



Navigating a National Patchwork: State-Level AI Regulations

Center Forward Basics

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Overview

In the years since the first model of ChatGPT was released in 2022, artificial intelligence has expanded rapidly into nearly every sector of the economy. As a digital tool used by national and international businesses, most AI operates across state lines and would be regulated by the federal government. However, with the wide-ranging effects on businesses and consumers across sectors and the swiftly changing nature of the technology, creating a comprehensive federal framework to regulate AI has proven challenging.

While Congress has paid close attention to the issue in the past several years, it has not yet enacted a comprehensive framework. In the absence of a finalized federal framework, some states have taken steps to regulate AI companies within their jurisdictions and the use of AI within their borders. Laws and regulations in various states have elicited different reactions from industry stakeholders. Some have concerns that a geographic patchwork of regulations will create inoperable compliance structures and jeopardize broader business operations. This Basic will explore AI regulations across U.S. states and the ongoing conversations to build a federal regulatory framework.

Setting the Scene in D.C.

Congress took its first significant step toward regulating AI in the 118th Congress. Senate Majority Leader Chuck Schumer (D-NY) chartered the Senate Bipartisan AI Working Group in 2023, with himself, Sen. Martin Heinrich (D-NM), Sen. Mike Rounds (R-SD), and Sen. Todd Young (R-IN) as co-chairs. The working group hosted nine AI Insight Forums over 12 months with industry experts, academia, law enforcement, and consumer groups to gather expertise and input on AI's potential impacts on the economy and social behaviors. In May 2024, the working group published the Roadmap for Artificial Intelligence Policy. The Roadmap summarized the findings from the stakeholder roundtables and research topics for Senate committees to consider. It also addressed major policy issues around AI, including R&D funding, model transparency and readability, and identified current regulatory and legal gaps. You can read more on the AI Roadmap [HERE](#).

In the House, Speaker Mike Johnson (R-LA) and Minority Leader Hakeem Jeffries (D-NY) created the House Bipartisan Task Force on AI in February 2024, chaired by Rep. Ted Lieu (D-CA) and Rep. Jay Obernolte (R-CA), with 24 members, evenly split between the parties. The task force delivered its final report to congressional leadership in December 2024, containing 66 key findings and 85 recommendations across key AI policy areas. The House report advocated for a sectoral, use-case-specific approach to regulating AI. A sectoral approach, for example, would impose specific new regulations on how medical providers use AI to advise and treat patients to protect consumers against negative outcomes not already regulated by other statutes, rather than a broader "one-size-fits-all" framework across various industry sectors. The report

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In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find solutions.

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emphasized the need to encourage American innovation and leadership and to ensure that regulations address specific risks while balancing innovation and risk mitigation.

The Biden Administration relied primarily on executive actions focused on risk management and oversight to regulate and direct its use through executive action. Most notably, Executive Order 14110 for Safe, Secure, and Trustworthy Development and Use of AI established a government-wide approach to responsible AI, transparency mechanisms, and safety standards. The National Institute of Standards and Technology (NIST) also released several draft rule-making frameworks. Most of the Biden Administration's approach to AI centered on risk management, transparency, civil rights protections, and multi-agency coordination.

The second Trump Administration emphasized reducing regulatory requirements and promoting development. On his first day in office in 2025, President Trump rescinded Executive Order 14110 and, within a week, issued his own Executive Order 14179, titled "Removing Barriers to American Leadership in Artificial Intelligence." The order directed federal agencies to promote AI development and innovation with minimal regulatory burden, and required the National Science Foundation (NSF) and Office of Science and Technology Policy (OSTP) to create a national AI Action Plan to advance the country's global competitiveness within 90 days. The plan, released in July 2025, outlined the Administration's approach to AI development under three pillars: accelerating innovation, building AI infrastructure, and leading international diplomacy and security.

Progress in the States

While several Congresses and Administrations have studied the issue and initiated extensive dialogue, policymakers have not reached a durable solution to regulate U.S. AI companies and the use of their products. In search of certainty and to address concerns from consumers and the business community, states across the country have begun enacting their own regulatory framework.

California

Home to the world's leading AI companies, California has been especially attuned to the developments and evolution of AI and is active in legislating the industry. The state legislature passed one of the most significant AI regulations in the country in SB-53, the Transparency in Frontier Artificial Intelligence Act (TFAIA). The bill requires AI developers to publish risk assessments and safety disclosures for advanced AI models. It also includes whistleblower protections for employees of AI developers, as well as incident reporting obligations. Governor Gavin Newsom signed the bill into law in September 2025, and the law took effect on January 1, 2026.

While TFAIA marked the most comprehensive AI regulation in California and among U.S. states at the time, the legislature passed a series of more targeted measures governing AI use and developers. In October 2025, Governor Newsom signed AB 853, the California AI Transparency Act, which introduced requirements for labeling AI-generated content, and SB 243, the California Companion Chatbot law, which was also codified in October, establishing a mandate for chatbots to disclose when users are interacting with AI-driven systems. Newsom also signed AB 621, expanding civil remedies for deepfake pornography, and AB 325, amending state antitrust law to prohibit the use or distribution of algorithmic pricing technologies.

Despite California's proactive approach to AI regulation in 2025, several high-profile bills were vetoed. Governor Newsom rejected AB-1024, the Leading Ethical AI Development (LEAD) for Kids Act, which would have restricted harmful chatbot interactions with minors, arguing its core provisions were already addressed in SB-243 and warning it could effectively bar minors from using AI chatbots. He also vetoed SB-7, which proposed notice and fairness requirements for employers using AI in employment decisions, and SB-11, which would have mandated disclosures for digital replica technologies, citing them as overly broad and unclear in their compliance standards.

Colorado

Colorado was among the first states to enact AI-specific accountability frameworks, passing SB-205, the Colorado AI Act, in May 2024. The law was the earliest comprehensive AI statute in the U.S., establishing standards for “high-risk” AI systems. The law defined “high-risk” as systems with applications or impacts for education, employment, housing, credit, insurance, or health care, and required developers to implement reasonable care practices to prevent discriminatory or harmful outcomes from AI decisions.

SB 205 was notably the first law to apply consumer protection and nondiscrimination frameworks to AI use and to establish clear liability and governance standards for AI. The scope of governance standards is still fairly narrow, however, and takes a sectoral approach to industries that are already highly regulated. Colorado Governor Jared Polis declined to veto the bill once it passed the legislature, but voiced skepticism before signing it into law. In October 2025, Governor Polis established a special working group of AI developers, labor and advocacy groups, and businesses and associations to assess the impacts and plan for the implementation of SB 205. The bill was originally scheduled to take effect on February 1, 2026, but was delayed during a special session. The working group released a revised framework in March 2026, scheduled to take effect in June.

Utah

Governor Spencer Cox signed the Utah Artificial Intelligence Policy Act into law in March 2024, making the state the earliest adopter of AI disclosure practices. The law requires entities that use AI models to assist in making significant life decisions (e.g., legal, financial, or health advice) to disclose to their clients or patients how and when they use AI tools. The Utah law aimed to take a lighter-touch approach to consumer protections and transparency rules and establish expectations for ethical AI implementation across sectors. The law was unique in that it did not regulate AI developers, but other businesses or individual enterprises using AI in their operations. The law took effect in May 2025.

Texas

In June 2025, Texas passed one of the most comprehensive AI statutes in the country, next to California, though with a markedly different approach. HB 149, the Texas Responsible Artificial Intelligence Governance Act (TRAIGA), created a statewide AI framework intended to balance incentives for innovation with guardrails on harmful uses of AI. The bill mandated that government agencies disclose when consumers are interacting with AI and prohibited government agencies from using AI tools designed for behavioral manipulation or social scoring.

The law also created an AI Sandbox within the Texas Department of Information Resources, allowing companies to test AI systems with limited regulatory exposure for up to 36 months. Finally, the bill created the Texas Artificial Intelligence Council, a 10-member body appointed by the governor and legislative leaders to monitor AI use, publish reports, and recommend legislative updates. The bill included enforcement authority under the Texas Attorney General’s Office. Civil penalties for curable violations range from \$10,000 to \$12,000, and for incurable violations from \$80,000 to \$120,000, plus daily fines for ongoing offenses.

Texas also passed several bills regulating and penalizing the use of AI to generate deepfakes and child sexual abuse material. The Stopping AI-Generated Child Pornography Act, SB 20, was passed in September 2025 and created criminal penalties for AI-generated content of minors, including misdemeanors and felonies resulting in prison time. Texas SB 441 also went into effect in September 2025, criminalizing the creation and distribution of non-consensual intimate deepfakes and expanding civil liability for platforms that fail to promptly remove or disable such content.

Texas enacted several additional laws with narrow, sector-specific regulations on AI during the 2025 session. In contrast to California and Colorado, however, the regulations mostly target government use of AI, personal privacy, and non-consensual generated content, rather than businesses’ applications of AI tools.

New York

In March 2025, New York introduced its own legislation to regulate frontier AI models, the Responsible AI Safety and Education (RAISE) Act. The RAISE Act approach is more comprehensive and closer to California's TFAIA than to Texas's narrower-in-scope approach with TRAIGA. The act imposes thorough new oversight measures on frontier developers, including pre-deployment safety evaluations, documentation of model capabilities and risks, and internal governance frameworks for risk mitigation. Under the law, developers must submit risk analyses on cybersecurity, biosecurity, and critical infrastructure to state regulators before deploying new tools or rolling out model updates. The bill also requires frontier developers to obtain annual independent audits from neutral third parties to demonstrate compliance with the law's provisions.

The RAISE Act takes a significant step towards an ex ante model of regulation, regulating AI models through forecasts of potential impacts rather than through disclosures and incident reporting, as most U.S. state laws require. The third-party audit mandates in the RAISE Act also go beyond California's TFAIA, which relies more on self-disclosure. Leaders in the tech industry and trade associations have raised serious concerns about the law. Opponents note the compliance costs and challenges of forecasting risks in a fast-evolving technology, while supporters argue that these measures are necessary to mitigate potential systemic harms and establish accountability for advanced AI systems. Democrats in Albany largely supported the legislation, and some leaders have emphasized the need to position New York as a leader in AI governance. In December 2025, Governor Kathy Hochul signed the RAISE Act into law. Policymakers in Albany met in January to review amendments, and on March 27, 2026, Governor Hochul signed a chapter amendment that adopted the final version of the law, which is set to take effect on January 1, 2027.

Florida

Although not yet enacted, Florida has proposed the AI Bill of Rights - a suite of proposals championed by Governor Ron DeSantis and filed for the 2026 legislative session, primarily under SB 482. The Senate bill has advanced through the Senate Commerce Committee, but the House counterpart has stalled, indicating some early political resistance. Governor DeSantis has been critical of federal proposals to preempt state laws, but Florida House Speaker Daniel Perez has stated he would prefer the federal government lead AI regulation. While the legislative text is still subject to change if it moves forward in a new session, the legislative framework is centered around a set of key principles:

- Parental controls and child safety - the legislation aims to allow parents to control minors' interactions with AI systems and to receive notifications regarding concerning behavior. Parents will also be able to access AI conversation data from minors' accounts and set parameters for chatbots.
- AI Interaction Transparency - requirements that users are notified when they are interacting with AI agents or a generative chatbot system
- Protecting Name, Image, and Likeness (NIL) - AI systems cannot use an individual's name, image, or likeness without their consent. This includes deepfake imagery, commercial use, or political advertising.
- Deepfake and Harmful Content Protections - the legislation will strengthen and reaffirm bans on sexually explicit deepfakes and increase penalties for those involving minors.
- Privacy and Data Security - AI systems must protect personal data obtained from chatbots or submitted to the systems, and legislative protections will mirror existing privacy law provisions.
- Specific Use Case Restrictions - the legislation would prohibit AI from delivering licensed therapy or mental health counseling without human oversight, and restrict the use of AI as the sole determinant in claims decisions.
- Restricting Government AI Use - laws would prohibit state or local agencies from using AI tools from certain foreign sources.

The Federal Reaction and the Fight for Preemption

On December 11, 2025, President Trump issued Executive Order 14365, titled "Ensuring a National Policy Framework for Artificial Intelligence." The order aimed to articulate a national, minimally burdensome AI policy and effectively discourage or block state AI laws that conflict with the White House approach. The EO directed the Attorney General to establish an "AI Litigation Task Force" to challenge state-level AI laws they saw as unconstitutionally regulating interstate commerce, in

conflict with the federal AI policy framework, or laws that are otherwise unlawful in the Attorney General's judgment. Many state laws, including those in California and Colorado, may be subject to legal scrutiny under this enforcement mechanism.

The EO also directs federal agencies to examine whether discretionary federal grants, including but not limited to BEAD broadband funding, can be conditioned on states revoking or suspending enforcement of their AI laws. The order then directed the FCC, the FTA, and other senior federal AI advisors to prepare certain reports and take actions to create federal AI norms that agencies can use as a basis for state preemption. Finally, the order prompted senior federal agency AI advisors to prepare legislative proposals to establish a uniform federal statutory authority for AI. Those laws should not preempt any state laws regarding child safety protections, AI computer and data center infrastructure, or state government procurement of AI.

While the order took effect immediately, an executive order does not, by itself, nullify state statutes. Only federal legislation passed by Congress or a federal court decision can legally invalidate or preempt state laws. Therefore, the EO's apparent strategy is to empower federal litigation and agency action, rather than to directly repeal or bar enforcement of state laws. The enforcement mechanisms in the order will require extensive legal and administrative implementation and will likely face court challenges before they can take full effect. State-level laws will remain fully enforceable while courts decide any challenges.

A bipartisan coalition of 36 attorneys general sent a public letter to President Trump and congressional leaders opposing efforts to fully block state AI regulation, arguing that states need leeway to respond to the specific risks facing their citizens. Some Republican-led states also oppose the preemption, arguing for stronger states' rights over local policy choices and citing child safety and labor protections related to AI.

Pushing a New Federal Framework

Aside from the legal argument on the validity of the EO, the unifying critique amongst legislators and states has centered on the lack of a federal statute to regulate AI in the wake of state preemption, leaving a largely unregulated landscape. In response, President Trump increased pressure on Congress to act proactively, and the White House released a national AI regulatory framework in March 2026. The framework suggests Congress should regulate AI through seven pillars:

1. **Child Safety** - Building on the Take It Down Act, Congress should implement a measured approach to child protection by affirming that existing minors' privacy regulations apply to AI. The framework also emphasized parental control over children's use of AI.
2. **Community Protection** - AI tools should support small businesses and encourage economic growth without harmful impacts to consumers. This includes faster federal permitting for data centers to scale infrastructure, the Ratepayer Protection Pledge to prevent utility price hikes, providing tools to law enforcement to stop and prosecute scams, and training for small businesses.
3. **Intellectual Property** - While the Administration does not believe training AI on copyrighted content violates the law, it acknowledges concerns and leaves the question to the courts. The framework suggests Congress consider licensing frameworks that allow copyright holders to collectively negotiate compensation from AI developers and include NIL protections for deepfakes.
4. **Censorship and Free Speech** - A federal regulatory framework should prevent the government from using AI or coercing technology providers to ban, compel, or alter content based on First Amendment-protected ideological expression and preferences.
5. **Innovation and Competitiveness** - Any federal framework should not slow innovation and establish regulatory sandboxes to safely test frontier AI tools. The framework advocates against creating a new federal rule-making body to regulate AI, supporting a sectoral approach.
6. **Workforce Development** - AI growth should benefit American workers, and a framework should include measures to expand research on workforce impacts and non-regulatory approaches to ensure that traditional education, apprenticeships, and workforce development programs incorporate AI training.

7. Federal Preemption - Congress should establish a minimal national standard and preempt state laws that the administration views as restrictive and that impede innovation, to avoid a burdensome patchwork of state regulations. States will be allowed to regulate further on permitting, procurement, and law enforcement. This has been received as the most controversial pillar of the framework.

Republican leadership has expressed general support and has signaled readiness to translate the framework into legislation, though a select few lawmakers have voiced skepticism and differences in their own approach. Sen. Josh Hawley (R-MO), historically critical of federal preemption of state AI regulations, has emerged as a leading AI skeptic in the Senate. He has proposed much stricter consumer protection laws, centering around chatbots and minors' safety. Sen. Marsha Blackburn (R-MS), while not critical of the Trump Administration's framework, has also advocated for stronger protections for minors through the Kids' Online Safety Act (KOSA).

Democratic leadership has raised concerns with the framework, though some key members, such as Commerce Committee Ranking Member Maria Cantwell (D-WA), have not flatly opposed the bill, signaling an openness to negotiations. Skeptical Democrats have taken issue with the breadth of the federal preemption, suggesting a tighter scope and more room for states to regulate beyond federal standards, and with light consumer protections they view as too friendly to industry stakeholders. States with AI laws already in motion, including California, Colorado, New York, and Texas, show no signs of slowing down. Governors in both parties have pushed back against a flat federal preemption, arguing that the states are more adaptable, move more quickly, and are more responsive to their citizens' individual needs.

As stated, as businesses and policymakers continue to pursue their own distinct approaches to AI governance, they must navigate a complex and evolving regulatory landscape in the absence of federal standards. The divergent state approaches underscore a broader tension balancing consumer protections, technological advancement, and competitiveness in such a rapidly evolving field. The December 2025 EO and March 2026 White House framework signal a clear federal interest in setting national standards, but their ultimate legal durability and political feasibility remain uncertain. For now, AI regulation in the U.S. remains a dynamic and unsettled space.

Links to Other Resources

- Bipartisan House AI Working Group - [2024 Report](#)
- Brookings - [What is California's AI Safety Law?](#)
- Future of Privacy Forum - [Understanding the New Wave of Chatbot Legislation: California SB 243 and Beyond](#)
- Governor Jared Polis - [Colorado Artificial Intelligence Policy Workgroup Delivers Unanimous Support for Revised Policy Framework](#)
- Insights Association - [Calling for Federal Preemption of State AI Regulation](#)
- Institute for Law & AI - AI Federalism: [The Right Way to Do Preemption](#)
- Jackson Walker - [Texas 89th Legislature: Key Artificial Intelligence Legislation](#)
- JD Supra - [New York Finalizes RAISE Act for Frontier AI Models](#)
- National Association of Attorneys General - [Letter to Congress Opposing Federal AI Preemption](#)
- Perkins Cole - [California Governor Newsom Signs Several AI Bills but Vetoes Three](#)
- Senate AI Working Group - [AI Roadmap](#)
- StateScoop - [Trump's state AI-law order sparks clash between states and industry](#)
- Washington Post - [AI and Tech Brief: Cantwell Signals Openness to AI Framework](#)
- White House - [EO: Ensuring a National Policy Framework for AI](#)