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President Trump's New AI Executive Order: What Employers and Business Leaders Should Know

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On December 11, 2025, President Trump signed an Executive Order titled “Ensuring a National Policy Framework for Artificial Intelligence.” The Order reflects the most direct federal effort to date to push back against state and local regulation of artificial intelligence, particularly laws that govern how AI is developed, deployed, and used in business and employment settings.

For employers and business leaders, the Order is best understood as a directional signal rather than a rule change. It does not eliminate existing obligations or reduce current compliance risk. Instead, it signals how the federal government intends to influence the next phase of AI regulation and enforcement, while setting the stage for litigation, agency action, and potential federal legislation.

What the Executive Order Does and Does Not Do

What the Executive Order Does

The Order launches a coordinated federal strategy aimed at curbing what the administration views as an overly fragmented, state-by-state approach to AI regulation.

Among other things, the Order:

Directs the Department of Justice to establish an AI Litigation Task Force dedicated to challenging state AI laws that the administration believes burden innovation, improperly regulates interstate commerce, or conflict with federal policy.

Instructs the Department of Commerce to identify and publicly evaluate state AI laws that are considered “onerous,” with particular focus on laws that require AI systems to alter what the administration characterizes as truthful outputs or impose disclosure obligations that may raise constitutional concerns.

Authorizes federal agencies to consider conditioning certain discretionary federal funding programs on a state’s AI regulatory posture.

Directs the Federal Trade Commission and Federal Communications Commission to explore federal approaches to AI disclosures and consumer protection standards.

Calls for the development of federal legislation to establish a uniform national AI framework, while preserving state authority in areas such as child safety, state procurement, and data center infrastructure.

Taken together, these provisions signal a clear federal preference for fewer state-specific mandates and greater reliance on federal enforcement and disclosure standards.

What the Executive Order Does Not Do

Equally important, the Order does not:

Repeal, suspend, or invalidate any existing state or local AI laws.

Create a comprehensive federal compliance regime for AI.

Automatically preempt state regulation, which can only occur through congressional action or court rulings.

Shield employers from enforcement actions or private litigation tied to AI use.

State and local AI laws, including those governing employment decisions, remain fully enforceable today.

Likely Impact on State AI Regulations

In the near term, the Executive Order is unlikely to bring immediate clarity or uniformity. Instead, it is likely to increase legal and regulatory uncertainty.

States that have already enacted AI-specific laws have signaled that they intend to defend those statutes, and many are continuing to legislate in this area. The federal government’s strategy relies

heavily on agency action and litigation, both of which will take time to resolve and are likely to face constitutional and federalism-based challenges.

Even if certain AI-specific state statutes are ultimately narrowed or delayed, states are unlikely to abandon AI oversight altogether. Instead, regulation is likely to continue through more traditional legal frameworks, including consumer protection laws, employment discrimination statutes, privacy and biometric laws, and unfair competition regimes.

For employers, this means that AI-related risk is not going away. It is simply shifting form.

Why Best Practices Matter Now

Although the United States still lacks comprehensive federal AI legislation, the direction of travel is clear. Regulators, legislators, and courts are increasingly focused on the same core themes, particularly where AI affects people's jobs and economic opportunities. Those themes include accountability, transparency, documentation, and meaningful human oversight.

Proposed federal legislation, such as the No Robot Bosses Act, reflects this trend by borrowing concepts that already appear in state laws and international frameworks like the European Union's AI Act. At the same time, global developments, notably in Europe, are reinforcing expectations that employers understand and govern how AI is used in workforce decisions.

The practical takeaway is that waiting for a single, settled regulatory framework is no longer a realistic strategy. Best practices are emerging now, and they are increasingly consistent across jurisdictions. Employers that begin aligning with those practices today will be better positioned to navigate the current patchwork and adapt as new rules emerge.

Practical Impact and What Employers and Business Leaders Should Be Doing Now

Considering the Executive Order and the broader regulatory environment, employers and business leaders should focus on a few practical steps:

1. Organizations should identify how AI is being used, particularly in recruiting, hiring, promotion, performance evaluations, scheduling, and workforce monitoring. This includes tools supplied by third-party vendors.
2. Employers should evaluate governance and oversight for high-impact AI use cases. Where AI influence employment outcomes, there should be clear human review, documented decision-making processes, and the ability to question or override automated outputs.

3. Companies should review how AI capabilities are described, both internally and externally. Statements about fairness, objectivity, accuracy, or bias mitigation should be accurate, supportable, and consistent with how the tools function.
4. Employers should revisit vendor and procurement practices. Contracts should address AI-specific risks, including testing, documentation, audit rights, incident response, and allocation of responsibility for compliance and litigation exposure.
5. Leadership teams should monitor federal and state developments without waiting for final answers. Litigation and legislation will continue, but organizations that delay governance efforts until the law is settled will be reacting from behind.

Conclusion

President Trump's AI Executive Order does not provide businesses with a compliance off-ramp. Instead, it underscores a broader reality: AI governance is becoming a core employment law and enterprise risk issue, not a technical afterthought.

Employers and business leaders who take proactive steps now to understand and govern their use of AI will be better positioned to manage risk, respond to regulatory scrutiny, and defend their decision as the legal landscape continues to evolve.

Contact us

If you have questions regarding this new AI Executive Order, please contact Sam Mitchell or your Husch Blackwell attorney.