



NAIA Statement regarding the House Budget Reconciliation Bill's AI Moratorium

Dear Member of Congress:

The House Budget Reconciliation Bill now headed for the House Floor, contains a ten-year moratorium on state enforcement of Artificial Intelligence laws as follows:

“Except as provided in paragraph (2), **no State or political subdivision thereof may enforce any law or regulation regulating artificial intelligence** models, artificial intelligence or automated decision systems **during the 10-year period** beginning on the date of enactment of this Act.”

Paragraph (2) provides Rules of Construction which further define the intended scope and application of the moratorium, with a huge exception for laws or regulations “**imposed under Federal law.**”

We applaud the House Energy and Commerce Committee’s foresight and leadership on this critical issue and offer the following comments:

1. The Committee’s creativity in negotiating budget reconciliation rules and other Committees’ preemption jurisdiction is noteworthy:
2. We read the underlying policy goal as getting to a common set of Federal rules for AI. On that point, as explained in NAIA’s comments to the Energy & Commerce Committee’s Privacy Work Group [[LINK](#)] we could not agree more;
3. In fact, we suggest the moratorium be expanded to cover state data privacy as well as AI laws for the following reasons.
4. There are more than 20 state data privacy and consumer health data laws. The vast majority of them regulate, in one form or another, algorithms, AI systems and automated decision-making. So, we are pleased that the moratorium is not limited to AI laws. It applies to “**ANY** law or regulation **REGULATING** artificial intelligence;”
5. While the moratorium does not preempt any state law and is not limited to artificial intelligence laws, it yields to any governing Federal law. This sets up well for what should follow and if a moratorium is the best means of breaking through our conflicting and complex data management laws, count in NAIA’s support.
6. We also note that the data privacy regulators of California, Colorado, Connecticut, Delaware, Indiana, New Jersey and Oregon just announced a collaboration aimed at

coordinating enforcement of their respective state data privacy laws. Even the states now realize that the legal landscape for data management is not fair.

7. Colorado and Utah are also responding to the burden of their state AI laws with amendments seeking to clarify those laws. In fact, the Utah AI Act, which is limited to generative AI Systems and primarily requires disclosure of the use of AI technologies, is the right first step for a Federal AI law.

8. These issues are about more than the states. US global leadership requires a global approach. We all know how GDPR changed the landscape. The EU Act will do the same for AI, imposing broad risk assessment and compliance rules for **ANY AI SYSTEM INTRODUCED INTO OR USED IN EUROPE**, which must be in place before release of the AI System into Europe.

9. The objections of the consumer protection community are well intended but misplaced. The addition to the House Budget Resolution Bill is not trying to reduce AI regulation, it is trying to expand it nationwide and make it effective, functional and fair by being understandable, predictable and reasonable. If data privacy laws were added, we would be **expanding** regulation to over 25 states with no comprehensive data privacy law.

10. We note as well that state data privacy laws do not include a private right of action for violations of those laws. Remedies for violations are limited to regulatory fines and penalties. This is the right model for a Federal AI law.

NAIA is hopeful that the House and the Senate will endorse the moratorium and expand it to cover (at a minimum) all state data privacy laws for which no state regulations have yet been enacted. This would lay the groundwork for a broad Federal data management bill that covers all consumers and developers in all states while protecting US innovation and global leadership.

We pledge our best efforts to support those goals.

On behalf of the NAIA Members,

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