

June 27, 2025

Dear Lawmakers,

As Congress debates the reconciliation package currently under consideration, the undersigned business organizations urge you to keep the provision establishing a 10-year moratorium on state-level legislation regulating artificial intelligence (AI). This temporary pause is a vital step toward avoiding the kind of fragmented regulatory environment that has burdened small businesses in other policy areas, such as data privacy and cybersecurity. A coordinated federal approach to AI regulation will better support innovation, economic growth, and the competitiveness of small businesses across the country.

Artificial intelligence presents transformative opportunities for entrepreneurs and small firms. These technologies are enabling businesses to streamline operations, better target and serve customers, improve productivity, and lower operational costs. A recent [US Chamber survey](#) found 91 percent of small businesses actively using AI say it will help their business grow in the future. From automating back-office tasks like bookkeeping to optimizing inventory, enhancing fraud detection, or expanding customer support via chatbots, AI offers small businesses the ability to compete with larger, better-resourced companies. AI adoption can be a force multiplier that bridges long-standing structural gaps in access to capital, labor, and scale, especially for rural businesses.

Despite these opportunities, small business owners face growing uncertainty about how to integrate AI into their operations due to the rapid emergence of state-specific laws and regulatory proposals. Indeed, the US Chamber report mentioned above found a quarter of small businesses cited legal and compliance concerns around AI as the reason they have not adopted the technology. While well-intentioned, state-level AI legislation often diverges significantly in scope, definitions, compliance timelines, and enforcement mechanisms. This patchwork imposes confusing and expensive compliance burdens—particularly on small businesses that operate across state lines or serve customers nationwide.

The cost of divergent laws is measurable. Small business owners already face substantial costs navigating differing privacy frameworks in states like California, Colorado, and Virginia. Looking to the European Union's Artificial Intelligence Act as an example, [studies](#) have found the law will create [hundreds of thousands of dollars](#) in initial compliance costs. Similarly, an [analysis](#) of the cost of California's automated decision making technology rules before they were amended to be less burdensome found the proposed rules would cost "\$21,874 to \$32,810 in first-year direct compliance costs per business." These costs would be amplified exponentially if laws are passed at an individual, state-by-state level, while creating a chilling effect on adoption and innovation, particularly for businesses that lack in-house legal or technical staff.

By establishing a 10-year moratorium on state-level AI regulation, Congress can provide much-needed regulatory certainty while allowing time for federal policymakers, technologists, business leaders, and civil society to work together on developing comprehensive, balanced,

and evidence-based federal AI policy. Importantly, this moratorium does not delay responsible regulation—it ensures that regulation is done the right way, with clear standards that promote fairness, innovation, and accessibility for all businesses, regardless of size.

It is worth noting this provision does not prevent states from engaging in critical research, education, or voluntary standards development around AI. Rather, it prevents a premature rush to enact laws that may be inconsistent, duplicative, or counterproductive, and instead signals that federal leadership is essential on an issue of such national and economic significance.

We fully support efforts to ensure that AI is used ethically and responsibly. But those efforts must be coupled with an understanding of the unique challenges facing small and medium-sized enterprises. This moratorium would give federal policymakers time to gather data, consult stakeholders, assess unintended consequences, and create scalable guardrails that protect consumers while enabling innovation.

The undersigned organizations urge Congress to support the 10-year moratorium provision in the final reconciliation package. Doing so will send a strong signal that Congress is committed to creating a thoughtful, modern AI policy framework—one that empowers America's entrepreneurs to thrive in the AI economy.

Sincerely,

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