

Entertainment Industry Faces Legal Tsunami as AI Legislation Reshapes Hollywood's Future

Federal moratorium on state AI laws creates regulatory chaos while deepfake protections finally emerge



Los Angeles, California Jun 12, 2025 ([IssueWire.com](https://www.issuewire.com)) - The entertainment industry is grappling with unprecedented legal uncertainty as conflicting AI regulations create a patchwork of protections and restrictions that could fundamentally reshape how Hollywood operates. While federal lawmakers want to pass a controversial 10-year [moratorium](#) on state AI regulations, individual states are simultaneously

enacting groundbreaking deepfake protections that directly impact actors, musicians, and content creators.

The Perfect Storm of AI Regulation

The regulatory landscape has become a minefield for entertainment companies. House Republicans surprised tech industry watchers and outraged many state governments when they added a clause to Republicans' signature "[big, beautiful](#)" tax bill that bans states and localities from regulating artificial intelligence for a decade. Meanwhile, at least 40 [states](#), Puerto Rico, the U.S. Virgin Islands and the District of Columbia introduced artificial intelligence (AI) bills in 2024.

The stakes couldn't be higher. Existing laws, in copyright and other intellectual property areas, are vastly insufficient to redress the harm posed by unauthorized digital replicas. This regulatory gap has left entertainment professionals vulnerable to AI exploitation while studios navigate an increasingly complex legal environment.

Entertainment Industry Under Siege

The impact on creative professionals has been immediate and severe. From unauthorized deepfakes threatening actors' careers to AI-generated content challenging writers' livelihoods, the entertainment sector finds itself at the epicenter of America's AI regulation battle.

Recent legislative developments include:

- [The Take It Down Act](#): The House of Representatives passed the first major law tackling AI-induced harm in April 2025
- [NO FAKES Act](#): Federal legislation specifically designed to protect artists' rights to their voice, image, and likeness
- **State-Level Deepfake Bans**: Multiple states implementing legislation that would outlaw the distribution of salacious or pornographic deepfakes

Legal Expert Weighs In

"We're witnessing the most significant shift in entertainment law since the advent of digital media," said Bridgett Brumbaugh, Attorney specializing in entertainment and technology law. "The federal moratorium creates a dangerous vacuum where bad actors can exploit performers while legitimate studios struggle with compliance. This regulatory chaos is forcing the industry to operate in legal quicksand. Every decision could have massive consequences depending on which jurisdiction you're in."

Brumbaugh continued, "The irony is palpable: while Congress prevents states from protecting their own citizens, individual performers are left defenseless against AI exploitation. We need immediate federal action to establish clear, enforceable standards that protect creative professionals while allowing innovation to flourish."

Industry Response and Future Implications

Major studios and talent agencies are scrambling to adapt their contracts and practices to address AI-related risks. Hundreds of actors and Hollywood insiders have signed open letters calling for stronger protections, while production companies face mounting pressure to implement AI disclosure

requirements.

The regulatory uncertainty extends beyond individual performers. Production insurance, distribution agreements, and international co-production deals all face new complexities as AI capabilities advance faster than legal frameworks can adapt.

What's Next?

As the 2025 legislative session progresses, states are potentially filling the regulatory and legislative void left by federal inaction. Industry observers predict a wave of lawsuits challenging both the federal moratorium and individual state laws, setting up a Supreme Court showdown that could determine the future of AI regulation in America.

The entertainment industry's response to these developments will likely influence how other sectors approach AI regulation, making Hollywood's current legal battles a bellwether for America's AI future.

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