Ranking Member Zoe Lofgren (D-CA)

Research and Technology Subcommittee Hearing:

"Advancing America's AI Action Plan"

January 14, 2026

Thank you, Mr. Chairman, and thank you to Mr. Kratsios for joining us today. AI has the potential to reshape the American economy and innovation ecosystem. I am truly excited about its promise and the potential opportunity it brings to improve productivity and accelerate innovation.

However, AI has also accelerated harmful and even criminal activities. Just a little over a week ago, xAI's chatbot Grok made headlines by generating thousands of instances of nonconsensual sexual imagery – including child pornography – at the request of users on X's main platform. We have also seen major instances of chatbots encouraging users with mental health issues to murder and commit suicide. These are just two of many troubling examples.

Nearly half a year has passed since the Administration unveiled its AI Action Plan, with a focus on innovation, infrastructure, and international diplomacy and security – goals that I certainly appreciate and support. Unfortunately, the plan only minimally addressed the risks of AI, and even where it did – including with respect to deepfakes – the Administration has failed to take meaningful action to address these risks. To the contrary, this Administration's actions raise major questions about the disconnect between the Action Plan's goals and reality. I'd like to address two specific areas where the Administration's actions raise concerns.

<u>First, this Administration has taken steps to prevent states, like California, from regulating against harms that have been created or exacerbated by AI systems.</u>

In December, President Trump signed an executive order that directs the Department of Justice to sue States over their AI laws and threatens to withhold billions in federal broadband funding from these States. This order asserts that the Administration – not Congress, not State legislatures, but the Administration itself – should have the power to decide what kinds of *State* laws are too burdensome, and to reallocate where billions of dollars should go as a result. I believe this order is unconstitutional.

I'm not here to defend every state AI law that's been proposed or passed. Some of what California has adopted to protect its people is appropriate and other legislation the Governor, with the support of the delegation, vetoed because they were not appropriate.

But there was a reason Justice Brandeis suggested that states are the laboratories of democracy. In the absence of a Federal framework, we should be encouraging states to experiment with how best to manage the risks to their citizens. What we should not do is preempt the states from taking necessary actions to protect their citizens while we twiddle our thumbs here in Congress.

It's not just Democrats saying this. Florida Governor Ron DeSantis has said that President Trump's executive order "can't preempt state legislative action." And in November, a bipartisan group of 36 State Attorneys General wrote a letter to leaders of Congress opposing slapdash federal preemption efforts. I'd like unanimous consent to enter this letter into the record, Mr. Chairman.

<u>Second, I am deeply concerned by the Administration taking cuts of revenue or equity in companies.</u>

The AI Action Plan emphasizes free markets, deregulation, and getting government out of the way of the private sector.

But over the past year, the Administration has spent billions of taxpayer dollars to take direct ownership stakes in private companies. The government now owns nearly 10 percent of Intel, making it the largest shareholder. It holds equity positions in rare earth mining companies and is negotiating similar deals with quantum computing companies. This trend is unusual and concerning. In our nation's history, the U.S. government has taken equity shares in private companies only in times of war or economic crisis.

This is socialism on the part of the Trump Administration. That's a charge that is sometimes made against Democrats, even though it is something we oppose, but it's what the Trump Administration is actually doing.

How are the Administration's actions different from Chinese state capitalism?

<u>Mr. Kratsios, America can and must lead in the field of artificial intelligence.</u> But it's going to take a whole lot more than empty promises and emulating the PRC to make it happen. I look forward to hearing from you about these challenges and others during today's hearing.

Thank you, Mr. Chairman, and I yield back.