ML STRATEGIES

Senator Rounds (R-SD) Unveils Five AI Bills for Congress to Consider After August Recess — AI: The Washington Report

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- On August 27, Senator Mike Rounds (R-SD) unveiled five AI bills for Congress to consider when its members return from the August recess on September 8.
- Three are stand-alone bills that would promote the use of AI in the financial services and defense spaces and create a national AI literacy strategy.
- Two of the bills are positioned as amendments to the National Defense Authorization Act (NDAA), which must be passed by the end of the year. The amendments would direct funding to facilitate health care research leveraging AI and also require financial services agencies to report on their use of AI and current governance standards for AI oversight.
- The two amendments to must-pass, end-of-the-year legislation may provide Congress with its best chance, albeit a slim one, at passing AI legislation this year.

On August 27, 2024, Senator Mike Rounds (R-SD) **released** his AI policy package with five bipartisan AI bills for the Senate to consider upon its return from its August recess on September 8. Three of the bills are stand-alone pieces of legislation that would establish regulatory sandboxes for AI projects in financial services markets, launch a national AI literacy campaign, and integrate AI into certain Department of Defense (DoD) operations. Two bills are amendments to the National Defense Authorization Act (NDAA), a piece of must-pass legislation; they would promote health care research that utilizes AI and require financial markets regulators to report on their use of AI.

With less than 10 weeks left where this Congress is scheduled to be in session and the upcoming November election looming, where control of both chambers is up for grabs, federal lawmakers have very limited time, and perhaps limited incentive this Congress, to act on AI legislation. While the three stand-alone bills are very unlikely to clear Congress, the two bills that are positioned as amendments to must-pass, end-of-the-year legislation provide a potential — but still narrow — path for Congress to pass some form of AI legislation this year.

The Five Bills in the AI Policy Package

Senator Rounds' AI policy package includes the following five bills:

1. Unleashing AI Innovation in Financial Services Act

    a. The **Unleashing AI Innovation in Financial Services Act** would establish regulatory sandboxes for regulated financial entities to test AI projects without "unnecessary or unduly burdensome regulation" or enforcement actions by the federal financial services regulators, including the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the Securities and Exchange Commission (SEC).

2. Consumer Literacy and Empowerment to Advance Responsible Navigation of Artificial Intelligence Act (Consumer LEARN AI Act)

    a. **The Consumer LEARN AI Act** would direct the Secretary of Commerce to create a national literacy strategy to increase consumer awareness of and confidence in the use of AI services and technologies. The strategy would include an AI literacy public service campaign that highlights best practices for protecting personal data and privacy and legal considerations

around AI.

3. A bill to require the Secretary of Defense to carry out a pilot program on using artificial intelligence–enabled software to optimize the workflow and operations of depots, shipyards, and other manufacturing facilities run by the Department of Defense, and for other purposes.

   a. This **bill** would require the Secretary of Defense to launch pilot programs assessing the "feasibility and advisability" of using AI to optimize certain DoD operations and manufacturing facilities.

4. The GUIDE AI Act

   a. This **amendment** to the NDAA would provide the Director of the National Institutes of Health $400 million in FY25 to integrate AI into health care research, including biomedical research, and provide educational and other support for health care research involving AI. The amendment would also channel $50 million to the National Coordinator to establish data and operation standards for accessing and using clinical and administrative data through the National Artificial Intelligence Research Resource. Finally, the amendment would expand the National Library of Medicine so that it "serves as the central exchange of federated data sharing."

5. The Increasing AI Transparency in Financial Services Act

   a. This **amendment** to the NDAA would require that the federal financial services regulators — including the Federal Reserve, FDIC, and the Bureau of Consumer Financial Protection — submit to Congress a report on their current use of AI and any governance standards in place for the agencies' use of AI and oversight of AI in the markets that the agencies regulate.

Time is Running Out for This Congress to Pass Any Type of AI Legislation

Senator Round's five bipartisan AI bills and the **10 bipartisan AI bills** advanced in August to the full Senate — all but one of which would defer a substantive legislative response to AI — suggest that federal lawmakers can agree about commissioning AI studies, awareness campaigns, and agency activity, especially around AI research and development. However, it remains difficult for them to act on prescriptive AI legislation or direct the promulgation of substantive regulations, as we've **previously noted**.

With the clock ticking, Senator Schumer's (D-NY) **suggestion** that he intends to include AI bills in must-pass, end-of-the-year legislation, as we've **covered**, may be the most viable path — albeit an increasingly narrow one — to passing AI legislation this Congress. In addition to Senator Round's two amendments to the NDDA, Senator Schumer may also try to attach AI election deepfake legislation to the defense spending bill that must be passed by the end of December.

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