ML STRATEGIES

Trump Signs EO on AI Cybersecurity and Senate Floats New Approach to State AI Moratorium - AI: The Washington Report

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VIEWPOINT TOPICS

- Artificial Intelligence

- On June 6, President Trump issued an Executive Order on cybersecurity to manage AI software vulnerabilities and compromises in the federal government. The EO also directs various agencies to share their datasets for cyber defense research with the broader academic research community.
- The AI cybersecurity EO furthers the administration's efforts to incorporate AI in federal agencies while protecting against security vulnerabilities in those systems.
- We previously wrote about the contentious provision in the House-passed Big Beautiful Bill that imposed a 10-year moratorium on state-level AI legislation or regulation. A potential new approach has emerged as Republicans on the Senate Commerce Committee have introduced **a potential version** that would prevent states from receiving federal broadband funding if they enforce state AI regulations.
- The revised moratorium is meant to resolve lawmakers' concerns that the House moratorium may not be compliant with the Senate's Byrd Rule, which requires reconciliation packages to be budget-related. Commerce Committee Chair Ted Cruz (R-TX) has not scheduled a mark-up session for the revised moratorium text, and ultimately the Senate Parliamentarian will decide whether the revised moratorium complies with the Byrd Rule. At this point, it is unclear whether giving the states a choice of regulating AI or foregoing broadband monies in the bill will carry the day on the issue.

President Trump Signs AI Cybersecurity EO

On June 6, President Trump issued an **Executive Order** on "Sustaining Select Efforts to Strengthen the Nation's Cybersecurity and Amending Executive Order 13694 and Executive Order 14144" (AI Cybersecurity EO).

The AI Cybersecurity EO includes two main AI provisions:

- First, the EO directs the Secretaries of Commerce and Homeland Security and the Director of the National Science Foundation to "ensure that existing datasets for cyber defense research" are made available to the academic research community by November 1, 2025.
- Second, the EO orders the Secretaries of Defense and Homeland Security and the Director of National Intelligence to "incorporate management of AI software vulnerabilities and compromises into their respective agencies' existing processes and interagency coordination mechanisms for vulnerability management" through incident response, reporting, and tracking.

The new EO builds on the administration's effort to incorporate AI in federal agencies. The EO states that AI "has the potential to transform cyber defense by rapidly identifying vulnerabilities, increasing the scale of threat detection techniques, and automating cyber defense." As **we've covered**, the White House in April released two memoranda designed to harness the power of AI in the federal government by removing requirements for federal agencies that may limit or delay their use of AI.

Senate Amended Reconciliation Text with Modified 10-Year Moratorium

On June 5, Senate Republicans led by Chair Ted Cruz (R-TX) on the Senate Commerce Committee introduced **a revised version** of the House-passed 10-year moratorium on state-level AI regulation in the budget reconciliation package. The Senate bill, like its counterpart in the House, would prohibit states from issuing AI regulations and policies for the next 10 years, with limited exceptions on measures that facilitate AI deployment. California, Utah, and Colorado have passed broad AI laws, while, in the absence of federal legislation, other states have considered such laws.

The Senate approach differs by tying the AI moratorium to eligibility for federal funding. Under the Senate proposal, no Broadband Equity, Access, and Deployment (BEAD) funding "may be obligated to an eligible entity or political subdivision thereof that is not in compliance" with the moratorium, except in cases where laws remove hurdles to AI deployment.

By tying the AI moratorium to the receipt of federal broadband funding, the Senate Commerce Committee hopes that its approach will pass muster under the Senate's Byrd Rule, which requires that reconciliation packages be budget-related, as **we covered**. Chair Cruz and Majority Leader John Thune (R-SD) previously expressed skepticism that the House version of the moratorium would comply with the Byrd Rule. Senator Cruz, who pledged to rewrite the moratorium to comply with the Byrd Rule, now hopes that tying the moratorium to broadband funding will meet that test.

Senate Democrats, led by Senator Ed Markey (D-MA), have pushed back against the moratorium. In a **press release**, Senator Markey announced his plans to file an amendment to block the moratorium in the Senate. "This moratorium would eliminate all state-level AI regulations for ten years with no federal alternative, effectively giving tech giants a blank check to experiment and deploy technology that has been shown to trample Americans' civil rights," according to Senator Markey.

Chair Cruz has not scheduled a formal mark-up for the bill in the Commerce Committee and is instead seeking to fast track the bill's advancement to the full Senate. He has also promised to send the revised moratorium to the Senate parliamentarian this week for a ruling on the moratorium's compliance with the Byrd Rule. Several Democrats have signed a **letter** urging the Commerce Committee Chair "to follow regular order and schedule a markup for the budget reconciliation text." "If these policies are 'bold and transformational' and will have an impact 'for generations to come' as you argue, then they should be debated and considered through the regular order of our committee process," wrote the Senators. Congressional leaders are currently aiming for final approval of the reconciliation package by July 4, though that deadline could well shift amid broader legislative debates.

We will continue to monitor, analyze, and issue reports on these developments. Please feel free to contact us if you have questions about current practices or how to proceed.

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