LOCAL AI POLICY TOOLKIT

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Harms caused by the use of AI systems are varied, undeniable, and increasingly front of mind for communities across the U.S. The consequences range from an increase in scams and a loss of money, to a loss of privacy and a chilling effect on first amendment rights from connected cameras with AI software to connect your every move, to constant changes in the prices you pay for your food, to data centers driving up utility costs, to your kids' education being outsourced to chatbots and mediated through sketchy edtech, and beyond.

The federal government has in large part failed to address, and in many cases is exacerbating, all of these harms and many state legislatures have yet to act.

At the same time, throughout the U.S, towns, cities, counties, and non-traditional law enforcement state agencies have stepped up to address real AI harms that touch their constituents.

This primer highlights a variety of approaches to inspire creative applications. It's meant to be both helpful for residents and advocates to ask more of every level at government, and for candidates and officeholders as a playbook and inspiration.

However, some key principles are applicable everywhere. Governments at every level should be bold, creative, and unafraid to copy something done well elsewhere in the country. There is an essential opportunity to both model good behavior through responsible use of technology and prove it is not only possible but beneficial to crack down on abusive, discriminatory, or otherwise unacceptable tech. We also recommend being clear with intentions, ensuring residents know what their government is doing and can do to protect them, and create channels to encourage essential reporting from residents.

For each of the following recommendations, we briefly explain the tenor of the issue and below provide real examples of this solution in action. Where directly relevant, key sources are also linked.

- **Take a closer look at your toolbox** – It is no secret that many laws on the books go underenforced, underutilized, and sometimes forgotten about. In the last several years, different levels of government have made simple but critical declarations and instructions to both declare that there's no fancy technology exemption to the law, and also, more importantly, examine how they can do everything within their authority to address AI harms that are relevant to their jurisdictions, period. This should include understanding the range of rulemaking, enforcement, and licensing powers each government entity has in order to ensure fulsome enforcement. Leverage authorities from throughout the agencies to undertake investigations into AI use and potential violations, using both specific inquiries to businesses and public listening sessions.

As part of reaching residents, it's important to educate residents on what types of authorities can be enforced.

→ This was modeled by Executive Order No. 19 from New Jersey Governor Mikie Sherrill that instructed agencies across the state to look into everything they can do in their authorities to address the scourge of junk fees.

- **Make strong enforcement of the laws a clear stated priority across the government** – Walking the walk is essential, but clear statements to the public and throughout agencies catalyze engagement and action, especially when previously left dormant. Further, it helps create expectations among the business community that they have to be vigilant in following laws applicable to the products and services that they offer. New York City's Department of Consumer and Worker Protection, Commission on Human Rights, and Taxi & Limousine Commission issued a public joint enforcement policy statement "regarding city-regulated entities use of AI, algorithmic tools, and automated systems, and the protections afforded to New Yorkers under the laws and rules we proudly enforce." This is modeled after a 2024 joint enforcement statement from nine federal agencies across the government. In both, the range of authorities were clearly laid out.

  → Similarly, New York City Mayor Zohran Mamdani ordered increased interagency cooperation, proactive investigations, and better agency information sharing in Executive Order No. 20.

- **Creatively enforce and enhance the law for harmful, deceptive, or annoying chatbot products that residents are interacting with directly** -- This enforcement should range beyond the AG's office – and include city litigation departments, licensing agencies, and more.

  → Pennsylvania Department of State sued character AI for unlawful representation of medical licensure and experience.

  → Baltimore city's affirmative litigation division sued xAi over Grok AI tool dangerously creating nonconsensual intimate imagery.

  → New York City promulgated regulations under their deceptive and unconscionable trade practice authority requiring transparency and alternatives to customer service AI chatbots in order to stop "doom loops" where it's nearly impossible to reach a person and get a resolution.

  → **Key resource: The New Gatekeepers: How AI Chat Interfaces Block People From Their Banks, Insurers, and Student Loan Servicers - Harvard Journal of Law & Technology.**

- **Take stock of your own AI use and be meaningfully transparent**– As unbelievable as it sounds, a vast majority of cities and states have no (public, at least) accounting of the ways AI is being used for decisions that affect the residents who both pay for them and are subject to them. External investigations in 2022 in New Haven and the District of Columbia showed extensive AI uses that were undisclosed, unstudied, and opaque. Cities have required, both by legislation and Executive Order, public registries with meaningful information about all AI systems the government is using to be made available to taxpayers who are both paying for the tools and being subject to them.

These instruments must be specific though – vague EOs like DC's Executive Order 2024-028 included "accountability" and "transparency" in values embedded within how AI will be used in DC - but there is still a failure to make this information public or accessible if it exists.

- → San Francisco maintains an AI use Inventory, disclosing meaningful information about the way AI is used by the city government.
- → There should be both a public accounting and then a purposeful evaluation of whether the benefits are outweighed by the risks and financial costs of continuing to contract.
- → **Key resource: A guiding framework for vetting tech vendors in the public sector.**

- **Invest in technological proficiency and capacity for investigations and meeting your residents' needs** – Big Tech has made many government offices believe that the only path to investing in tech is through contracts with them or other extractive means. In reality, there are many ways to build elegant tech solutions that increase efficiency and capacity. While resources allocated specifically through legislation or from an enforcement action is one major way this can be done, there can be partnerships with third parties, local universities, or development of in-house talent or programs.
  - → New York City invested in public interest technologists to investigate wrongdoing and make government services easier to access.
  - → New York City was able to technically and creatively review AI wage setting for gig workers that unfairly cheated them out of their money, securing $115 million in restitution for those harmed, resources for the city, and changed practices.
  - → Fairfax County Virginia School District engineered a technical work-around of unfair software contract terms that prevented them from removing the default AI overviews on Google.
  - → **Key resource: Working with Technologists: Recommendations for State Enforcers and Regulators.**

- **"De-Flock" from invasive, ineffective, and abusive surveillance tech** – As the dangerous consequences of persistent networked surveillance shared by both corporations and government agencies continue to be reported, a recent poll showed that 46% of Americans opposed using automated license-plate readers with only 38% supporting their use. It's not just Flock though – and the concerns demand attention not only for reasons of supporting privacy and liberty, but for responsible use of taxpayer money. Just this year, Baltimore agreed to spend $153 million on adding 220 additional license plate cameras from Axon. It's not just Automated License Plate Readers – this includes the use of certain predictive policing tools and facial recognition systems among others.
  - → The Florida Department of Transportation ordered removal of all automated license plate readers, including Flock, from state highways.
  - → Henrico County, VA Department of Public Works physically removed Flock cameras after the company failed to remove them as needed after cancellation of contracts.
  - → The city of Boston canceled contracts with Flock after the company impermissibly shared data with outside law enforcement agencies. The Boston

Police Department first directed the vendor to disable data sharing, and shortly after the contract was canceled by city procurement.

  - → The city of Teaneck, New Jersey banned facial recognition technology use by police.
  - → **Key resource: How to Fight Deployment of Flock and Other Mass Surveillance License Plate Readers in Your Community.**

- **Take on companies using AI to jack up prices on rent, food, and utilities** – One city recently passed the strongest prohibition on the use of personal data to charge people different prices for their food, with a commonsense but rare enforcement mechanism allowing injured citizens to sue.
  - → Philadelphia banned algorithmic rent price fixing.
  - → Maryland and Connecticut have passed and expanded privacy laws and rights.
  - → Seattle banned the use of personal data to set grocery prices (surveillance pricing).
  - → 500 towns, cities, and counties around the country have passed some control on data centers.

- **Remove privacy-invasive, distracting, and counterproductive AI tools in schools** – Many students and parent advocates have expressed grave concerns as AI has been rapidly and widely integrated into schools at every level. More broadly, this is part of a trend of Big Tech being connected to the classroom. In November 2026, Google chose to bully schools into using AI – introducing that if they want to use Google search, they must have their kids exposed to the AI tools they may not otherwise want to use.
  - → Frederick, MD banned Gen AI in schools.
  - → The largest two school districts in the country (Los Angeles and New York City) restricted the use of Gen AI in schools.
  - → Chicago cancelled a contract with Google that would give all students Google Gemini.
  - → **Key resource: Student-First AI Policy.**

- **Tax AI resource extraction, development, and use** – One of the essential issues with Generative AI is that it represents the "largest theft of labor in history" (according to Microsoft executives). This includes copyrighted data, personal data, environmental resources, and the broader information ecosystem. Taxing different parts throughout the "AI stack" can help raise money for central services and to help facilitate more complete enforcement of existing laws, while leveling the playing field. Although please be aware that taxing can have a legitimizing effect. At the same time, the degree of imbalance of information and power in the AI space warrants creative and aggressive taxation.
  - → Loudon County, VA taxes a percentage of the value of the chips and other technology in data centers leading to $879 million in revenue. However, statewide in Virginia there is still a tax exemption – leaving $1.9 billion in tax revenue.

- → Arizona Gov proposed a water use tax on data centers to pay for protection of environmental resources.
- → Minnesota enacted a yearly fee on data centers that is tied to the size and energy capacity of the data centers.
- → **Key resource: 34 Ways to Tax AI from Vanderbilt Policy Accelerator.**

- **Advocate for legislative improvements to consumer protection authorities, such as:**
  - → Create or strengthen a private right of action for Unfair and Deceptive Acts or Practices statute (i.e. POWER act).
  - → Establish data privacy protections – comprehensive protections that apply to data abuses economy-wide are preferable, but bills that (i.e. State Data Privacy Act).
  - → Consider embracing other CFA-recommended pieces of legislation as outlined in *"Kitchen Table AI Policy."*

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