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How Banning State Regulation of AI Harms Workers

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The ban on state regulation of artificial intelligence (AI) contained in both the House and Senate versions of the Republican megabill is [overly broad](#), dangerous to workers, and [out of step](#) with public interest. This provision – a ten-year blanket ban on state and local governments’ ability to protect their residents from the harms of AI – is a reckless [giveaway](#) to Big Tech that will have far-reaching consequences for economic fairness, worker power, and public trust.

Both the Senate and House versions of the provision use an extremely broad definition of AI—including automated decision-making systems – tying the hands of [state lawmakers](#) from taking any meaningful role in how AI technologies are being rapidly rolled out in many sectors of society. The Senate version ties the moratorium on regulating AI to federal funding for broadband internet infrastructure - a program on which all 50 states and territories rely to make critical progress to improve connectivity.

The provision is opposed by a broad, bipartisan coalition – including [unions](#), [civil rights](#) groups, [state attorneys general](#), members of Congress [across the political spectrum](#), and the [public](#), who understand it as a rash [giveaway to big tech](#). Banning state regulation of AI gives even more power to a [handful of billionaires](#), while [reducing the power](#) of working people and communities.

Congress can still act to remove this harmful provision and ensure that AI can expand in ways that are responsible, innovative, and grounded in public trust—while protecting the rights of workers, consumers, and communities.

Congress has a responsibility to develop and adopt [federal standards](#) that ensure new technologies lead to positive economic outcomes – and to ensure that workers have the power to control how AI and related digital tools are used in their workplaces, ideally through collective bargaining agreements.

However, in the absence of federal action, it is critical that states be permitted to step in and act – and those lessons can hopefully inform federal policymaking. [All 50 states](#) have been working to regulate uses of AI that harm communities and society. **This ban would stop all of that progress in its tracks, blocking commonsense AI laws in development or already on the books.**

Here are a few key ways this unprecedented ban on state action to protect workers and consumers could harm workers and erode public trust:

MAKE IT EASIER FOR EMPLOYERS TO DISCRIMINATE

The right to equal opportunity at work is already under threat from the Trump administration's attacks on federal anti-discrimination protections and enforcement. Unregulated AI systems could speed up and cement discrimination even further.

Major employers increasingly rely on predictive AI software and algorithmic analysis to choose who they interview, hire, promote, discipline, or dismiss. We know these untested tools for "[automated decision making](#)" can fuel [discriminatory outcomes](#), such as a [preference for resumes](#) with white- and male-associated names.

With no federal guardrails in place, and with federal enforcement on anti-discrimination weakened, banning [state action](#) would allow discrimination to flourish unchecked. States must be able to step in to address algorithmic bias and enforce anti-discrimination protections so that everyone has a fair shot at a good job.

MAKE IT EASIER FOR EMPLOYERS TO DRIVE DOWN WAGES

With a low federal minimum wage, rampant misclassification of contract workers, *and* no guardrails on how employers use AI and algorithms to make decisions about pay, the race to the bottom already experienced by [gig workers](#) could become the norm in all industries.

Employers already use algorithms and automatic decision systems to dynamically determine the lowest possible pay for each task, location and individual, with little transparency for workers. If states are blocked from even investigating wage suppression by algorithm, these exploitative practices will spread across all industries.

INCREASE RETALIATION, UNION-BUSTING, AND SURVEILLANCE

Automated surveillance systems and AI-powered monitoring can track everything from workers' keystrokes and voices to their precise location in their workplace.

These tools can be weaponized against workers who organize, speak up about unsafe conditions, or simply take too long in the bathroom. Workers already are vulnerable to unfair – and sometimes illegal – retaliatory discipline and firing. If workers don't even know the extent to which they are being surveilled, they will struggle to exercise their legal rights or defend themselves from wrongful termination – especially the majority of workers who lack the protections of a collective bargaining agreement.

As one school bus driver [told researchers](#) from UC Berkeley Labor Center:

“The bus cameras are the worst— they were originally installed to protect the kids, but now three cameras are pointed directly at us and recording at all times, even when no kids are on the bus. **We know now that they use this footage in personnel matters, they listen to us through the bus cameras, and that they use the cameras to read our text messages when we are parked and using our phones while the children are off the bus and we are on breaks from work.**”

Preventing states from regulating this kind of surveillance will leave workers more vulnerable to unlawful retaliation and to employer wrongdoing, unsafe conditions, and unfair wages.

WORSEN WORKER PRIVACY

A decade of unregulated AI will allow the aggregation and sale of vast amounts of highly specific data on individual workers in ways that can never be truly erased. For instance: With the aid of AI, data collected from GPS systems and wearable technology could be used to identify an employee's private medical conditions, even before the worker has the chance to invoke the protections of the ADA or FMLA. If this data is sold to other hiring managers or the open market without any regulations, that same individual will find it difficult to secure future employment.

Workers and consumers need [transparency and tools](#) to control how AI-powered systems use their personal data – not a decade-long ban on state oversight.

STEAL CREATIVE WORK

Artists, writers, musicians, and performers are already seeing their work scraped and reused by AI systems without consent or compensation. The ban would make it more difficult for creative workers to protect their work, including their own [images and voices](#). Those whose work is stolen [without compensation](#) to fuel large language models may have no recourse, even as big tech companies continue to profit.

HARM PUBLIC SAFETY AND PUBLIC SERVICES

In critical sectors like healthcare, education, and transportation, AI systems are already being used to override expert human judgment. The ban would restrict the ability of workers and their advocates to respond. For example, in healthcare, nurses are [fighting to protect patients](#) and provide the care they know is best – even when an algorithm advises otherwise. This is equally true in education, childcare, public safety and transportation – all fields with vulnerable lives and worker safety at risk.

A BETTER ALTERNATIVE IS POSSIBLE

Corporations do not need a blank check and a deregulated landscape to succeed in creating and selling artificial intelligence, automated decision systems, and related technologies. The balance of power already tilts too far in favor of employers. Congress should remove this dangerous 10-year preemption of state action from the budget megabill, which already poses serious harm to low-income people in this country. Instead, policymakers should consider [responsible AI policy frameworks](#) through the normal legislative process, where these critical issues can be debated and assessed fairly.