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What President Trump's AI Executive Order 14365 Means For Employers

Law and the Workplace on **April 6, 2026**

On December 11, 2025, President Trump signed Executive Order 14365, "Ensuring a National Policy Framework for Artificial Intelligence" (the "EO"). The order identifies "excessive state regulation" as an obstacle to the Administration's policy of "sustain[ing] and enhanc[ing] the United States' global AI dominance through a minimally burdensome national policy framework for AI" (the "AI Policy"). To address that concern, the EO sets forth steps the Administration will take "to check the most onerous and excessive laws emerging from the States that threaten to stymie innovation."

Key Takeaway

While the EO does not immediately impact existing AI laws, it sets forth a process by which those laws will be discouraged, challenged, and potentially preempted. However, as of the publishing of this post, many agencies appear to have not yet taken the various actions ordered by the EO despite the passage of their respective deadlines. For now, employers should continue to monitor and comply with existing state and local laws in this space, but be prepared for uncertainty and change in 2026.

The Executive Order

The EO primarily directs various executive agencies to take actions targeting state AI regulations. It requires:

- The Special Advisor for AI and Crypto and the Assistant to the President for Science and Technology to "prepare a legislative recommendation establishing a uniform Federal policy framework for AI that preempts State AI laws that conflict with the policy set forth in" the EO. This was published as the "National Policy Framework for Artificial Intelligence" on March 20, 2026. The seven-part framework contains recommendations on "data infrastructure buildout" and intellectual property, among other recommendations, and suggests that Congress should "preempt state laws that impose undue burdens."

- The Attorney General to establish an “AI Litigation Task Force (Task Force) whose sole responsibility shall be to challenge State AI laws inconsistent with” the AI Policy. On January 9, 2026, the Attorney General formally established the Task Force via a memorandum, but to date it does not appear that the Task Force has initiated litigation regarding any state AI law.

- The Secretary of Commerce to “publish an evaluation of existing State AI laws that identifies onerous laws that conflict with the” AI Policy, “as well as laws that should be referred to the Task Force” for challenge. The Secretary’s evaluation must “at a minimum, identify laws that require AI models to alter their truthful outputs, or that may compel AI developers or deployers to disclose or report information in a manner that would violate the First Amendment or any other provision of the Constitution.” The publication was required to be made no later than March 11, 2026. The evaluation, to the extent it has been conducted, has not been made available to the public as of the date of this post.

- The Secretary of Commerce to “issue a Policy Notice specifying the conditions under which States may be eligible for remaining funding under the Broadband Equity Access and Deployment (BEAD) Program” which “must provide that States with onerous AI laws identified” by the Secretary’s evaluation “are ineligible for non-deployment funds, to the maximum extent allowed by Federal law.” The Policy Notice was to be issued no later than March 11, 2026. To date, the Policy Notice has not been published (as of the date of this post).

- Federal Executive departments and agencies to assess whether discretionary grants can be conditioned on states not enacting AI laws conflicting with the AI Policy or on states agreeing not to enforce them during the performance period.

- The Chairman of the Federal Communications Commission to “initiate a proceeding to determine whether to adopt a Federal reporting and disclosure standard for AI models that preempts conflicting State laws.” The proceeding was to be initiated no later than March 11, 2026. As of the date of this post, no proceeding has been initiated.

- The Chairman of the Federal Trade Commission to “issue a policy statement on the application of the Federal Trade Commission Act’s prohibition on unfair and deceptive acts or practices,” which “explain[s] the circumstances under which State laws that require alterations to the truthful outputs of AI models are preempted by the Federal Trade Commission Act’s prohibition on engaging in deceptive acts or practices affecting commerce.” The policy statement was to be issued no later than March 11, 2026. However, as of the date of this post, no policy statement has been issued.

Practical Takeaways for Employers

AI regulation on the state and local level has been increasing in recent years, and there are numerous new initiatives pending in state and local legislatures across the country. How the EO will impact those laws and efforts remains to be seen but, if the initiatives in the EO are implemented, employers can expect a period of flux and confusion as legal challenges work their way through the courts.

For now, employers should **continue complying with existing state and local AI laws**, including those governing hiring, bias, and transparency. However, employers should monitor developments in this space, including potential federal actions to challenge existing laws. While the developments may create short-term challenges, they have the potential to produce a single, uniform regulatory framework that simplifies compliance for employers.

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