



SUBMITTED STATEMENT OF  
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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.<sup>1</sup>

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.<sup>2</sup> 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.<sup>3</sup> This put America on stronger geopolitical footing by bolstering our global competitiveness and national security.<sup>4</sup>

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.<sup>5</sup> One journal recently labeled Europe “The Biggest Loser” in the global digital innovation race.<sup>6</sup>

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-

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

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.<sup>8</sup>

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

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.<sup>14</sup> 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.<sup>15</sup> 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.<sup>16</sup> 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.”<sup>17</sup> In reality, AI-related harms can already be addressed under many existing laws, regulations, and court-based standards.<sup>18</sup> 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.<sup>19</sup>

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.”<sup>20</sup> 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.”<sup>21</sup>

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**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.<sup>22</sup> 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.<sup>23</sup>

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.<sup>24</sup>

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.”<sup>25</sup> Polis also called for Congress to preempt Colorado’s law with a “needed cohesive federal approach”<sup>26</sup> and endorsed a federal AI moratorium.<sup>27</sup>

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.<sup>28</sup> The House just passed the “TAKE IT DOWN Act” by a vote of 409-2 to address non-consensual “deepfake” imagery,<sup>29</sup> and just last December the bipartisan House AI Task Force issued a 273-page bipartisan report that included 66 key findings and 85 recommendations.<sup>30</sup>

**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.<sup>31</sup> 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.”<sup>32</sup>

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.<sup>33</sup>

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

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

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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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### Endnotes

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