

Greetings,

On behalf of the signatories below and the organizations we represent, we write today to express concerns about HB 1898/SB 2171, legislation that would subject AI developers to new state regulations and requirements. When the Democrat-supermajority California Legislature passed a bill similar to HB 1898/SB 2171, it was projected to depress tech sector investment so greatly that even Gavin Newsom vetoed it. It would be surprising to see Tennessee take a more heavy-handed approach to AI regulation than what even Gavin Newsom is comfortable with, but that would be the case if HB 1898/SB 2171 were to pass.

HB 1898/SB 2171 is effectively a Trojan Horse to regulate the entire AI industry under the auspices of "child protection." However, the mandates that HB 1898/SB2171 imposes on "frontier developers" and "catastrophic risk assessments" go far beyond protection of minors.

HB 1898/SB 2171 would provide an advantage to large corporations over small businesses and startups, since big businesses already have armies of lawyers and accountants to help them navigate the new regulatory thicket. Worse, enactment of HB 1898/SB 2171 could significantly deter investment in Tennessee, chasing capital away to states like Texas, Florida, North Carolina, Georgia, and South Carolina.

HB 1898/SB 2171 creates massive civil penalties for "paperwork failures," such as publishing the "wrong kind" of safety plan, rather than actual harm. This will have negative unintended consequences. For example, a tutoring AI company might pull out of Tennessee schools entirely rather than face ruinous fines for vague reporting requirements. It would be unfortunate to see Tennessee students pay the price for bureaucratic overreach.

What's more, passing HB 1898/SB 2171 would put Tennessee Republicans at odds with the Trump administration, which has signaled it will not tolerate state laws that use narrow exceptions to implement broad, industry-wide regulations that should be handled at the federal level. The White House's December 2025 Executive Order created an AI Litigation Task Force in order to strike down state laws that infringe on speech. The Secretary of Commerce is in the process of identifying "hostile" state laws for referral to the Litigation Task Force. Enactment of HB 1898/SB 2171 likely puts Tennessee at the top of that list, with taxpayers on a hook for a losing legal battle with the Trump administration.

Blue state policies are having a lot of success in ruby red Tennessee this year. A 911 tax hike is advancing this session despite the fact that 911 centers across the state are sitting on more than \$300 million in reserves, as is a tax hike that will hit Venmo and PayPal transactions. HB 1898/SB 2171 represents another bill that one would expect to only gain traction in progressive-run blue states, yet is somehow under serious consideration in Tennessee. We thank you for consideration of this input on HB 1898/SB 2171, legislation that we urge you to reject.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

Bryce Chinault
Director of State Government Affairs
Abundance Institute



Logan Kolas

Director of Technology Policy
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PINE TREE PUBLIC POLICY INSTITUTE
CONTINUING THE 1772 NEW HAMPSHIRE PINE TREE RIOT

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