



September 18<sup>th</sup>, 2025

Dear Chair Issa and Members of the Committee,

On behalf of millions of Americans for Prosperity activists across all 50 states, we write to express our strong concern regarding the impact of state-level legislation on artificial intelligence (AI). The absence of a federal framework has created a patchwork of state policies, threatening America's leadership in AI.

To date, states have introduced more than 1,000 AI-related bills, often in an effort to “do something.” Unfortunately, this rush risks producing contradictory and inconsistent rules that could harm startups and innovation nationwide. Without federal legislation, states like California may end up setting the de facto national standard—whether or not that standard works for the rest of the country.

One of the key challenges is that much of the proposed state legislation is overly broad and varies significantly across jurisdictions. This disproportionately affects smaller companies and startups, which lack the resources to navigate complex compliance regimes. Unlike large corporations, these firms cannot easily divert limited funds away from product development toward expensive legal compliance. The result is less innovation and fewer opportunities for entrepreneurs.

For example, legislation from California such as SB 53, which mandates comprehensive transparency reporting, and SB 243, which seeks to regulate AI companion chatbots, are well-intentioned but risk becoming the de facto national standard.

As Jack Clark, co-founder of Anthropic, has noted, “in the absence of a federal law, state legislation like California’s creates a powerful blueprint for AI governance that cannot be ignored”. Yet these bills often use vague terminology and would impose crushing compliance burdens on businesses with little connection to “high-risk” AI use cases.

Here are further examples of problematic California Bills addressed by the Consumer Technology Association:

- **AB 853:** This bill places liability on platforms, imaging firms, and hosting services—entities that do not generate content and lack the capability to adequately track or identify content provenance. Holding such intermediaries responsible is both impractical and counterproductive.



- **SB 7:** This measure would effectively impose a de -facto tax on every company that adopts certain AI software to improve efficiency. Such a burden discourages adoption of productivity-enhancing tools and penalizes businesses seeking to remain competitive.
- **AB 412:** This proposal imposes unworkable obligations on generative AI developers and tilts the playing field in favor of large rights holders. Well-resourced rights owners would be far better positioned to pursue litigation than smaller actors, creating an uneven system that stifles innovation and harms startups.

We believe in developing AI responsibly—with safety, fairness, and accountability as guiding principles. AFP is eager to work with legislators at every level to ensure responsible AI development continues to be led by the United States, rather than fragmented through conflicting state laws.

State laws risk diverting critical financial and personnel resources away from product development and market expansion, instead forcing businesses, especially smaller ones, into compliance spending. This dynamic advantages large firms that can absorb the costs, while making it harder for startups to survive and compete. California’s proposals are particularly concerning because they apply not only to developers commercially operating in California but also to those outside the state if their models are made available to Californians for use.

For these reasons, we urge the Committee to recognize the risks of a fragmented state-led approach and to prioritize a coherent federal framework that safeguards innovation while addressing legitimate concerns.

Sincerely,

Brent Gardner  
Chief Government Affairs Officer  
Americans for Prosperity