AI POLICY REFORM

PLAYBOOK

Many policymakers are approaching AI legislation with caution, focusing on potential risks and harms. While these concerns are understandable, it's important to recognize that existing laws and frameworks already provide meaningful safeguards. At the same time, AI innovation has become one of America's greatest competitive strengths — a field where the United States leads the world in both talent and investment. Thoughtful policy should protect consumers and national interests without stifling the innovation that drives economic growth and opportunity. Striking the right balance will ensure America continues to lead the world in this transformative technology.While we do not consider the introduction of new regulations to be necessary at this time, we acknowledge that there may be valuable proposals worthy of consideration. In the following section, we highlight examples of legislation that we believe could add value and support the innovation landscape in the states.

Right to Compute Act

- This legislation puts the burden on the government to prove it has a legitimate interest in regulating any form of computation.

- Extends constitutional protections for free expression and property to computational resources, ensuring modern digital tools are treated with the same legal rights as traditional forms of property and expression.

- Positions the state as a magnet for innovators, entrepreneurs, and investors, with a regulatory environment that protects property rights and promotes free expression. AFP has supported this bill

- It has been introduced and passed in Montana.

Go deeper: Montana SB 212, ALEC model bill

Sandboxes — Paths for Innovations

A regulatory sandbox is a controlled testing environment where businesses, nonprofits, and innovators can experiment with new products, services, and business models under limited, temporary regulatory requirements. Regulatory sandboxes:

- Protect consumers.
- Equip policymakers with better information.
- Unleash innovators to create products and services that improve people's lives.

Some states are already leading the way with regulatory sandboxes. Utah, for example, administers its sandbox through the Office of Regulatory Relief. Other states, such as Arizona, Florida, Hawaii, Kentucky, Nevada, North Carolina, Vermont, West Virginia, and Wyoming, have also launched sandboxes, with more states moving in the same direction. This trend shows growing recognition that outdated regulations shouldn't stand in the way of consumer-focused innovation.

Go deeper: Universal Regulatory Sandbox Act, Targeted Regulatory Sandbox Act

Limitations on Regulation of AI

Idaho Senate Bill 1067

- Prevents state and local governments from enacting or enforcing laws that disrupt the development, training, or use of AI.
- Covers restrictions on AI research and development, commercial deployment, and consumer applications.
- Recognizes computation as a form of personal expression protected under free speech.
- Classifies AI as a "general-purpose technology," alongside other foundational innovations.
- Affirms that AI should not be subject to special or discriminatory regulation.

Go deeper: Senate Bill 1067

The Artificial Intelligence Tax Non-Discrimination Act

- Warns that discriminatory taxes on AI by federal, state, or local governments could distort markets, stifle innovation, and harm competitiveness.
- Affirms that tax policy should remain neutral regarding delivery methods or technology used.
- Prohibits unfair taxes on AI, algorithms, and automated systems, including computing power, remote-access sales, subscriptions, AI-derived income, or similar measures.
- Clarifies that AI services are not telecommunications for tax purposes unless all similar digital services are taxed the same.
- No state has enacted this yet, offering a chance to set the standard and take the lead.

Go deeper: [The AI Tax Non-Discrimination Act](#)