

Before the
NETWORKING & INFORMATION TECHNOLOGY RESEARCH & DEVELOPMENT
NATIONAL COORDINATION OFFICE, NATIONAL SCIENCE FOUNDATION,
on behalf of the OFFICE OF SCIENCE AND TECHNOLOGY POLICY

In the Matter of

**Request for Information on the Development
of an Artificial Intelligence (AI) Action Plan**

COMMENTS OF VERIZON

I. INTRODUCTION

Verizon appreciates the opportunity to inform the Office of Science and Technology Policy’s (“OSTP”) Request for Information regarding the development of the Artificial Intelligence Action Plan (the “AI Action Plan”). The AI Action Plan will help “solidify [the United States] as the leader in AI and secure a brighter future for all Americans.”¹

Verizon uses AI to power and empower the way people live, work, and play. We use AI to enhance customer service by employing generative AI tools to personalize customer interactions, provide faster resolutions to inquiries, and assist frontline agents with real-time information retrieval. AI helps us optimize our network operations by predicting potential issues and improving network efficiency through predictive analytics and machine learning techniques. And we employ AI to help manage our supply chain, allowing Verizon to mitigate supply

¹ National Science Foundation, *Request for Information on the Development of an Artificial Intelligence (AI) Action Plan* (rel. Feb. 6, 2025).

disruption, optimize inventory, and reduce capital spending without compromising customer service or partner relationships.

More recently, Verizon announced Verizon AI Connect, a strategy and suite of products and solutions designed to enable businesses to deploy AI workloads at scale. Leveraging existing real estate and network connectivity assets including Central Offices and telecommunications facilities, Verizon AI Connect enables AI that is closer to the consumer. While most data centers are being built in remote areas, Verizon’s existing Central Offices are in communities throughout our fiber footprint. This proximity to the consumer will reduce latency and encourage innovative AI development.

Overly broad and prescriptive rules and restrictions will undermine AI innovation and deployment. As Secretary Lutnick explained to Congress, “if you unleash American ingenuity, the scale by which we will outrun, outpace, outperform the rest of the world will be incredible.”² America is at the forefront of AI technology; we should take strong action to retain that leadership. To achieve this, the Administration should establish a unified national AI framework that promotes private sector investment and expansion. This framework should avoid unnecessary regulation and oversight, assert federal authority on matters of national policy, and utilize existing public and private standards and norms to ensure adequate safeguards.

II. A UNIFORM AND HARMONIZED DEREGULATORY NATIONAL STRATEGY WILL BEST SOLIDIFY AMERICAN LEADERSHIP IN AI.

Verizon urges the Administration to adopt a consistent national AI strategy that fosters innovation and global leadership in AI to promote its beneficial uses. This approach should avoid creating new AI-specific laws and regulations when existing tech-neutral regulations are

² Nomination Hearing - U.S. Secretary of Commerce: Hearing Before the U.S. Senate Committee on Commerce, Science, & Transportation (Jan. 29, 2025) (statement of Howard Lutnick).

sufficient. Additionally, the strategy should ensure consistency across industries by applying similar policies to entities that develop or use AI in similar ways.

The development of a national AI strategy should thwart the risks posed by the increasing fragmentation of AI regulation. Fragmentation is particularly a problem at the state level, as state legislators have rushed to regulate this burgeoning field based on hypothetical and often overstated potential harms. This fragmentation leads to higher complexity and compliance costs, hindering innovation and the development and deployment of AI tools and use cases. Businesses may simply decide to avoid jurisdictions that impose unreasonable conditions, robbing citizens of access to the economic and societal benefits of this new technology, whether those benefits are jobs creating and developing AI or use cases that can improve consumer welfare. Indeed, after Colorado passed the first comprehensive AI legislation in the United States,³ Governor Jared Polis acknowledged the law’s potential chilling effect on AI development and deployment in the state, urging the legislature to “fine tune the provisions and ensure that the final product does not hamper development and expansion of new technologies in Colorado that can improve the lives of individuals.”⁴

A lack of harmonization also impedes U.S. AI competitiveness and leadership on the global stage, which should be a key focus of federal AI policy. Technology executives recently warned European countries against this very possibility, noting Europe’s “fragmented regulatory structure, riddled with inconsistent implementation, is hampering innovation and holding back developers.”⁵ As this Administration has stated, global leadership in AI will “promote human

³ See Colorado Senate Bill 24-205 (2024).

⁴ Governor Polis, Letter to Colorado General Assembly (May 17, 2024).

⁵ Spotify Newsroom, *Mark Zuckerberg and Daniel Ek on Why Europe Should Embrace Open-Source AI: It Risks Falling Behind Because of Incoherent and Complex Regulation, Say the Two Tech CEOs* (Aug. 23, 2024), available at <https://newsroom.spotify.com/2024-08-23/mark-zuckerberg-and-daniel-ek-on-why-europe-should-embrace-open-source-ai-it-risks-falling-behind-because-of-incoherent-and-complex-regulation-say-the-two-tech-ceos/>.

flourishing, economic competitiveness, and national security.”⁶

A national AI strategy, centered around a pro-innovation, light-touch regulatory framework, will only be successful if it includes the necessary preemption authority to ensure that state regulation does not nullify the federal deregulatory framework. As discussed above, overzealous state legislators have flooded their legislatures with heavy-handed proposals that create complex and often conflicting regulatory regimes that will increase costs and hamper innovation. Nearly 700 bills related to AI were introduced in state legislatures in 2024, including a bill introduced in California that would have subjected developers to criminal liability.⁷ Without clear federal preemption, any federal AI deregulatory efforts will be for naught, and American AI innovation, deployment, and dominance will be limited by the same regulatory regime this Administration seeks to countermand. As discussed below, the federal government should preempt even generally-applicable, pre-AI regulation to the extent that it unduly inhibits AI implementation.

III. SPECIFIC STATE AND LOCAL LAWS AND REGULATIONS PRESENT BARRIERS TO AI DEPLOYMENT.

Beyond legislation establishing a comprehensive regulatory framework for artificial intelligence, there are specific state laws and regulations that impede AI deployment and innovation. In many cases, these are existing laws, regulations, and even administrative processes that were implemented decades ago and have not been updated since. More specifically, laws pertaining to network infrastructure deployment, the regulation of legacy telecommunications networks, and energy transmission pose particular challenges.

⁶ Executive Order 14179, *Removing Barriers to American Leadership in Artificial Intelligence* (Jan. 23, 2025).

⁷ See Business Software Alliance, *2025 State AI Wave Building After 700 Bills in 2024* (Oct. 22, 2024), available at <https://www.bsa.org/news-events/news/2025-state-ai-wave-building-after-700-bills-in-2024>; Safe and Secure Innovation for Frontier Artificial Intelligence Models Act, CA SB 1047 (introduced Feb. 2024); see also Artificial Intelligence - Causing Injury or Death - Civil and Criminal Liability, MD HB 589 (introduced Jan. 2025).

AI innovation requires not only algorithms and significant computing resources, but also the network infrastructure that can facilitate the seamless transfer and processing of large volumes of data between different computing units. Fiber optics serve as the essential backbone of modern networks, enabling data movement that requires a high bandwidth, low latency connection to support the demanding computational needs of AI applications. But deploying the backbone requires buy-in and support from government agencies that review applications and permits. These agencies too often approach their responsibilities in an adversarial, rather than collaborative, manner.

Permitting processes for approval to lay fiber in the rights of way around state roadways are illustrative. State and local permit authorities often lack more modern processes such as end-to-end electronic permitting and application processes and parallel review of permit applications across multiple departments and government agencies. Use of manual processes, serial review/approval, and multiple review and approval points tend to slow down and complicate the process of obtaining permits for deployment of fiber optic broadband facilities. Providers encounter situations where approval is required from multiple agencies, but each agency wants some assurance that plans are final (i.e., have received all other necessary approvals) before beginning their own review. Providers also encounter situations where issues regarding work on one project may result in local authorities suspending review of permit applications for other, unrelated projects.

In many jurisdictions, there are no “shot clocks,” firm deadlines, “deemed approved” frameworks, or other arrangements that would serve to constrain agency delay in processing applications. In other jurisdictions, reviewers may stop their review of an application upon finding a deficiency, and only resume the review once that deficiency is addressed. This can

result in a single review process being interrupted and suspended multiple times, as each deficiency is identified, corrected, resubmitted, and the process resumes. These types of inconsistencies and inefficiencies can add significant time and cost to the process of deploying metro-area, inter-city, and inter-state fiber broadband networks, making investment in the networks that will support AI infrastructure riskier and more costly. Recognizing that leading the world on AI will take a whole-of-government approach, the Administration should take measures to encourage other levels of government to provide the same kind of support for AI innovation and deployment.

Existing laws and regulations pertaining to network infrastructure also present barriers to AI deployment and innovation. As discussed above, Verizon recently announced Verizon AI Connect, which leverages existing real estate and network facilities, including Central Offices, to enable businesses to deploy AI workloads at scale. By utilizing our existing infrastructure, Verizon can reduce costs to businesses while bringing AI capabilities closer to customers, as our facilities are often in the heart of the communities that we have served for decades. This not only means less latency as computing signals have even less distance to travel, but it also means that the benefits of AI deployment – access to jobs, economic stimulation, and infrastructure development – can be enjoyed by more communities across America. However, because Central Offices fall under legacy telecommunications regulations, transforming these spaces to support the 21st century economy is often stymied by red tape and outdated regulations. For instance, laws in New York and Pennsylvania require notice to regulators and, in many cases, review and approval of any new use, lease, or sale of Central Office space.⁸ Regulators in these states may also impose conditions on the use of any revenues generated within those spaces, or require telecommunication companies to offer use of the space to other companies, including

⁸ See, e.g., New York Public Service Law § 99; 66 Pennsylvania Statute § 1102.

competitors, on similar terms.

Misguided energy regulations can also have a chilling effect on AI deployment. While traditional AI data centers will require significant amounts of energy, Verizon's existing network resources can serve smaller-scale AI deployments that are less energy intensive. However, well meaning but misguided energy regulations can thwart such developments. For example, Washington, D.C. and Boston assign all buildings to an energy "category." Based on a building's designation, certain energy requirements must be met. While these energy requirements are achievable for the building if the use case remains consistent, introducing a new use case, like facilitating AI, will result in fines. Getting a building designation changed is the purview of the building owner, who may leverage the opportunity to extract a payment in addition to covering the costs of the effort. In New York City, Local Law 97 sets carbon caps for large buildings based on the property type of the building. Verizon Central Offices were designated "office buildings" under that law, which made meeting compliance requirements virtually impossible because office building energy limits assume that the building is only in high use during typical office hours. Central Office spaces, however, including Central Offices that can support AI processing, are operating 24 hours a day, seven days a week.

Not only are Central Offices subject to these strict energy limitations, but state and federal laws can make it difficult for providers to transition their networks away from power-intensive copper networks that utilize energy that could otherwise be diverted to innovative AI use cases. For example, there are Federal Communications Commission (FCC) regulations that require an elaborate, resource-intensive, and time-consuming network testing process if a provider were to try to discontinue traditional copper-based telephone voice service, or to switch customers to alternate technologies.⁹ In the nine years this network testing process

⁹ See 47 USC § 214(a); 47 CFR § 63.71.

has been in place, only one carrier has used it to seek FCC authority to discontinue copper-based service in a specific area, a prerequisite for shutting down central office equipment.¹⁰ And many state regulations impede the migration of customers from traditional copper networks to alternative technologies.

IV. CONCLUSION

Verizon is a global leader in building networks that support and inspire innovation. We are excited to do that for the coming AI revolution, and appreciate the Administration's consideration of the legal and regulatory framework that will make that possible.

Respectfully submitted,

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March 14, 2025

¹⁰ See *Network Performance Test Plan of AT&T*, WC Docket No. 24-220 (filed July 19, 2024).