ARIZONA SENATOR
MARK KELLY

Make AI Work for Americans Act
Section-by-Section

Summary: AI is changing the world at lightning speed, and as the technology reshapes the American workplace, our systems for supporting workers must change too. To achieve that, the AI companies driving this change must be forces for strengthening—not harming—American workers and communities. *The Make AI Work for Americans Act* will make sure American workers aren't left behind and that the big companies getting the profits from AI pay their fair share.

The Make AI Work for Americans Act establishes the AI Horizon Fund, a dedicated federal trust fund to support American workers. The leading companies who benefit most from the development and uptake of AI will contribute to the Fund through three excise taxes on excess profits, digital ad services, and AI usage. The Fund is overseen by the Artificial Intelligence Advisory Council, whose members will include AI experts as well as representatives from labor, higher education, and workforce development. The 15-member Council will recommend annually how the Fund's resources are spent.

This document provides a section-by-section overview of Senator Kelly's *Make AI Work for Americans Act.*

Title I: Artificial Intelligence Horizon Fund

Sec. 101: Artificial Intelligence Horizon Fund; AI Advisory Council. This section establishes the AI Horizon Fund. The receipts from the taxes established in Title II will be deposited in the Fund along with an advance appropriation. The Fund is established for the purpose of investing in programs, initiatives, projects, and other activities responding to challenges and opportunities created by artificial intelligence, including by investing in workforce training; promoting wealth-building and entrepreneurship for working families; supporting national service; ensuring the responsible deployment and use of AI; and mitigating large-scale job losses from rapid AI adoption.

This section also establishes an Artificial Intelligence Advisory Council, which will be responsible for overseeing the Fund and creating a spending plan for how Fund dollars should be spent each year. The 15-member Council will be made up of AI experts within and outside of the federal government, including labor organizations, institutions of higher education, and workforce development experts. Congressional leaders will nominate non-federal officials to the Council.

Each year, the Council will develop an allocation for the AI Horizon Fund. Funding may be used for a specified set of activities that meet the Fund's purposes, including workforce development, national service, support for emerging entrepreneurs and small businesses, research and development programs, and AI safety work, including programs established by this legislation. The Council's plan would then be submitted to the President for inclusion in the President's annual budget request and would take effect upon the enactment of a full-year appropriations bill or continuing resolution.

The Council is also responsible for closely monitoring the state of the U.S. labor market. If the Council determines that there has been or will be a significant labor market disruption due to rapid adoption of artificial intelligence, the Council will trigger the implementation of the enhanced unemployment insurance provisions in Title V and will be required to ensure that the AI Horizon Fund's annual spend plan funds these expenditures.

Title II: Artificial Intelligence Industry-Generated Revenues

Sec. 201: Digital Advertising Tax. AI forms the backbone of the digital advertising ecosystem, which represents significant and growing economic activity. This section establishes a tax on revenues generated from digital advertising services in the United States. For companies with more than $50 billion in aggregate global revenue, or $1 billion in U.S.-based revenue and whose covered digital advertising revenue is more than $50 million per year, a tax of 5 percent will apply to yearly digital advertising revenues. The tax will be effective beginning January 1, 2027.

Sec. 202: Artificial Intelligence Usage Tax. This section establishes an excise tax on the use of AI models. For every 1 million units of data (one unit is 10 KB) output by an AI model, a tax of $1.10 will apply. The tax will be collected and remitted to the Treasury by the AI service provider. An AI service provider may elect to cover a user's tax obligation and doing so for universities and non-commercial research organizations may be used to offset up to 10 percent of the service provider's tax obligation under the taxes established by this title. The tax will be effective beginning January 1, 2027.

Sec. 203: Artificial Intelligence Excess Profits Tax. This section establishes an excess profits tax on AI companies with yearly revenues of over $100 million. Companies engaged in training or developing AI models, selling AI-enabled technologies based on a trained model, or providing computing power to train or enable AI technologies would be subject to the tax. A tax of 50 percent applies to profits that exceed 40 percent of a company's gross receipts in a taxable year, ensuring that companies reporting significant profits are subject to the tax and that growth in the AI industry corresponds with increased investment in the Fund. The tax will be effective beginning January 1, 2027.

Title III: National Service for America

Sec. 301: National Service for America's Future Program. This section establishes the National Service for America's Future Program, which will provide grants to states and Tribes to create state- and Tribal-led, paid service-to-career pathways into jobs that rely on human judgment, trust, physical presence, communication, and relationship-based work. The program will also integrate national service with states' workforce systems and require each funded position to result in a documented workforce outcome, such as placement in or credit toward a registered apprenticeship, completion of a pre-apprenticeship, an industry-recognized credential, certification or licensure, clinical or supervised practice hours, postsecondary credit, or employment.

The AI Advisory Council will develop a national framework for the program, establishing national priorities, expectations for durable skills training and, as appropriate, AI literacy and other digital skills, requirements for coordination and integration with Workforce Innovation and Opportunity Act (WIOA) programs, required workforce outcomes, host-site cost-sharing guardrails, and state reporting requirements. States and Tribes will have flexibility to design these pathways around regional workforce needs, subject to national minimum standards and outcomes.

States apply through their state service commissions, acting jointly with the state workforce development board and state workforce agency, and must submit a plan to AmeriCorps and the Department of Labor describing the service fields the program will support, participant recruitment and training, host-site requirements, workforce outcomes, supportive services, and coordination with employers, labor organizations, community colleges, Tribes, and community-based organizations. The plan must also describe how participants will be connected to the WIOA system, including through American Job Centers, training providers, apprenticeships, community colleges, and employment opportunities. At least 5 percent of program funding is reserved for grants to Tribes, which may apply directly to AmeriCorps and the Department of Labor.

Eligible host sites may include nonprofits, public agencies, community colleges, health care providers, education providers, and qualified for-profit businesses. For-profit businesses may participate if the state determines that the placement addresses a demonstrated workforce need, provides meaningful training and a documented workforce outcome, provides a public or community benefit, and does not displace existing workers.

Eligible participants will be ages 18 and older, and programs can set prioritizations for groups of eligible participants. Participants will receive at least $20 per hour for service (adjusted annually for inflation), training, professional development, coaching, and other required program activities. Participants also receive a tax-free completion award tied to the maximum Pell Grant, health coverage or health coverage assistance, and supportive services such as transportation, child care, digital access, credentialing and licensing costs, background checks, and required tools or equipment.

Because the program is established under the National and Community Service Act, existing AmeriCorps nondisplacement and nondiscrimination protections apply. State plans must also include workplace safety and nondiscrimination requirements.

Annual reporting is required on the National Service for America's Future Program, including state participation, funding and expenditures, participant demographics, service fields and occupations supported, WIOA integration, credential and workforce outcomes, employment and apprenticeship outcomes, supportive services, and recommendations for improving the program.

A separate report is also required to assess options to increase compensation and health care support for participants across AmeriCorps programs and improve recruitment and retention of individuals facing financial barriers to service. The report will also examine options to better integrate AmeriCorps with WIOA, strengthen the National Service Trust as a pathway into careers, expand education and training opportunities, allow partnerships with for-profit businesses for internships and work-based learning, and establish a portable credential recognizing durable skills developed through service.

Title IV: Entrepreneurship for America

Sec. 401: Entrepreneurs of the Future Program. This section requires every state to allow unemployment insurance claimants to participate in the Entrepreneurs of the Future Program to start a new business. This is an expansion of the existing Self-Employment Assistance Program, which allows eligible individuals to continue receiving unemployment benefits while developing a business rather than meeting traditional job-search requirements. This section expands access to the program by eliminating the existing 5 percent participation cap and removing the current requirement that participants be likely to exhaust their unemployment benefits.

Individuals may qualify by participating in approved entrepreneurial training, business counseling, or technical assistance, or by submitting a business plan that meets state requirements. The program will continue to be administered through state unemployment insurance agencies. The Department of Labor, in consultation with the Small Business Administration (SBA), must issue implementation guidance, including best practices, qualifying entrepreneurial activities and services, and methods for verifying participation. Benefits and associated state administrative costs will be funded through the AI Horizon Fund.

Sec. 402: Small Business Futures Program. This section directs the Department of Labor to establish flexible capacity-building grants for states to develop programs and resources to help entrepreneurs start new businesses. State workforce agencies receiving grants must coordinate with the lead Small Business Development Center (SBDC) in the state to best understand what local entrepreneurs need to be successful but retain flexibility in determining how to structure that coordination. Allowable uses may include establishing a small business liaison within the state workforce agency, developing entrepreneurship and self-employment resources for WIOA participants, or connecting participants with SBDC counseling, private-sector training programs, community development financial institutions, nonprofits providing entrepreneurial assistance, and other state and local resources. Grants may also support technical assistance for small businesses adopting digital tools and AI to improve their operations and competitiveness.

Sec. 403: Other Small Business Resources. This section amends WIOA to better integrate entrepreneurship resources into the workforce system. This includes expanding career and training services already required under WIOA, such as business-plan development, incubation services, business coaching, and training and technical assistance for small businesses adopting digital tools and AI. It also requires information about entrepreneurship and starting a business to be included as part of individualized career services. It will allow SBDCs and Minority Business Development Agency (MBDA) Business Centers to participate in state and local workforce development boards, require state plans to address entrepreneurship pathways, and allow entrepreneurship support as a rapid response activity to workers affected by layoffs.

Sec. 404: Access to Capital and Technical Assistance for Emerging Entrepreneurs. This section allows the AI Advisory Council to fund SBA programs that support entrepreneurship, business formation, and small business growth. Funding will expand SBA programs that assist individuals in starting their own businesses, including SDBCs, the Microloan Program, the Growth Accelerator Fund Competition, 7(a) loan program, and Small Business Investment Company programs. It may also support the Department of Commerce's MBDA Business Center Program and EDA revolving loan funds, as well as Treasury's Community Development Financial Institutions program. These programs provide capital, counseling, technical assistance, and other support for individuals seeking to start or grow their small business.

The section also allows the AI Horizon Fund resources to reduce barriers to SBA 7(a) loans for emerging entrepreneurs, including by reducing or waiving fees, increasing the federal guarantee, reducing interest rates, or offsetting lender costs for smaller-dollar loans. These enhanced terms may support participants in the Entrepreneurs of the

Future Program as well as individuals who have received qualifying entrepreneurial training, counseling, or technical assistance.

Title V: New Economy Unemployment Insurance for America

Sec. 501: Floor on the Number of Weeks. This section requires states to provide unemployment insurance benefits for a minimum duration of 26 weeks, effective on the date a state changes its laws to comply or six months after the Council makes a funding allocation that includes a declaration of a significant labor market disruption, whichever comes earlier.

Sec. 502: Floor on the Minimum Replacement of Wages. This section raises the weekly benefit replacement rate to 75 percent of a claimant's average weekly earnings in the highest earning quarter of the base period. States will be required to provide a replacement rate of at least 40 percent of a claimant's average weekly earnings. Using monies from the AI Horizon Fund, the Secretary of Labor must provide the remainder. This section includes a maintenance of effort provision for states regarding their current benefit replacement rates. This section will become effective on the date a state changes its laws to comply or six months after the Council makes a funding allocation that includes a declaration of a significant labor market disruption, whichever comes earlier.

Sec. 503: Floor on the Maximum Benefit. This section requires states to ensure a maximum weekly unemployment insurance benefit of at least two-thirds of the state's average weekly wage. This section is effective on the date a state changes its laws to comply or six months after the Council makes a funding allocation that includes a declaration of a significant labor market disruption, whichever comes earlier.

Sec. 504: Base Period. This section requires states to use a base period or alternative base period of the four most recently completed quarters for eligibility determination. This section is effective on the date a state changes its laws to comply or six months after the Council makes a funding allocation that includes a declaration of a significant labor market disruption, whichever comes earlier.

Sec. 505: Modernization. This section provides at least $225 million from the AI Horizon Fund in annual grants to states for the modernization and administration of unemployment compensation programs. The funding may be used to improve program administration, including subgranting funds to organizations that can help eligible people enroll in unemployment programs, health insurance, and workforce training opportunities. The funds will be distributed according to a formula previously used by the Department of Labor based on state employee population.

Sec. 506: Unemployment Insurance Compensation Administration. This section directs the Secretary of Labor to provide states with additional guidance, common definitions, and technical assistance to support administration of unemployment compensation programs.

Sec. 507: Program Expansion Study and Review. This section directs the Secretary of Labor to conduct a feasibility study to consider providing unemployment compensation benefits to self-employed workers, independent contractors, and others not currently eligible for benefits. The Secretary is required to provide a report to Congress on this analysis within 180 days of the bill's passage.

Sec. 508: Wage Insurance and Short-Time Compensation Grants. This section authorizes two grant programs intended to encourage rapid reemployment, preserve employment relationships where possible, protect workers from severe downward mobility, and address AI-related labor-market harms before workers experience full unemployment. It allows states to receive grant funding for pilot programs to test wage insurance programs that cannot last more than two years. This section also authorizes grant funding to support the establishment, expansion, or enhancement of short-time compensation programs.

Title VI: Training Workers for America

Sec. 601: Unified State Plan. This section requires states to incorporate AI-related workforce considerations into their WIOA state plans. This includes consideration of how states will provide workforce development strategies that respond to AI-related impacts on the labor market and how they will ensure participants become AI-literate. This section also requires states to describe how they will engage and serve mid-career workers.

Sec. 602: Combined State Plan. This section ensures that states submitting WIOA combined state plans also consider AI's impact on the workforce and programs covered by the plan. This section authorizes grants to states for capacity building to encourage submission of combined state plans.

Sec. 603: Functions of Local Board. This section adds sector partnerships to the entities with which local workforce development boards are expected to coordinate activities.

Sec. 604: Individual Training Accounts. This section expands the use of individual training accounts (ITAs) to youth ages 16 to 21. It also expands the use of ITAs for youth, adults, and dislocated workers to ensure they can be used for postsecondary education. It specifies that states and local areas may not establish an ITA maximum below $7,000.

Sec. 605: Strengthening Community College Workforce Development Grants Program. This section codifies Strengthening Community College Training Grants. It will allow the Secretary of Labor to issue competitive four-year grants to community colleges with partnerships with one or more employers in an in-demand industry to establish, improve, or expand workforce development programs, including registered apprenticeships and pre-apprenticeships; provide career services and supports; and make education and training programs more flexible, connected, and accessible through strategies like credit transfer and alternative credit pathways. This section includes performance standards and public reporting of evaluation data.

Sec. 606: Service of Mid-Career Workers. This section clarifies that professional development provided to Employment Service staff shall include training, strategies, and practices to help ensure effective service for mid-career workers and workers displaced or at risk of displacement from technological change, AI, or similar reasons. It specifies that when training involves employees covered by a collective bargaining agreement, the training must be done in alignment with the agreement.

Title VII: Better AI for America

Sec. 701 Accessibility: This section requires materials made available throughout this Title to be accessible for individuals with disabilities and limited English proficiency.

Sec. 702: National Workforce Competency Initiative. This section directs the Secretary of Labor to convene labor organizations, registered apprenticeship sponsors, institutions of higher education, state and local workforce boards, local workforce development boards, state service commissions, industry, credentialing associations, workforce training partners, and other workforce development stakeholders within job sectors to consider sector-relevant credentialing, certification, and competency standards to reflect the realities of AI use in the workplace. The section includes language to ensure these standards are not intended to replace or modify government-issued and regulated professional licenses.

Sec. 703: National Clearinghouse for Artificial Intelligence Education. This section directs the Secretary of Education to establish and maintain a National Clearinghouse for Artificial Intelligence Education to be used as a national repository and collaboration platform for information, best and promising practices, resources, and model materials for ensuring effective instruction and learning on AI. It also requires the Department of Education to issue model guidance on classroom use of AI and responsible student use of AI. The Secretary may utilize existing hubs and repositories that provide relevant content.

Sec. 704: Artificial Intelligence in the Workplace. This section directs the Secretary of Labor, in consultation with the Equal Employment Opportunity Commission, to convene employers, human resource professionals, labor organizations, civil rights organizations, institutions of higher education, cybersecurity professionals, and legal professionals to develop guidance, model workplace policies, and best practices for integrating AI safely, responsibly, and transparently into the workplace.