

Regulatory Alert

Regulatory Insights

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AI: National Policy Framework; Recommendations for Legislation

KPMG Regulatory Insights:

Federal Preemption: Expands on the December 2025 Executive Order, which calls for eliminating a patchwork of state laws that conflict with federal policy in favor of a single federal approach, with certain notable exceptions (e.g., child safety, state procurement) (See KPMG Regulatory Alert, [here](#)).

Children's Safety: Prioritizes safety features for minors, including parental attestation, privacy, data collection, targeted advertising, and content restrictions; emphasizes avoidance of "ambiguous" standards and "open-ended" liability; building on legislation such as the Take It Down Act and other initiatives.

Infrastructure and Energy: Consistent with the March 2026 Ratepayer Protection Pledge, promotes infrastructure/data center buildout without burden/harm to communities or individuals; notably state zoning laws would not be subject to preemption.

Congressional Action: Calls for Congress to work with the Administration to draft legislation that will implement the Administration's national policy framework in the next few months.

The White House has put forth a National Policy Framework for Artificial Intelligence, which outlines seven policy objectives "to ensure the public's trust in how AI is developed and used in their daily lives." The Administration suggests that the framework can succeed only if it is applied uniformly across the United States and calls on Congress to turn the framework into legislation for the President to sign. A companion release outlines legislative recommendations to guide Congressional efforts. A key feature of such legislation would be the preemption of certain state laws and regulations to avoid a "fragmented patchwork" that would "hinder" innovation and national competitiveness.

The Administration's [policy objectives](#) include:

1. Protecting Children and Empowering Parents
2. Safeguarding and Strengthening American Communities
3. Respecting Intellectual Property Rights and Supporting Creators
4. Preventing Censorship and Protecting Free Speech

5. Enabling Innovation and Ensuring American AI Dominance
6. Educating Americans and Developing an AI-Ready Workforce
7. Establishing a Federal Policy Framework, Preempting Cumbersome State AI Laws

The [legislative recommendations](#) contain key features the Administration believes should be included in future AI legislation to achieve each of the policy objectives and to promote innovation, competitiveness, and national security while balancing public trust and protection.

Recommendations for each of the policy objectives are outlined on the following page.

1. Protecting Children and Empowering Parents:

Proposes action on parental privacy controls and AI platform safety features for minors, including provisions to:

- Affirm existing child privacy laws and data collection limits apply to AI.
- Strengthen protections for victims of “deepfake” abuse.
- Establish protections for children on AI platforms, including tools such as parental attestation, screen time management, and features to reduce risk of exploitation.
- Provide clear standards (e.g., content, liability) while preserving the authority of states to enforce generally applicable laws.

2. Safeguarding and Strengthening American Communities:

Promotes data infrastructure buildout alongside protections for communities and individuals against harmful impacts.

Suggested provisions include:

- Managing AI data center power requirements through streamlined permitting, grid reliability, and participation in the Administration’s Ratepayer Protection Pledge.
- Providing AI resources for small businesses, including grants and tax incentives.
- Protecting vulnerable populations from targeted AI enabled scams and frauds.
- Strengthening technical capacity within national security agencies regarding “frontier AI model” capacities and related safety concerns.

3. Respecting Intellectual Property Rights and Supporting Creators:

Proposes creator-focused protections, including provisions that:

- Allow the courts to resolve fair-use questions about training AI models on copyrighted material.
- Consider licensing frameworks for rights holders to collectively negotiate compensation.
- Protect individuals from the unauthorized commercial use of AI-generated digital replicas of their voice or likeness while protecting First Amendment rights (e.g., parody, satire, and news reporting).

4. Preventing Censorship and Protecting Free Speech:

Proposes guidelines for content moderation and standards for AI outputs, including provisions to:

- Prohibit federal agencies from influencing technology providers, including AI providers, regarding content (e.g.,

political, ideological) as well as providing a mechanism for individuals to seek redress regarding federal agency attempts to influence information provided on or by an AI platform.

5. Enabling Innovation and Ensuring American AI Dominance:

Calls for removing barriers to AI innovation, accelerating deployments across sectors, and providing broad access to the testing environment by including provisions that:

- Support sector-specific AI applications through existing regulatory bodies with subject matter expertise and industry-led standards rather than creating a new federal rulemaking body to regulate AI.
- Establish regulatory sandboxes for AI applications.
- Make federal datasets accessible in AI-ready formats.

6. Educating Americans and Developing an AI-Ready Workforce:

Directs Congress to consider expanding opportunities for workers to benefit from AI growth, such as:

- Ensuring labor and education initiatives incorporate AI training.
- Studying workforce realignment driven by AI.
- Bolstering youth programs at land-grant institutions.

7. Establishing a Federal Policy Framework, Preempting Cumbersome State AI Laws:

Addresses jurisdictional standards to support innovation, prevent a regulatory patchwork, and recognize federalism and states’ rights. Suggested provisions would:

- Preempt state AI laws that impose “undue burdens” and prevent states from acting contrary to the national AI strategy.
- Prevent states from regulating AI development; unduly burdening the use of AI for activity that would be lawful if performed without AI or penalize an AI developer for a third party’s unlawful conduct using the developer’s models.
- Prohibit a national standard from preempting state police powers (e.g., consumer- and child-protection), zoning laws (e.g., placement of data centers), or a state’s regulation of its own internal use of AI.

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