U.S. AI Regulation Landscape

Navigating State and Federal Frameworks

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Key Summary

- Senate struck down proposed 10-year federal preemption, retaining state authority over AI.
- All 50 states introduced AI bills in 2025; 28 have enacted targeted regulations.
- State laws focus on privacy, youth protection, transparency, and infrastructure.
- Businesses face a fragmented regulatory environment; federal guidance and model laws needed.

Introduction

In mid-2025, a pivotal shift occurred in the landscape of technology policy in the United States, when a proposed federal moratorium on state-level artificial intelligence regulation was decisively removed. This development reaffirmed the role of individual states as key regulators in protecting citizens from emerging risks associated with AI technologies, ensuring that localized concerns around consumer protection, privacy, and the safety of minors remain under the direct purview of state legislatures.

As a result of this legislative change, all fifty states expeditiously introduced a variety of AI-related bills, reflecting a broad spectrum of policy priorities and regulatory philosophies. By mid-2025, twenty-eight jurisdictions had enacted targeted regulations, ranging from privacy mandates and data usage disclosures to specialized statutes aimed at preventing algorithmic bias and curbing the proliferation of deepfake content.

This rapid flurry of activity underscores both the urgency with which governments view the ethical and societal implications of AI, as well as the complexity inherent in crafting laws that balance technological innovation with fundamental rights. The immediate aftermath of the Senate vote revealed an array of legislative approaches: some states focused on creating advisory councils comprising AI experts and ethicists to guide lawmaking; others promulgated explicit standards for AI transparency and explainability; several enacted “Right to Compute” provisions safeguarding citizens’ access to computing resources for lawful purposes.

Despite their diversity, these state laws share common objectives: to promote responsible AI deployment, to ensure transparency in automated decision-making, and to safeguard vulnerable populations—particularly children and the elderly—from potential harms. Meanwhile, industry stakeholders are grappling with compliance challenges amid a patchwork of requirements. Small and medium enterprises, in particular, have expressed concerns about the administrative burdens and resource constraints associated with meeting disparate state mandates.

In contrast, larger technology firms have engaged in lobbying efforts both at the state and federal levels, advocating for model laws and preemptive federal guidelines that would streamline compliance across jurisdictions. Observers note that the current landscape represents an inflection point with enduring consequences: if managed adeptly, this multi-level regulatory environment could foster experimentation and best practice diffusion; conversely, it may also engender regulatory fragmentation and inefficiencies that stifle innovation.

Against this backdrop, the present brochure provides an in-depth examination of the U.S. AI policy terrain. It offers analysis of the legislative trends, identifies the key thematic pillars shaping state laws, and examines the implications for business strategy, technological development, and public governance. By highlighting both the shared and divergent elements of state approaches, this report aims to equip policymakers, legal professionals, and corporate leaders with the insights necessary to navigate an evolving regulatory mosaic.

In doing so, it underscores the importance of collaborative frameworks, capacity building, and targeted federal guidance as mechanisms to harmonize standards and uphold the broader public interest.

Policy Landscape

Privacy and Data Protection:

Several states have enacted transparency mandates for AI systems handling personal data.

Youth Safety:

Age-appropriate design laws in Montana, Nebraska, and Utah restrict harmful AI targeting minors.

Critical Infrastructure:

Montana's Right to Compute Act requires AI risk management plans for essential service providers.

Deepfake and Content Regulation:

Some states impose penalties for deceptive AI-generated content, especially in political contexts.

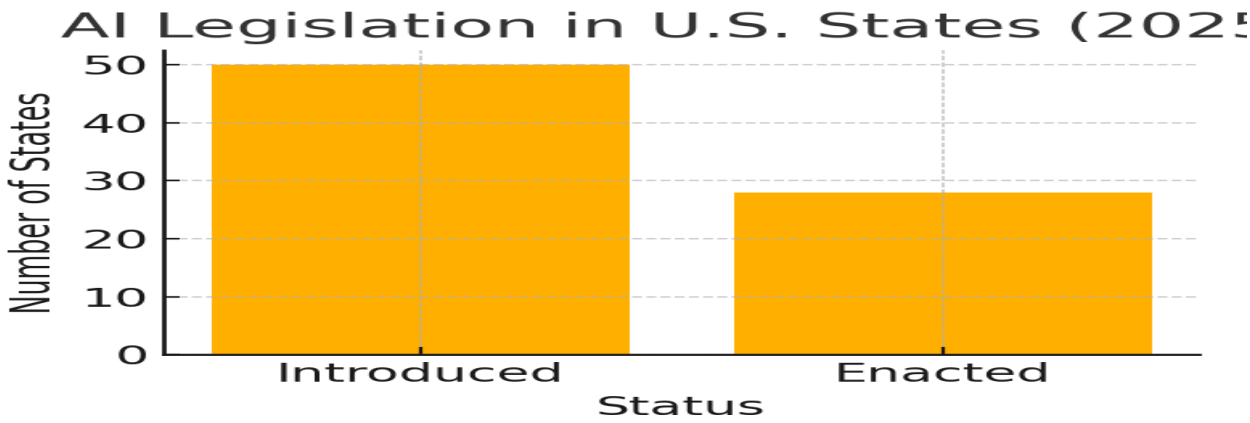

Figure: Number of U.S. States with AI Legislation

Policy Recommendations

- Develop voluntary model guidelines for state adoption to foster consistency.
- Issue federal agency guidance on AI consumer protections and risk management.
- Encourage interstate compacts for aligned regulatory frameworks.
- Evaluate targeted federal legislation for critical areas like child safety and infrastructure.

Altrom Institute’s Outlook

Altrom Institute's mission is to foster informed policy discourse and to support evidence-based decision-making in the realm of advanced technologies. In light of the rapidly evolving AI regulatory environment in the United States, Altrom Institute will maintain vigilant monitoring of legislative developments across all fifty states, providing timely analysis of newly enacted laws, proposed amendments, and judicial interpretations. We will publish quarterly briefs detailing the economic, social, and technical impacts of state statutes on AI deployment and innovation.

Moreover, Altrom Institute will convene a series of roundtables and workshops that bring together state regulators, legal experts, industry representatives, and civil society actors to explore best practices, model legislation, and cooperative strategies for incremental harmonization. These convenings will focus on priority areas such as data privacy, algorithmic transparency, child protection, critical infrastructure security, and workforce readiness.

In parallel, Altrom Institute will develop a publicly accessible database cataloging key provisions of all state AI laws, accompanied by interactive mapping tools and compliance checklists to assist businesses and legal counsel. We also plan to collaborate with academic institutions to fund research on the comparative effectiveness of different regulatory approaches, leveraging both quantitative metrics and qualitative case studies. Findings will be disseminated through policy papers, webinars, and open-access journals.

Recognizing the need for federal guidance to align state efforts, Altrom Institute will draft model framework guidelines on AI governance, addressing issues such as risk-based classification, impact assessments, and enforcement mechanisms. These guidelines will be shared with federal agencies, including the Federal Trade Commission and the National Institute of Standards and Technology, to inform potential rulemakings that complement state laws without preempting them.

Lastly, Altrom Institute will engage international partners to benchmark U.S. state initiatives against global regulatory models, facilitating knowledge exchange and identifying pathways for transnational cooperation. Through these concerted efforts, Altrom Institute aims to shape a coherent, adaptive, and principled AI policy ecosystem that safeguards public welfare, promotes innovation, and ensures equitable access to the benefits of artificial intelligence.