

Investing in AI and Beating China in the AI Race

Background

The country that leads in artificial intelligence will shape the 21st century global order. As a matter of economic and national security, the United States must beat China in the AI race. But the nation faces a critical inflection point. Do we embrace entrepreneurial freedom and technological innovation, or do we adopt the command-and-control policies of Europe?

In the last election, Americans rejected the European-style regulations of the Biden administration and wanted to see President Trump and Republicans champion policies that unleash American innovation and support jobs here at home. This includes innovation and deployment of AI. As Vice President J.D. Vance reiterated at the AI Action Summit in Paris earlier this year, “[T]o restrict [AI’s] development now would not only unfairly benefit incumbents in the space, it would mean paralyzing one of the most promising technologies we have seen in generations... [W]e’ll make every effort to encourage pro-growth AI policies.” In other words, it is critical the United States foster an environment that removes barriers to AI adoption, prevents needless state over-regulation, and allows the AI supply chain to rapidly grow here in the U.S.

The advent of AI will undoubtedly bring challenges; it’s hard to say exactly what the future holds. But that’s why every American deserves a voice in shaping it. A single state should not have the power to set AI rules for the entire country. Instead, the U.S. should take steps to prevent an unworkable patchwork of disparate and conflicting state AI laws and to encourage states to adopt commonsense tech-neutral policies. Unless Congress acts soon, America is at serious risk of ceding its dominance in the global AI race to China. That’s why Congress must work with President Trump to promote investment in American AI innovation and jobs.

Key Components of Revised AI Deployment

- Appropriates \$500 million to the National Telecommunications and Information Administration (NTIA) to support deployment of AI models or systems and underlying infrastructure. The proposal uses the administrative structure of the Broadband, Equity, Access, and Deployment (BEAD) program to streamline allocation of new funding.
 - Of this \$500 million, the NTIA is required to use \$25 million to negotiate contract terms (called Master Service Agreements, or MSAs) to enable access to quantity purchasing and licensing discounts for the construction, acquisition, and deployment of infrastructure for AI models, AI systems, or automated decision systems within a state.
- **If - and only if - a state voluntarily chooses to receive a portion of this new \$500 million federal investment to deploy AI, they must agree to two conditions:**
 - *MSA Adoption:* Use any NTIA-negotiated MSA or, as an alternative, a contract, license, purchase order or services agreement that is at least as cost efficient as the terms available in the applicable MSA. This ensures the taxpayer investment goes further to meet objectives and that the funding will be is used within the budget window.
 - *Temporary Pause of Certain AI Regulatory Enforcement:* Temporarily pause any enforcement of any state restrictions, as specified, related to AI models, AI systems, or automated decision systems for 10 years, consistent with the budget window to spend the new federal AI investment. This ensures a state that voluntarily receives federal AI funding is not hindering AI deployment through needless state regulation.
- **A state that does NOT voluntarily decide to receive a portion of the \$500 million federal investment money does not have to adhere to any of these conditions.**
 - In other words, this pause in AI regulation is voluntary and not a federal mandate on states.



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