

AI Policy Newsletter

December 17, 2025

At a Glance

- Last week, President Trump [signed](#) the much-anticipated Executive Order aimed at preempting state-level laws deemed burdensome to innovation, following unsuccessful efforts by Congress to include a similar policy in the National Defense Authorization Act (NDAA), and previously the One Big Beautiful Bill during reconciliation. State officials, including California Attorney General Rob Bonta (D) and Florida Governor Ron DeSantis (R), have pushed back against the order, which is expected to be challenged in court. Key provisions of the order include:
 - **AI Litigation Task Force:** Directs the Attorney General to establish within 30 days a dedicated task force to challenge state AI laws on grounds including unconstitutional interstate commerce regulation, federal preemption, or other legal violations.
 - **State Law Evaluation:** Directs the Commerce Secretary to publish within 90 days an assessment identifying "onerous" state AI laws, particularly those requiring AI models to "alter their truthful outputs" or compel disclosures that may violate First Amendment protections. Colorado's algorithmic discrimination law is specifically cited as potentially forcing "false results" to avoid differential impacts on protected groups.
 - **Financial Leverage:** States with identified problematic AI laws will be ineligible for non-deployment funds under the Broadband Equity Access and Deployment (BEAD) Program. Federal agencies must assess conditioning discretionary grants on states either not enacting conflicting AI laws or agreeing not to enforce existing ones.
 - **Federal Standards Development:** Directs the FCC Chairman to initiate proceedings within 90 days on federal AI reporting/disclosure standards and the FTC Chairman to issue a policy statement within 90 days on how state laws requiring altered AI outputs may be preempted by federal prohibitions on deceptive practices.
 - **Legislative Framework:** Directs the Special Advisor for AI and Crypto and the Assistant to the President for Science and Technology to prepare recommendations for a uniform federal AI policy framework.
- On December 9, Democratic Leader Hakeem Jeffries [announced](#) a new House Democratic Commission on AI and the Innovation Economy. According to the press release, the commission will meet through 2026 and will aim to "develop policy expertise in partnership with the innovation community, relevant stakeholders and committees of jurisdiction." Representatives Ted Lieu (CA), Josh Gottheimer (NJ), and Valerie Foushee (NC) will serve as the co-chairs of the new commission, and Democrats, who last Congress served on the Bipartisan AI Task Force, will also hold leadership roles.

What Else You Need to Know

Administration and Federal Updates

- The Department of Commerce's [request for information](#) (RFI) on the American AI Exports Program closed on December 13. The RFI sought public input on establishing industry-led consortia to deliver full-stack American AI export packages to foreign markets, covering technology stack composition, consortium formation, business models, federal support mechanisms, and national security compliance frameworks. In a [press release](#), the International Trade Association stated it anticipates a public call for proposals from industry-led consortia to export full-stack AI technology packages in early 2026. A full list of responses to the RFI can be found [here](#).
 - On December 8, President Trump [announced](#) on Truth Social that the Department of Commerce would allow Nvidia to ship its H200 AI chips to "approved customers" in China and other countries under national security conditions, with 25 percent of sales to be paid to the United States, stating he had informed President Xi Jinping who "responded positively." The decision will also apply to
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other U.S.-based chipmakers like Intel and AMD. The news drew immediate [blowback](#) from Members on both sides of the aisle, including from House Select China Committee Chair John Moolenaar (R-MI), who [warned](#) that Nvidia's sale of the chips will help the CCP "strengthen its military capabilities and totalitarian surveillance."

- On December 4, the Department of Health and Human Services [released](#) an AI strategy to further innovation, efficiency, and outcomes in the healthcare sector. The plan includes five pillars: "ensure governance and risk management for public trust, design infrastructure platforms for user needs, promote workforce development and burden reduction for efficiency, foster health research and reproducibility through gold standard science, and enable care and public health delivery modernization for better outcomes."
- Last week, the Pentagon [unveiled](#) its anticipated Gen.AI.Mil tool to provide artificial intelligence capabilities to its workforce, with Google Cloud's Gemini as the first tool that will be available on the platform. The plan includes three categories of priorities for AI use: organizational, intelligence, and warfighting activities.

Hill Happenings

- On December 11, Senators John Fetterman (D-PA) and Ted Budd (R-NC) [introduced](#) the National Programmable Cloud Laboratories Network Act to create a national network of six remotely accessible, AI-enabled automated laboratories led by the National Science Foundation (NSF). The bill would allow researchers to remotely access laboratory equipment via cloud platforms instead of building their own infrastructure. NSF would competitively select up to six nodes from academic institutions, private sector entities, or nonprofits.
- The Senate is close to approving the final version of the NDAA, which passed the House last week. In addition to not including a preemption of state AI laws, the final [NDAA](#) does not include the GAIN AI Act, which would have prioritized domestic customers for advanced microchip purchases before allowing exports overseas, representing another setback for efforts to restrict chip access to foreign markets.
- On December 10, the House Oversight Subcommittee on Cybersecurity, Information Technology, and Government Innovation held a [hearing](#) on how AI can be utilized to counter human trafficking. During the hearing, Republican members focused on the scale of the crisis and AI's effectiveness in victim recovery, while Democratic members raised concerns about surveillance risks, algorithmic bias, and the need for guardrails.
- On December 10, the House Science, Space, and Technology Committee held a [hearing](#) on the new Genesis Mission to advance U.S. AI dominance, during which Energy Department Under Secretary for Science Gil outlined the mission's goal to utilize supercomputers, AI systems, and quantum technologies across DOE's 17 national laboratories to bolster research and development. While Republicans emphasized urgency in competing with China and praised DOE's reorganization, Democrats raised concerns about \$8 billion in terminated clean energy grants, workforce cuts, and the administration's lack of prioritization for climate science and renewable energy research. A full hearing summary can be found [here](#).
- On December 4, Senators Pete Ricketts (R-NE) and Chris Coons (D-DE) [introduced](#) the Secure and Feasible Exports (SAFE) of Chips Act of 2025 to codify existing restrictions on advanced AI chip exports (such as Nvidia's Blackwell/H200) to China and other foreign adversary countries. The bill classifies the Democratic People's Republic of Korea, Russia, Iran, and the People's Republic of China, including Hong Kong and Macau, as foreign adversaries and directs the Commerce

Secretary to deny export license applications for advanced chips to these nations for at least 30 months.

- On December 4, Senators John Curtis (R-UH) and Richard Blumenthal (D-CT) introduced the [Quashing Unwanted and Interruptive Electronic Telecommunications \(QUIET\) Act](#). The legislation would require robocalls to inform consumers if the calls or messages use AI. Companion legislation in the House was introduced in February by Representative Eric Sorenson (D-IL).
- On December 2, Senator Bernie Sanders (D-VT) published an opinion piece in the Guardian titled "[AI poses unprecedented threats. Congress must act now](#)." Sanders argues that given the rapid development of and serious potential risks from AI, that Congress, the media, and the public, should be making the technology a greater focus of conversation. Sanders also notes that he will soon be releasing a "very specific" set of recommendations for Congress to address the dangers of AI.
- On December 2, the Senate Foreign Relations East Asia, The Pacific, and International Cybersecurity Policy Subcommittee held a [hearing](#) on "Countering China's Challenge to American AI Leadership." During the hearing, witnesses emphasized that the U.S. maintains a critical advantage in advanced AI chips and that export controls are needed to preserve this edge. Members from both parties supported strengthening such export controls, though concerns emerged about the Trump Administration suspending the "affiliates rule" and abandoning AI diffusion restrictions for the UAE following business dealings. A full hearing summary can be found [here](#).

International, State and Third-Party Perspectives

- The Software & Information Industry Association (SIIA) [released a roadmap](#) outlining a four-pillar approach for federal AI legislation, recommending safety and security oversight for AI foundation models, federal preemption of state AI laws, AI infrastructure development, including education and workforce initiatives, and targeted use-based regulation rather than technology-focused rules.
- On December 4, Florida Governor Ron Desantis proposed the establishment of an [Artificial Intelligence Bill of Rights](#) with the goal of protecting "data privacy, parental controls, consumer protections, and restrictions on AI use of an individual's name, image, or likeness without consent." Desantis's plan also includes a proposal to protect citizens from increased utility costs caused by AI data centers.
- On December 3, the European Commission [opened an antitrust investigation](#) into Meta over a new policy that blocks third-party AI providers from offering their services through WhatsApp, while Meta's own AI assistant remains available on the platform. The Commission is investigating whether Meta is abusing its dominant market position by shutting out competitors while keeping its own AI product accessible to WhatsApp's user base.

A Few Interesting Reads

- **Exclusive: Microsoft Copilot is getting personal** ([Axios](#)): New data from Microsoft shows that people are turning to the chatbot for advice about their health, careers, and relationships - asking philosophical questions late at night and sharing sensitive legal information.
- **'What to buy Dad for Christmas': is retail ready for the AI shopping shift?** ([The Guardian](#)): As shoppers increasingly turn to AI chatbots to help select holiday gifts, companies are shifting their

strategies to ensure their products are recommended by these AI tools — rather than relying solely on paid search engine placements.

- **Instacart's AI pricing tools drive up the cost of some groceries, study finds** ([CNBC](#)): A new study release by advocacy group Groundwork Collaborative found that grocery delivery app Instacart use of AI pricing tools have caused shoppers to pay varying prices for identical products from the same store - reaching a total cost swing of about \$1,200 a year.
- **Creator of AI actress Tilly Norwood responds to fears of AI replacing human talent** ([ABC News](#)): Following backlash from celebrities and public statements from SAG-AFTRA opposing the use of AI actors — and amid concerns that AI performers could displace human talent — Eline Van Der Velden, creator of AI actress Tilly Norwood and founder/CEO of Particle6, emphasized that her vision is for AI actors to support the industry and help advance production, rather than replace human actors.
- **The Disney-OpenAI Deal Redefines the AI Copyright War** ([WIRED](#)): In a first for Hollywood, a deal has been reached to bring Disney's characters to Sora, OpenAI's short-form video platform. Videos made with Sora will be available to stream on Disney and Disney will buy a \$1 billion stake in OpenAI. The agreement is expected to cause controversy in Hollywood as the industry continues to debate the technology's role and AI copyright infringement.