



Senate Advances State AI Law Pause Proposal, Now Cut to 5 Years – What's Next?

Insights

6.30.25

We're now one step closer to the nation's first-ever comprehensive federal AI regulation after Senate leaders just agreed to several key compromises to a proposal that would block states from receiving key federal funding if they pass AI-related laws. The original Senate proposal would have encouraged a 10-year pause, but negotiations over the weekend have trimmed the pause window to five years – and also created exceptions allowing states to regulate copyright issues and children's safety. As the clock ticks closer to Congress's self-imposed July 4 deadline, the fate of the proposal still remains up in the air. What's the latest?

[Ed. Note: The Senate killed the state AI law pause proposal on July 1, clearing the way for state regulation of AI use in the workplace. [Read more here.](#)]

Hear Directly From Hill Leaders!

□ Two of the most influential House members when it comes to AI, Rep. Jay Obernolte (R-CA) and Rep. Suzanne Bonamici (D-OR), will speak at FP's AI Conference in late July. [Register now](#) to hear first-hand about AI regulation and much more!

Quick Background

- **Original House Proposal:** The House of Representatives passed a sweeping proposal as part of the massive budget bill to impose a 10-year moratorium on state-level laws regulating AI on May 22. [Read our summary here.](#)
- **Senate Turns Ban into Pause:** Senate leaders veered from the House's plan and instead introduced a revised proposal on June 5 that would merely block a state from receiving federal tech funding if it regulates AI in the next decade. Read our summary here. [Read our summary here.](#)
- **Green Light From Senate Gatekeeper:** Senate leaders announced on June 22 that the Senate parliamentarian permitted the proposed 10-year pause to remain in the massive tax and spending package. [Read our summary here.](#)

The Latest

- Given the razor-thin Senate majority, Republican supporters can only stand to lose several defectors if they hope to pass the budget bill. Things seemed precarious when it came to the AI proposal as at least one key holdout – Sen. Marsha Blackburn (R-TN) – voiced public opposition to the measure.
- Over the weekend, however, leadership announced a compromise that satisfied Sen. Blackburn. The 10-year pause would be trimmed to five years, and several exceptions would be carved out allowing states to regulate child safety and certain copyright matters.
- The Senate pushed the budget bill forward on a 51-49 procedural vote late Saturday night, and have begun the arduous process on voting on amendments to the bill. Debate began on Sunday and is expected to take most if not all of Monday.

What's Next?

- If the AI proposal survives the “vote-a-rama” process and is included in the final budget bill, all eyes will turn to key Republican Senate skeptics to see if they agree to the “Big Beautiful Bill.”
- Even if it passes the Senate, the measure would then need to be approved by the House in its final form for it to take effect.

Unanswered Questions

Assuming the AI pause passes and becomes law, employers will need to monitor several key questions:

- Will existing laws on the books (such as Colorado’s and Illinois’s) or those pending final passage (like New York’s) be exempt from the pause?
- Will states file litigation against the bill seeking court rulings that the law is an unconstitutional intrusion on state’s rights?
- Will certain states (like California and New York) forego the lure of federal funding to advance AI regulation anyway?

Important Reminder!

Employers also need to remember that, even if no states laws regulating the use of AI in the workplace are on the books, existing federal and state antibias laws prohibit you from using artificial intelligence to discriminate against applicants and workers.

Want to Learn More About AI?

Join Fisher Phillips for our third-annual AI Conference for business professionals this July 23 to 25, in Washington, D.C. [Learn more and register here.](#)

Conclusion

If you have any questions, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our [AI, Data, and Analytics Practice Group](#), or on our [Government Relations team](#). Make sure you are subscribed to [Fisher Phillips' Insight system](#) to receive the latest developments straight to your inbox.

Related People



Benjamin M. Ebbink

Partner

916.210.0400

Email



Usama Kahf, CIPP/US

Partner

949.798.2118

Email





David J. Walton, AIGP, CIPP/US

Partner

610.230.6105

Email

Service Focus

AI, Data, and Analytics

Employment Discrimination and Harassment

Government Relations