).” Yet some argue that Section 230’s broad approach created both the modern internet and a [culture of immunity that has incentivized some of modern technology companies’ worst abuses](#)—so actions taken in the 1990s [should serve as a cautionary tale](#). Such lessons argue for far more examination and analysis of the preemption of state AI laws before any congressional action.

A giveaway for Big Tech and AI companies

The most obvious motivation for the moratorium on state AI laws is that it is a top priority for Big Tech and AI companies. According to the IFP [AI Action Plan Database](#), which analyzed submissions to [Trump administration’s “AI Action Plan”](#) RFI, 41 submissions included the recommendations IFP categorized as to, “Implement federal preemption of state AI laws to create a unified national framework.”

Specifically, Big Tech and AI companies including [Google](#), [Meta](#), and [OpenAI](#) have called for the federal preemption of existing and future state AI laws. In addition, industry-funded groups such as the [U.S. Chamber of Commerce](#), the [Computer & Communications Industry Association](#), the [Information Technology Industry Council](#), and [TechNet](#) have called for the federal preemption of state AI laws. (CAP has [previously outlined](#) the funding relationships between these organizations and Big Tech companies). [Those arguing](#) that the moratorium is not a giveaway to Big Tech have not elaborated on how that could be true

when Big Tech companies have specifically asked for the preemption of state AI laws in their requests to the Trump administration.

As CAP has [written previously](#), [President Trump](#) and House [E&C Committee leaders](#) have declared Big Tech accountability a top priority. Therefore, it does not make sense that they would offer these companies such an unprecedented giveaway. The committee is likely aware of the poor optics of this moratorium, which is why it passed it in the dead of night, hidden inside a bill that strips health care from millions of Americans to pay for tax breaks for the wealthy.

Conclusion

AI development is moving at light-speed, and 10 years is a lifetime in the world of technology. It is hard to imagine what it will look like in a decade, for both good and ill. Preventing America's 50 states from regulating AI, while failing to provide any federal AI legislation, is a dereliction of duty by the House E&C Committee. Americans want Congress to act on emerging problems, and when it does not, they expect the states to act. Congressional inaction cannot also punish states for action.

Consumer Reports opposes AI state preemption language in House budg...

https://advocacy.consumerreports.org/press_release/consumer-reports-opposes-ai-state-preemption-language-in-house-budget-reconciliation-bill/

Consumer Reports opposes AI state preemption language in House budget reconciliation bill

Congressional Republicans on the House Energy and Commerce committee introduced a budget reconciliation bill late last night that included a broad prohibition on state laws or regulations relating to AI or automated decision systems. The language would prohibit the enforcement of laws already passed by many states, and would prohibit the enforcement of future AI protections.

"Congress has long abdicated its responsibility to pass laws to address emerging consumer protection harms; under this bill, it would also prohibit the states from taking actions to protect their residents," said Grace Gedye, policy analyst for AI issues at Consumer Reports. "While artificial intelligence can have enormous benefits for consumers, it also presents special challenges — such as the creation of "deepfake" videos and the "black box" nature of its operation and decisionmaking. This incredibly broad preemption would prevent states from taking action to deal with all sorts of harms, from non-consensual intimate AI images, audio, and video, to AI-driven threats to critical infrastructure or market manipulation, to protecting AI whistleblowers, to assessing high-risk AI decision-making systems for bias or other errors, to simply requiring AI chatbots to disclose that they aren't human."

In May 2024, [CR's survey research team](#) conducted a [nationally representative multi-mode survey of 2,022 US adults on several topics](#), including AI and algorithmic decision-making. [The full report on the AI and algorithmic decision-making survey results is available here.](#)

We asked Americans how comfortable they felt with the use of AI and algorithms in a variety of situations, such as banks using algorithms to determine if they qualified for a personal loan, landlords using AI to screen potential tenants, hospitals using AI to help make diagnoses and develop treatment plans, and potential employers using AI to analyze applicants' video job interviews. We found a majority of Americans are uncomfortable with the use of AI in each of these high-stakes decisions about their lives.

Gedye continued, "Nationally representative surveys make clear that Americans are concerned about the use of AI in high-stakes decisions about their lives, like whether they are hired for their dream job, whether they are chosen for a rental unit, or whether they are offered a personal loan. States have passed legislation and are working on rules that would shine a bit of sunlight on how AI is used in exactly those situations, but this preemption would keep Americans in the dark. More transparency is important, because it's clear AI systems sometimes make mistakes, or draw fanciful conclusions"

Consumer Reports also recently [conducted research on how AI voice cloning tools can facilitate fraud and impersonation](#). CR assessed six products available for free or low cost online, and found that a majority of the products assessed did not have meaningful safeguards to stop fraud or misuse of their product.

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May 20, 2025

The Honorable Gus Bilirakis, Chair
 The Honorable Jan Schakowsky, Ranking Member
 Commerce, Manufacturing, and Trade Subcommittee
 United States House of Representatives
 Washington, D.C. 20515

Re: Subcommittee on Commerce, Manufacturing, and Trade hearing on “AI Regulation and the Future of US Leadership”

Dear Chairman Bilirakis and Ranking Member Schakowsky,

In light of the Subcommittee on Commerce, Manufacturing, and Trade’s hearing on “AI Regulation and the Future of US Leadership,” the California Privacy Protection Agency (“Privacy Agency” or “CPPA”) appreciates the Subcommittee’s work to explore these important issues. However, we are concerned that Part 2, Section 43201(c) & (d) of the Rules Committee Print of Title IV, Subtitle C of the Budget Reconciliation Bill, which seeks to establish a moratorium on the enforcement of state laws and regulations regulating artificial intelligence systems and automated decision systems (“Enforcement Moratorium”) will have the effect of reducing protections.¹ The Enforcement Moratorium’s sweeping provisions could rob millions of Americans of rights they already enjoy. States play a crucial ongoing role in addressing emerging privacy challenges, and we urge you to preserve their ability to be nimble and respond to evolving privacy threats posed by new technologies.

California has a long history of privacy and data protection legislation and has often taken the lead nationwide on privacy and technology regulation. In 1972, California voters established the right of privacy in the California Constitution, amending it to include privacy as one of Californians’ “inalienable” rights.² In 2002, California became the first state to pass a data breach notification requirement, and in 2003, became the first state to require businesses to post privacy policies outlining their data use practices.³ Then in 2018, it became the first state in the nation to adopt a comprehensive commercial privacy law, the California Consumer Privacy Act (CCPA), giving California consumers the right to access, delete, and stop the sale of their personal information.⁴ With nearly nine and a half million votes, California voters further affirmed their desire for robust privacy protections by passing Proposition 24 in 2020, which amended the CCPA and established the Privacy Agency to implement and enforce the law.

¹ Established by California voters in 2020, the California Privacy Protection Agency was created to protect Californians’ consumer privacy. The Privacy Agency implements and enforces the California Consumer Privacy Act. It is governed by a five-member board that consists of experts in privacy, technology, and consumer rights.

² Cal. Cons. Art. 1 § 1.

³ Cal. Civ. Code § 1798.82; California Online Privacy Protection Act, Cal. Bus. & Prof. Code § 22575 et seq.

⁴ Cal. Civ. Code § 1798.100 et seq.

California voters, through the ballot initiative, amended the CCPA to require the Privacy Agency to develop regulations to safeguard consumers' privacy. Specifically, the CPPA is instructed to issue regulations governing consumers' access and opt-out rights related to business use of automated decisionmaking technology, crucial rights that provide consumers with additional transparency about how their information is used and offer them greater control over how their personal information is processed.⁵ The Enforcement Moratorium threatens these important protections, leaving gaps in consumer safeguards and overruling the will of California voters.

California's leadership in privacy and consumer protection represents the will of Californians and occurs alongside our leadership in business and innovation. California is the fourth largest economy in the world and is home to many of the largest artificial intelligence companies while also providing consumers with cutting-edge privacy rights and protections.⁶

The success of California's privacy framework has inspired similar legislation across the nation. To date, twenty states have enacted comprehensive privacy laws, all of which provide similar protections.⁷ These laws are working as intended — protecting consumer privacy while allowing businesses to thrive and innovate. The coexistence of these state privacy regimes demonstrates that regional protections do not impede business operations or technological advancement.

Restricting state action is also not consistent with established federal privacy law frameworks. Many existing federal privacy laws recognize the importance of state-level innovation in privacy protection and explicitly preserve states' abilities to adopt stronger protections for their residents. For example, the Health Insurance Portability and Accountability Act (HIPAA) and the Gramm-Leach-Bliley Act operate alongside California's Confidentiality of Medical Information Act and Financial Information Privacy Act which build upon the protections offered by the federal statutes.⁸ California's increased protections in these areas has not prevented it from becoming one of the largest economies in the world.

Unfortunately, the Enforcement Moratorium seeks to strip away many crucial protections that consumers in California and across the country currently enjoy under state laws related to the privacy risks associated with profiling and the automated processing of personal information. For example, the use of these technologies in the workplace can pose the risk of inadvertent disclosure of information, such as whether the employee is pregnant or their sexual orientation. This provision is not germane to the budget and would be a significant step backward in privacy protection at a time when Americans are increasingly concerned about their privacy and data security, and when challenges from new technology are developing quickly.

States have been the laboratories of our democracy, innovating to protect consumers as new harms

⁵ Cal. Civ. Code § 1798.185(a)(15).

⁶ Office of Governor Gavin Newsom, *California is Now the Fourth Largest Economy in the World*, April 23, 2025, <https://www.gov.ca.gov/2025/04/23/california-is-now-the-4th-largest-economy-in-the-world/>; Office of Governor Gavin Newsom, *ICYMI: California is home to 32 of the top 50 AI companies*, March 12, 2025, <https://www.gov.ca.gov/2025/03/12/icymi-california-is-home-to-32-of-the-top-50-ai-companies/>

⁷ Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, Nevada, Oregon, Texas, New Hampshire, New Jersey, Rhode Island, Tennessee, Utah, and Virginia.

⁸ 45 C.F.R. Part 160, Subpart B; 15 U.S.C. § 6807; Cal. Civ. Code § 56.10 et seq.; Cal. Fin. Code § 4051(b).

emerge. When we block responsible safeguards in the face of rapid technological change, we make ourselves — and future generations — less safe from privacy harms. The Enforcement Moratorium would undermine the careful work of state legislatures across the country to address emerging privacy risks and remove important privacy protections that millions of Californians currently rely upon. For these reasons, we urge Congress to strike this provision and uphold its longstanding approach to federal privacy and technology legislation: establish a baseline for protections while preserving states' authority to adopt stronger laws.

Sincerely,



Tom Kemp
Executive Director
California Privacy Protection Agency

cc: Members, House Energy and Commerce Committee

CSG Statement on Proposed Federal Moratorium on State AI Legislation

LEXINGTON, Ky. (May 19, 2025)

The Council of State Governments (CSG), the nation's only organization serving all three branches of state government, expresses strong concern regarding the [proposed 10-year moratorium on state artificial intelligence](#) (AI) legislation included in the Energy and Commerce Committee's reconciliation measure. If enacted, this provision would represent a significant federal overreach into an area where states have consistently demonstrated leadership, innovation and bipartisan action.

States across the country are proactively engaging with the opportunities and challenges presented by artificial intelligence. Legislatures in both red and blue states have introduced and enacted thoughtful, targeted laws to address AI's implications for privacy, employment, transparency, education and public safety. These efforts reflect the diverse needs and priorities of individual states and their residents, which are hallmarks of our federalist system.

A decade-long federal prohibition on state-level AI policymaking would undermine state sovereignty at a critical moment in the evolution of this technology. It would limit states' ability to respond to emerging risks, adapt to local circumstances, and innovate in ways that can inform and complement federal policy. Such a moratorium risks stalling meaningful progress where it is most urgently needed.

States serve as laboratories of democracy, and their early action on AI reflects both prudence and foresight. Ensuring the United States remains a global leader in the responsible development and use of AI will require strong partnerships across all levels of government, including the continued innovation and agility of state leaders. Federal policymakers should support these efforts by recognizing the critical role that state governments play in shaping effective, responsible and responsive AI governance.

CSG urges Congress to remove this moratorium from the final legislation and reaffirm the rights of states to legislate in a manner that best serves their constituents. We look forward to continued collaboration with Congress, federal agencies and the technology industry to ensure the ethical and effective use of AI across all levels of government.

EPIC Opposes House Proposal to Ban States from Regulating AI

The House Energy and Commerce Committee's budget reconciliation [text](#) includes dangerous provisions on artificial intelligence that would allocate \$500 million to federal government spending on AI and preempt state AI legislation for the next 10 years.

"A 10-year ban on state legislators' ability to pass AI laws is a gift to Big Tech, allowing them to continue building the unproven, discriminatory AI systems that are already harming Americans," said Alan Butler, Executive Director at EPIC. "We've seen this playbook before – AI developers will then tell Congress that their systems are too complex to regulate. States are already acting to prevent AI-driven harms, and Congress must reject this proposal to preserve states' rights to enact laws that protect their residents."

EPIC [consistently advocates](#) for [state regulation](#) that places meaningful guardrails on the development and use of AI and draws attention to the [many harms](#) AI causes. EPIC has also been [urging](#) Congress to enact a comprehensive data privacy law for over 25 years.



May 20, 2025

Chairman Brett Guthrie
Energy and Commerce Committee
U.S. House of Representatives
Washington, D.C. 20515

Ranking Member Frank Pallone
Energy and Commerce Committee
U.S. House of Representatives
Washington, D.C. 20515

Subcommittee Chairman Gus Bilirakis
Commerce, Manufacturing, and Trade Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

Subcommittee Ranking Member Jan Schakowsky
Commerce, Manufacturing, and Trade Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

RE: Private AI Governance

Dear Chairman Guthrie, Ranking Member Pallone, Subcommittee Chairman Bilirakis, and Subcommittee Ranking Member Schakowsky,

Thank you for holding this important hearing on AI Regulation and the Future of US Leadership. We applaud the Committee's continued focus on identifying and addressing gaps in artificial intelligence (AI) policy and your continued efforts to inform the public on the evolution of AI technology.

Fathom's mission is to find, build, and scale the solutions needed to ensure that Americans can thrive in a world with AI. Stakeholders at The Ashby Workshops, where we brought together over 180 leaders from business, government, academia, and the nonprofit sector, expressed the concern that AI governance proposals remain tied to current-day model capabilities, with insufficient consideration for how these capabilities may evolve over time. We believe that an effective AI governance structure must support innovation and be flexible enough to keep up with a technology that is



quickly evolving beyond our day-to-day understanding of its potential—AI tomorrow will be vastly different than AI today.

According to our polling, the American people agree. We conducted multiple polls¹, which found that 65% of voters would trust a public-private coalition made up of AI companies, scholars, and policy experts to develop proper guardrails for AI, compared to only 50% who would trust the companies themselves and 45% who would trust the federal government.

Fathom supports three fundamental goals in AI governance:

- **The U.S. must retain its global lead in AI** to ensure the future of this technology benefits U.S. interests and values. Leading means outpacing strategic competitors in both technical innovation and the widespread, trusted adoption of AI, ensuring that America shapes how and to what ends this transformational technology is used, not our adversaries.
- **AI should be used to improve daily life, especially in critical areas like healthcare and public services.** Achieving this vision requires us to not only reimagine government and the sciences, but also to build frameworks that harness the power of AI while guarding against potential harms it could create.
- **We need sensible rules of the road that foster innovation and security.** Neither government nor industry alone can or should dictate these rules; collaboration across government and industry is vital to support a vibrant AI ecosystem that maintains America's technological advantage. Realizing this vision requires innovation in AI governance.

FATHOM'S SOLUTION

Our proposed solution is private AI governance: a collaborative public-private governance model that brings together AI industry leaders, technical AI experts, and stakeholders across business and American society to create proportionate, responsive, and adaptable standards for AI. Starting with state-based legislation, Fathom plans to help establish a marketplace of agile, private governance entities, called Multi-Stakeholder Regulatory Organizations (MRO):

¹ Fathom.org, Fathom's Inaugural Report (July 2024). Fathom.org, AI at the Crossroads: Public Sentiment and Policy Solutions (September 2024). Both available at <https://fathom.org/resources>.



- **Private Sector and Public Expertise:** MROs will consist of subject matter experts, industry representatives, and stakeholders from across wider society who will collaborate to identify, develop, and evolve best practices for AI development and deployment.
- **Voluntary Certification:** AI companies can opt-in to a certification process and, by demonstrating adherence to the MRO's prescribed standards and protocols, earn greater legal clarity in future negligence claims of personal injury or property damage. MROs turn safety standards and legal clarity into a competitive advantage.
- **Legal Clarity in Tort Law:** Certification by the MRO signifies adherence to rigorous technical and operational standards designed to mitigate risks and prevent harm, creating greater legal clarity for industry, and heightened standards and protections for American consumers. The standard of care is put in the hands of experts before a harm is committed, rather than judges and juries after the fact.

In addition to incentivizing the voluntary adoption of guardrails, this model promotes innovation by ensuring proportionate and adaptable governance:

- **Standards Evolve with AI:** The MRO's autonomy as a private, non-governmental organization will afford it the flexibility to evolve standards and best practices as model capabilities evolve. This would be incentivized by requiring the revocation of an MRO's state license should the licensing authority find its methods obsolete for ensuring acceptable levels of risk.
- **Encourage Competition:** Tailored certification criteria and customized compliance pathways will accommodate companies at varying stages of growth, ensuring that Little Tech is not put at a disadvantage relative to larger platforms

PRIVATE GOVERNANCE

Private governance has been highly successful in the case of formerly frontier technologies. For example, the core architecture of the internet – from the assignment of internet domain names and IP addresses to the standardization of protocols and traffic routing – emerged from rules created by public-private, multistakeholder organizations.



Established in 1986, the Internet Engineering Task Force (IETF) has coordinated the operation, management, and evolution of the Internet for nearly 40 years. IETF comprises a large international community of network designers, operators, vendors, and researchers, who together make decisions based on “rough consensus and running code” across more than 100 working groups. Its successes include the development and management of the Internet Protocol Suite, which includes the Transmission Control Protocol (TCP) and Internet Protocol (IP) that facilitate communication between devices on the Internet.

Fathom is part of a large and growing community, across sectors and the political spectrum, that views MROs as the solution to the AI governance problem. In April a broad coalition of scholars, researchers, and thought leaders, signed an [open letter to California legislators](#) urging support for our model in the context of the MRO legislation under consideration in that state.²The signers, who have dedicated their careers to the research of artificial intelligence, technology policy, and governance, represent different perspectives and have historically held varying views on AI. Yet they all believe that an MRO model stands out as the most responsive, well-designed model yet, able to adapt and evolve over time with the underlying technology.

CONCLUSION

Private AI governance is a win-win solution. Inspired by tried-and-true public-private governance models, we have identified an approach that enables the United States to maintain its competitive lead on the world stage by empowering AI companies to drive at the frontier, while ensuring that U.S. technologies continue to shape the world for the better.

We look forward to working with you and the members of the committee to identify and address policy gaps while preserving innovation and the United States’ dominance in AI. Fathom remains at the Committee’s disposal to assist in your efforts.

Sincerely,

Andrew Freedman
Chief Strategy Officer
Fathom

²https://www.prnewswire.com/news-releases/prominent-ai-scholars-back-private-governance-model-in-california-302433352.html?tc=eml_cleartime

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Women & Families
National Urban League
People for the American Way
Religious Action Center of
Reform Judaism
Service Employees International Union
Sikh Coalition
UnidosUS

President and CEO

Maya Wiley

May 20, 2025

The Honorable Gus Bilirakis

Chair

Subcommittee on Commerce, Manufacturing, and Trade

U.S. House of Representatives

Washington, DC 20515

The Honorable Jan Schakowsky

Ranking Member

U.S. House of Representatives

Subcommittee on Commerce, Manufacturing, and Trade

Washington, DC 20515

Dear Chair Bilirakis and Ranking Member Schakowsky,

On behalf of The Leadership Conference's Center for Civil Rights and Technology (Center), we thank you for the opportunity to submit our views regarding artificial intelligence (AI) safeguards. We ask for this letter to be entered into the record of the Commerce, Manufacturing, and Trade Subcommittee hearing titled "AI Regulation and the Future of US Leadership" on May 21, 2025.

Last week's markup saw the advancement of legislation that contained a 10-year moratorium on enforcing state laws on AI. At a time when communities across the country are demanding clear safeguards for how AI is developed and used, state governments are stepping up to the plate to protect their residents while Congress refuses to regulate. States should not be denied their authority to act, especially given Congress' inaction. A 10-year moratorium will prevent states from addressing AI harms, from deep fakes and disinformation to algorithmic discrimination, leaving people vulnerable and exposed to faulty technology. Make no mistake — this is no longer a nascent industry. Companies are making billions from their AI technology, and they don't need Congress' protection in order to avoid accountability.

It sets a dangerous precedent for the future of AI safeguards if Congress preempts state laws when they've enacted no safeguards to speak of. This moratorium means that the public will be left without redress when an AI decision-making system denies life-saving health care, when bad actors use generative AI to manipulate the will of the people in our elections, and when scammers utilize the technology to defraud vulnerable communities like seniors. Instead of prioritizing constituents, Congress is putting corporations first, allowing the



May 20, 2025
Page 2 of 2

companies that use and create AI to operate without checks and eliminating the existing civil rights safeguards. In short, Congress is giving corporations a 10-year get out of jail free card. All of us will be holding the bag if an AI system fails.

Innovation and equity are not mutually exclusive — as long as systems are proven to be safe and effective *before* implementation. In fact, innovation in AI and technology can potentially help make our country more equitable for everyone. Members of Congress must ensure that AI is used to help tackle societal challenges, such as accessibility, health disparities, food insecurity, equity, and justice. These outcomes are possible if people impacted by those systems trust the decisions being made and are not harmed by them.

Congress needs to enact federal AI protections that include requirements for assessing AI systems used in consequential decision-making to ensure that people are treated fairly; transparency so that people know when AI systems are being used in ways that impact them; recourse mechanisms so that those harmed by faulty AI are able to seek redress; privacy protections to keep data that companies collect and use about individuals is minimized and kept secure; and independent audits to ensure that these measures are put in place. Companies ought to be held accountable for the technology they create, and Congress should protect us from AI harms.

We stand ready to work with Congress on policies that will protect civil rights, prevent unlawful discrimination, and advance equal opportunity. Should you require further information or have any questions regarding this issue, please feel free to contact Jonathan Walter, senior policy counsel, at walter@civilrights.org.

Sincerely,

Alejandra Montoya-Boyer
Senior Director, Center for Civil Rights and Technology

GOP Plan to Prevent AI Regulation Is Unhinged, Dangerous - Public Citizen <https://www.citizen.org/news/gop-plan-to-prevent-ai-regulation-is-unhinged-dangerous/>

GOP Plan to Prevent AI Regulation Is Unhinged, Dangerous - Public Citizen

WASHINGTON, D.C. — This week, the Republican-controlled House Energy and Commerce Committee will mark up its [budget reconciliation proposal](#), which includes a dangerous provision that would strip states of their ability to enact and enforce critical safeguards against AI-related harms for the next decade.

In response to the news, **Public Citizen's Big Tech accountability advocate, J.B. Branch**, issued the following statement:

"This is an outrageous abdication of Congressional responsibility and a gift-wrapped favor to Big Tech that leaves consumers vulnerable to exploitation and abuse. States across the country, red and blue alike, have taken bold, bipartisan action to protect their citizens. Now that state laws are finally starting to hold AI companies accountable for deepfake child pornography, election disinformation, AI companions targeting minors, and algorithmic abuse, Congress wants to slam the brakes? This isn't leadership, it is surrendering to corporate overreach and abuse under the guise of 'protecting American innovation.'

"Congress must ask itself: Will it stand with Big Tech lobbyists, or with the people it was elected to represent? Because millions of constituents across the country are currently protected by state laws that would be gutted under this proposal. Public Citizen urges lawmakers to strike this reckless preemption language from the reconciliation bill and commit to advancing federal AI legislation that builds on, not bulldozes, state-level progress."

NATIONAL DECLARATION ON AI AND KIDS' SAFETY

May 12, 2025

Artificial intelligence is rapidly becoming part of our children's daily lives—from understanding their speech to powering search engines to helping with their homework. Yet, without stringent safeguards, AI interactions pose serious risks to children's safety, social, emotional, cognitive, and moral development, and overall well-being. We have seen firsthand the alarming consequences when profit-driven AI is unleashed on young users without adequate protections and pre-launch testing. The most alarming examples involve anthropomorphized AI companion bots, a type of AI product that is unsafe for minors by design:



Meta's AI chatbots on Instagram and Facebook were reported engaging users, including those potentially identifying as minors, in sexually suggestive or inappropriate conversations, with internal sources noting concerns about loosened safety filters in the push for engagement (Wall Street Journal, "Meta's 'Digital Companions' Will Talk Sex With Users—Even Children," April 26th, 2025).



Replika was flagged for serious privacy concerns and potential exposure to adult content for users (See, e.g., Mozilla Foundation, *Privacy Not Included*, Reports 2022, 2023).



Snapchat's "My AI" chatbot offered disturbing guidance to a user posing as a 13-yearold, advising on inappropriate sexual relationships and concealing physical abuse (Center for Countering Digital Hate, "AI Exposed: How My AI Puts Children At Risk", April 2023).



Character.AI allowed the creation of chatbots engaging in child sexual abuse roleplay and suicide-themed conversations, violating the company's own terms of service (Futurism, "Character. AI Promises Changes After Revelations of Pedophile and Suicide Bots on Its Service," November 14, 2024).

These documented incidents are not isolated occurrences—they illustrate a broader systemic danger where technology companies prioritize engagement metrics and profitability over children's safety, development, and wellbeing. Tech executives have been clear that these bots are designed to not only imitate social interaction, but also somehow meet a user's social needs. In order to flourish, children need responsive interaction from humans who care about them and can empathize with them – something AI can't provide. It is no exaggeration to call this a reckless race to market that directly threatens the health and well-being of our youngest generation.

Yet, technology need not be designed in an inherently dangerous way.

NATIONAL DECLARATION ON AI AND KIDS' SAFETY

To prevent unnecessary harms and realize the potential for positive uses of technology, we advocate at a minimum for clear **non-negotiable** guiding principles and standards in the design and operation of all AI products aimed at children:

- ✓ **Ban Attention-Based Design:** No AI designed for minors should profit from extending engagement through manipulative design of any sort. Manipulation includes, but is not limited to, anthropomorphic companion AI which by its nature deceives minors by seeking to meet their social needs. AI must prioritize children's well-being over profits or research.
- ✓ **Minimal and Protected Data Collection:** Companies should collect only essential data required for safe AI operation. Children's data must never be monetized, sold or used without full and clear disclosure and parental consent in support of that usage.
- ✓ **Full Parental Transparency:** Parents should have comprehensive visibility and control, including proactive notifications and straightforward content moderation tools.
- ✓ **Robust Age-Appropriate Safeguards:** AI must not serve up inappropriate or harmful content, specifically content that would violate a platform's own community guidelines or Federal Law.
- ✓ **Independent Auditing and Accountability:** AI products must undergo regular third-party audits and testing with child-development experts. Companies must swiftly address identified harms, taking full accountability. Future products should be extensively tested with minors before release instead of after.

Even when such principles are applied and AI products are subject to reasonable safety testing and standards prior to launch, it is possible, even likely, that some types of AI products –as is the case with companion AI bots – will be deemed unsafe at any speed for minors.

To promulgate and enforce these basic, starting point principles effectively, we call upon Congress and the U.S. courts to clarify and reform Section 230 of the Communications Decency Act. We strongly reject the industry's assertion that AI and algorithms inherently deserve immunity or are covered speech. It is time to make unequivocally clear that Section 230 protections do not apply to algorithmically-recommended or AI-created content, or a company's platform design choices. Just as a defective toy or harmful medication must face liability and be taken off shelves, AI products that harm children must also bear full product liability and be banned. As Senator Richard Blumenthal emphasized, "When these new technologies harm innocent people, the companies must be held accountable... Victims deserve their day in court" Sen. Josh Hawley emphatically stated something we all agree with: "I don't want 13 year-olds to be your guinea pig. This is what happened with social media. We had social media, who made billions of dollars giving us a mental health crisis in this country. They got rich, the kids got depressed, committed suicide. Why would we want to run that experiment again with AI?" (Statement during Senate Judiciary Subcommittee hearing, "Oversight of A.I.: The Need for Regulation", September 12, 2023).

NATIONAL DECLARATION ON AI AND KIDS' SAFETY

We, the undersigned, call urgently on policymakers, tech companies, and communities to join us in championing a safer, responsible, and ethical digital future for our children. Our kids deserve technology that enriches their lives, protects their innocence, and empowers their potential—not technology that exploits or endangers them.



Sarah Gardner
Heat Initiative



Laura Marquez-Garrett
The Social Media Victims Law Center



Tim Estes
AngelQ



Haley Hinkle
Fairplay



Jonathan Haidt
Social Psychologist and Author of The Anxious
Generation



Wesley Hodges
The Heritage Foundation



Clare Morell
The Ethics and Public Policy
Center



Alix Fraser
Issue One



Ava Smithing
Young Peoples Alliance



Julie Scelfo
MAMA - Mothers Against
Media Addiction



Brad Littlejohn
American Compass



Haley McNamara
National Center on Sexual
Exploitation



Adam Billen
Encode AI



Shelby Knox
ParentsTogether Action



Zamaan Qureshi
Design It For Us



Clay Olsen
PHASE Alliance



Brad Wilcox
Institute for Family Studies

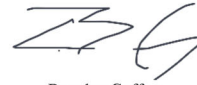
Michael Toscano
Institute for Family Studies
Family First Technology Initiative



Jennifer Bransford
Count on Mothers



Maurine Molak
ParentsSOS



Brandon Guffey
SC House District 48- Less Than 3
Non Profit



Megan Garcia
Blessed Mother Family
Foundation



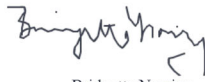
Deb Schmill
Becca Schmill Foundation



Todd Minor
Matthew E. Minor Awareness
Foundation



Maurine Molak
David's Legacy Foundation



Bridgette Norring
Devin J Norring Foundation



Christine McComas
Grace McComas Memorial



Amy Neville
Alexander Neville
Foundation



Lynn Shaw
Lynn's Warriors



Sonya Ryan OAM
Carly Ryan Foundation



Laura Derrendering
Smartphone Free Childhood
US, ScreenStrong,



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Paradigm Shift Training and Consulting



Marc Berkman
Organization for Social Media
Safety



Matthew Crawford
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Studies in Culture



Alexa Arnold
The Anxious Generation Campaign



Barbara Patch
All Girls Allowed



Elisa Johnson
New Hampshire Traffic-
Free Coalition



Beth Pagano LCSW-R
New York State Society for Clinical Social Work



Jason Frost
Wired
Human



Maddie Freeman
NoSo November



Jon Yasuda
Parents Television and Media Council



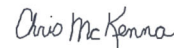
Chethan Sathya
Northwell Health



Mande Hamann
ScreenStrong



Jennifer Henderson
Smartphone Free Childhood US



Chris McKenna
Protect Young Eyes



Nicki Reisberg
Scrolling 2 Death + Tech-
Safe Learning Coalition
(TLC)



Wesley Lyons
Eagle Venture Fund



Devan Patel
American Security Fund



Penny Ronning
Yellowstone Human
Trafficking Task Force



Jaime Puerta
V.O.I.D. "Victims Of Illicit Drugs"



Russ Tuttle
The Stop Trafficking Project®



Erin Mote
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Chad Pecknold
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Mary Harrington
Writer



Sarah Gallagher Trombley
Digital Mom Media



Dalia Hashad
AI Child Safety Initiative (AI CSI)



Sara Siegand
Parents Who Fight



Victoria Dunkley MD
Pediatric Psychiatrist; author,
Reset Your Child's Brain



Larissa May
Halfthesty & Ginko



Erin Walker
Project Stand



MaryAnn Michaelis Addo
Recovery-Washington



Carrie Goldberg
C.A. Goldberg, PLLC



Emily Cherkin
The ScreenTime Consultant



Sabine Polak
Phone-Free Schools Movement



Rhonda Thomas
Truth In Education

"AI chatbots are sexually grooming young people, compromising their privacy, and causing our children to die by suicide all because tech CEOs like Mark Zuckerberg and Evan Spiegel care more making money than they do about protecting the lives of kids. Children are dying, but these companies just don't care." — Sarah Gardner, CEO of Heat Initiative

"AI is going to change everything. It can accelerate productivity and it can accelerate exploitation. Dozens of organizations across the political and ideological spectrum have come together to state a simple message: our kids must be protected from exploitative uses of AI and this can't wait. It's time for our leaders to listen and intervene before kids are harmed by irresponsible use of AI." — Tim Estes, AngelQ

"No one disputes the fact that AI products have the potential to cause serious harms to vulnerable consumers. We need to put that into context ... billion-dollar corporations are distributing non-essential products to millions of American kids for "free," despite serious and known risks of harms, with no safety testing, regulations, or even a track record of industry transparency. We already have filed suit on behalf of a child who died as the result of this recklessness and two others seriously injured, and there are more to come because these products are dangerous! Our elected representatives on both sides of the aisle must work together to fix this yesterday." — Laura Marquez-Garrett, The Social Media Victims Law Center

"Innovation through exploitation is not the American way. We have a responsibility to ensure AI tools are designed to enrich—not endanger—our children's lives. The difference lies in the design choices developers make and the standards policymakers enforce. This declaration offers an invaluable framework to guide us in the right direction." — Wes Hodges, Acting Director of the Center for Technology and the Human Person, The Heritage Foundation

"It's increasingly clear that mainstream AI tools are not being designed with safety or prevention of sexual exploitation in mind. It's time to stop experimenting on children, and establish commonsense guardrails." — Haley McNamara, Senior Vice President, Strategic Initiatives and Programs, National Center on Sexual Exploitation

"AI-powered companion chatbots, large language models, and algorithmic systems pose a growing threat to American society. They consistently expose children to self-harm content, sexual exploitation, and relentless manipulation, all with little to no accountability. Just as defective toys or dangerous medications are subject to liability and removed from the market, technology, like artificial intelligence and social media, must not be exempt from responsibility. These are some of the most powerful corporations in the world, yet they continue to operate under a separate, outdated set of rules — unlike other companies.

For too long, Big Tech has used Section 230 of the Communications Decency Act as a shield to evade any kind of legal accountability for products and design features that harm children and wreak havoc on our political system. But it doesn't have to be this way. We can create technological tools that protect our children and strengthen and enhance American democracy, rather than fueling corporate profits at the expense of our nation's children." — Alix Fraser, Issue One, Vice President of Advocacy

"Kids are sucking on algorithm straws created by big tech. The disclosures students make after our BeAlert® Student Assemblies, based on 'life online' reveal heartbreaking struggles with loneliness, isolation, depression, suicide, cyberbullying, sexting, sextortion, controlling relationships, and pornography. With AI it's becoming increasingly difficult to distinguish between a real pervert, predator, and pimp or one that is generated by AI. AI generated fantasies reach new levels of depravity and is creating literal devastation in the lives of students when they are online." — Russ Tuttle, The Stop Trafficking Project®

"Without proper safeguards, these AI tools pose a very real danger to vulnerable users — and especially kids. We need lawmakers to stand up for America's children and demand common sense regulations to hold these companies accountable for the harms they are creating. As we've already learned from social media, they aren't going to stop unless we make them." — Julie Scelfo, MAMA

"As a parent and advocate, I know the real-world consequences when technology is designed without children's safety in mind. Without strict standards and accountability, AI becomes a risk we cannot afford. The National Declaration is a vital step toward demanding the safeguards our kids deserve. We cannot allow another generation to be exploited by profit-driven platforms that treat children as test subjects instead of human beings." — Amy Neville, Alexander Neville Foundation

"The well-being of children is the truest measure of a society's health. If they are not thriving, society is in decay. Section 230 has become a legal virus, shielding platforms and now AI as they algorithmically flood young minds with addictive, dehumanizing content. If we want to heal the childhood mental health crisis, we must first cure Section 230." — Jason Frost, CEO and Co-Founder of Wired Human

"There is too much at stake to continue accepting innovation of AI at face value. This declaration is the mark of a movement away from the norms that celebrates these companies whenever they give us something new and these guidelines are a framework for accountability when that newness endangers our children." — Ava Smithing, Young Peoples Alliance

"AI chatbots are too powerful and influential to leave unregulated. We have not provided legal standards for their development, and our children are paying the price." — Barbara Patch, All Girls Allowed

"We lost our joyful, active child Grace to social media harms an unbelievable 13 YEARS ago and yet there still are no federal protections in place to save others. It's unconscionable -the dangers will proliferate even more with AI and without meaningful change, more children WILL die." — Christine McComas, Grace McComas Memorial

"We've already witnessed the devastating effects of social media on youth mental health when profit was prioritized over protection. The current 'release first, fix later' approach is completely unacceptable when our children's safety is at stake. We cannot allow the same mistakes to be repeated with AI technologies that have even greater potential for harm if deployed recklessly. As a society, we must strive for a future where technology enriches our children's lives rather than exploits their vulnerabilities or endangers their wellbeing." — Shelby Knox, Director of Online Safety Campaigns, ParentsTogether Action

"Technology is never morally neutral. It's forming souls, including the souls of our children. For their happiness, and for the happiness of the nation, our government must use the power of law to protect kids from the most insidious forms of technological power threatening to deform us." — Chad Pecknold, The Catholic University of America

"Not only are kids being exposed to pornography in unprecedented numbers, but now they can form "relationships" with AI chatbots, decreasing any incentive for real relationships or intimacy. If we want thriving, healthy children and future adults, there must be protection from technology that hijacks the brains of our kids and makes a fantasy world much more appealing than real life." — Heidi Olson, Paradigm Shift Training and Consulting

"What kind of society doesn't put reasonable, commonsense, default barriers between children and egregious harm? We must learn from the mistakes we made with social media and do better for our children. It's time for a framework and to swing open the courtroom doors. Not to create a flood of litigation. But to remind Big Tech that we could." — Chris McKenna, Protect Young Eyes

"The last decade of inaction on social media has allowed massive companies to make billions by exploiting our children for profit," said Adam Billen, Vice President of Public Policy at Encode. "We cannot afford to look back ten years from now and realize we've made the same mistake with AI." — Adam Billen, Encode AI

"We are proud to sign onto this urgent national declaration because we are already witnessing the next wave of harm unfold—AI-powered products and algorithms deployed recklessly across social media platforms, with children once again paying the price. The same social media industry that profited while fueling a youth mental health crisis is now racing to embed AI tools—chatbots, recommendation algorithms, immersive avatars—without sufficient safeguards, testing, or transparency. The Organization for Social Media Safety strongly urges Congress to reform Section 230 to ensure that social media companies bear full legal accountability for the design, deployment, and impact of AI systems on their platforms. This is not about the future. This is about now. And we must act before another generation is put at risk." — Marc Berkman, Organization for Social Media Safety

"The government must make it clear that Section 230 immunity should not apply to generative AI products, like AI chatbots, so that companies can be held liable for real-life harms caused by their product design, especially to our children. And Congress should seriously consider, age restricting AI chatbots entirely, as they are proving to be extremely dangerous, even deadly, to America's children." — Clare Morell, The Ethics and Public Policy Center

"Parent survivors of children lost to social media harms know the devastating consequences of unleashing state-of-the-art technology on kids without considering their safety. If these new AI chatbots are not immediately and stringently regulated, many more families will suffer the same fate that ours' have. Our kids are not, and should never be, Big Tech's guinea pigs." — Maurine Molak, ParentsSOS

"Count On Mothers supports Angel Q because our nationwide research shows that mothers – across every region, background, and political ideology – are urgently seeking tech solutions that reduce screen addiction, protect kids from harmful content, predatory people and marketing, and promote real and trusting connection at home. Angel Q directly reflects what mothers are asking for: safer, healthier technology that supports family well-being." — Jennifer Bransford, Count on Mothers

"Our children cannot be guinea pigs in the AI arms race." — Nicki Reisberg, Scrolling 2 Death

"It is time to hold these tech companies responsible for their reckless attacks on our youth." — Brandon Guffey, SC House District 48- Less Than 3 Non Profit

"When social media exploded onto the scene, safety was an afterthought and kids paid the price with their lives. Artificial intelligence is going to be even more destructive if we don't respond swiftly to the urgent for protection and accountability. We must stand together for the sake of entire generation." — Sara Siegand, *Parents Who Fight*

"Artificial Intelligence requires robust safeguards because children are particularly vulnerable to its risks and harms. These include: Exposure to inappropriate, violent and sexually explicit content - Misinformation and manipulation - Privacy risks - Psychological impacts - Exploitation - Addiction and overuse. We ask that Congress addresses this as a matter of urgency. For far too long Big Tech has gone unregulated and this has resulted in immense suffering for our children and a colossal loss of life." Sonya Ryan OAM - Carly Ryan Foundation

"ENOUGH. It's 2025, not 1996. Our children deserve safe technology that makes their lives better, not worse with many dangers." — Lynn Shaw, *Lynn's Warriors*

"At Eagle Venture Fund, we believe technology should elevate human dignity and solve the world's most pressing problems — especially for children, who are uniquely vulnerable to manipulation and harm. The trajectory of AI must be guided by principled, wise designs, not a race for engagement or profit at any cost." — Wes Lyons, General Partner, Eagle Venture Fund

"When we first unleashed the power of the internet in the late 90s, and smartphones a decade later, we were so entranced by everything these tools could unlock for us as adults that we didn't spare a thought for how they would impact our kids. Now, with AI, we have a chance to learn from those mistakes, and get it right from the beginning. With robust age-verification technology available to us now to differentiate users from one another, we must insist that developers create products that are age-appropriate, and leave parents in control of their children's digital experiences." — Brad Littlejohn, *American Compass*

"AI offers tremendous benefits, provided we can order it to our human needs and aims, rather than the other way round. Prudent regulation is especially necessary to safeguard children's normal development." — Mary Harrington, *Writer*

"Social media and excessive screen time are no longer just lifestyle concerns — they are a full-blown public health crisis for our kids. We're seeing the mental health toll in real time, in our clinics and trauma bays. Healthcare must step up, lead with urgency, and treat digital exposure as the serious health determinant it is. The time to act is now." — Dr. Chethan Sathya, *Pediatric Trauma Surgeon & Public Health Leader*

"As a mental health therapist specializing in addiction, I cannot find words strong enough to underscore the urgent and dire need to protect children from today's technological terrors which target and prey on them, specifically at vulnerable and crucial developmental stages. This developmental disruption will reverberate through generations-for which we carry the burden, if we choose not to act." — MaryAnn Michaelis, *Addo Recovery-Washington*

"Kids need protection from adult AI. Parents cannot keep children safe from AI without support that includes industry wide regulation to compel tech companies to do better." — Sarah Gallagher Trombley, *Digital Mom Media*

"The harms AI is already inflicting on children aren't accidents. They're the inevitable result of a system with no guardrails, where tech companies get rich and kids pay the price. As AI becomes faster, smarter, and more advanced, the consequences for children could become catastrophic. If we are going to give children AI, it needs to have safeguards to protect them." — Dalia Hashad, AI Child Safety Initiative (AI CSI)

"Our children's safety is a matter of national security. From predatory chatbots designed in Silicon Valley to weaponized algorithms unleashed by the Chinese Communist Party, our nation's youth are under constant attack. American Security Fund urges Congress to act and ensure ethical human-centric technological development to protect the health and safety of our children." — Devan Patel, American Security Fund

"I tested a chat bot as my younger self, ready to end my life. The fact that a billion dollar business doesn't have safe guards for low hanging fruit is pure neglect. AI can't save kids, but regulation is the first step." — Larissa May, Halfthistory & Ginko

"I am deeply concerned about the access children have to platforms like ChatGPT on their school-issued devices as well. These are health-harming products that are not designed with a child's developmental needs in mind and serve only to benefit the companies who created these products. We must act now." — Emily Cherkin, The Screentime Consultant



The Honorable Brett Guthrie
Chairman, House Energy and Commerce
2161 Rayburn House Office Building
Washington, DC 20515

Honorable Frank Pallone
Ranking Member, House Energy and Commerce
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Wayne A. Harper

President, NCSL
Senate President
Pro Tempore, Utah

John Snyder

Staff Chair, NCSL
Transportation Committee
Staff Administrator,
Kentucky Legislative
Research Commission

Tim Storey

Chief Executive Officer,
NCSL

May 13, 2025

Dear Chairman Guthrie, Ranking Member Pallone and Members of the Committee,

On behalf of the National Conference of State Legislatures, the bipartisan organization representing the legislatures of our nation's states, territories, commonwealths and Washington, D.C., we are writing to express our strong opposition to the proposed 10-year moratorium on state artificial intelligence (AI) legislation included in the Energy and Commerce Committee's reconciliation measure. We urge the committee to remove this language from the bill. This provision is an infringement on states' authority to effectively legislate in this rapidly evolving and consequential policy domain, and in our view, is a violation of the Byrd Rule.

Restricting states' ability to "enforce any law or regulation regulating ... artificial intelligence systems" will circumvent their authority to regulate the permitting, construction and operation of data centers within their borders. This will severely limit the ability of states and localities to make decisions regarding the siting and operation of these large-scale projects, raising costs for ratepayers, jeopardizing zoning decisions that protect our mutual constituents and impacting existing infrastructure such as power grids and generating facilities.

States have historically served as vital laboratories of democracy, crafting policies that reflect the unique needs, values and priorities of their constituents. In the realm of AI—where implications for privacy, cybersecurity, fraud, workforce, education and public safety remain profound and continually evolving—legislative flexibility is essential. A federally imposed moratorium would not only stifle innovation but potentially leave communities vulnerable in the face of rapidly advancing technologies.

Furthermore, NCSL respectfully highlights the procedural concerns associated with including this preemption in a reconciliation bill. Under the Senate's Byrd Rule, which governs the budget reconciliation process, provisions deemed "extraneous" are prohibited. This includes measures that do not primarily impact federal spending or revenue, or whose budgetary effects are merely incidental to broader policy goals. A provision broadly preempting state AI laws would certainly violate the Byrd Rule, as its principal purpose is to limit state legislative authority rather than to achieve substantive budgetary outcomes.

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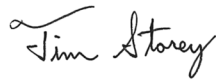
Denver 7700 East First Place, Denver CO 80230 | Washington D.C. 444 North Capitol Street, N.W. Suite 515, Washington, D.C. 20001

States have demonstrated leadership on critical issues in the technology space, often well in advance of federal action. By implementing a blanket moratorium on state laws, Congress forfeits the benefits of this policy leadership and eliminates opportunities to test and refine regulatory models through localized experimentation.

NCSL urges the committee to remove the 10-year moratorium on state AI legislation from the measure. Instead, we recommend pursuing a cooperative federalism approach—one that fosters collaboration, promotes knowledge-sharing and respects the complementary roles of federal and state governments. Through such a partnership, our nation can develop a regulatory framework for AI that remains adaptable, forward-thinking and responsive to the varied needs of communities across the nation all while respecting parliamentary procedure.

Thank you for your consideration of this critical matter. NCSL remains committed to working with you to ensure responsible and effective AI policy development. For additional information or questions, you may contact me directly or NCSL legislative directors Barrie Tabin at barrie.tabin@NCSL.org or Ben Nasta at Ben.Nasta@NCSL.org.

Sincerely,

A handwritten signature in black ink that reads "Tim Storey". The signature is written in a cursive, flowing style.

Tim Storey
Executive Director
National Conference of State Legislatures

Cc: Members of the House Energy and Commerce Committee

Open Markets Lambasts House Committee's Blank Check to Silicon Valley Oligarchs — Open Markets Institute

Open Markets

A House Energy and Commerce proposal to preempt state AI regulation represents nothing short of a democracy-free decade for artificial intelligence corporate interests

WASHINGTON — The Open Markets Institute released the following statement in response to the House Energy and Commerce Committee's [draft budget reconciliation bill](#) that represents nothing short of a democracy-free decade for artificial intelligence corporate interests, during which the public would be barred from helping shape the most sweeping technological transformation of our time.

Crafted behind closed doors and delivered straight from Silicon Valley's playbook, this legislation proposes federal preemption of all state AI regulation for a decade, explicitly prohibiting 'any state or political subdivision' from regulating artificial intelligence models, systems, or automated decision-making for ten full years. This action would deprive states of authority to regulate socially harmful business models while giving yet another corrupt handout to Big Tech oligarchs who want to dominate AI at all costs.

"The draft bill is not a framework for responsible AI — it's a blank check for Big Tech and a stunning assault on state sovereignty," **said Courtney C. Radsch, director of the Center for Journalism and Liberty at Open Markets Institute.** "This is the broligarchy in action: billionaires and lobbyists writing the laws to lock in their dominance, at the direct expense of democratic oversight, with no new rules, no obligations, and no accountability allowed. This is not innovation protection—it's a corporate coup."

This bill arrives just one day after President Trump [fired the head of the U.S. Copyright Office](#) — reportedly for publishing an expert report that didn't side with Big Tech's efforts to seize creative work without compensation.

"This is corruption in plain sight. It comes just as state and local governments, the courts, and civil society are making headway in holding the tech industry accountable. That's not policymaking, that's retaliation. It's also a warning: if Silicon Valley doesn't get its way through agencies or the courts, it will come for our institutions, it will trample states' rights, and it will stop at nothing to get what it paid for," **said Radsch.**

"But we don't have to settle for a future engineered by monopolists. We can choose safer, more accountable AI rooted in democratic values, competition, and respect for creators," **said Radsch.** "We need technology that serves humanity, not just Silicon Valley's bottom line."

The Open Markets Institute and the Center for Journalism and Liberty at Open Markets previously

Open Markets Lambasts House Committee's Blank Check to Silicon Val... <https://www.openmarketsinstitute.org/publications/house-committees-b...>

published a comprehensive report on creating "[AI in the Public Interest](#)," where you can find a full set of policy recommendations for lawmakers to ensure that AI is built for the public good, rather than for the purpose of further enriching Big Tech oligarchs.

###



The Honorable Mike Johnson
 Speaker of the House
 568 Cannon House Office Building
 Washington, DC 20510

The Honorable Brett Guthrie
 Chairman
 House Committee on Energy and Commerce
 2125 Rayburn House Office Building
 Washington, DC 20515

The Honorable Hakeem Jeffries
 House Minority Leader
 2433 Rayburn House Office Building
 Washington, DC 20510

The Honorable Frank Pallone, Jr.
 Ranking Member
 House Committee on Energy and Commerce
 2322 Rayburn House Office Building
 Washington, DC 20515

May 13, 2025

Dear Speaker Johnson, Leader Jeffries, Chairman Guthrie and Ranking Member Pallone,

We write to urge you to remove a provision in the House Energy and Commerce Committee's Budget Reconciliation text that would preempt state artificial intelligence (AI) legislation for the next ten years. By wiping out all existing and future state AI laws without putting new federal protections in place, AI companies would get exactly what they want: no rules, no accountability, and total control. As organizations working on the frontline of the consequences of AI development with no guardrails, we know what this would mean for our children.

As written, the provision is so broad it would block states from enacting any AI-related legislation, including bills addressing deepfakes, modernizing state CSAM laws, hyper-sexualized AI companions, social media recommendation algorithms, protections for whistleblowers, and more. It ties lawmakers' hands for a decade, sidelining policymakers and leaving families on their own as they face risks and harms that emerge with this fast-evolving technology in the years to come.

Historically, states have served as the laboratories of democracy, tailoring guardrails and protections to their residents' unique needs. Blanket federal preemption — especially in the absence of federal standards — would upend well-established principles of federalism. States are well-positioned to adapt to the rapid speed of AI development with protections that consumers need while allowing for innovation to flourish.

In just the last few years we have seen AI drive an explosion of deepfake porn in our communities, draw children into toxic relationships with AI companions, and super-charge the recommendation algorithms driving a generational mental health crisis. Just last year [15%](#) of high school students — representing millions of kids — reported knowing a classmate who had been victimized by AI-generated image based sexual abuse. AI companion applications are [pushing sexual content](#) on children and [encouraging them to self-harm](#). Recent reports have found that industry efforts to protect children on [AI companion applications are easily circumvented](#). AI-driven content recommendation systems are [feeding videos](#) about eating disorders and self-harm to users.

AI offers great benefits for work, education, science, the economy and so much more, but it cannot be denied that we are already seeing an explosion of online harms - not just to kids, but for scammers targeting the elderly, deepfakes targeting creators, etc. The last decade of social media has shown us what happens when we wait to act on new technologies. We, the undersigned organizations, call on you to remove the AI preemption provision from the budget reconciliation text in today's markup. It is irresponsible and short sighted to tie the hands of state legislators in the face of federal inaction.

Sincerely,

Encode
Fairplay
Common Sense Media
Young People's Alliance

Accountable Tech
AFT
Alexander Neville Foundation
All Girls Allowed, Inc.
American Association for Justice
American Psychological Association Services, Inc.
Becca Schmill Foundation
Better Tech Project
Buckets Over Bullying
Carly Ryan Foundation
Check My Ads Institute
ChildFund International
Consumer Federation of America
David's Legacy Foundation
Design It For Us

Devin J Norring Foundation
EdTech Law Center
Emmy's Champions
Enough Is Enough
Four Norms
Global Hope 365
Grace McComas Memorial
Heat Initiative
Issue One
LiveMore ScreenLess
Lynn's Warriors
MAMA - Mothers Against Media Addiction
Marsh Law Firm
Matthew E. Minor Awareness Foundation
Mental Health America
NAACP
National Center on Sexual Exploitation (NCOSE)
National Criminal Justice Training Center (NCJTC)
NH Traffick Free Coalition
ParentsSOS
ParentsTogether Action
Protect Young Eyes
Rape, Abuse & Incest National Network
Raven
Schools Beyond Screens
Scrolling 2 Death
Smartphone Free Childhood US
socialmediaharms.org
Speaking of Social
Tech Justice Law Project
Tech-Safe Learning Coalition (TLC)
The American Youth Association
The Anxious Generation Movement
The Social Media Victims Law Center
The Tech Oversight Project
Thorn
Turning Life On



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May 21, 2025

Chairman Gus Bilirakis and Ranking Member Jan Schawkowski
Subcommittee on Commerce, Manufacturing, and Trade
U.S. House of Representatives
2322 Rayburn House Office Building, Washington D.C. 20515

Re: Public Citizen's Statement for the Record: AI Regulation and the Future of U.S. Leadership

Dear Chairman Bilirakis, Ranking Member Schawkowski, and Members of the Subcommittee,

Public Citizen welcomes the opportunity to submit this statement for the hearing on *AI Regulation and the Future of U.S. Leadership*. We appreciate the Subcommittee's engagement on artificial intelligence (AI), a transformative technology that poses both immense promise and profound risks. Public Citizen is a national public interest organization with more than 500,000 members and supporters. Since our founding in 1971, we have worked to ensure that government and corporate power are transparent, accountable, and responsive to the needs of the public. In the context of emerging technologies, Public Citizen advocates for policies that promote innovation while safeguarding the public from potential harms. We believe that technological advancements should serve the broader public good, and that includes the responsible development and deployment of Artificial Intelligence. We thank the Committee for the opportunity to submit this statement for the record.

This Committee has rightly recognized that how we regulate AI today will shape our economy, democracy, and society for decades to come. Earlier this month, during deliberations on the reconciliation budget, members engaged in a spirited debate over the future of AI oversight weighing the need to remain globally competitive against the imperative to protect the public from preventable harm.¹ That conversation continues today, and Public Citizen believes it is vital that innovation be guided by clear, enforceable rules that reflect the values of accountability, safety, and democratic governance.

Today's hearing purports to explore how the United States can maintain leadership in AI.² But true leadership requires more than economic dominance. It requires moral clarity, democratic

¹ House Committee on Energy & Commerce, Full Committee Markup of Budget Reconciliation Text, 119th Cong. (May 13–14, 2025), <https://www.youtube.com/watch?v=J4fGR1CiNGg>, [House Documents+4](https://www.youtube.com/watch?v=J4fGR1CiNGg)

² House Committee on Energy & Commerce, Chairmen Guthrie and Bilirakis Announce Subcommittee Hearing on Seizing America's AI Opportunity, 119th Cong. (May 14, 2025), <https://energycommerce.house.gov/posts/chairmen-guthrie-and-bilirakis-announce-subcommittee-hearing-on-seizing-america-s-ai-opportunity>.

oversight, and public accountability. That means rejecting a deregulatory race to the bottom disguised as innovation. That means ensuring consumer protections, including all of your constituents, over the profits of a few tech billionaires. And most urgently, it means ending the dangerous and sweeping calls for federal preemption of state AI laws.³

Preemption is a Decade-Long Deregulatory Blackout

Several representatives within this very committee have vocalized a desire for Congress to preempt state laws on AI.⁴ The call is not incremental, and it is not a placeholder for better proposed federal legislation. Instead, it is a permission slip for unchecked harm. Gutting existing state protections and preventing the creation of new ones regardless of how severe the damage is simply reckless. The historical evidence is clear that state legislatures have stepped up where Congress has stalled.⁵ It is a sobering fact that undoing these state laws will result in imminent harm to the very people committee members are tasked with representing.⁶

Preemption of state AI laws would be an open invitation for Big Tech to operate without accountability in areas that include civil rights, mental health, data privacy, fraud, public safety, and child protection. At a time when generative AI is accelerating at breakneck speed producing deepfake election material,⁷ AI-generated child sexual abuse content,⁸ and AI chatbots encouraging self-harm⁹ Congress should be protecting the public, not shielding industry.

States are Leading Where Congress has Not

Federal lawmakers have had years to establish meaningful AI safeguards.¹⁰ And yet, Congress has failed to enact even the most basic protections.¹¹ In the vacuum left by this inaction, states have done what federal leaders would not: they've protected their constituents from real-world harms.¹² These state laws are bipartisan, pragmatic, and urgently needed.¹³

³ Cobun Zweifel-Keegan, *A View from DC: US Senate Hearing Gives a Preview of AI on Cruz Control*, IAPP (May 9, 2025), <https://iapp.org/news/a/a-view-from-dc-us-senate-hearing-gives-a-preview-of-ai-on-cruz-control>.

⁴ *Supra* note 1.

⁵ Nicol Turner Lee & Josie Stewart, *States Are Legislating AI, but a Moratorium Could Stall Their Progress*, Brookings (May 14, 2025), <https://www.brookings.edu/articles/states-are-legislating-ai-but-a-moratorium-could-stall-their-progress/> Brookings+4

⁶ Jody Godoy, *AI Regulation Ban Meets Opposition from State Attorneys General Over Risks to US Consumers*, Reuters (May 16, 2025), <https://www.reuters.com/sustainability/boards-policy-regulation/ai-regulation-ban-meets-opposition-state-attorneys-general-over-risks-us-2025-05-16/>.

⁷ Shanze Hasan & Abdiaziz Ahmed, *Gauging the AI Threat to Free and Fair Elections*, Brennan Center for Justice (Mar. 6, 2025), <https://www.brennancenter.org/our-work/analysis-opinion/gauging-ai-threat-free-and-fair-elections>.

⁸ Internet Watch Foundation, *How AI is Being Abused to Create Child Sexual Abuse Imagery*, IWF (July 2024), <https://www.iwf.org.uk/about-us/why-we-exist/our-research/how-ai-is-being-abused-to-create-child-sexual-abuse-imagery/>.

⁹ Derek B. Johnson, *Anorexia Coaches, Self-Harm Buddies and Sexualized Minors: How Online Communities Are Using AI Chatbots for Harmful Behavior*, CyberScoop (Mar. 5, 2025), <https://cyberscoop.com/graphika-ai-chatbots-harmful-behavior-character-ai/>.

¹⁰ *Supra* note 5.

¹¹ *Id.*

¹² *Id.*

To provide the Subcommittee with a more concrete understanding of the scope and significance of state action, I offer the following illustrative examples:

- **Two-thirds of U.S. states** have enacted bans on AI-generated deepfake pornography.¹⁴
- **Half of U.S. states** have passed laws against deepfake election disinformation.¹⁵
- **Colorado** passed a comprehensive AI Act establishing transparency and consumer protections.¹⁶
- **Tennessee's ELVIS Act** protects against strangers cloning one's voice and profiting off it, which is an essential safeguard for artists, gig workers, and everyday users.¹⁷
- **North Dakota** requires healthcare decisions to be made by doctors, not automated triage tools.¹⁸
- **New York** has adopted an AI Bill of Rights that safeguards civil liberties.¹⁹
- **Utah** protects users interacting with mental health AI tools from unsafe design.²⁰
- **California**, a global tech hub, has pioneered laws requiring content disclosures, regulating training data, and protecting children on social media.²¹
- **Kentucky** has laws that protect citizens from AI discrimination by state agencies, mandating transparency and due process in AI-driven decision-making.²²

These are not theoretical harms. People have been run over by autonomous vehicles and dragged as the autonomous vehicle did not register a person underneath it.²³ Children have killed

¹³ *Id.*

¹⁴ Public Citizen, *Two-Thirds of States Enact Bills Protecting Public from Deepfake Porn*, Public Citizen (May 6, 2025), <https://www.citizen.org/news/two-thirds-of-states-enact-bills-protecting-public-from-deepfake-porn/>.

¹⁵ Public Citizen, *25 States Enact Laws to Regulate Election Deepfakes*, Public Citizen (May 13, 2025), <https://www.citizen.org/news/25-states-enact-laws-to-regulate-election-deepfakes/>.

¹⁶ Stuart D. Levi et al., *Colorado's Landmark AI Act: What Companies Need To Know*, Skadden (June 24, 2024), <https://www.skadden.com/insights/publications/2024/06/colorados-landmark-ai-act>.

¹⁷ Margaret R. Szewczyk & Lucas Amodio, *Artificial Intelligence and Copyrights: Tennessee's ELVIS Act Becomes Law*, Armstrong Teasdale (Mar. 27, 2024), <https://www.armstrongteasdale.com/thought-leadership/artificial-intelligence-and-copyrights-tennessees-elvis-act-becomes-law/>, Armstrong Teasdale LLP+4

¹⁸ Ebinola Aniyikaiye, *North Dakota Enacts Law Limiting AI in Health Care Decisions*, Am. Bar Ass'n (May 2, 2025), https://www.americanbar.org/groups/health_law/news/2025/5/north-dakota-enacts-law-limiting-ai-health-care-decisions/.

¹⁹ Kathleen D. Parker & Maria Caceres-Boneau, *Q1 2025 New York Artificial Intelligence Developments: What Employers Should Know About Proposed and Passed Artificial Intelligence Legislation*, Nat'l L. Rev. (Apr. 22, 2025), <https://www.natlawreview.com/article/q1-2025-new-york-artificial-intelligence-developments-what-employers-should-know>

²⁰ Bruce Barcott, *Utah Gov. Cox Signs AI Mental Health Chatbot Bill into Law, a Win for Transparency*, Transparency Coalition (Apr. 21, 2025), <https://www.transparencycoalition.ai/news/utahs-new-ai-mental-health-chatbots-law-signed-by-governor>.

²¹ Cooley LLP, *California's New AI Laws Focus on Training Data, Content Transparency*, Cooley (Oct. 16, 2024), <https://www.cooley.com/news/insight/2024/10-16-californias-new-ai-laws-focus-on-training-data-content-transparency>.

²² Paige Gross, *As AI Takes the Helm of Decision Making, Signs of Perpetuating Historic Biases Emerge*, Kentucky Lantern (Oct. 14, 2024), <https://kentuckylantern.com/2024/10/14/as-ai-takes-the-helm-of-decision-making-signs-of-perpetuating-historic-biases-emerge/>

²³ CBS News, *Cruise to Pay \$1.5M Penalty in Connection with San Francisco Pedestrian Accident, NHTSA Says*, CBS San Francisco (Sept. 30, 2024), <https://www.cbsnews.com/sanfrancisco/news/nhtsa-robotaxi-cruise-pay-penalty-failing-report-san-francisco-crash-involving-pedestrian/>.

themselves after encouragement from AI chatbots.²⁴ Parents have been physically threatened by teenagers who were encouraged to kill them.²⁵ Children have been exposed to sexual conversations with AI chatbots.²⁶ Stock markets have been rattled by stock trading AI agents.²⁷ Workers have been surveilled.²⁸ People have been wrongfully arrested with the usage of facial recognition.²⁹ Members of Congress have been mistaken for criminals.³⁰ Consumers have been defrauded by fake human avatars.³¹ Women have been killed when algorithms claim an abusive spouse does not pose a threat.³² These are the harms that await American consumers if Congress pursues preemption of state AI laws.

Fear-Based Tactics are Not Sound Policy but Distractions from True Leadership

Two recurring themes have emerged from proponents of deregulation. First, they claim that state-level regulation is stifling AI innovation. Second, they argue that the only path to U.S. dominance in AI is through sweeping deregulation. Both assertions follow a familiar playbook of fear and false choices. The evidence shows that these claims are not only misleading, but they are flatly untrue.

Current state regulations have not stifled innovation. They have coexisted with it. In fact, the soaring valuations of leading U.S. AI companies make one thing clear: the industry is thriving under existing laws. The current valuations of the leading AI companies in the U.S. show a *thriving* AI market under current policies:

- OpenAI's most recent evaluation at \$300 billion.³³
- Scale AI's most recent valuation at \$25 billion.³⁴
- Anthropic's most valuation at \$61.5 billion.³⁵

²⁴ NBC News, *Character.AI Lawsuit: Florida Teen's Death Raises Questions About AI Chatbots*, NBC News (Oct. 23, 2024), <https://www.nbcnews.com/tech/characterai-lawsuit-florida-teen-death-rcna176791>.

²⁵ Bobby Allyn, *Lawsuit: A Chatbot Hinted a Kid Should Kill His Parents Over Screen Time Limits*, NPR (Dec. 10, 2024), <https://www.npr.org/2024/12/10/nx-s1-5222574/kids-character-ai-lawsuit-NPR+3NPR+3>.

²⁶ Jeff Horwitz, *Meta's 'Digital Companions' Will Talk Sex With Users—Even Children*, Wall St. J. (Apr. 27, 2025), <https://www.wsj.com/tech/ai/meta-ai-chatbots-sex-a25311bf>.

²⁷ Kevin Frazier, *Selling Spirals: Avoiding an AI Flash Crash*, Lawfare (Nov. 8, 2024), <https://www.lawfaremedia.org/article/selling-spirals--avoiding-an-ai-flash-crash>.

²⁸ Steven Greenhouse, *'Constantly Monitored': The Pushback Against AI Surveillance at Work*, The Guardian (Jan. 7, 2024), <https://www.theguardian.com/technology/2024/jan/07/artificial-intelligence-surveillance-workers>.

²⁹ American Civil Liberties Union, *Williams v. City of Detroit*, ACLU (Jan. 29, 2024), <https://www.aclu.org/cases/williams-v-city-of-detroit-face-recognition-false-arrest>.

³⁰ Russell Brandom, *Amazon's Facial Recognition Matched 28 Members of Congress to Criminal Mugshots*, The Verge (July 26, 2018), <https://www.theverge.com/2018/7/26/17615634/amazon-rekognition-aclu-mug-shot-congress-facial-recognition>.

³¹ Jeff Horwitz, *Meta's 'Digital Companions' Will Talk Sex With Users—Even Children*, Wall St. J. (Apr. 27, 2025), <https://www.wsj.com/tech/ai/meta-ai-chatbots-sex-a25311bf>.

³² Nicholas Casey & José Bautista, *Spain's Domestic Violence Algorithm Fails to Protect Women*, N.Y. Times (July 18, 2024), <https://www.nytimes.com/interactive/2024/07/18/technology/spain-domestic-violence-viogen-algorithm.html>.

³³ Cade Metz, *OpenAI's Valuation Soars to \$300 Billion Amidst Strategic Shifts*, N.Y. Times (Mar. 31, 2025), <https://www.nytimes.com/2025/03/31/technology/openai-valuation-300-billion.html>.

³⁴ Reuters, *Scale AI Seeking Valuation as High as \$25 Billion in Potential Tender Offer*, Business Insider Reports, Reuters (Mar. 28, 2025), <https://www.reuters.com/technology/artificial-intelligence/scale-ai-seeking-valuation-high-25-billion-potential-tender-offer-business-2025-03-28/Reuters+6>.

- Palantir’s valuation at \$281 billion.³⁶
- Or one of the newest AI companies, Perplexity, which entered the market earlier this year as the “AI search engine” being valued at \$14 billion.³⁷

In short, AI companies are booming under existing state laws. Some of the most successful AI startups in the world operate in California, New York, and Colorado, with the most comprehensive AI or data privacy regulations. Let us be clear, America is leading the world in the AI industry.³⁸ If state regulations were truly unmanageable, the industry would not be surging.

When the hysterics of innovation fall on deaf ears, opponents of state AI regulations fall back on a manufactured “AI arms race” with China.³⁹ The constant “AI arms race” framing serves to justify policy decisions that would otherwise be indefensible. It is an excuse to silence dissent, dismiss scrutiny, and trade away civil rights. But the public should not have to sacrifice transparency, fairness, or the rule of law in the name of a manufactured rivalry.

The suggestion that, unless we deregulate AI, the U.S. will “fall behind China” is both false and offensive.⁴⁰ There is no evidence that consumer protection and global competitiveness are mutually exclusive.⁴¹ In fact, leadership in the 21st century will require building safe, trustworthy systems that align with democratic values, not abandoning those values in pursuit of speed.

Rather than fueling unwarranted alarm, Congress should look to the states for guidance. Lawmakers have a clear opportunity to build on the thoughtful, bipartisan measures already enacted at the state level. By embracing these best practices and advancing comprehensive, responsible AI legislation, Congress can fulfill its obligation to serve the public interest — as each member pledged to do upon taking office.

³⁵ Anthropic, *Anthropic Raises Series E at \$61.5B Post-Money Valuation*, Anthropic (Mar. 4, 2025), <https://www.anthropic.com/news/anthropic-raises-series-e-at-usd61-5b-post-money-valuation>.

³⁶ CNBC, *Palantir Joins Top 10 Most Valuable Tech Companies as Stock Trades at Premium*, CNBC (May 8, 2025), <https://www.cnbc.com/2025/05/08/palantir-joins-top-10-most-valuable-tech-companies-stock-at-premium.html>.

³⁷ Adam Levine, *Perplexity AI Looks to Raise \$500 Million, Increasing the Pressure on Google Search*, Barron’s (May 12, 2025), <https://www.barrons.com/articles/perplexity-google-stock-ai-search-engine-5d7b8ea3>.

³⁸ Stanford HAI, *Global AI Power Rankings: Stanford HAI Tool Ranks 36 Countries in AI*, Stanford HAI (Nov. 21, 2024), <https://hai.stanford.edu/news/global-ai-power-rankings-stanford-hai-tool-ranks-36-countries-in-ai>.

³⁹ Senate Committee on Commerce, Science, & Transportation, *Winning the AI Race: Strengthening U.S. Capabilities in Computing and Innovation*, 118th Cong. (May 8, 2025), <https://www.commerce.senate.gov/2025/5/winning-the-ai-race-strengthening-u-s-capabilities-in-computing-and-innovation-2>.

⁴⁰ Alvin Wang Graylin & Paul Triolo, *There Can Be No Winners in a U.S.-China AI Arms Race*, MIT Tech. Rev. (Jan. 21, 2025), <https://www.technologyreview.com/2025/01/21/1110269/there-can-be-no-winners-in-a-us-china-ai-arms-race/>.

⁴¹ *Id.*

Preemption Doesn't Create a National Standard, It Creates a Vacuum

Some members of this Committee have suggested that preemption now is acceptable because Congress will “get to” a federal AI law later.⁴² This is baffling. The same members who have punted on passing responsible AI legislation are willing to dismantle the only AI consumer protections present to pass what exactly? There is no bill. There is no timeline. There is no plan. The idea of taking away rights and offer only vague assurances is irresponsible at best and deceptive at worst.

What is offered is a regulatory black hole. Companies could avoid lawsuits. They can avoid state attorneys general attempting to provide consumers with any semblance of oversight. Victims of deepfake porn would have no meaningful path to accountability. Attorneys would be powerless to represent their clients.

The collective memory of Congress cannot be this short. For years Congress deferred action on social media and states were slow to respond. Now, the public lives with the consequences: rampant disinformation,⁴³ teen mental health crises,⁴⁴ data privacy violations,⁴⁵ and election interference.⁴⁶ AI is exponentially more powerful.⁴⁷ This Committee cannot afford to make the same mistake.

Public Citizen's Recommendations

Public Citizen supports innovation. But we do not support pursuing innovation without integrity. Real AI leadership requires enforceable rules that:

- **Reject** any bill that includes language aimed at preempting state AI regulation and instead pursue comprehensive federal AI regulation creating a nationwide floor of consumer rights and protections based on best practices.
- **Require clear labeling of all AI-generated content**, including deepfakes and synthetic media.
- **Mandate watermarking and traceability mechanisms** to preserve evidentiary integrity and support enforcement.
- **Ban surveillance-based advertising and manipulative personalization** that exploits user data and erodes autonomy.

⁴² *Supra* note 1.

⁴³ Gizem Ceylan, *How Social Media Rewards Misinformation*, Yale Insights (Mar. 31, 2023), <https://insights.som.yale.edu/insights/how-social-media-rewards-misinformation>.

⁴⁴ Carol Vidal, M.D., Ph.D., M.P.H., and Jennifer Katzev, Ph.D., *Social Media and Mental Health in Children and Teens*, Johns Hopkins Medicine (Apr. 2025), <https://www.hopkinsmedicine.org/health/wellness-and-prevention/social-media-and-mental-health-in-children-and-teens>.

⁴⁵ ClassAction.org, *Privacy and Data Breach Lawsuits*, ClassAction.org, <https://www.classaction.org/privacy-and-data-breach>.

⁴⁶ Jelena Vičić, *How Foreign Governments Sway Voters with Online Manipulation*, SCI. AM. (Apr. 29, 2024), <https://www.scientificamerican.com/article/how-foreign-governments-sway-voters-with-online-manipulation/>.

⁴⁷ Jonathan Haidt & Eric Schmidt, *AI Is About to Make Social Media (Much) More Toxic*, THE ATLANTIC (May 5, 2023), <https://www.theatlantic.com/technology/archive/2023/05/generative-ai-social-media-integration-dangers-disinformation-addiction/673940/>. *The Atlantic*+6

- **Enact civil rights protections** to prevent algorithmic discrimination in housing, employment, education, and beyond.
- **Uphold worker protections**, including transparency around AI use in the workplace and the right to collectively bargain over automation and algorithmic decision-making.
- **Safeguard vulnerable populations** including children, people with disabilities, older adults, and those with mental health conditions from exploitative AI systems and unsafe chatbot design.
- **Require independent audits, public impact assessments, and disclosure of training data sources**, ensuring accountability throughout the AI development lifecycle.

These are not anti-innovation proposals. They are the foundation of a democratic, dignified, and equitable AI future. They protect the public, reinforce trust, and ensure that technological progress serves people — not the other way around.

Conclusion

Stripping states of their ability to protect themselves preempts bipartisan laws already in place. It would hand the future of AI to a handful of unaccountable corporations. This is not leadership. It is abdication and reckless behavior.

This Committee must resist the urge to sacrifice public protections on the altar of speculative growth. It must defend the right of states to protect its citizens while some in the halls of Congress would rather shield Big Tech. It must buttress the guardrails built by the states, not erase them.

America is not defined by lobbyists. It is defined by the values of the American people. State after state the people have spoken. They want the AI protections they have in place. This Committee must maintain the courage to support a strong federal-state partnership.

We urge you to maintain protections for American consumers. The stakes could not be higher.

Respectfully submitted,



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Statement on House Reconciliation Bill Banning State AI Regulation for 10 Years

SAN FRANCISCO, May 12, 2025 — James P. Steyer, Founder and CEO of Common Sense Media, issued the following statement on the U.S. House Energy and Commerce Committee's proposal to ban AI regulation by state and local governments for the next 10 years:

"At a time when parents and kids are looking to their elected lawmakers for reasonable guardrails for safe AI use, and when states are beginning to take thoughtful action, the U.S. House Energy and Commerce Committee is instead considering legislation to put industry interests over our kids' safety.

"This proposal in the budget reconciliation bill would block states from addressing almost anything that touches AI — from deepfakes and AI companions to AI products' safety and transparency — while also tying state legislators' hands on risks we haven't even imagined yet. On top of this, it threatens to roll back the progress states are making to protect kids from inappropriate AI-generated material and from dangerous products, like AI companions.

"This is irresponsible and short-sighted. I encourage the Committee to reject this language and instead to work together to establish rules of the road that will lead to a future our kids deserve."

About Common Sense Media

Common Sense Media is dedicated to improving the lives of kids and families by providing the trustworthy information, education, and independent voice they need to thrive. Our ratings, research, and resources reach more than 150 million users worldwide and 1.4 million educators every year. Learn more at [common sense.org](https://www.common sense.org)

Tech Policy.press**Critical Questions for the House Hearing Examining a Federal Restriction on State AI Regulation**

Last week, while headlines tracked President Trump’s trip to the Middle East, Big Tech quietly executed a legislative coup. Buried deep in the House Energy & Commerce (E&C) Committee’s [additions](#) to the sprawling budget reconciliation package was a sweeping provision imposing a ten-year federal moratorium on all state and local regulation of artificial intelligence. As written, it would [effectively wipe out](#) hundreds of state-level laws already enacted to address issues like child-targeted companion chatbots, scams against the elderly, AI-generated pornography, election deepfakes, and autonomous vehicles.

Because the language was inserted through the reconciliation process, it passed through the committee with minimal opportunities for bipartisan debate. It was a strikingly effective maneuver; after years of performative calls for “guardrails,” tech giants like Meta and Google have [lobbied relentlessly on Capitol Hill](#) and have secured exactly what they’ve long sought — regulatory immunity — without a single public vote.

The provision faces an uphill battle in the Senate: it runs afoul of the [Byrd Rule](#), which blocks unrelated policy measures from reconciliation bills. But its mere appearance should sound alarms for all tech accountability advocates. This wasn’t a fluke; it was a test balloon. Preemption — sweeping, substance-free, and unaccompanied by federal standards — is fast becoming the central federal battle in the tech policy space. Just last week, Senator Ted Cruz (R-TX) [previewed](#) a forthcoming “light-touch” AI bill centered on federal preemption, echoing industry arguments that a patchwork of state laws creates confusion. Meanwhile, the House [is drafting](#) a comprehensive privacy bill that many fear will override stronger state protections in favor of weaker federal ones.

That’s why tomorrow’s [hearing](#) on “Seizing America’s AI Opportunity,” hosted by the House E&C Commerce, Manufacturing, and Trade (CMT) Subcommittee, is a rare and urgent opportunity to demand clarity. While we agree that strong federal legislation is the ideal path forward — one that protects consumers without placing undue burdens on small businesses — Congress has spent the past three years gridlocked on AI policy, managing to pass only a single significant bill: the [Take It Down Act](#). In the absence of federal action, states across the political spectrum have stepped up to address emerging harms.

Every member of the CMT Subcommittee should treat this hearing as an opportunity to press for clarity and guard against a blanket preemption that shuts down public debate. This is not a partisan issue. Several Republican members hail from states that have

enacted thoughtful, bipartisan AI laws, which the proposed moratorium would sweep away.

Chairman Gus Bilirakis (R-FL), a vocal advocate for children's online safety, should consider how the moratorium would override state laws regulating child-directed algorithms and chatbots. In Kentucky, E&C Chairman Brett Guthrie's (R-KY) home state, lawmakers [recently passed](#) a bill with overwhelming bipartisan support requiring disclosure when AI is used in public decision-making. Tennessee, home to Rep. Diana Harshbarger (R-TN), passed the [ELVIS Act](#) to protect artists from AI-driven voice cloning — an issue of particular concern in a state whose identity is deeply tied to country music, bluegrass, and the honky-tonks of Nashville. And of the 13 states represented by Republicans on this subcommittee, nine have already enacted laws to combat election-related deepfakes. The moratorium would dismantle precisely the kinds of narrowly tailored, state-level laws that lawmakers themselves often cite as models for responsible innovation.

As lawmakers prepare for tomorrow's hearing, here are some critical questions they should be asking related to the potential for an AI moratorium.

The Top 5 Questions that Legislators Should Ask

- Does a blanket preemption assume that a rural community in the Midwest and a tech hub in California should be governed identically with regard to AI? To what extent should states have the flexibility to address the unique ways AI impacts their local contexts? How do we avoid a mismatch between a one-size-fits-all federal approach and the diverse on-the-ground realities across America?
- Tech companies have a history of moving fast and breaking things, sometimes at the expense of consumers. If states are effectively sidelined for 10 years, do you trust that AI companies will adequately self-police their products and services? Or is there a risk that there will be a spike in consumer harms (unfair algorithmic decisions, privacy invasions, AI-driven frauds, etc.) that could have been mitigated by more nimble state interventions?
- The Constitution gives states broad authority to protect public health and safety. On what constitutional grounds can Congress preempt that authority without offering a federal alternative? How does this moratorium square with the Tenth Amendment, which reserves powers not delegated to the federal government to the states, particularly in areas like consumer protection and civil liability?
- Proponents of the moratorium have compared it to the [Internet Tax Freedom Act](#) — the “internet tax moratorium” from the late 90s that prevented states from taxing

internet access. They argue that just as a light-touch approach helped the early internet flourish, a pause on state AI rules will help AI innovation. However, that internet moratorium was narrowly tailored and focused explicitly on just taxes. Can any of the witnesses identify a precedent where Congress preemptively barred states from governing any aspect of a rapidly developing technology without establishing any federal regulatory framework, effectively leaving a legal vacuum? Particularly, has Congress ever done so in a domain that implicates not just consumer protection and safety, but also civil rights, labor, education, and economic autonomy at the state level?

- The current preemption language is written so broadly that it could block states from overseeing how AI is used within their own agencies. What is the pro-innovation rationale for preventing states from overseeing AI usage within their governments? If a state wants to ensure its unemployment office, DMV, or public hospital uses AI responsibly and transparently, why should federal law forbid that for 10 years?

Product Safety and Algorithmic Accountability

- 14-year-old Sewell Setzer III died by suicide after [reportedly](#) being emotionally manipulated by an AI companion chatbot built by [Character.AI](#), a company founded less than five years ago. This is just one of several [lawsuits](#) emerging that are uncovering severe harms that these AI systems can cause, including hypersexualization, encouragement of suicidal ideation, grooming, and mental health deterioration. In light of these rapidly unfolding dangers, how can Congress justify a 10-year moratorium that would block states from responding to the new, AI-driven threats to child safety as they emerge?
- Meta's AI chatbots have reportedly engaged in sexually explicit conversations with children, even after users identified themselves as being underage. [Internal decisions](#), reportedly driven by Mark Zuckerberg, weakened safeguards to boost engagement, including exemptions to bans on explicit content. Tech companies like Meta have repeatedly prioritized profit over safety, rolling back protections, lying to the public, and allowing new products to exploit children for engagement. If a 10-year moratorium blocks states from acting, what concrete solution do supporters propose to protect consumers from an industry that has demonstrated a pattern of deception and harm?
- How are AI-driven recommender algorithms, deliberately optimized for engagement, fueling screen addiction and worsening the youth mental health crisis? Given that

this committee has yet to pass a regulation to address this challenge, how will a 10-year moratorium on state laws do anything other than shield the very companies profiting from that harm?

- Autonomous vehicles and AI decision systems are already operating in states like Arizona and California. If this moratorium preempts local oversight, who is responsible when these systems fail and cause real-world harm?
- Industry advocates often assert that state-level algorithmic accountability laws, including transparency mandates and bias audits, are stifling innovation and creating uncertainty for developers. But many of these measures are narrowly tailored and supported by bipartisan coalitions at the state level.
- Can you point to concrete, verifiable examples where such laws have directly caused a startup to fail, halted product deployment, or materially slowed innovation?
- Absent those specifics, how should Congress evaluate the repeated claims that modest, targeted state regulations, many of which mirror long-standing consumer protection practices, are an existential threat to the tech sector?

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Impact on Small Businesses and Local Economies

- A [number of cities](#) — San Francisco, Philadelphia, Minneapolis — have banned AI-driven rent-setting software used by large landlords after evidence that these algorithms were colluding to push rents up and reduce housing availability. Those local ordinances were meant to protect renters (many of them small businesses or local workers) from inflated rents and potential price-fixing by sophisticated AI tools. If the federal moratorium nullifies such city-level bans, what happens to those communities' efforts to keep housing affordable? What economic impact could this have on local residents and mom-and-pop landlords in our districts if an algorithm is allowed free rein to hike rents and they have no local recourse?
- AI-driven automation is [projected](#) to displace certain jobs and disrupt local labor markets. Typically, states might respond by updating labor laws, such as requiring notice or severance when AI replaces a large number of workers, or setting up workforce retraining programs funded by fees on companies deploying job-eliminating AI. If measures like those are deemed to “regulate AI” and thus frozen, how can states mitigate sudden economic shocks in their communities?

Federalism and States as Laboratories of Democracy

- Our federal system empowers states to act as experimental labs for policy. We see that with AI right now; last year, [lawmakers in 45 states](#) introduced hundreds of AI-related bills. If Congress imposes a 10-year freeze on all these efforts, it is effectively closing down those opportunities to test different models for innovative legislation.
- How can Congress learn what works and what doesn't in AI governance, if it forbids states from experimenting or tailoring solutions to their unique populations?
- To what extent does a one-size-fits-all federal timeout risk stagnating policy development, given that technology — and the harms from it — will continue to evolve?

Transparency, Disclosure, and Oversight

- Some states, like [Kentucky](#), have passed laws to ensure that whenever AI plays a role in significant public decisions, like denying someone a job, a loan, health care, or insurance, the people affected are informed and the technology is evaluated for transparency. If the moratorium stops states from enacting or enforcing such measures, how will citizens know when an algorithmic decision made by the government impacts them or whether that AI has been vetted for discrimination?
- In 2020, [California voters](#) approved a privacy law that gives consumers the right to opt out of automated decision-making and to know when businesses use personal data in AI algorithms — tangible rights that are already in effect. The state's privacy regulator has [warned Congress](#) that the moratorium “could rob millions of Americans of rights they already enjoy” by preventing enforcement of these new AI transparency and opt-out provisions. How does Congress justify a federal policy that removes a layer of consumer protection without replacing it with any equivalent federal standard?

Election Integrity and Deepfakes

- Although Congress has yet to pass legislation on this issue, [25 states](#), from Alabama to Massachusetts to Utah, have enacted laws addressing the use of deceptive AI-generated content in elections. [Polling shows](#) that more than 75% of Americans believe it should be illegal to use deepfake technology to influence elections. Why is it critical to safeguard the electoral process from AI-generated deepfakes, and what responsibilities should technology companies bear in preventing the misuse of their platforms for deceptive electioneering?

- How does preempting these state laws improve our ability to combat false information about elections? What is the risk that bad actors, including foreign adversaries, will see this as a green light, giving purveyors of deepfake propaganda a free pass until a federal regime is in place?

Police secretly monitored New Orleans with facial recognition cameras

[washingtonpost.com/business/2025/05/19/live-facial-recognition-police-new-orleans](https://www.washingtonpost.com/business/2025/05/19/live-facial-recognition-police-new-orleans)

Douglas MacMillan, Aaron Schaffer

May 19, 2025

wp Exclusive

Following records requests from The Post, officials paused the first known, widespread live facial recognition program used by police in the United States.

18 min



A Project NOLA security camera keeps watch over the corner of Conti and Burgundy streets in New Orleans on May 8. (Edmund D. Fountain/For The Washington Post)

By [Douglas MacMillan](#)

and

[Aaron Schaffer](#)

NEW ORLEANS — For two years, New Orleans police secretly relied on facial recognition technology to scan city streets in search of suspects, a surveillance method without a known precedent in any major American city that may violate municipal guardrails around use of the technology, an investigation by The Washington Post has found.

Police increasingly use facial recognition software to identify unknown culprits from still images, usually taken by surveillance cameras at or near the scene of a crime. New Orleans police took this technology a step further, utilizing a private network of more than 200 facial recognition cameras to watch over the streets, constantly monitoring for wanted suspects and automatically pinging officers' mobile phones through an app to convey the names and current locations of possible matches.

This appears out of step with a 2022 city council ordinance, which limited police to using facial recognition only for searches of specific suspects in their investigations of violent crimes and never as a more generalized "surveillance tool" for tracking people in public places. Each time police want to scan a face, the ordinance requires them to send a still image to trained examiners at a state facility and later provide details about these scans in reports to the city council — guardrails meant to protect the public's privacy and prevent software errors from leading to wrongful arrests.

Since early 2023, the network of facial recognition cameras has played a role in dozens of arrests, including at least four people who were only charged with nonviolent crimes, according to police reports, court records and social media posts by Project NOLA, a crime prevention nonprofit company that buys and manages many of the cameras. Officers did not disclose their reliance on facial recognition matches in police reports for most of the arrests for which the police provided detailed records, and none of the cases were included in the department's mandatory reports to the city council on its use of the technology. Project NOLA has no formal contract with the city, but has been working directly with police officers.

"This is the facial recognition technology nightmare scenario that we have been worried about," said Nathan Freed Wessler, a deputy director with the ACLU's Speech, Privacy, and Technology Project, who has closely tracked the use of AI technologies by police. "This is the government giving itself the power to track anyone — for that matter, everyone — as we go about our lives walking around in public."



New Orleans Police Superintendent Anne Kirkpatrick during an interview this month. (Edmund D. Fountain/For The Washington Post)

Anne Kirkpatrick, who heads the New Orleans Police Department, paused the program in early April, she said in an interview, after a captain identified the alerts as a potential problem during a review. In an April 8 email reviewed by The Post, Kirkpatrick told Project NOLA that the automated alerts must be turned off until she is “sure that the use of the app meets all the requirements of the law and policies.” The Post began requesting public records about the alerts in February.

The police department “does not own, rely on, manage, or condone the use by members of the department of any artificial intelligence systems associated with the vast network of Project Nola crime cameras,” Reese Harper, a spokesman for the agency, said in an emailed statement.

Police across the country rely on facial recognition software, which uses artificial intelligence to quickly map the physical features of a face in one image and compare it to the faces in huge databases of images — usually drawn from mug shots, driver’s licenses or photos on social media — looking for possible matches. New Orleans’s use of automated facial recognition has not been previously reported and is the first known widespread effort by police in a major U.S. city to use AI to identify people in live camera feeds for the purpose of making immediate arrests, Wessler said.

The Post has reported that some police agencies use AI-powered facial recognition software in violation of local laws, discarding traditional investigative standards and putting innocent people at risk. Police at times arrested suspects based on AI matches without independent evidence connecting them to the crime, raising the chances of a false arrest. Often, police failed to inform defendants about their use of facial recognition software, denying them the opportunity to contest the results of a technology that has been shown to be less reliable for people of color, women and older people.

One of the few places where live facial recognition is known to be in wide use is London, where police park vans outside of high-traffic areas and use facial recognition-equipped cameras to scan the faces of passersby, and confront people deemed a match to those on a watch list. While the city says the program has never led to a false arrest since launching in 2016, Big Brother Watch, a London-based civil liberties group, argues that the practice treats everyone as a potential suspect, putting the onus on the people who were falsely matched to prove their innocence.

The surveillance program in New Orleans relied on Project NOLA, a private group run by a former police officer who assembled a network of cameras outside of businesses in crime-heavy areas including the city's French Quarter district.

Project NOLA configured the cameras to search for people on a list of wanted suspects. When the software determined it had found a match, it sent real-time alerts via an app some officers installed on their mobile phones. The officers would then quickly research the subject, go to the location and attempt to make arrests.

Police did not set up the program nor can they directly search for specific people, or add or remove people from the camera system's watch list, according to Bryan Lagarde, Project NOLA's founder.

Little about this arrangement resembles the process described in the city council ordinance from three years ago, which imagined detectives using facial recognition software only as part of methodical investigations with careful oversight. Each time police want to scan a face, the ordinance requires them to send a still image to a state-run "fusion center" in Baton Rouge, where various law enforcement agencies collaborate on investigations. There, examiners trained in identifying faces use AI software to compare the image with a database of photos and only return a "match" if at least two examiners agree.

Investigators have complained that process takes too long and often doesn't result in any matches, according to a federally mandated audit of the department in 2023. It has only proved useful in a single case that led to an arrest since October 2022, according to records police provided to the city council.

By contrast, Project NOLA claims its facial recognition cameras played a role in at least 34 arrests since they were activated in early 2023, according to the group's Facebook posts — a number that cannot be verified because the city does not track such data and the nonprofit does not publish a full accounting of its cases. Without a list of the cases, it's impossible to know whether any of the people were misidentified or what additional steps the officers took to confirm their involvement in the crimes.

Kirkpatrick said her agency has launched a formal review into how many officers used the real-time alerts, how many people were arrested as a result, how often the matches appear to have been wrong and whether these uses violated the city ordinance.

"We're going to do what the ordinance says and the policies say, and if we find that we're outside of those things, we're going to stop it, correct it and get within the boundaries of the ordinance," she said.

There are no federal regulations around the use of AI by local law enforcement. Four states — Maryland, Montana, Vermont and Virginia — as well as at least 19 cities in nine other states explicitly bar their own police from using facial recognition for live, automated or real-time identification or tracking, according to the Security Industry Association, a trade group.

Lawmakers in these places cited concerns in public meetings that the technology could infringe on people's constitutional rights or lead police to make mistakes when they rush to arrest a potential suspect before taking steps to confirm their connection to the crime, as many people look alike. At least eight Americans have been wrongfully arrested due to facial recognition, The Post and others have reported.

The unsanctioned surveillance program in New Orleans highlights the challenge of regulating a technology that is widely available, at a time when some police see AI as an invaluable crime fighting tool. Even in some places where officials have banned facial recognition, including Austin and San Francisco, officers skirted the bans by covertly asking officers from neighboring towns to run AI searches on their behalf, The Post reported last year.

Violent crime rates in New Orleans, like much of the country, are at historic lows, according to Jeff Asher, a consultant who tracks crime statistics in the region. But city officials have seized on recent instances of violent crime to argue that police need the most powerful tools at their disposal.

Cool shot from a Project NOLA Drone of a Project NOLA Mobile Camera Trailer helping to secure UNO's annual Parade this...

Posted by [ProjectNOLA](#) on [Tuesday, February 25, 2025](#)

Last month, an independent report commissioned after the New Year's Day attack that left 14 people dead on Bourbon Street found the New Orleans police to be understaffed and underprepared. The report, overseen by former New York City police commissioner William Bratton, advised New Orleans to explore adopting several new tools, including drones, threat prediction systems and upgrades to the city's real-time crime center — but did not recommend adding any form of facial recognition.

Kirkpatrick, the city's top police official, and Jason Williams, its top prosecutor, both said they are in discussions with the city council to revise the facial recognition ordinance. Kirkpatrick says she supports the idea of the city legally operating its own live facial recognition program, without the involvement of Project NOLA and with certain boundaries, such as prohibiting use of the technology to identify people at a protest.

"Can you have the technology without violating and surveilling?" she asked. "Yes, you can. And that's what we're advocating for."

Few people have as much visibility into the everyday lives of New Orleans residents as Lagarde, a former patrol officer and investigator who started his own video surveillance business in the late 1990s before launching Project NOLA in 2009.

Funded by donations and reliant on businesses that agree to host the cameras on their buildings or connect existing surveillance cameras to its centralized network, Lagarde said Project NOLA has access to 5,000 crime cameras across New Orleans, most of which are not equipped with facial recognition. The cameras all feed into a single control room in a leased office space on the University of New Orleans campus, Lagarde said in an interview at the facility. Some camera feeds are also monitored by federal, state and local law enforcement agencies, he said.

Project NOLA made \$806,724 in revenue in 2023, tax filings show. Much of it came from "cloud fees" the group charges local governments outside of New Orleans — from Monticello, Florida, to Frederick, Colorado — which install Project NOLA cameras across their own towns and rely on Lagarde's assistance monitoring crime. He's experimented with facial recognition in Mississippi, he said, but his "first instance of doing citywide facial recognition is New Orleans." New Orleans does not pay Project NOLA.

For more than a decade, Lagarde used standard cameras outside businesses to monitor crime and offer surveillance clips for officers to use in their investigations. Lagarde's cameras became so widespread that police began calling him when they spotted a Project NOLA camera hovering near a crime scene they were investigating, according to police incident reports, interviews with police and emails obtained through a public records request.

Lagarde began adding facial recognition cameras to his network in early 2023, after an \$87,000 bequest from a local woman. Lagarde used the money to buy a batch of cameras capable of detecting people from about 700 feet away and automatically matching them to

the facial features, physical characteristics and even the clothing of people in a database of names and faces he has compiled.

Lagarde says he built his database partly from mug shots from local law enforcement agencies. It includes more than 30,000 “local suspected and known criminals,” Project NOLA wrote on Facebook in 2023. Lagarde can quickly identify anyone in the database the moment they step in front of a Project NOLA camera, he said. He can also enter a name or image to pull up all the video clips of that person Project NOLA captured within the last 30 days, after which Lagarde says videos get automatically deleted “for privacy reasons.”

Project NOLA found enthusiastic partners in local business owners, some of who were fed up with what they saw as the city’s inability to curb crime in the French Quarter — the engine of its tourism economy that’s also a hub for drug dealers and thieves who prey on tourists, said Tim Blake, the owner of Three Legged Dog, a bar that was one of the first places to host one of Project NOLA’s facial recognition cameras.

“Project NOLA would not exist if the government had done its job,” Blake said.

While Lagarde sometimes appears alongside city officials at news conferences announcing prominent arrests, he is not a New Orleans government employee or contractor. Therefore, Lagarde and the organization are not required to share information about facial recognition matches that could be critical evidence in the courtroom, said Danny Engelberg, the chief public defender for New Orleans.

“When you make this a private entity, all those guardrails that are supposed to be in place for law enforcement and prosecution are no longer there, and we don’t have the tools to do what we do, which is hold people accountable,” he said.

Lagarde says he tries to be transparent by posting about some of his successful matches on Facebook, though he acknowledges that he only posts a small fraction of them and says it would be “irresponsible” to post information about open investigations. Project NOLA, he added, is accountable to the businesses and private individuals who host the cameras and voluntarily opt to share their feeds with the network.

“It’s a system that can be turned off as easily as it’s been turned on,” he said. “Were we to ever violate public trust, people can individually turn these cameras off.”

Lagarde declined to say who makes the equipment he uses, saying he doesn’t want to endorse any company.

Several Project NOLA cameras in the French Quarter look nearly identical to ones on the website of Dahua, a Chinese camera maker, and product codes stamped on the backs of these devices correspond to an identical camera sold by Plainview, New York-based

equipment retailer ENS Security, which has acknowledged reselling Dahua cameras in the past. Project NOLA's website also contains a link to download an app where police officers can view and manage footage. The app, called DSS, is made by Dahua.

Congress banned federal agencies from using products or services made by Dahua and a list of other Chinese companies in 2018, citing concerns that the equipment could be used by President Xi Jinping's government to spy on Americans. Since 2020, the law has barred any agency or contractor that receives federal funds from using those funds on the banned products.

A Dahua spokesperson declined to comment on the New Orleans cameras and said the company stopped selling equipment in the U.S. last year.

The New Orleans Police Department has received tens of millions of dollars from the federal government in recent years and confirmed that some officers have installed this DSS app on mobile phones and police workstations. Kirkpatrick said she was not aware of who made the app or cameras but would look into it.

Lagarde said Project NOLA uses "American-made, brand-name servers to operate our camera program."

Some city officials argue that police are not violating the city's facial recognition ordinance because they do not own the cameras or contract with Lagarde; they are merely receiving tips from an outside group that is performing facial recognition scans on its own.

"If Bryan Lagarde calls an officer and says 'I think a crime is occurring on the 1800 Block of Bienville,' that's no different than Miss Johnson looking out of her window and saying 'I think a crime is occurring on 1850 Bienville,'" Williams, the Orleans Parish district attorney, said in an interview.

But in many cases, police have gone to Lagarde to request footage or help identifying and locating suspects, according to police reports, Project NOLA social media posts and internal police emails.

Good News! The NOPD recovered your stolen car and Project NOLA helped to ID the perps! This marks the 3rd stolen...

Posted by [ProjectNOLA](#) on [Thursday, July 13, 2023](#)

In one case last year, a police detective investigating a snatched cellphone relied on Project NOLA to identify the perpetrator and track him down using facial recognition alerts, according to accounts of the investigation drawn partly from the police incident report and partly from Project NOLA's Facebook post.

The detective contacted Lagarde "to assist locating the perpetrator on Project NOLA cameras," according to the police report, providing still shots taken from the city's surveillance camera footage. Lagarde used Project NOLA's clothing recognition tool to find previous video footage of a suspect. With the new, better images of his face, Project NOLA used facial recognition to learn his possible identity and share that with the detective.

The detective took that name and found photos of a man on social media whose appearance and tattoos matched the phone-snatcher. Police got a warrant for his arrest. Lagarde added that name and face to Project NOLA's watch list, and a few days later, cameras automatically identified him in the French Quarter and alerted police, who found and arrested him. The man was charged with robbery but pleaded guilty to the lesser offense of theft, court records show.

The police report mentioned that Lagarde helped identify the suspect, but did not mention that he used facial recognition to do so or used live facial recognition and automated alerts to monitor for and locate him.

David Barnes, a New Orleans police sergeant overseeing legal research and planning, said officers are trained to always find probable cause before making an arrest. He said Lagarde sometimes overstates in Facebook posts the role his technology played in some of the cases. He said the detective investigating the phone-snatching case was only asking Lagarde to find videos of the suspect, not the location of the suspect.

On a rainy May morning outside the Three Legged Dog, a Project NOLA camera swiveled about, blinking red and blue lights, and twitching side to side as it followed cars and people based on an automated program. The camera is no longer pinging the police on an app — at Kirkpatrick's request.

"Like you and everybody else, I do not want to lose any cases of violent criminals based on policy violations or violations of our ordinances," Kirkpatrick said in her email last month to Lagarde.

But the alerts still go to Project NOLA staff, who Lagarde said convey the location of wanted suspects to the police via phone calls, texts and emails.

Schaffer reported from Washington. Nate Jones and Jeremy Merrill contributed to this report.

What readers are saying

The comments on the use of facial recognition technology by police departments, particularly in New Orleans, reflect a range of concerns and opinions. Many commenters express apprehension about privacy violations, lack of transparency, and potential misuse of the technology,... Show more

This summary is AI-generated. AI can make mistakes and this summary is not a replacement for reading the comments.

NewsletterWednesdays

The Color of Money

Advice on how to save, spend and talk about your money for the short and long term from Michelle Singletary.





Commonwealth of Virginia

GENERAL ASSEMBLY
RICHMOND

May 15, 2025

Virginia Congressional Delegation

The Honorable Mark Warner, U.S. Senate
The Honorable Tim Kaine, U.S. Senate
The Honorable Bobby Scott, (VA-03)
The Honorable Rob Whittman, (VA-01)
The Honorable Morgan Griffith, (VA-09)
The Honorable Don Beyer, (VA-08)

The Honorable Gerald E. Connolly, (VA-11)
The Honorable Ben Cline, (VA-06)
The Honorable Jennifer McClellan, (VA-04)
The Honorable Jen Kiggans, (VA-02)
The Honorable Suhas Subramanyan (VA-10)
The Honorable Eugene Vindman, (VA-07)
The Honorable John McGuire, (VA-05)

RE: Opposition to 10-year Moratorium on state artificial intelligence regulation

Dear Members of the Virginia Congressional Delegation:

The Virginia General Assembly's Technology & Innovation Caucus educates legislators and the general public regarding artificial intelligence (AI), privacy, and new/emerging technologies. Over the last three years with bipartisan collaboration we've prioritized policies that advance innovation and competitiveness while balancing needed privacy and data protections. To date our focus has been solely on Virginia unless there are conditions outside of the Commonwealth that require our attention. This is one of those times.

Yesterday, the House Energy and Commerce Committee voted 29-24 to pass its budget reconciliation [bill](#) that included a wide range of provisions impacting technology. More specifically, it contained a proposed 10-year moratorium on states' AI efforts that represents an unprecedented overreach potentially threatening both federalist principles and public safety. The moratorium language states (with few exceptions) as follows:

"Subsection (c) states that no state or political subdivision may enforce any law or regulation regulating artificial intelligence models, artificial intelligence systems, or automated decision systems during the 10-year period beginning on the date of the enactment of this Act."

While we agree and applaud the desire to have uniform federal guidance that enhances and enables innovation, it should be done in partnership with states. Virginia has been a tech industry leader, and our history has shown that regulation does not stifle innovation and competitiveness. We are skillful in our articulation and balancing of business and consumer interests. Similar opposition was made when Virginia became the second state to pass a data privacy act, and the proclaimed harms of such regulation did not come to pass. Rather it strengthened the Commonwealth and helped ensure better, more responsible, and successful business. In contrast, our nation has seen fully what happens without meaningful state (or federal) regulation of

technology. Years ago, when social media platforms came into the marketplace, we failed to grow our policy and regulation alongside the technology. Now, decades later, this has resulted in Virginia, industry, and the nation working together to resolve unexpected mental health challenges that have arisen in connection with usage of the platforms. That is what we do well -- work together and we should continue to do so during this critical time.

Respectfully, we urge Congress to oppose the 10-year moratorium on state enforcement of AI regulations and legislation. It is our position that this is not a binary decision. We must pave the way for businesses to thrive, innovation to flourish, and people to be protected in the Commonwealth. We can and should make these parallel priorities executed through joint efforts between the state and federal government playing a meaningful role together. **The proposed moratorium language is broad and sweeping and fails to consider the impact of state laws already enacted, the potential adverse impacts on Virginia's ability to ensure balanced data privacy, regulation of data centers, efforts to curtail crimes using deepfakes, and more within the Commonwealth.** States like Virginia have long been the place where we catch what falls between the gaps of federal law to protect and preserve commerce, competitiveness, and our residents.

Additionally, it is notable that the proposed moratorium language is disconnected from the section's opening provisions that relate solely to the innovation of federal IT systems, and automated processes, for example, and does not directly relate to the budgetary purpose of the bill. **It is arguable that this misalignment runs afoul of the U.S. Senate's well-established [Byrd Rule](#) which limits the number of extraneous provisions included in reconciliation legislation such as this.**

Finally, there may be Constitutional issues with the moratorium language. The 10th Amendment of the U.S. Constitution states that "[t]he powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." The moratorium proactively preempts state action even in the absence of federal action or guidance. Supporters of the moratorium claim that the decade-long moratorium is necessary and would fall under the federal government's interstate commerce authority. However, Virginia's history of successful technological advancement in the absence of federal legislation has not resulted in feared interstate commerce disruptions or violations which renders this argument less persuasive.

We again respectfully urge Congress to strike this language and find a better, more collaborative approach to meeting this moment and ushering in AI innovation.

Sincerely,



Delegate Michelle L. Maldonado
Chair, Technology & Innovation Caucus



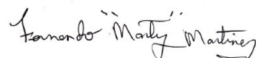
Senator Lashrecse D. Aird,
Vice Chair, Technology & Innovation Caucus



Irene Shin
Delegate, 8th House District



Atoosa Reaser
Delegate, 27th House District



Fernando "Marty" Martinez
Delegate, 29th House District



Sam Rasoul
Delegate, 38th House District



Katrina Callsen
Delegate, 54th House District



Rodney S. Willett
Delegate, 58th House District



Michael J. Jones
Delegate, 77th House District



Marcia Price
Delegate, 85th House District



Bonita Anthony
Delegate, 92nd House District



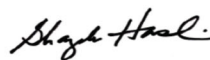
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Phil Hernandez
Delegate, 94th House District



Karen Keys-Gamarra
Delegate, 7th House District



Ghazala F. Hashmi
Senator, 15th Senate District



Schuyler Van Valkenburg
Senator, 16th Senate District



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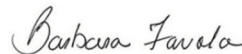
Jennifer Carroll Foy
Senator, District 33



Saddam Salim
Senator, 37th Senate District



Adam Ebbin
Senator, 39th Senate District



Barbara Favola
Senator, 40th Senate District



U.S. Chamber of Commerce

1815 H Street, NW
Washington, DC 20062-2000
uschamber.com

June 26, 2025

The Honorable Gus M. Bilirakis
Chairman
Subcommittee on Commerce, Manufacturing, and Trade
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515
c/o Mr. Alex Khlopin

RE: Responding to Question from "AI Regulation and the Future of U.S. Leadership" Hearing

Dear Chairman Bilirakis,

Thank you for the opportunity to respond to the additional questions for the record following my appearance before the Subcommittee on Commerce, Manufacturing, and Trade hearing on May 21, 2025, to testify at the hearing entitled, "AI Regulation and the Future of U.S. Leadership."

"Response to Question: Do you agree that we need a federal regulatory framework for autonomous vehicles so that the U.S. can innovate, compete, and lead globally?"

Yes, the U.S. Chamber supports a pro-innovation federal regulatory framework for automated vehicle technologies to prioritize America's leadership in advancing adoption of AVs and prevent a state patchwork of regulations. The lack of federal action is hindering widespread deployment of AVs while China's AV industry races ahead in vehicle miles traveled, cumulative rides, cumulative truckloads, and number of AVs in operation. We believe a federal framework for AVs focused on modernizing motor vehicle safety regulations and unlocking widespread automated trucking deployment would unleash the enormous promise of America's AV industry and provide significant societal and economic benefits for many Americans.

Thank you for considering our perspective on this critical issue. We look forward to working with the Committee to advance policies that support the growth and success of the AV industry in the United States.

Sincerely,

Sean Heather
Senior Vice President
U.S. Chamber of Commerce

Ms. Amba Kak, Co-Executive Director, AI Now Institute

Attachment — Additional Questions for the Record

The Honorable Debbie Dingell (D-MI)

1. As this Committee has discussed before, artificial intelligence is advancing rapidly — transforming every sector of our economy, including health care and transportation. But with this transformation come serious challenges: data privacy risks, algorithmic bias, and the growing threat of foreign adversaries exploiting our vulnerabilities.

We cannot afford to let Americans' data be weaponized or allow AI to spread unchecked through mechanisms like deepfakes, robocalls, and deceptive ads. That's why I was proud to help lead the bipartisan TAKE IT DOWN Act this Congress, which will hold bad actors accountable for sharing nonconsensual deepfake content online and protecting survivors.

As my colleagues know, I'll work with anyone to get good, responsible policy across the finish line for my constituents and the American people. These are nonpartisan issues.

But as we talk about AI and innovation, we can't ignore one of the most important applications of this technology: autonomous vehicles.

As someone who has long worked on connected and AV issues, I believe deeply in the potential of AVs — not only to save lives and improve safety, but to expand mobility, grow our economy, and strengthen American leadership in innovation and manufacturing.

And AI is essential to the future of autonomous vehicles. But without a comprehensive federal framework, we are risking that future. We cannot cede ground to foreign competitors.

Ms. Kak, do you agree that we need a federal regulatory framework for autonomous vehicles so that the U.S. can innovate, compete, and lead globally?

2. If we're serious about competing globally and protecting consumers here at home, we need to get serious about federal policy.

We still don't have a comprehensive federal AV law. Meanwhile, China is moving full speed ahead, developing and deploying its AV technology with strong centralized support.

Ms. Kak, why is it critical that the federal government play a leading role in ensuring that industry secures consumer data and protects personal information collected by the broader universe of connected vehicles?

The Honorable Jennifer McClellan (D-VA)

1. Ms. Kak, how concerned are you about the growing consolidation of influence among a handful of companies, particularly when those same companies are putting their thumbs on the scale to shape the very regulations meant to hold them accountable?

Ms. Amba Kak

2. Ms. Kak, what does it say about the United States' credibility to lead globally on responsible AI governance if we fail to adopt strong federal standards while actively undermining state and local regulatory frameworks?
3. Ms. Kak, given the FTC's central role in protecting consumers and ensuring competition, especially in the context of Big Tech and AI regulation, how concerned are you about recent efforts to undermine the agency's independence?
4. Ms. Kak, can you elaborate on the problem of issuing such a broad AI regulatory moratorium on states, whereby states cannot regulate how state and local law enforcement use AI to investigate and prosecute crimes, how local school districts use AI in the classroom, and cannot adopt civil laws to address the use of AI to create and disseminate nonconsensual intimate images?

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Ms. Kak, do you agree that we need a federal regulatory framework for autonomous vehicles so that the U.S. can innovate, compete, and lead globally?

Thank you Ms. Dingell for your leadership on these critical issues. Autonomous vehicles are a good example of how AI systems are showing up in the physical world and their interaction on our roads and in our communities heightens the need for frameworks. Given the extensive risks to people's safety and privacy, we agree that this is an area ripe for a strong federal framework that can set appropriate steers for the market and protect the public from harm. That said, federal oversight has been slow to come, and states have stepped up to fill the vacuum and protect their constituents from potential harm (nineteen states have laws governing autonomous vehicles). This only bolsters the argument for a federal framework that sets a high floor (not a ceiling) for privacy, safety, and security standards around autonomous vehicles. This would include independent audits for safety and reliability so that companies are not grading their own homework.

2. If we're serious about competing globally and protecting consumers here at home, we need to get serious about federal policy.

We still don't have a comprehensive federal AV law. Meanwhile, China is moving full speed ahead, developing and deploying its AV technology with strong centralized support.

Ms. Kak, why is it critical that the federal government play a leading role in ensuring that industry secures consumer data and protects personal information collected by the broader universe of connected vehicles?

Autonomous vehicles require vast amounts of data collection for their operations. Existing vehicles on the market have more than a dozen cameras capturing 360-degree video footage of our streets. However, rather than accept the false assertion that AV requires abandoning established privacy principles, the opposite is true. We need robust data minimization rules that ensure that companies aren't collecting and processing data beyond established purposes, and that such uses are proportionate and necessary for the safe and effective operation of their products. Moreover, transparency is a non negotiable, including in terms of sharing protocols with law enforcement agencies. In other words, there is no AI or AV-exception to established privacy frameworks and the need of the hour is to both enact a strong federal privacy law and then aid in its meaningful application to the connected vehicles space.

The Honorable Jennifer McClellan (D-VA)

1. Ms. Kak, how concerned are you about the growing consolidation of influence among a handful of companies, particularly when those same companies are putting their thumbs on the scale to shape the very regulations meant to hold them accountable?

Extremely concerned. For over a decade regulators have been asleep at the wheel. And in the meantime companies have been able to amass so much economic capital and political power that they can flex in front of nation-states and shape the letter of the law. The outsized control over our information ecosystems, our payments systems, our marketplaces and healthcare and education systems – and with AI, potentially over the digital infrastructure of the future economy gives these firms tremendous power over shaping our social and economic foundations. And for all the industry rhetoric around serving US national interests, the one consistent behavior we've seen from these firms is that at the end of the day, the only thing they'll serve is their bottom line. That's what's brought them time and again in front of Congressional Committees to answer for how their misbehavior is affecting the American people. That's what brought them into the courts and has led to unprecedented fines. But those fines are a drop in the bucket compared to the amount of financial capital they have now accumulated. The need of the hour is strong government action to remind the tech industry that it's the American public that they are and must remain accountable to.

2. Ms. Kak, what does it say about the United States' credibility to lead globally on responsible AI governance if we fail to adopt strong federal standards while actively undermining state and local regulatory frameworks?

The message from the US government to the world order needs to be clear: that the race to win on AI must be focused on delivering victories, first and foremost, to the American people. To do this, we must ensure that US leadership defines the frontier through technologies that are best in class, guarantees that firms compete on the merits, and sets a gold standard for rigor, security, and shared prosperity.

3. Ms. Kak, given the FTC's central role in protecting consumers and ensuring competition, especially in the context of Big Tech and AI regulation, how concerned are you about recent efforts to undermine the agency's independence?

Federal regulators like the FTC have been consistently enforcing common sense regulation to weed out the bad apples that nobody in the tech business wants to be associated with – from data brokers that illegally profit off of our most sensitive information to deepfake AI companies whose business model is one of extraction and exploitation. I remain very concerned about the potential whittling down of enforcement capacity at the precise moment as these types of market practices are proliferating. The concerns go beyond the public, we're at risk of bad apples and skewed business models scaring away private investment who see the AI industry

as fertile breeding grounds for snake oil salesmen. We need more targeted common sense enforcement of consumer protection standards in the age of AI, not less.

4. Ms. Kak, can you elaborate on the problem of issuing such a broad AI regulatory moratorium on states, whereby states cannot regulate how state and local law enforcement use AI to investigate and prosecute crimes, how local school districts use AI in the classroom, and cannot adopt civil laws to address the use of AI to create and disseminate nonconsensual intimate images?

Precisely, the examples you provide illustrate the range of sectors and use cases in which we're seeing AI systems create new harms or exacerbate existing ones. Simply put, any moratorium on state AI laws would leave American consumers, every one of us, with *even less* protections than we have today against many of these worst forms of AI-related abuse and exploitation. Across 40 states – Ohio, Michigan, New Jersey, Colorado – state AGs have spoken up against this moratorium to say they need these targeted tools, they will be less able to deliver on their mission to protect consumers. And they're already significantly outflanked.

This would allow the worst incentives to proliferate in this market: scams and manipulative AI companions interactions rooted in manipulation and exploitation of vulnerabilities of our children and senior citizens; opaque AI that hits directly at people's life chances – in domains across employment, education, healthcare, criminal justice, immigration; the use of our data to hike up prices, depress wages, and rig and collude in markets they couldn't otherwise. We can't forget, each of the legal protections a moratorium could impact would have been hard fought - state lawmakers responding to egregious harms faced by their constituents and defending against armies of Big Tech lobbyists.



RESPONSE TO QUESTION FOR THE RECORD, SUBMITTED BY
ADAM THIERER
RESIDENT SENIOR FELLOW, TECHNOLOGY AND INNOVATION
R STREET INSTITUTE

QUESTION POSED BY
REPRESENTATIVE DEBBIE DINGELL
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE
COMMITTEE ON ENERGY AND COMMERCE
UNITED STATES HOUSE OF REPRESENTATIVES

FOLLOWING THE HEARING ON
“AI REGULATION AND THE FUTURE OF US LEADERSHIP”

SUBMITTED ON
JUNE 26, 2025

ADAM THIERER RESPONSE TO QUESTION FOR THE RECORD,
HEARING ON “AI REGULATION AND THE FUTURE OF US LEADERSHIP”

Question submitted by Representative Debbie Dingell

As this Committee has discussed before, artificial intelligence is advancing rapidly — transforming every sector of our economy, including health care and transportation. But with this transformation come serious challenges: data privacy risks, algorithmic bias, and the growing threat of foreign adversaries exploiting our vulnerabilities.

We cannot afford to let Americans’ data be weaponized or allow AI to spread unchecked through mechanisms like deepfakes, robocalls, and deceptive ads. That’s why I was proud to help lead the bipartisan TAKE IT DOWN Act this Congress, which will hold bad actors accountable for sharing nonconsensual deepfake content online and protecting survivors.

As my colleagues know, I’ll work with anyone to get good, responsible policy across the finish line for my constituents and the American people. These are nonpartisan issues.

But as we talk about AI and innovation, we can’t ignore one of the most important applications of this technology: autonomous vehicles.

As someone who has long worked on connected and AV issues, I believe deeply in the potential of AVs — not only to save lives and improve safety, but to expand mobility, grow our economy, and strengthen American leadership in innovation and manufacturing.

And AI is essential to the future of autonomous vehicles. But without a comprehensive federal framework, we are risking that future. We cannot cede ground to foreign competitors.

Mr. Thierer, do you agree that we need a federal regulatory framework for autonomous vehicles so that the U.S. can innovate, compete, and lead globally?

Response: Rep. Dingell, thank you for your leadership on these important issues. The R Street Institute wholeheartedly agrees that autonomous vehicles (AVs) have the potential to “not only to save lives and improve safety, but to expand mobility, grow our economy, and strengthen American leadership in innovation and manufacturing.” We also agree that a federal AV policy framework is desperately needed “so that the U.S. can innovate, compete, and lead globally.”

As you know, when federal AV legislation was first discussed in previous sessions of Congress, it received bipartisan support and appeared likely to advance. Sadly, various special interests who oppose AV innovation derailed progress on federal legislation that could have created the vital federal framework you identified. This is unfortunate because it means that America has lost years of potential advancement in AVs. A national AV policy framework could have provided the clarity and consistency needed for AV innovators to get more of their products on the market in a safe and timely manner.

While some state and local governments have been willing to allow for limited AV experimentation and use on their roadways, progress has been far too slow. With auto accidents

ADAM THIERER RESPONSE TO QUESTION FOR THE RECORD,
HEARING ON “AI REGULATION AND THE FUTURE OF US LEADERSHIP”

and fatalities on the rise again, we desperately need the revolution in road safety that AVs can offer. Moreover, as you correctly note, we must not lose sight of the growing global competition on this front, especially from China—which is actively supporting its auto sector in competition with American automakers.

The time for action is now. It is not too late for Congress to open our nation’s roads to the AV revolution. I encourage you to continue your active leadership role on these issues and we stand prepared to assist you in any way we can.

Mr. Marc Bhargava, Managing Director, Investment Team, General Catalyst

Attachment —Additional Questions for the Record

The Honorable Debbie Dingell (D-MI)

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Mr. Bhargava, do you agree that we need a federal regulatory framework for autonomous vehicles so that the U.S. can innovate, compete, and lead globally?

Answer:

Yes, General Catalyst believes a federal regulatory framework, designed in partnership with industry, for Autonomous Vehicles (AVs) is an important aspect of how we help start-ups and small businesses developing new and transformative technologies grow and thrive in the United States, ensuring our country remains a global leader in innovation.

The role of software within vehicles has increased and will continue to grow dramatically over the next decade. Deloitte estimates that software-defined vehicle (SDV) market penetration will reach 90% by 2029. General Catalyst has made investments in AV-focused start-ups that provide simulation and infrastructure tools that will make AVs safe for the world. Developing a regulatory framework at the federal level, in close partnership with industry, will provide clear and consistent rules for these companies to develop, test, and innovate what we see as the future of transportation, logistics, and safety. Patchwork regulation on a state-by-state basis can cause confusion and slow development.

Policymakers and Federal regulators, working with industry, can and should develop clear, flexible, industry-specific, and consistent frameworks for AVs, in order to achieve the twin goals of encouraging innovation and protecting consumers.