THE AI PUBLIC PROTECTION AND SHARED PROSPERITY FRAMEWORK

A comprehensive plan to prevent private AI losses from becoming public debt

Executive Purpose

Artificial intelligence should improve human prosperity. It must not become another financial cycle in which corporations, executives, lenders, and investors retain the gains while workers, retirees, utility customers, communities, and taxpayers inherit the losses.

The current AI expansion extends far beyond software. It is connected to corporate debt, private credit, semiconductor production, data center construction, utility infrastructure, public incentives, retirement portfolios, insurance assets, commercial real estate, and global equity markets.

The Bank for International Settlements reports that major cloud and AI infrastructure providers are increasingly financing AI expansion through corporate debt, private credit, leases, special purpose entities, and obligations kept outside their balance sheets. Gross bond issuance by these companies exceeded $100 billion in 2025. The BIS warns that these structures create new connections among technology companies, banks, insurers, private credit funds, and institutional investors.

The Bank of England reported in July 2026 that companies focused on AI represented approximately half of the S&P 500's market value. The S&P 500 itself represented approximately half of global equity capitalization. This concentration places retirement savers and ordinary investors at risk even when they never intentionally purchase an AI investment.

The physical consequences are also significant. The International Energy Agency projects that global data center electricity consumption will approximately double to 945 terawatt hours by 2030. Data centers are expected to account for nearly half of United States electricity demand growth through the end of the decade. Although their global share of electricity demand remains limited, facilities are concentrated geographically, which can create severe local pressure on generation, transmission, water systems, land, and utility planning.

The public has experienced repeated economic failures in which financial institutions and asset owners recovered faster than workers, homeowners, renters, and retirement savers. This framework is designed to prevent that pattern from repeating through AI. Its governing principle is simple:

> **The institutions and individuals that receive the financial rewards from AI must carry the financial, infrastructure, and employment risks they create. Private profits shall not be protected through public debt.**

I. Definitions

Public assistance

For purposes of this framework, public assistance to a private entity includes:

- Direct grants.
- Government loans.
- Loan guarantees.
- Debt purchases or debt assumption.
- Equity purchases.
- Tax abatements or project specific tax exemptions.
- Publicly financed utility infrastructure.
- Discounted public land.
- Special utility concessions.
- Government guarantees of private contracts.
- Emergency liquidity supported by public funds.
- Any arrangement that exposes taxpayers, ratepayers, public pension funds, or government assets to private losses.

Private loss

A private loss includes any decline, default, impairment, stranded asset, contractual obligation, or operating deficit arising from a voluntary private investment, financing decision, development project, corporate acquisition, or commercial agreement.

Direct public protection

Direct public protection includes assistance delivered to workers, households, retirees, affected communities, and essential public services.

Examples include unemployment benefits, healthcare continuation, pension protections, housing support, food assistance, worker retraining, environmental remediation, and continuity of emergency services.

Direct public protection is not a corporate bailout when it supports workers, households, retirees, communities, or essential public services without repaying private investors, preserving shareholder value, satisfying private debt, or releasing a private entity from its legal obligations.

Covered entity

A covered entity is a private organization whose AI operations, financing, infrastructure, market position, resource use, or potential failure creates material exposure for the public.

Covered entities may include:

- Major AI developers.
- Cloud and computing providers.
- Data center developers and operators.
- Semiconductor companies.
- Infrastructure investment vehicles.
- Utilities financing facilities primarily for AI demand.
- Banks, insurers, pension managers, and private credit funds with significant AI exposure.
- Parent companies and affiliates that control or benefit from covered projects.

Surety bond

For purposes of this framework, a surety bond is a written three-party instrument executed by the covered entity as principal and an independent surety as guarantor, for the benefit of the governing public authority as obligee, to assure performance of specified decommissioning, remediation, public-safety, and site-restoration obligations.

A surety bond is financial assurance. It is not a funded investment account, an operating reserve, or investment capital. Any separate reserve required by this framework remains subject to its own segregation, custody, and investment restrictions.

II. Core Principles

1. Risk follows reward

Investors, creditors, executives, and corporations receiving gains from AI investments must absorb the losses.

Workers, taxpayers, utility customers, and retirement savers shall not be compelled to absorb private losses.

2. No bailout without a public vote

No government body may commit public resources to assume, guarantee, purchase, refinance, or repay private AI losses without prior informed approval from the affected public through a binding vote. Legislative approval alone shall not satisfy this requirement.The vote must occur before funds are committed; guarantees are issued, debts are assumed, or contracts become binding.

3. Public resources protect people

Government shall provide direct relief to workers, households, retirees, and communities affected by an economic failure involving AI. This assistance does not require a public vote because it protects the public rather than assuming private losses.

Public funds shall be delivered directly to affected workers, households, retirees, communities, and essential public service providers whenever direct distribution is possible. Assistance shall not be routed through a failed corporation, its parent company, an affiliate, a lender, or another private intermediary when doing so could repay private obligations, preserve corporate assets, improve creditor recovery, generate administrative fees, or allow the corporation to control who receives relief.

When an intermediary is necessary to distribute assistance, the funds must be legally segregated from corporate assets, protected from creditors, independently audited, and used solely for the public purpose approved by law. The intermediary shall receive no ownership interest, debt repayment, financial advantage, or discretionary control over eligibility.

4. Public Money Requires Public Value

Any project specific assistance approved by voters shall produce direct, measurable, and enforceable benefits for the public providing that assistance.

General promises of employment, tax revenue, innovation, economic growth, increased investment, or future community development shall not qualify as public benefits unless they are converted into specific contractual obligations.

Before public assistance is provided, the recipient shall enter into a legally enforceable agreement that identifies:

- The exact amount and form of public assistance.
- The jobs that will be created or retained.
- Minimum wage, benefit, and employment duration requirements.
- Construction and operating milestones.
- Tax revenue commitments.
- Infrastructure contributions.
- Utility and resource obligations.
- Environmental protections.
- Worker training commitments.
- Community benefits.
- Public ownership, revenue sharing, or repayment rights where applicable.
- Deadlines for delivering each promised benefit.

Every material benefit shall be subject to independent verification. The recipient shall provide regulators and the public with regular reports comparing promised results with actual performance.

The agreement shall contain automatic enforcement provisions, including suspension of further assistance, repayment requirements, financial penalties, recovery of improperly received benefits, and cancellation of remaining incentives when the recipient fails to meet its obligations.

Public assistance shall be recovered when a recipient:

- Fails to complete the approved project.
- Misses' employment, wage, investment, or construction commitments.
- Provides materially inaccurate information.
- Transfers operations or assets to avoid obligations.
- Closes or substantially reduces operations before the agreed term.
- Use public assistance for dividends, stock buybacks, executive enrichment, debt repayment, or acquisitions not approved by voters.
- Violates labor, environmental, utility, or community protection requirements.

Recovery rights shall apply to the recipient, its controlling parent company, and any affiliate that receives or benefits from the public assistance.

A company shall not retain public benefits after failing to provide the public value used to justify them.

Public money is an investment made by the public. It shall carry enforceable terms, measurable returns, and full recovery rights when those terms are broken.

5. Financial exposure must be visible

Corporations, investment funds, lenders, retirement plans, utilities, and governments must disclose material AI exposure in standardized and understandable terms.

Profitable legacy operations must not be used to conceal the actual performance of AI investments.

6. Communities control local consequences

A data center is not solely a private transaction when it requires public roads, grid expansion, water capacity, tax concessions, emergency services, zoning changes, or environmental accommodations.

Communities must retain authority to review, approve, condition, or deny proposed data center locations and expansions.

7. Workers participate in productivity gains

AI productivity cannot flow entirely to shareholders while displacement, retraining, healthcare loss, and reduced income become public responsibilities.

Workers must receive a measurable share of verified productivity gains.

8. Competition must remain possible

No small group of companies should control the chips, computing capacity, cloud platforms, models, data, energy access, and distribution channels required to participate in the AI economy.

9. Failure must be orderly

The failure of an AI company or infrastructure project must not leave workers unpaid; communities abandoned, utilities underfunded, retirement savers uninformed, or taxpayers responsible for speculative losses.

10. Human accountability remains mandatory

No organization may use an AI system, subsidiary, automated process, contractor, or affiliate to evade responsibility for a decision affecting employment, credit, housing, healthcare, education, insurance, or public benefits.

III. Standardized AI Financial Disclosure

Objective

The public and investors must be able to determine whether AI investments generate independent and sustainable returns.

Existing securities requirements may already require disclosure of material AI uses, risks, and financial effects. SEC staff has stated that companies should provide specific rather than generic disclosures, clearly explain what they mean by AI, and possess a reasonable basis for claims about expected benefits.

This framework expands those principles into a standardized reporting system.

Required AI Financial Schedule

Every covered public company shall include an independently reviewed AI Financial Schedule in its quarterly and annual reports.

The schedule shall disclose:

- Revenue directly attributable to AI products and services.
- AI operating expenses.
- AI capital expenditures.
- Debt used to finance AI development or infrastructure.
- Private credit obligations.
- Data center lease commitments.
- Cloud purchase commitments.
- Chip purchase commitments.
- Guarantees provided to development partners or financing vehicles.
- Obligations held outside the company's balance sheet.
- Public grants, tax concessions, and utility benefits.
- Data center utilization rates.
- Customer concentration.
- Expected payback periods.
- Depreciation assumptions for servers, chips, and facilities.
- Related party transactions.
- Circular investments.
- Revenue dependent upon companies financed by the reporting company.
- Impairment assumptions if demand fails to meet projections.
- Material differences between forecast and actual performance.

Separate AI Accounting and Profitability

A company shall not describe its AI operations as profitable solely because its advertising, cloud, subscription, hardware, or other established businesses remain profitable.

AI profitability shall be determined through a standardized accounting schedule that identifies attributable revenue, direct costs, shared costs, capital investment, financing obligations, and realized economic returns.

Attributable AI Revenue

AI revenue shall include revenue earned directly from:

- Standalone AI subscriptions.
- Usage based model access.
- AI computing and infrastructure services.
- AI software licenses.
- AI related professional services.
- AI hardware and systems.
- Separately priced AI features.

When AI is bundled with another product or service, only the portion supported by the incremental price, an observable standalone selling price, or another independently verifiable allocation method may be reported as AI revenue.

Revenue from affiliates, companies financed by the provider, internal transfers, promotional credits, and contractual purchase commitments shall be disclosed separately from revenue received from independent external customers.

A company shall not classify the entire revenue of an established product, cloud service, advertising platform, or hardware business as AI revenue merely because AI contributes to that product.

AI Cost of Revenue

Direct AI costs shall include:

- Third party token and application programming interface charges.
- Computing used for inference.
- Electricity and cooling.
- Network use.
- Customer support.
- Content review.
- Data acquisition directly related to the service.
- Royalties and Revenue sharing.
- Other costs that increase as customer use increases.

Token consumption may be used to calculate a portion of direct inference cost. It shall not be presented as a complete measure of AI cost or profitability.

AI Operating Expenses

AI operating expenses shall include:

- Model training and retraining.
- Research and engineering.
- Employee compensation.
- Data acquisition and licensing.
- Cybersecurity.
- Safety testing.
- Governance and compliance.
- Human review.
- Error correction and remediation.
- Insurance.
- Legal costs.
- Sales and marketing.
- Customer implementation.
- General administrative costs attributable to the AI operation.

Shared expenses shall be allocated through documented and consistent methods. A company shall disclose the allocation method and explain every material change to that method.

Infrastructure and Capital Costs

The AI profitability schedule shall include:

- Depreciation of servers, chips, networking equipment, and data centers.
- Data center lease costs.
- Cloud purchase commitments.
- Financing costs.
- Construction costs.
- Grid and utility obligations.
- Water infrastructure.
- Equipment replacement.
- Impairment of obsolete or underused assets.
- The cost of unused computing capacity.

A company shall not exclude infrastructure costs merely because the infrastructure also supports non AI operations.

Internal AI Use

Internal AI use shall not be recorded as revenue.

A company may report realized productivity savings only when those savings are measured against a documented baseline, independently verified, and reduced by all implementation, operating, oversight, error correction, severance, retraining, and compliance costs.

Projected savings shall be reported separately from realized savings.

Required Profitability Measures

Companies shall report:

1. **AI contribution margin**, calculated after direct delivery costs.
2. **AI operating profit or loss**, calculated after direct costs, shared operating expenses, and depreciation.
3. **AI cash flow**, calculated after operating cash costs and capital expenditures.
4. **AI return on invested capital**, calculated using all capital committed to the AI operation.
5. **Expected payback period**, compared with actual performance.
6. **Independent external revenue**, separated from affiliated, financed, committed, or internally transferred revenue.

A company may describe an AI operation as profitable only when it produces a positive operating profit after all attributable, and reasonably allocated costs are included.

A company may describe an AI investment as economically profitable only when its verified return exceeds its cost of capital over the disclosed measurement period.

Any other use of the term "profitable" shall identify the limited measure being used, such as positive contribution margin, and shall not imply broader operating or economic profitability.

Independent verification

Material claims involving AI revenue, utilization, capital expenditures, resource use, and expected returns shall receive independent assurance.

The auditor shall report material limitations, inconsistent definitions, unsupported assumptions, and transactions that may make internal ecosystem spending appear to be independent customer demand.

Board certification

The chief executive officer, chief financial officer, and chair of the board risk committee shall certify that:

- AI financial disclosures are materially accurate.
- Relevant debts and contractual obligations are complete.
- Public statements about expected returns have a documented basis.
- The board has reviewed severe downside scenarios.
- The company has not concealed liabilities through subsidiaries, affiliates, leases, or financing vehicles.

Knowingly false certifications shall create personal civil liability and may trigger criminal liability under existing fraud and securities laws.

Comparable terminology

Regulators shall establish standard definitions for:

- AI revenue.
- AI capital expenditure.
- AI operating cost.
- Compute utilization.
- AI customer.
- AI productivity savings.
- AI related job displacement.
- Circular financing.
- Infrastructure obligation.
- Public assistance.

Companies shall not redefine these terms to produce a more favorable appearance.

IV. AI Financial Stability Supervision

National AI Financial Stability Program

The Financial Stability Oversight Council shall establish a permanent program involving the Treasury, Federal Reserve, SEC, FDIC, Office of the Comptroller of the Currency, Federal Insurance Office, Department of Labor, state financial regulators, and public pension authorities.

The program shall monitor:

- Corporate borrowing for AI investment.
- Private credit exposure.
- Data center financing vehicles.
- Insurance company holdings.
- Bank credit lines to private funds.
- Refinancing schedules.
- Cloud and chip purchase commitments.
- Circular equity relationships.
- Shared collateral.
- Multiple claims against the same infrastructure.
- Concentration within retirement and insurance portfolios.
- Correlated exposure across major financial institutions.

The BIS has identified circular investments, private arrangements, long leases, guarantees, and financing vehicles that can connect AI developers, chip companies, cloud providers, banks, insurers, and private credit funds. These connections can transmit losses beyond technology shareholders.

Mandatory stress testing

Covered financial institutions and systemically significant AI companies shall undergo annual stress tests.

Required scenarios shall include:

- A severe decline in AI stock valuations.
- A sharp decline in data center utilization.
- Cancellation of major cloud contracts.
- Semiconductor oversupply.
- Energy price increases.
- Water access restrictions.
- Grid connection delays.
- Refinancing failures.
- Failure of a major AI developer.
- Failure of a major infrastructure provider.
- Failure of a major private credit fund.
- Failure of a bank that issued financial assurance instruments.
- Simultaneous impairment of several companies within the same financing network.

Public reports shall disclose the nature of the tests, aggregate results, and required corrective actions.

Private credit transparency

Large private credit funds financing AI companies or data centers shall report:

- Borrower identity.
- Loan amount.
- Collateral.
- Maturity.
- Interest rate.
- Guarantees.
- Shared exposure with other funds.
- Valuation methods.
- Bank financing lines.
- Redemption obligations.
- Refinancing assumptions.
- Exposure to the same parent company through multiple subsidiaries.

The BIS reported in July 2026 that business development companies had approximately $115 billion in lending to software firms, representing about one fifth of their total lending. It also found concentration among several large funds that shared exposure to the same borrowers.

Additional reserves

Regulators shall require additional capital, liquidity, or loss reserves when an institution develops excessive exposure to:

- A narrow group of AI companies.
- Infrastructure built on uncommitted demand.
- Loans secured by rapidly depreciating computing equipment.
- Obligations dependent upon future refinancing.
- Projects with unresolved power or water requirements.

National AI Resolution Fund

Covered AI companies, major infrastructure operators, private credit funds, and lenders shall finance a permanent AI Resolution Fund through risk-based assessments.

The fund shall:

- Preserve essential services during orderly resolution.
- Protect customer data.
- Maintain critical cybersecurity functions.
- Finance temporary receivership.
- Support safe shutdown and asset transfer.
- Prevent taxpayers from financing corporate failure.

The fund shall not reimburse shareholders, executives, unsecured investors, or speculative creditors.

V. Retirement and Household Investment Protection

Objective

Workers must be able to see and understand how much of their retirement security depends on a concentrated group of AI companies.

ERISA requires plan fiduciaries to act prudently, operate solely in the interest of participants, and diversify investments to minimize the risk of large losses.

AI concentration disclosure

Every employer retirement plan shall disclose:

- The percentage invested in companies with material AI exposure.
- The percentage held in the ten largest AI positions.
- Exposure to semiconductor companies.
- Exposure to cloud and data center companies.
- Exposure to private credit financing AI infrastructure.
- The contribution of the largest AI companies to recent fund returns.
- Estimated losses under standardized correction scenarios.

The disclosure shall use plain language and appear in the same materials participants use to select investments.

Retirement stress testing

Funds organized around expected retirement dates and other default retirement options shall undergo annual stress tests.

The tests shall separately evaluate workers who are:

- Within five years of retirement.
- Between five and fifteen years of retirement.
- More than fifteen years from retirement.
- Already receiving retirement income.

The analysis shall include sequence of return risk, concentration risk, and the effect of unemployment occurring during a market decline.

Fiduciary documentation

Plan fiduciaries shall document:

- How concentration was measured.
- Why the investment remains prudent.
- What alternatives were considered.
- How workers close to retirement are protected.
- Whether fees or commercial relationships influenced the selection.

No forced market timing

This framework does not require retirement plans to abandon technology companies or predict market peaks.

It requires transparency, diversification, stress testing, and a documented process that places participants ahead of financial service providers.

Protection during a systemic correction

If an AI collapse causes mass unemployment or severe retirement losses, direct public protection may include:

- Temporary relief from penalties on hardship withdrawals.
- Extended repayment periods for retirement plan loans.
- Restoration credits for workers forced to stop contributing because of unemployment.
- Additional contribution opportunities after reemployment.
- Protection from forced withdrawals during depressed markets where legally appropriate.
- Stronger creditor protection for qualified retirement assets.
- Direct retirement support for workers displaced shortly before retirement.

These measures protect households. They do not repay the private losses of AI companies or investors.

VI. Public Authorization and Loss Allocation

Public authorization comes first

Before any public resources are committed to a private AI entity, the affected public shall decide whether the intervention is permitted.

The ballot question shall identify:

- The recipient.
- The maximum amount.
- The form of assistance.
- The private debts involved.
- The shareholders and creditors that benefit.
- The estimated public exposure.
- The proposed duration.
- The repayment terms.
- The alternatives.
- The consequences of approval.
- The consequences of rejection.
- The executives who received material compensation during the period preceding the request.

The question shall not be framed as a general request to save the economy, protect jobs, or prevent collapse. It must describe the exact transaction.

Federal public vote

The United States Constitution places control of federal spending with Congress through the Spending Clause and the Appropriations Clause. No federal money may leave the Treasury without an appropriation made by law.

This framework therefore calls for a constitutional amendment and implementing law establishing a binding national referendum process for proposed federal assistance to covered private entities.

Until that mechanism is adopted, federal law shall prohibit corporate AI bailouts.

Congress may fund direct relief for workers and communities. It may also fund ordinary public services and agency operations. It may not assume or guarantee the private losses of a covered company.

State and local votes

States and local governments shall create binding public authorization procedures consistent with their constitutions.

Current state initiative and referendum rules differ substantially. Some jurisdictions restrict ballot measures involving appropriations or public spending. Enabling laws or constitutional amendments may therefore be required.

No state or local official may use those procedural differences as permission to approve assistance without public consent.

Required public information

Before voting begins, the public shall receive:

- An independent fiscal analysis.
- A complete list of beneficiaries.
- A list of all debts the public may assume.
- An estimate of losses under several scenarios.
- A description of all alternatives.
- A report on executive compensation and stock sales.
- A report on dividends, buybacks, and insider payments.
- The proposed public ownership interest.
- The repayment priority.
- The enforcement and claw back provisions.
- Arguments supporting and opposing the proposal.
- Disclosure of organizations financing campaigns about the vote.

Loss allocation

If voters reject public assistance, the following loss order applies:

1. Existing equity absorbs losses.
2. Unvested executive equity is cancelled.
3. Compensation based on materially inaccurate claims is clawed back.
4. Dividends and buybacks paid after defined warning conditions are subject to recovery.
5. Subordinated debt absorbs losses.
6. Unsecured creditors participate in restructuring.
7. Secured claims are resolved according to law, subject to fraud, preference, and fraudulent transfer review.
8. Essential operations are transferred, sold, or placed into receivership using the industry financed AI Resolution Fund.
9. Workers and affected communities receive direct protection without repaying investors.

Conditions after public approval

A public vote authorizing assistance does not preserve existing ownership automatically.

Any approved intervention shall require:

- Existing equity to absorb losses first.
- Removal of responsible executives warranted.
- Cancellation of bonuses, dividends, and buybacks.
- Claw back of compensation based on inaccurate performance.
- Public ownership, warrants, or senior repayment rights.
- Full transparency.
- Independent oversight.
- A fixed expiration date.
- A second public vote before the amount may be increased.
- Recovery of public funds before shareholders receive future distributions.

FDIC resolution analysis provides a precedent for preserving valuable operations while requiring shareholders and creditors rather than taxpayers to bear the losses.

No conversion of public approval into investor protection

A public vote may authorize preservation of essential functions.

It shall not authorize:

- Restoration of lost stock value.
- Protection of executive wealth.
- Repayment of speculative equity.
- Reimbursement of political donors.
- Preferential repayment of affiliated creditors.
- Acquisition of competitors using public funds.
- Transfers that place valuable assets beyond public recovery.

VII. Capital Preservation Before Failure

Objective

A company shall not distribute cash or assets to shareholders, executives, insiders, or affiliates after warning signs emerge and later ask the public to absorb the consequences.

Automatic suspension triggers

Dividends, stock buybacks, extraordinary executive compensation, insider stock sales, and transfers to affiliates shall be suspended automatically when a covered entity:

- Requests public assistance.
- States that public assistance may be required.
- Fails a regulatory stress test.
- Breaches required capital or liquidity levels.
- Misses a debt payment.
- Cannot refinance a material obligation.
- Announces mass layoffs caused by financial distress.
- Receives a formal systemic risk designation.
- Enters restructuring negotiations.
- Determines that continued operation depends upon government support.

Prohibited transactions

After a trigger occurs, the company shall not:

- Repurchase shares.
- Pay dividends or special distributions.
- Issue extraordinary bonuses.
- Accelerate executive equity vesting.
- Approve golden parachutes.
- Increase executive retirement benefits.
- Transfer assets to affiliates below fair value.
- Repay insider loans ahead of unrelated creditors.
- Issue new secured debt that improperly subordinates existing obligations.
- Move intellectual property to another entity to avoid recovery.
- Finance an acquisition.
- Make political contributions from corporate funds.

Recovery period

Regulators and courts shall have authority to review and recover distributions made during a defined period before the trigger when evidence shows that management knew or should have known that the company faced material distress.

Executive stock sales

Executives and directors shall report proposed stock sales during elevated risk periods before the transaction occurs.

Sales made while the executive possessed material undisclosed information shall remain subject to securities laws and expanded claw back authority.

Duration

The suspension shall remain until an independent regulator determines that the company:

- Is solvent.
- Holds adequate capital and liquidity.
- Is current on worker obligations.
- Is current on community and utility obligations.
- Does not depend upon public assistance.
- Has corrected material disclosure failures.

Treasury restrictions imposed on TARP recipients demonstrate that compensation limits, bonus restrictions, golden parachute limits, and claw backs can be attached to government intervention. This framework places stronger restrictions earlier, before corporate value has already been extracted.

VIII. Data Center Siting and Community Authority

Community authority

State and local governments shall retain authority to:

- Review proposed locations.
- Approve or deny permits.
- Impose operating conditions.
- Limit expansions.
- Establish zoning requirements.
- Establish residential and environmental buffers.
- Set noise and lighting limits.
- Review power and water demand.
- Require road and emergency service contributions.
- Require decommissioning plans.
- Enforce community protection agreements.

No state law shall remove local authority while leaving residents responsible for the consequences.

Required siting review

Before construction begins, a developer shall disclose:

- Total expected electricity demand.
- Peak electrical demand.
- Water withdrawals.
- Consumptive water use.
- Cooling methods.
- Backup power requirements.
- Grid connection requirements.
- Transmission and substation needs.
- Road and transportation effects.
- Noise and lighting projections.
- Air emissions.
- Emergency service requirements.
- Construction employment.
- Permanent employment.
- Tax incentives.
- Public expenditures.
- Ownership structure.
- Financing structure.

- Expected operational life.
- Decommissioning plan.
- Community infrastructure obligations.
- Evidence of the mandatory pre-construction surety bond and all required supplemental reserves.

Public hearings

A covered project shall require:

- Advance publication of technical studies.
- At least two public hearings.
- Accessible meeting times.
- Written responses to material concerns.
- Disclosure of private meetings involving public incentives or special utility treatment.
- Publication of final contracts before approval.

Cumulative impact review

Project approval shall consider other data centers already operating, approved, or proposed in the surrounding region.

A developer may not divide one project into several entities or applications to avoid cumulative review.

IX. Data Center Decommissioning and Financial Assurance

Governing rule

> **The public's ability to recover decommissioning protection shall not depend upon the continued solvency, cooperation, or paperwork strategy of a private party.**

Under this framework, every covered data center developer shall furnish and maintain a surety bond before any site clearing, grading, excavation, utility installation, foundation work, or other construction begins.

No permit authorizing construction shall become effective, and no construction may proceed, until the governing authority has approved the bond. No waiver, phase-in, substitution, or exception is permitted.

South Carolina bills introduced and considered during the 2025-2026 legislative session included data center siting, utility cost allocation, decommissioning plans, and financial assurance provisions. Those proposals allowed multiple assurance instruments and phased implementation. This framework adopts a stricter requirement: a full surety bond must be approved before construction begins.

Mandatory pre-construction surety bond

The developer shall execute the bond as principal. An independent surety licensed or otherwise authorized by the applicable regulator shall issue the bond, and the governing public authority shall be named as obligee.

The bond shall guarantee completion of all covered decommissioning, remediation, public-safety, and site-restoration obligations.

The bond shall:

- Be in full force and approved before any construction begins.
- Have a penal sum equal to or greater than the independently estimated full cost of all covered obligations, including a contingency for cost overruns.
- Remain continuous until an independent authority certifies that every covered obligation is complete.
- Be increased whenever an updated estimate identifies a funding deficiency.
- Prohibit cancellation, non-renewal, or material reduction from taking effect until a replacement bond has been approved.
- Permit the public authority to submit a claim and require performance or payment without first obtaining a final judgment against the developer.
- Identify abandonment, bankruptcy, failure to maintain the site, and failure to complete decommissioning as claim triggers.
- Remain enforceable through a merger, sale, restructuring, dissolution, or change of ownership.

Bond amount and timing

The full required bond amount shall be approved and effective before construction begins. The requirement may not be deferred until commercial operation or phased in during construction.

The bond amount shall include the cost of:

- Securing an abandoned construction site.
- Removing incomplete structures.
- Managing hazardous materials.
- Protecting neighboring property.
- Restoring damaged land.
- Satisfying immediate public-safety obligations.

Covered costs

The surety bond shall guarantee payment or performance for:

- Demolition.
- Equipment removal.
- Server and battery disposal.
- Electronic waste management.
- Fuel and chemical removal.
- Soil remediation.
- Groundwater remediation.
- Site security.
- Fire and safety protection.
- Stormwater management.
- Restoration for productive reuse.
- Independent inspection.
- Legal and administrative costs required to complete the work.
- A contingency for cost overruns.

No substitutions or exceptions

The mandatory surety bond may not be replaced, reduced, deferred, or satisfied through self-bonding, a corporate financial test, a parent or affiliate guarantee, an unsecured promise, affiliated captive insurance, or another substitute instrument.

A public authority may require a separately funded trust, escrow, reserve, or other additional protection. Supplemental protection shall not reduce, replace, or delay the mandatory surety bond.

Required bond terms

The bond shall qualify only when:

- The surety is independent of the developer, operator, parent company, and controlling affiliates.
- The surety is licensed or otherwise authorized by the applicable regulator and satisfies required solvency and capital standards with the public authority the named obligee.
- Claim conditions are objective, specific, and limited to facts reasonably necessary to establish a covered default.
- No prior lawsuit, arbitration award, or final judgment is required before a claim may be submitted.
- The bond cannot be cancelled, allowed to lapse, or materially reduced unless an approved replacement is already effective.
- The bond does not reduce or delay access to any separate trust, escrow, reserve, or other supplemental protection.

Prohibited arrangements

The following shall not qualify as the mandatory surety bond:

- Self-bonding.
- Unsecured corporate promises.
- Parent guarantees.
- Affiliate guarantees.
- Revocable instruments.
- Instruments subject to unilateral reduction.
- Instruments that expire before final certification.
- Insurance issued by an affiliated captive insurer.
- Any arrangement that places the public in line with ordinary unsecured creditors.

Independent cost calculation

The required bond amount shall be calculated by an independent engineer and financial assessor selected or approved by the public authority.

The estimate shall be reviewed:

- Before construction.
- Before commercial operation.
- At least once every three years.
- After expansion.
- After major equipment changes.
- After a material environmental event.
- When ownership changes.
- When the project enters financial distress.

GAO has found that insufficient bonding in the oil and gas sector left public authorities exposed to reclamation costs. That history demonstrates why nominal bond amounts and outdated estimates are inadequate.

Bond claim triggers

The bond shall authorize the public authority to submit a claim and require surety performance or payment when:

- Construction is abandoned.
- The owner enters bankruptcy.
- The facility ceases operation without an approved plan.
- Required maintenance is not performed.
- Taxes or utility obligations remain unpaid when those obligations are expressly covered by the bond.
- The site creates a public-safety risk.
- The operator fails to maintain the required surety bond.
- The operator refuses or fails to complete decommissioning.

X. Community Infrastructure Protection Reserve

Separate protection beyond the property line

The mandatory pre-construction surety bond guarantees the site obligations specified in Section IX.

A separate Community Infrastructure Protection Reserve shall cover public and utility investments made primarily for the project.

The reserve shall cover:

- Unrecovered substations.
- Transmission infrastructure.
- Generation capacity built primarily for the project.
- Water treatment capacity.
- Wastewater capacity.
- Road construction or expansion.
- Emergency response equipment.
- Public safety staffing commitments.
- Publicly financed utility connections.
- Stabilization of partially completed infrastructure.
- Unpaid utility obligations.
- Unpaid local taxes.
- Restoration of public property.

Funding

The reserve shall be funded before the public or utility begins major construction. This reserve is separate from and shall not replace or reduce the mandatory pre-construction surety bond.

The developer shall not defer funding until after the public has incurred costs.

No salvage value loophole

Estimated salvage value shall not reduce required funding unless:

- The asset has an active resale market.
- The value is independently verified.
- Removal and sale costs are deducted.
- The estimate assumes distressed sale conditions.
- The public authority approves the reduction.

Speculative future value shall not substitute for actual financial protection.

XI. No Socialization Through Utility Bankruptcy

Developer responsibility

A thinly capitalized project subsidiary shall not be used to isolate the developer, parent company, investors, or controlling affiliates from infrastructure obligations.

The entity that receives the economic benefit shall remain responsible.

Pre-funded utility protection

Utilities shall require a funded infrastructure reserve sufficient to cover:

- Unrecovered construction costs.
- Contracted capacity.
- Early termination.
- Removal of dedicated infrastructure.
- Debt service directly tied to the project.
- Stabilization following abandonment.

Parent guarantees and exit fees may supplement this reserve. They shall not replace the funded reserve or the mandatory pre-construction surety bond.

Parent liability

A parent company that controls, finances, guarantees, markets, or substantially benefits from a project shall remain liable for covered obligations.

A contractual disclaimer shall not defeat this responsibility.

Affiliate transfers

The following transactions shall require regulatory approval:

- Transfer of the project to an affiliate.
- Sale of the project.
- Transfer of energy contracts.
- Transfer of land or infrastructure.
- Movement of intellectual property or customer contracts.
- Replacement of the parent guarantor.
- Refinancing that weakens the public's position.

Bankruptcy protection

The public's rights shall survive:

- Project subsidiary bankruptcy.
- Parent company bankruptcy.
- Merger.
- Sale.
- Restructuring.
- Dissolution.
- Change of ownership.
- Transfer of operating licenses.

Utility recovery

A utility shall not recover project losses from residential customers or ordinary businesses.

Georgia legislation proposed in 2026 would require utilities to protect residential and retail customers from costs associated with data center construction and operation. This demonstrates that ratepayer protection is a practical legislative issue already under consideration.

XII. Utility and Ratepayer Protection

Full cost responsibility

Data centers shall pay the full incremental costs they cause.

Required charges shall include:

- Interconnection.
- Dedicated transmission.
- Substations.
- Generation built primarily for the project.
- Grid reinforcement.
- Minimum demand commitments.
- Reserved capacity.
- System balancing.
- Reliability services.
- Early termination.
- Stranded infrastructure.
- Decommissioning of dedicated utility assets.

No transfer to existing customers

Utilities shall not transfer these costs to:

- Residential customers.
- Small businesses.
- Existing industrial customers.
- Municipalities.
- Schools.
- Hospitals.
- Other public institutions.

Regulatory approval

Special data center tariffs and contracts shall receive public utility commission approval after public review.

The regulator shall determine:

- Whether projected demand is credible.
- Whether the developer has binding customers.
- Whether failure scenarios have been modeled.
- Whether infrastructure remains useful if the project fails.

- Whether the mandatory surety bond and required reserves are sufficient, current, and enforceable.
- Whether existing customers are protected.
- Whether the utility earns an excessive return on infrastructure whose risk is carried by the public.

Resource priority

During grid emergencies or water shortages, essential residential, medical, food supply, and public safety needs shall take priority over computing workloads that can be delayed or transferred.

Covered data centers shall maintain enforceable demand reduction plans.

XIII. Energy, Water, and Environmental Protection

Resource disclosure

Covered facilities shall publicly report:

- Annual electricity consumption.
- Peak electrical demand.
- Source of electricity.
- Annual water withdrawals.
- Consumptive water use.
- Water source.
- Cooling method.
- Backup generator use.
- Air emissions.
- Waste heat.
- Battery waste.
- Electronic waste.
- Water efficiency.
- Energy efficiency.
- Server utilization.

GAO reported in 2025 that generative AI uses significant energy and water resources while companies generally do not provide detailed public reporting of those uses.

Water protection

Projects in water stressed areas shall demonstrate:

- A sustainable water source.
- No impairment of residential access.
- No impairment of agriculture or essential industry.
- Drought reduction plans.
- Use of recycled water where practical.
- Emergency operating limits.
- Funding for required water infrastructure.

EPA materials identify treated municipal wastewater as a potential source for data center cooling and document water reuse projects designed to reduce pressure on freshwater supplies.

Grid adequacy

Final approval shall not occur until the utility and regulator certify that:

- Power can be delivered reliably.
- Existing customers will not experience unacceptable reliability loss.
- Cost allocation protects existing customers.
- Generation assumptions are documented.
- Transmission schedules are realistic.
- Project failure has been modeled.
- The developer has funded required protections.

Total resource use

Efficiency improvements shall not substitute for limits on total resource consumption.

A more efficient facility may still create excessive local demand if its scale is too large for available resources.

XIV. Public Assistance and Subsidy Reform

Public vote required

Every project specific grant, tax concession, loan, guarantee, land transfer, utility concession, or infrastructure contribution to a covered private entity shall require prior approval through a binding public vote.

Public officials shall not divide an assistance package into smaller agreements to avoid the vote.

Full disclosure before voting

The public shall receive:

- Total estimated cost.
- Tax revenue forgone.
- Infrastructure cost.
- Jobs promised.
- Permanent jobs expected.
- Wage commitments.
- Energy and water commitments.
- Ownership information.
- Financing information.
- Performance milestones.
- Public recovery rights.
- Clawback terms.
- Community benefits.
- Decommissioning protection.
- The identity of all consultants and lobbyists involved.

Milestone based release

If voters approve assistance, funds shall be released only after independent verification of defined milestones.

Mandatory recovery

The government shall recover assistance when a recipient:

- Fails to complete the project.
- Misses employment commitments.
- Misrepresents expected benefits.
- Moves subsidized operations.
- Transfers assets to evade obligations.
- Violates labor requirements.
- Violates environmental requirements.
- Closes materially earlier than promised.
- Uses assistance for dividends, buybacks, acquisitions, or executive enrichment.

Public ownership

Large assistance packages shall provide the public with ownership, warrants, revenue sharing, or another enforceable financial interest.

The public shall not receive only promises while private investors receive permanent ownership.

Community benefit agreement

Every approved package shall include an enforceable agreement covering:

- Local hiring.
- Apprenticeships.
- Wage standards.
- Worker protections.
- Infrastructure contributions.
- Environmental protections.
- Emergency services.
- Community technology access.
- Education investments.
- Small business participation.

XV. Worker Protection and Transition

The International Labour Organization estimates that one in four workers worldwide holds an occupation with some exposure to generative AI. The ILO concludes that transformation is more likely than complete replacement for most jobs, but it calls for managed transition and social dialogue.

Workforce impact assessment

Before implementing an AI system expected to materially reduce employment, an employer shall disclose:

- Positions affected.
- Tasks being automated.
- Jobs expected to be eliminated.
- Jobs expected to be created.
- Required new skills.
- Training plans.
- Expected labor savings.
- Effects on remaining workers.
- Contractor and overseas labor plans.
- Effects on employee benefits.
- Effects on workers approaching retirement.

Advance notice

Covered AI displacement shall require advance notice at least equal to existing federal WARN protections and longer notice for large planned automation programs.

The federal WARN Act generally requires covered employers to provide at least 60 days of advance notice for qualifying plant closings and mass layoffs.

Industry funded Worker Transition Fund

Covered employers shall contribute to a Worker Transition Fund based on:

- Number of workers displaced.
- Verified labor savings.
- Company size.
- Public benefits received.
- Worker length of service.
- Executive compensation.
- Prior buybacks and dividends.

The fund shall not rely on household taxes.

Benefits

The fund shall provide:

- Severance.
- Continued healthcare.
- Paid retraining.
- Credential programs.
- Job placement.
- Relocation assistance.
- Wage insurance.
- Retirement bridge support.
- Mental health support.
- Legal assistance for benefit disputes.

Training before termination

Workers shall receive a meaningful opportunity to train for available internal positions before the employer recruits outside candidates.

Training shall occur during paid working time whenever possible.

Human review

Workers affected by AI based evaluation, scheduling, discipline, or termination shall receive:

- Notice that AI was used.
- A description of the relevant factors.
- Access to the underlying personal data.
- An opportunity to correct inaccuracies.
- Review by a qualified human decision maker.
- A written decision.
- Protection from retaliation.

Contractor avoidance

A company shall not avoid these obligations by replacing employees with contractors, temporary workers, overseas labor, or nominally independent workers performing substantially similar duties.

XVI. Shared AI Productivity

Preventing collapse is not enough.

AI productivity must improve the material lives of the people whose work, data, public infrastructure, and consumer spending make the system possible.

Shared Productivity Covenant

Covered companies receiving any voter approved public assistance shall share verified AI productivity gains with workers.

Acceptable methods include:

- Wage increases.
- Profit sharing.
- Employee ownership.
- Retirement contributions.
- Reduced working hours without proportional reductions in pay.
- Expanded paid leave.
- Education benefits.
- Childcare support.
- Healthcare support.

The formula shall be independently audited.

Employee ownership

Public policy shall encourage employee stock ownership plans, worker cooperatives, and employee ownership trusts while preventing workers from becoming excessively dependent upon the stock of one employer.

The Department of Labor recognizes employee ownership as a mechanism through which workers may share in the profits their labor creates and participate more directly in the success of a business.

Reduced working time

Companies that use AI to increase output while maintaining employment and reducing working hours shall receive preference in public procurement and workforce programs.

The purpose of productivity is not merely to remove people from payroll.

It is to produce greater security, income, and time.

National AI Prosperity Fund

Public recoveries from the following sources shall flow into a National AI Prosperity Fund:

- Industry assessments.
- Public ownership returns.
- Warrants.
- Penalties.
- Clawbacks.
- Recovered subsidies.
- Distressed asset sales.
- Publicly funded intellectual property.

The fund shall support:

- Worker transition.
- Retirement restoration.
- Education.
- Public computing resources.
- Community recovery.
- Small business access to AI.
- Affordable housing in communities affected by major AI development.
- Public interest AI research.

XVII. Competition and Economic Decentralization

The FTC has identified potential competition concerns involving major cloud providers and AI developers. Its 2025 report described equity interests, revenue sharing, cloud spending commitments, control rights, exclusivity, access to sensitive information, and potential increases in switching costs.

Advance review

Regulators shall receive advance notice of arrangements involving:

- Significant equity investments.
- Exclusive cloud commitments.
- Long compute reservations.
- Preferential chip access.
- Revenue sharing.
- Model exclusivity.
- Control rights.
- Consultation rights.
- Access to competitor information.
- Restrictions on independent financing.
- Requirements to spend investment proceeds with the investor.

Full stack competition review

Competition analysis shall examine control across:

- Chips.
- Data centers.
- Electricity access.
- Cloud platforms.
- Foundation models.
- Training data.
- Applications.
- Distribution.
- Identity systems.
- Payment systems.

Portability

Dominant providers shall support reasonable:

- Data portability.
- Model portability.
- Application portability.
- Export of logs and configurations.
- Migration between providers.
- Use of multiple providers.

Anti tying protection

A dominant company shall not condition access to one essential service upon the purchase of unrelated cloud, advertising, productivity, or AI products.

Distressed asset review

During an AI downturn, dominant firms shall not be permitted to purchase every distressed competitor, model, data set, chip allocation, or data center asset.

Strategic assets may require:

- Competitive auctions.
- Ownership limits.
- Temporary public stewardship.
- Worker or community ownership opportunities.
- Access conditions for smaller competitors.

Public computing capacity

Publicly supported computing resources shall be available to:

- Universities.
- Independent researchers.
- Small and midsized businesses.
- Local governments.
- Nonprofit organizations.
- Public interest developers.
- Worker owned businesses.

XVIII. Public Accountability and Democratic Oversight

Public records

All meetings between covered companies and public officials involving public assistance, siting, utility concessions, special contracts, debt relief, or proposed rescue shall be documented and disclosed.

Records shall include:

- Attendees.
- Subjects discussed.
- Documents exchanged.
- Financial proposals.
- Public exposure.
- Requested concessions.
- Commitments made.
- Follow up actions.

No secret public liability

National security and legitimate trade secret protections may protect technical information.

They shall not conceal:

- The amount of public money.
- The recipient.
- The public's potential liability.
- The debt being assumed.
- The repayment terms.
- The identity of financial beneficiaries.
- The conditions attached.
- The existence of a proposed bailout.

Public vote before assistance

No meeting, negotiation, letter of intent, emergency declaration, or preliminary agreement may bind the public before the required vote.

Officials may study and negotiate a proposal.

They may not commit public resources.

Community representation

Data center oversight bodies shall include:

- Local residents.
- Utility customers.
- Workers.
- Local officials.
- Water experts.
- Energy experts.
- Environmental representatives.
- Emergency service officials.
- Small businesses.

Industry representatives may participate, but they shall not control the process.

Whistleblower protection

Employees, contractors, engineers, accountants, auditors, and public officials who report concealed financial, safety, labor, environmental, or infrastructure risks shall receive:

- Protection from retaliation.
- Confidential reporting channels.
- Access to legal remedies.
- Financial awards when disclosures recover public funds.
- Reinstatement and compensation when retaliation occurs.

XIX. AI Economic Early Warning System

Public dashboard

A federal AI Stability Dashboard shall publish quarterly information on:

- AI capital expenditure.
- AI revenue.
- Debt financed investment.
- Private credit exposure.
- Obligations outside balance sheets.
- Data center construction.
- Facility utilization.
- Electricity demand.
- Grid connection queues.
- Water demand.
- Semiconductor inventories.

- AI market concentration.
- Retirement fund concentration.
- AI related layoffs.
- Public assistance.
- Project cancellations.
- Loan defaults.
- Restructuring activity.
- Buybacks and dividends by covered companies.

Risk levels

Green: Supported growth

Investment is supported by verified demand, manageable debt, available resources, and credible returns.

Yellow: Emerging imbalance

Spending, debt, valuations, or resource demand begins to outpace revenue and infrastructure.

Orange: Systemic stress

Defaults, cancellations, refinancing problems, layoffs, or infrastructure abandonment increase materially.

Red: Crisis

A major company, lender, financing vehicle, or infrastructure provider fails and threatens broader financial or operational stability.

Independent review

The Government Accountability Office shall conduct regular independent reviews of:

- Data quality.
- Regulatory response.
- Industry compliance.
- Public exposure.
- Worker outcomes.
- Community effects.
- Retirement concentration.
- Use of the AI Resolution Fund.

XX. Crisis Response Protocol

Stage One: Market correction

When AI valuations decline without systemic failure:

- Increase reporting frequency.
- Review private credit exposure.
- Review retirement concentration.
- Recalculate required surety bond amounts and supplemental reserves.
- Reassess demand projections.
- Suspend approval of new public assistance proposals until updated analysis is complete.

Stage Two: Credit and employment stress

When defaults, mass layoffs, or refinancing failures emerge:

- Activate industry funded worker transition programs.
- Require enhanced lender reserves.
- Automatically suspend dividends and buybacks at covered distressed entities.
- Suspend extraordinary executive compensation.
- Block insider asset transfers.
- Increase retirement hardship protections.
- Accelerate investigations of misleading claims.
- Prepare orderly resolution.
- Recalculate decommissioning surety bond amounts and infrastructure reserves.
- Publish the identity of institutions seeking public support.

Stage Three: Major failure

When a systemically important company or infrastructure provider fails:

- Place essential operations into receivership.
- Use the industry financed AI Resolution Fund.
- Protect customer data.and payroll owed for completed work.
- Preserve cybersecurity and essential services.
- Cancel speculative equity.
- Impose creditor losses according to lawful priority.
- Recover improper distributions.
- Claw back compensation based on materially inaccurate results.
- Submit claims on decommissioning surety bonds.
- Access community infrastructure reserves.
- Prevent asset transfers to insiders and conduct competitive sales of viable operations.

No public bailout shall occur automatically.

Stage Four: Proposed public assistance

If officials believe extraordinary public assistance remains necessary, they shall publish the complete proposal and submit it to the affected public for a binding vote.

No funds shall be committed before approval.

If voters reject the proposal, orderly resolution shall continue through private loss allocation, receivership, asset sales, industry funded mechanisms, and direct protection for workers and communities.

Stage Five: Recovery

After stabilization:

- Restore affected communities.
- Resolve worker claims.
- Complete environmental remediation.
- Sell viable assets through competitive processes.
- Prevent excessive consolidation.
- Recover public funds if assistance was approved.
- Direct public returns into the AI Prosperity Fund.
- Publish a complete accounting of beneficiaries, losses, recoveries, and enforcement actions.

XXI. Institutional Responsibility

Treasury and the Financial Stability Oversight Council

- Monitor systemic AI exposure.
- Coordinate stress tests.
- Administer crisis planning.
- Oversee the AI Resolution Fund.

Securities and Exchange Commission

- Establish AI financial reporting standards.
- Enforce antifraud requirements.
- Review concentration disclosures.
- Investigate circular transactions.
- Enforce executive certification.

Department of Labor

- Protect retirement participants.
- Establish worker transition standards.
- Enforce workforce impact reporting.
- Protect employee ownership plans.

Federal Reserve, FDIC, and banking regulators

- Monitor lending exposure.
- Require reserves.
- Review private credit connections.
- Prepare resolution plans.
- Prevent banks from concealing AI risk through financing vehicles.

Federal Trade Commission and Department of Justice

- Review partnerships and acquisitions.
- Protect competition across the AI economy.
- Challenge exclusionary conduct.
- Prevent distressed market consolidation.

Department of Energy, FERC, and state utility commissions

- Protect grid reliability.
- Enforce cost responsibility.
- Prevent ratepayer subsidies.
- Review data center contracts.
- Require infrastructure reserves.

EPA and state environmental agencies

- Establish reporting standards.
- Review water use.
- Monitor emissions.
- Enforce remediation.
- Oversee hazardous and electronic waste requirements.

Commerce Department and NIST

- Establish technical definitions.
- Develop audit standards.
- Support interoperability.
- Measure infrastructure performance.

State and local governments

- Review, approve, condition, or deny proposed data center locations and expansions.
- Conduct public hearings.
- Verify and enforce mandatory surety bonds and required reserves.
- Enforce community agreements.
- Administer required public votes.
- Protect local infrastructure and resources.

XXII. Funding the Framework

The framework shall not rely primarily upon household taxes.

Funding shall come from:

- Risk based assessments on covered AI companies.
- Assessments on major AI lenders.
- Assessments on private credit funds.
- Data center permit fees.
- Inspection fees.
- Industry contributions to the AI Resolution Fund.
- Worker transition assessments.
- Penalties.
- Clawbacks.
- Public ownership returns.
- Recovered assistance.
- Surety bond recoveries dedicated to covered decommissioning obligations.
- Community infrastructure reserves.

The greater the risk created, the greater the required contribution.

XXIII. Protection Against Regulatory Capture

Disclosure

Senior regulators and oversight members shall disclose:

- Industry investments.
- Consulting relationships.
- Employment negotiations.
- Political contributions.
- Gifts.
- Sponsored travel.
- Family financial interests in covered entities.

Cooling periods

Senior officials responsible for AI financial, utility, competition, environmental, or infrastructure oversight shall face meaningful restrictions on employment with entities they regulated.

Meeting records

Meetings concerning public assistance, special utility arrangements, siting, enforcement settlements, or proposed rescues shall be recorded in public logs.

Balanced representation

No advisory body responsible for AI public policy shall be controlled by:

- Technology companies.
- Utilities.
- Investors.
- Lenders.
- Consultants dependent upon industry revenue.

Workers, communities, public interest experts, and independent researchers must hold meaningful representation.

XXIV. Protecting Responsible Innovation

This framework does not prohibit:

- AI research.
- Private investment.
- Data center construction.
- Profitable automation.
- International competition.
- Responsible corporate risk.

Requirements shall be proportionate to the scale of public exposure.

Small businesses, independent researchers, and low impact projects shall not carry the same burden as major infrastructure providers, dominant platforms, or systemically significant lenders.

Compliant projects may receive:

- Clear regulatory standards.
- Coordinated review.
- Faster ordinary permitting.
- Reduced duplication.
- Access to public research infrastructure.
- Safe reporting channels.
- Technical assistance.

The target is not innovation.

The target is concealed leverage, public cost transfer, market concentration, abandoned infrastructure, preventable displacement, and unaccountable risk.

XXV. Implementation Schedule

First 100 days

- Create the National AI Financial Stability Program and create the AI Stability Dashboard.
- Begin standardized AI exposure reporting.
- Draft the federal public referendum amendment.
- Publish model state and local public vote laws.
- Publish a model data center siting ordinance.
- Publish model mandatory pre-construction surety bond requirements.
- Publish model community infrastructure reserve requirements.
- Begin retirement concentration review.
- Begin development of the AI Resolution Fund.
- Require disclosure of existing public assistance agreements.

First year

- Implement standardized AI Financial Schedules.
- Require private credit reporting.
- Begin annual stress tests.
- Establish utility cost responsibility rules.
- Establish workforce impact assessments.
- Establish the industry funded Worker Transition Fund.
- Adopt automatic dividend and buyback suspension rules.
- Establish public records standards.
- Require independent data center resource reporting.
- Begin competition review across the full AI economy.

Years two and three

- Establish the AI Prosperity Fund.
- Implement shared productivity requirements.
- Expand public computing capacity.
- Complete international financial coordination.
- Conduct the first GAO review.
- Recalculate all covered data center surety bond amounts and related reserves.
- Evaluate the effectiveness of public vote procedures.
- Review whether market concentration has increased.

Every three years

Congress, state legislatures, regulators, and the public shall review:

- Whether systemic exposure has increased.
- Whether financial disclosure is effective.
- Whether communities remain protected.
- Whether retirement concentration has improved.
- Whether workers receive productivity gains.
- Whether public resources have been committed without proper approval.
- Whether enforcement actions have recovered improper transfers.
- Whether regulation preserves innovation and competition.

Conclusion

Artificial intelligence may become one of humanity's most productive technologies.

That possibility does not justify reckless financing, concealed obligations, community exploitation, excessive concentration, mass displacement, or the transfer of private losses onto the public.

The central issue is ownership of risk.

> **Corporations cannot own the profits while workers, retirees, taxpayers, utility customers, and communities own the consequences.**

A functioning AI economy must allow responsible companies to succeed.

It must also allow poorly managed companies to fail without taking the public down with them.

It must protect retirement security before a correction.

It must protect communities before construction begins.

It must require enforceable decommissioning surety bonds before construction begins.

It must protect workers before jobs disappear.

It must expose debt before it becomes contagion.

It must prohibit capital extraction before executives request rescue.

It must establish public voting procedures before private losses are presented as public emergencies.

There shall be no bailout without prior informed approval from the affected public.

Direct assistance shall protect workers, households, retirees, and communities.

Private investors shall remain responsible for private losses.

The productivity generated by artificial intelligence must produce stronger wages, broader ownership, shorter working hours, improved public services, affordable necessities, secure retirement, and genuine economic opportunity.

> **AI should not create a future in which humanity becomes economically unnecessary. It should create a future in which human beings finally receive the full benefit of what their technology makes possible.**

Appendix A. Defined Acronyms

The following acronyms and abbreviated names are used in this framework:

- AI: Artificial Intelligence.
- BIS: Bank for International Settlements.
- EPA: U.S. Environmental Protection Agency.
- ERISA: Employee Retirement Income Security Act of 1974.
- FDIC: Federal Deposit Insurance Corporation.
- FERC: Federal Energy Regulatory Commission.
- FTC: Federal Trade Commission.
- GAO: U.S. Government Accountability Office.
- ILO: International Labour Organization.
- NIST: National Institute of Standards and Technology.
- S&P 500: Standard & Poor's 500 Index.
- SEC: U.S. Securities and Exchange Commission.
- TARP: Troubled Asset Relief Program.
- WARN Act: Worker Adjustment and Retraining Notification Act.