



2023

FEDERAL POLICY PRINCIPLES

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Federal Policy Agenda

TechNet champions a comprehensive, pro-innovation agenda that enables companies and entrepreneurs to create jobs and economic opportunities for people across the country; empowers American workers and students with the skills and knowledge to seize those opportunities and prosper; promotes the development of life-enhancing technologies; enhances our national security, global competitiveness, economic leadership, and technological superiority; and promotes freedom, unity, and equity.

TechNet proactively advocates for policies that: enable inclusive job growth, empower the workforce of tomorrow, ensure our global competitiveness, and promote digital trust.



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Empower the Workforce of Tomorrow

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Promote Digital Trust

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Enable Inclusive Job Growth

Enabling inclusive job growth is critical for the growth of the American economy; but to unleash this potential, we must address systemic problems. Fixing our broken immigration system, closing the digital divide, advancing diversity, inclusion, and racial justice, investing in research and development, and fostering a robust ecosystem are all keys to success that Congress and the administration must confront. The technology sector is prepared to invest in innovation, grow businesses, and hire workers, but these issues remain impediments to success.

I. Immigration

Throughout America's history, immigrants have been a source of strength for our country and helped drive the economic growth that has made us the most prosperous and innovative country on the planet. TechNet believes that immigrant innovators, entrepreneurs, and workers are a valued part of our economy and workforce who make essential contributions to our nation and communities every day. For example, no less than 43 percent of Fortune 500 companies were founded or co-founded by an immigrant or the child of an immigrant, and that figure rises to 57 percent among the Fortune 500 Top 35. Federal inaction on immigration reform has harmed America's economic and national security interests by stifling innovation, stunting job growth, and exacerbating ongoing skills gaps in our nation's critical industries. TechNet urges Congress and the Administration to work together to pass key aspects of comprehensive immigration reform in the 118th Congress, including proposals that have garnered widespread support from both the business community and the American public. TechNet believes:

- Congress and the administration should work together to provide all Dreamers a pathway to citizenship, including the nearly 600,000 individuals covered by the Deferred Action for Childhood Arrivals (DACA) policy, as well as the 400,000 DACA-eligible Dreamers denied access due to ongoing litigation. Providing Dreamers with permanent legal protections in the face of persistent legal threats to their status benefits families, communities, businesses, and the nation's economy.
- Congress and the Administration should work together to protect "documented Dreamers," the children of parents who live in the U.S. with legal status. Due to the long wait times that high-skilled workers face obtaining a green card, the children of these workers could "age out" at 21. Like undocumented Dreamers, many have grown up in the U.S. and consider America their home but could face deportation without explicit protections.

- Only Congress can provide substantive, permanent reform to high-skilled immigration policy. In the absence of Congressional action, we support administrative efforts to streamline high-skilled immigration processes and ensure the utilization of all green card numbers each fiscal year.

- Numerical levels and categories for high-skilled non-immigrant and immigrant visas need to be increased by Congress. The modernization of these employment-based programs should be responsive to economic needs and, where appropriate, include mechanisms to make adjustments based on transparent, predictable, and objective standards.

- TechNet recognizes the importance of immigration policies that keep families together, and as such, family visa determinations should be considered alongside and in conjunction with employment-based visa determinations.

- Spouses and children should not be counted against the cap of high-skilled immigrant visa applicants. There should not be a marriage or family penalty. Similarly, spouses of H-1B visa holders should be permitted to work while waiting for their green cards; more than 100,000 spouses have been given the right to work this way, thereby contributing to the American economy and paying taxes. Non-immigrant spousal visa applications should be processed expeditiously.

- Per-country green card caps should be eliminated.

- Congress should address employment-based backlogs by recapturing previously unused green cards, making them available to individuals seeking a green

card today. Recapture would ensure that green cards Congress allocated in previous years would be issued. This simple change would not increase or authorize new green cards, but rather ensure that all green cards originally intended by Congress are used and not permanently lost.

- Legislation should include provisions that ensure H-1B job training fees are used effectively, match the supply of H-1B visas to demand, and reduce the backlog of employment-based green cards.

- Federal immigration legislation, regulations, policies, and adjudications should facilitate, not restrict, the movement of high-skilled workers and entrepreneurs starting a new company or expanding a company's footprint.

- Congress should establish a startup visa to encourage entrepreneurs from around the world to grow companies and jobs in the U.S. Twenty-five other countries, including Australia, Canada, Germany, and the United Kingdom, have similar programs in place to retain and attract foreign-born entrepreneurs. The creation of a similar program in the United States will increase our global competitiveness in technology and innovation for years to come.

- The nation's employers are in the best position to identify which skilled workers are necessary and qualified for permanent employment opportunities in the U.S. We support efforts to update the methodology for prevailing wage determinations to reflect employers' compensation structures, including, but not limited to, stock-based compensation.



- The U.S. should ensure Americans are receiving opportunities to gain the skills and training necessary to secure jobs in areas where there is a demand for high-skilled workers. However, the U.S. workforce currently lacks the technical knowledge and skills to fill available high-tech positions. A 2019 American Action Forum study estimates the talent shortage of workers with a post-secondary degree will result in more than 9 million job vacancies and \$1.2 trillion in lost production over the next decade. While education can help narrow this skills gap in the long term, the tech industry, and the U.S. economy as a whole, would benefit from employing high-skilled immigrants to fill these open job positions in the short term. Doing so will increase America's competitive advantage over strategic competitors and safeguard America's national security interests in the 21st century global economy.

- Congress should establish the appropriate levels of high-skilled immigration and the scope and contours of high-skilled employment and visa classifications.

- A science, technology, engineering, and math (STEM) visa for foreign

students who have earned Master's degrees or above from U.S. colleges and universities would promote economic growth by ensuring that talented innovators educated and trained in the U.S. can become citizens and create jobs here. TechNet opposes executive actions to restrict foreign students from learning in the United States because it would have a negative impact on our nation's economy, interrupt the educational attainment of international students, and place a burden on institutions of higher education.

- TechNet recognizes the importance to the American economy of STEM in general, and the Optional Practical Training (OPT) and STEM OPT programs, in particular. Companies of every size, in every industry and geography, depend on workers trained in STEM fields to succeed. But American companies are struggling with a sustained scarcity of STEM-trained workers resulting in an inability to fill STEM jobs and causing persistent vacancies. TechNet strongly supports the OPT and STEM OPT programs and will vigorously defend them against any attempts at elimination.

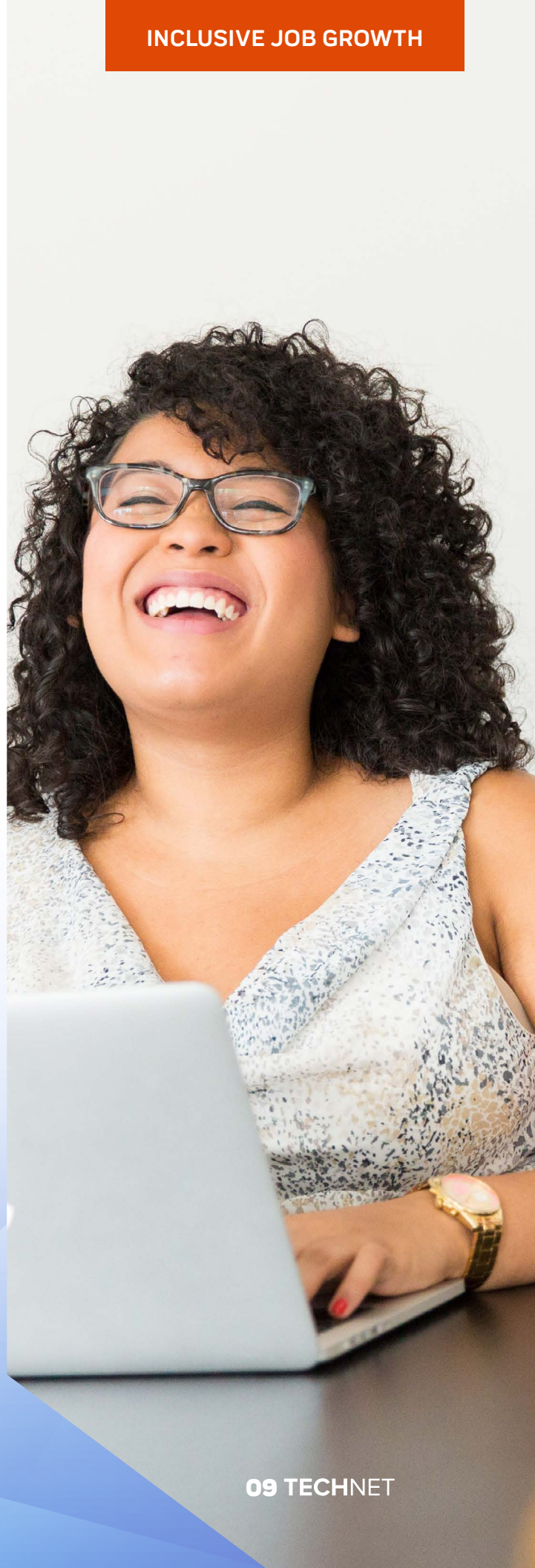
- Given the contributions refugees make to our economy and society, TechNet supports efforts by federal, state, and local governments to ensure the U.S. continues its proud tradition of welcoming refugees in our communities, particularly from Afghanistan, given the conclusion of U.S. military operations there.
- TechNet opposes the reimplementation of travel bans to restrict legal immigration from countries for religious or ethnic reasons. Enhanced vetting and information gathering on particular individuals spending time in certain countries is a more appropriate and strategic way to protect national security.

II. Inclusion, Diversity, and Racial Justice

The technology industry is committed to promoting an inclusive workforce and nation that reflects the diversity of our customers and people. To ensure that our economy remains robust and innovative, we support education, workforce development, and immigration policies that empower the best and brightest people to continue making important contributions to our nation and communities. TechNet opposes all forms of discrimination on the basis of nationality, race, religion, age, disability, sexual orientation, age, gender, or gender identity.

- TechNet believes systemic inequities exist in American society. TechNet supports both private sector and public policy solutions that help close opportunity gaps beginning with six key areas: education, employment, health, finance, including access to capital for entrepreneurs, housing, and the administration of justice. Systemic inequalities in these six areas perpetuate broader inequalities in our society, hold back individual and business success and hinder economic growth.
- TechNet believes Black lives matter and stands in solidarity with Black Americans and peaceful efforts to focus attention on the issue of systemic racism and inequities.
- TechNet believes Congress and the Administration should work together to craft a bipartisan, comprehensive policing reform bill to address systemic racism and inequities in the administration of justice nationwide.
- TechNet urges Congress to work together with the private sector to remove institutional barriers to opportunity and move more swiftly toward full equality in our civic life and in our economy for all Americans.
- TechNet believes the right to vote is fundamental, and that every citizen should have free, fair, and safe access to the ballot box.
- TechNet applauds the 2020 Supreme Court decision ruling on Title VII of the *Civil Rights Act*, which prohibits discrimination against LGBTQ+ workers, and urges Congress to pass legislation achieving full equality under the law for LGBTQ+ Americans.
- TechNet supports efforts to codify marriage equality.

- TechNet supports promoting a highly qualified, more diverse workforce by ensuring Historically Black Colleges and Universities (HBCUs), Predominantly Black Institutions (PBIs), Hispanic Serving Institutions (HSIs), and Tribal Colleges and Universities have the appropriate federal support to offer their students sufficient opportunities in the STEM disciplines, or science, technology, engineering, and math. TechNet also believes the private sector has an important role to play in both supporting and focusing its recruitment efforts on these institutions.
- TechNet supports policies and programs that focus on engaging and providing opportunities for underrepresented communities, namely students and workers, by cultivating skills in STEM and computer science.
- TechNet encourages the National Science Foundation to more equitably allocate funding for research with a focus on early childhood and to support research on the factors that encourage or discourage girls to engage in STEM activities, including computer science. TechNet also supports increased funding for programs that help girls learn computer science.
- TechNet supports legislation that improves corporate governance by increasing transparency of the racial, ethnic, and gender composition of their boards of directors, nominees for the boards of directors, and executive officers. TechNet also supports the public disclosure of any plan to promote racial, ethnic, and gender diversity among these groups.
- TechNet supports diversity, equity, and inclusion training throughout the American workforce.



III. Research and Development

It is important that federal tax and budget policy renew investments in private sector research and development (R&D) to ignite innovation, create jobs, and increase our global competitiveness. TechNet supports:

- Reinstating the ability to deduct R&D expenses in the year incurred.
- Swift implementation of the *CHIPS and Science Act of 2022*, which made historic investments in our R&D capabilities, including in artificial intelligence and machine learning in 5G and future generation telecommunications, high performance and quantum computing, robotics, automation, and advanced manufacturing, including for semiconductors, and more.
- The newly-established directorate at the National Science Foundation, which will oversee essential research and commercialization of emerging and critical technologies.
- The regional technology hubs program established in the *CHIPS and Science Act of 2022*, which will award federal funding for comprehensive investment initiatives that position regions across the country to be global centers for the research, development, and manufacturing of key technologies.
- A request for full funding of the *CHIPS and Science Act of 2022*, particularly for the tech hubs, in the President's budget for fiscal year 2024 and in the Congress' budget.
- Allowing high-growth startups to access up to \$25 million in net operating loss (NOL) carryforwards and R&D credits, providing fast and efficient capital availability to support companies through the downturn that will be offset over time through higher tax payments once they become profitable. TechNet's principles on venture capital and startups can be found [here](#).
- Improving the 2017 tax law's base erosion and anti-abuse tax (BEAT) provision by allowing the add-back of the R&D Tax Credit for regular tax purposes. Current law requires that beginning in 2026, regular tax liability be reduced by the R&D Tax Credit, which could result in many innovative companies effectively losing all or a substantial portion of their R&D credits.
- Policies that encourage the repatriation of U.S. intellectual property to spur U.S.-based R&D and innovation that grows the economy.
- The expansion of the R&D Tax Credit to all businesses to offset payroll taxes and spur innovation and investment.
- Allowing businesses to monetize certain tax credits to provide flexibility when needed.
- Policies that allow companies to manage balance sheets through share repurchases, which allow a return of excess cash to investors after making necessary investments in people, research, and development.

IV. Venture Capital and Startups

Startups, including venture-backed startups, are disproportionately responsible for the innovations that drive economic growth and job creation in the U.S. In fact, startups are responsible for almost all of the net new U.S. jobs created since 1997. The venture capital business model is based on investors taking risks and making investments in early to later-stage startups, in order to accelerate innovation and the startups' growth. These long-term capital investments provide young companies with the time and resources they need to build products, develop new ideas, hire personnel, and expand, and have fueled extraordinary innovation in the U.S. for decades.

TechNet advances a policy agenda that supports the U.S. innovation ecosystem, which includes venture capital firms and startups, whose success will determine the country's future competitiveness. To thrive, startups need access to capital and markets, innovation, and talent.

▶ Access to Capital and Markets

Startups thrive when they have access to capital and markets and operate within a balanced regulatory regime that promotes innovation and does not restrict access to exit opportunities. Startups across America have been impacted by a sudden cash liquidity crisis and have struggled to survive the turbulent economic conditions brought about by the COVID-19 pandemic. This is partly because they typically operate in a loss position for several years, deliberately choosing instead to invest heavily in growth activities such as research and hiring and necessarily generating tax assets. While many small businesses and startups faced challenges in weathering the COVID-19 pandemic, the economic crisis also ushered in a period of "creative destruction," and hundreds of new ideas and businesses have arisen. Federal policymakers can improve the capital allocation process for both existing and new startups through targeted reforms to regulations and tax laws. TechNet supports:

- Federal policies that reduce unnecessary barriers for private companies opting to go public.
- Federal policies that promote competition and reduce unnecessary barriers to mergers and acquisitions.
- Efforts by federal agencies to appropriately enforce long-standing consumer protection laws.
- An approach to evaluating existing antitrust laws that promotes consumer welfare and does not pose risks to consumer privacy, cybersecurity, or America's national security interests.
- Reducing bias against acquisitions by large companies to avoid unintended, long-term consequences on investment and innovation.
- A regulatory regime that recognizes mergers and acquisitions are essential to the thriving startup ecosystem.

- A regulatory regime that allows consumers to determine the success of companies, rather than the government.
- Federal Policies that promote labor-market flexibility and dynamism.
- Federal policies that create “venture exchanges.”
- Tax policies that promote growth and innovation and do not hamper long-term investment.
- Targeted tax reforms that allow startups to bring forward the value of their tax assets, providing fast and efficient capital availability to support companies.
- Policies that promote startup businesses by not increasing taxes on entrepreneurial investment activities.
- Current tax treatment of the Qualified Small Business Stock (QSBS).
- The permanent exclusion of federal and state capital gains taxes on investments in startup businesses that are held for more than five years.
- Innovative tax credits that can apply to other tax requirements beyond corporate income tax obligations.
- Policies that encourage equity sharing for employees of startups that incentivize risk throughout the various stages of a firm’s growth.
- Ensuring that tax policies affecting the gig and sharing economy help promote economic opportunities, provide clarity, do not impose significant administrative burdens for job creators, and also recognize the unique differences that

exist among the business models of innovators operating in this growing segment of the economy.

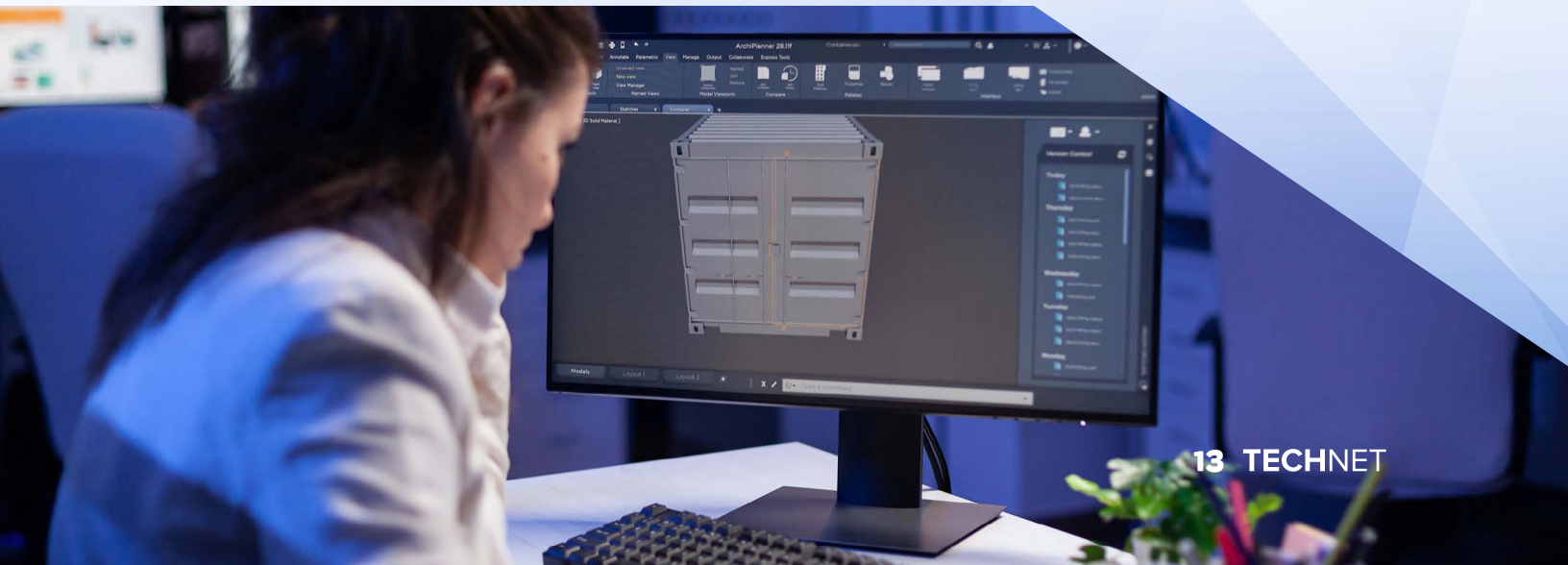
- Efforts to open insurance markets to competition.
- Mandatory reviews of the impact(s) of new federal regulation on startup companies and new business creation.
- International trade agreements that reduce market access barriers for digitally delivered goods and services, promote the free flow of data across borders, contain “safe-harbors” against intermediary liability, and include strong protections for intellectual property.
- Access to federal, state, and local infrastructure, transportation, services, and resources.



▶ Access to Innovation

Public policy should help startups and small businesses move projects efficiently from the idea phase to the new business phase. Additionally, the federal government should adopt public policies that encourage small businesses to adopt technologies to grow and scale. TechNet supports:

- Federal efforts to create regional technology hubs where federal resources could catalyze regional innovation and opportunity.
- The exploration of new ownership models, including co-ownership between inventors and universities.
- The newly-established directorate at the National Science Foundation should outline an agenda for supporting startups as part of its mission to advance research and commercialization of emerging and critical technologies.
- Patent policies that level the playing field to promote innovation in all sectors of the economy and minimize frivolous litigation. TechNet's principles on intellectual property and patent reform can be found [here](#).
- The review, expansion, and creation of government funds devoted to helping small businesses go digital.
- The streamlining of modernization of existing programs like the U.S. Small Business Administration's State Trade Expansion Program (STEP) grants to help small businesses globalize their digital presence.
- Procurement reform at the local, state, and federal levels that acknowledges the evolving technology landscape and enables governments to purchase and utilize innovative and secure products on a technology-neutral basis.
- Federal tax and budget policy that renews investments in private sector research and development (R&D) to ignite innovation, create jobs, and increase our global competitiveness. TechNet's principles on R&D can be found [here](#).





▶ Access to Talent

TechNet supports efforts to grow and strengthen America's talent pipeline by ensuring equitable access to digital skills training across occupations; encouraging and supporting American students to pursue STEM fields, particularly computer science education; and reforming our immigration policies to attract global talent.

The modern American workforce requires a flexible employment environment that allows workers to find opportunities that best match their skills, interests, and availability.

- TechNet opposes efforts to eliminate or severely restrict this essential flexibility, including restrictions on the use of independent contractor and consultant classifications, inflexible overtime rules, and the indiscriminate expansion of collective bargaining rules.
- Promoting more stock ownership opportunities for workers at startups by allowing them to defer the tax associated with the exercise of their personal equity until they sell the underlying shares and thus have the cash to pay the tax, instead of taxing these options upon vesting.
- Policies that encourage equity sharing for employees of startups that incentivize risk throughout the various stages of a firm's growth.
- TechNet supports efforts to develop new avenues and "safe-harbors" that empower companies to provide benefits to workers without impacting classification outcomes.

- TechNet's principles on the future of work can be found [here](#).

An educated, diverse American workforce is the lifeblood of the innovation economy. TechNet advocates for more significant federal investments in education and the workforce to help all American students and workers succeed in a global, interconnected, and technology-driven economy, including:

- Consistent short- and long-term funding for science, technology, engineering, and math (STEM), and computer science courses.
- Strong standards and rigorous assessments to better evaluate what and how students are learning. Programs that ensure principles of computer science, computational thinking, and STEM skills are integrated into other areas of K-12 instruction.

- Effective professional development and new teacher training programs to train high-quality STEM and computer science teachers.
- Policies and programs that focus on providing STEM education and career opportunities for female and minority students.
- Consistent funding and investment for the STEM programs and STEM infrastructure at HBCUs, PBIs, HSIs, and Tribal Colleges and Universities.
- School and public/private programs, such as robotics clubs, emphasize hands-on, inquiry-based learning to inspire the next generation of innovators.
- TechNet's principles on education can be found [here](#).

The world's most talented innovators and entrepreneurs should be able to stay in the U.S. and contribute to the economy, rather than be forced out to start competitor businesses in competitor nations. To that end, TechNet supports comprehensive immigration reform, and our principles on immigration can be found [here](#). In short, TechNet supports:

- Federal immigration legislation, rules and regulations, policies, and adjudications that facilitate, not restrict, the movement of high-skilled workers and entrepreneurs starting a new company.
- Policies that encourage entrepreneurs from around the world to grow companies and jobs in the United States.
- Numerical levels and categories for high-skilled non-immigrant and immigrant visas that are responsive to economic needs and, where appropriate, include mechanisms to fluctuate based on transparent, predictable, and objective standards.
- The removal of per-country green card caps.
- A STEM visa for foreign students attending U.S. universities and colleges who have earned Master's degrees or above.
- Optional Practical Training (OPT) and STEM OPT programs, in particular. Companies of every size, in every industry and geography, depend on workers trained in STEM fields to succeed. But American companies are struggling with a sustained scarcity of STEM-trained workers resulting in an inability to fill STEM jobs and causing persistent vacancies. TechNet strongly supports the OPT and STEM OPT programs and will vigorously defend them against any attempts at elimination.
- Congress should establish a startup visa to encourage entrepreneurs from around the world to start to grow companies and jobs in the U.S. Twenty-five other countries, such as Australia, Canada, Germany, and the United Kingdom, have similar programs in place to retain and attract foreign-born entrepreneurs. The creation of a similar program in the United States will increase our global competitiveness in technology and innovation for years to come.



Empower the Workforce of Tomorrow

Empowering the workforce of tomorrow will fuel the U.S. economy. We must meet the moment before us by utilizing digital technologies to address trends and changing demands of the modern workforce. First, the U.S. is losing its competitive edge because of its lack of focus on strengthening America's talent pipeline, not only because of our broken immigration system, but also because not enough American workers have access to digital skills training and not enough American students pursue STEM fields. Second, the transition to virtual life is here to stay, and we need to ensure that students, workers, and innovators have the connectivity and digital resources to harness their full potential; similarly, educational institutions and businesses must be incentivized and supported to develop and expand the capacity for remote and digital learning and working. Third, new technologies offer employers the opportunity to connect to a broader, more diverse workforce and provide workers with flexibility and opportunity in the future of work if not stifled by overly burdensome regulations.

V. Education and Workforce Development

The U.S. is losing its competitive edge compared to countries like China due to its lack of focus on science, technology, engineering, and math (STEM) education. American companies throughout the entire tech ecosystem consistently face talent shortages. TechNet supports efforts to grow and strengthen America's talent pipeline by: ensuring equitable access to digital skills training across occupations; encouraging and supporting American students to pursue careers in in-demand STEM fields, particularly computer science education; and retooling our immigration policies to attract global talent. TechNet advocates for greater federal investments in education and the workforce to help all American students and workers succeed in a global, interconnected, and technology-driven economy. In particular, TechNet supports:

- Fully funding STEM education programs enacted in the *CHIPS and Science Act of 2022*.
- Education and workforce development policies focusing on greater access to digital skills and digital literacy training across industries and empowering workers to keep their skills updated and in line with the changing demands and nature of work in the 21st century.
- The expansion of online skills and workforce training programs in order to provide opportunities for underserved communities, particularly those in rural America.
- Including or expanding computer science offerings in high schools and allowing qualified computer science courses to fulfill a core high school graduation requirement.

- Robust and sustained efforts to train and recruit more high-quality STEM and computer science teachers through effective professional development and teacher training programs.
- Promotion of the K-12 Computer Science Framework developed by the Association for Computing Machinery, Code.org, the Computer Science Teachers Association, the Cyber Innovation Center, and the National Math and Science Initiative in collaboration with states, school districts, and the computer science education community.
- Policies that encourage the use of digital content and technology, including access to high-speed wireless broadband and connectivity in the classroom, to provide individualized learning experiences, improve educational outcomes, and teach valuable workforce skills.
- Ensuring that student data is protected, while also providing parents, teachers, and students the ability to access educational tools to promote innovation and technology in the classroom.
- Policies and programs that increase internet adoption at home and digital literacy so that students can complete their assignments and so individuals of all ages can access online training for skilled jobs.
- Education and training in digital ethics and data privacy for STEM researchers from undergraduate through graduate education.
- Promoting a highly qualified, more diverse workforce by ensuring Historically Black Colleges and Universities (HBCUs), Predominantly Black Institutions (PBIs), Hispanic Serving Institutions (HSIs), and



Tribal Colleges and Universities have the appropriate federal support to offer their students sufficient opportunities in the STEM disciplines, or science, technology, engineering, and math. TechNet also believes the private sector has an important role to play in both supporting and focusing its recruitment efforts on these institutions.

- Increased public/private partnerships with HBCUs, PBIs, HSIs, and Tribal Colleges and Universities to develop broader and deeper curriculum to promote STEM education and careers to create a more diverse workforce.
- Policies and programs that focus on engaging and providing opportunities for underrepresented communities of color and women students and workers in STEM and computer science.

- Encouraging the National Science Foundation to more equitably allocate funding for research with a focus on early childhood and to support research on the factors that encourage or discourage girls to engage in STEM activities, including computer science. TechNet also supports increased funding for programs that help girls learn computer science.
- Tax incentives for employers — especially small businesses — to incentivize significant new investments in the skills of the current workforce.
- Greater use of innovation and data to help workers understand available training and career paths and policies which would make it easier for individuals to differentiate between credentials and search for quality programs that are likely to lead to in-demand and higher-wage jobs. These systems must also be enabled to integrate data across employment, training, and higher education.
- Greater transparency of student career and salary outcomes in America's postsecondary education system to provide America's students with accurate information to help attain post-graduate employment opportunities.
- Promotion of increasingly diverse and inclusive workplace environments that support backgrounds and experiences of all types embracing the creation of belonging.
- Apprenticeships and career and technical education programs (degree and non-degree) that advance the knowledge and/or skills necessary for college and career readiness and success in high-demand technical career pathways.
- An emphasis on programs that invest in skills, rather than only credentials.
- Invest in federal workforce programs which provide individuals with access to additional relevant skills training, including online tools and services, throughout their lives, as well as more funding for existing workforce programs focusing on technology and skills.
- Lifelong learning, retraining, and reskilling policies and programs that allow workers to attain the education and skills they need to stay current as jobs evolve and advance their careers.
- Broader work-based training programs, including support for transitional employment which would provide subsidies for time-limited, wage-paid work experiences and skill development.
- Employers and employees should be free to enter into mutually agreeable arrangements, such as predispute arbitration, to resolve employment-related disputes in order to obtain a faster and more cost-effective resolution of such disputes.
- In general, federal preemption with regard to employment-related issues.
- Policies to attract and retain advanced STEM degree students from around the world who study at U.S. institutions of higher education to continue their career development in the U.S.

VI. Expanding Internet Connectivity and Promoting a Healthy Internet Ecosystem

TechNet views the internet as a vital tool for people's access to information and empowerment. With the rapid evolution of technologies, rising consumer demand for data, and the rapid growth of the Internet of Things (IoT), TechNet believes policymakers should promote greater broadband connectivity. Broadband includes several high-speed transmission technologies such as cable, fiber optics, fixed wireless, low earth orbit satellite, and fifth-generation communications technology, and is used below to refer to all of them in a technology-neutral manner. The [World Bank](#) estimates that a ten percentage-point increase in broadband adoption can lead to a 1.2 percent increase in real per capita GDP growth. Policymakers should also support investment in broadband build-out and continued private investment in broadband networks and cloud services. TechNet supports:

- Policies that facilitate continued private investment in broadband services and streamlined network infrastructure deployment, including at the local level.
- Policies that promote public/private partnerships in deploying broadband connectivity to unserved and underserved areas, as defined by the *Infrastructure Investment and Jobs Act*.
- Robust funding and swift implementation of policies that expand connectivity and internet access in unserved and underserved areas, as defined by the *Infrastructure Investment and Jobs Act*, in a technology-neutral manner, including unserved and underserved anchor institutions, to facilitate online learning and the delivery of telehealth services.
- Policies that encourage and support the continuation of successful affordability programs for low-income subscribers like the Affordable Connectivity Program, including the ability for all broadband service providers to be part of the solution, without unnecessary regulatory burdens, and ensure seamless delivery of benefits and greater economic opportunity for consumers.
- Continued refinement of, and reliance on, the FCC's Broadband Data Collection map, which will be the first-ever national broadband map showing specific locations where broadband service is and is not available.

- Policies that foster a light-touch regulatory environment and that encourage a competitive marketplace that spurs innovation and private-sector investment to ensure the U.S. remains a leader in the race to 5G and other technologies. According to the Brookings Institution, 5G networks and their related applications are expected to add roughly three million jobs and over \$1 trillion to the U.S. economy.
- Policies to increase the availability of licensed, unlicensed, and shared spectrum, including for use by terrestrial and satellite services.
- Policies that increase access to, and participation in, the provision of advanced broadband services such as 5G and other services, including additional research and development funding and open-architecture systems such as open radio access networks.
- Responsible efforts to clear more federal spectrum for commercial use while protecting for public safety use, especially in the mid-band that will be critical for powering next-generation networks.
- Federal policy initiatives that can expedite broadband deployment, such as “Dig Once” or “One Federal Decision” and access to federal lands and buildings.
- Technology-neutral policies that reduce burdens on communications service providers, including easing restrictions on rights of way, speed cell tower siting and permitting, and prohibiting excessive pole attachment charges by some municipalities and co-ops, so that broadband buildout can expand rapidly.
- Policies that promote broadband adoption and digital literacy.
- Recognizing that the Domain Name System (DNS) is used in a widely distributed, multi-stakeholder manner and preserving its decentralized model that contributes to the internet’s safety, security, and reliability.
- The principles of net neutrality and a fair and open internet without heavy-handed regulation.
- Safeguards against intermediary liability.
- Policies that provide a safe and secure user experience and promote free speech, while responsibly addressing the use of internet platforms to spread disinformation.
- Policies that protect children from online sexual exploitation, including increased federal resources to the Department of Justice for investigation and prosecution, as well as the preservation of strong encryption standards that protect both the privacy and safety of children. TechNet’s principles on privacy can be found [here](#).
- Policies to improve transparency for consumers shopping online, including the federal *Information, Notification, and Fairness in Online Retail Marketplaces for Consumers Act*, or the *INFORM Consumers Act*, which would create a national standard for seller information collection, verification, and disclosure. TechNet members have invested heavily in consumer protection. Any efforts to improve safety and transparency should ensure that they do not hinder the efficiency of existing tools that protect consumers from bad actors.

VII. The Future of Work

The continued growth of the gig and sharing (or “on demand”) economy has created income opportunities in virtually every corner of the country, allowing people to work independently and on preferred discretionary schedules, expand their businesses, and provide for themselves and their families with greater flexibility.

At the same time, remote and hybrid work have brought economic, social, and environmental benefits and will remain a pillar of work across all industries moving forward. A report from the [International Data Corporation](#) noted that the digital workplace transformation had increased employee productivity, with most organizations reporting gains of up to 25 percent. Employees are also excited by remote and hybrid work opportunities, with a 2022 [Gallup study](#) highlighting that 60 percent of remote-capable workers want a permanent hybrid work arrangement.

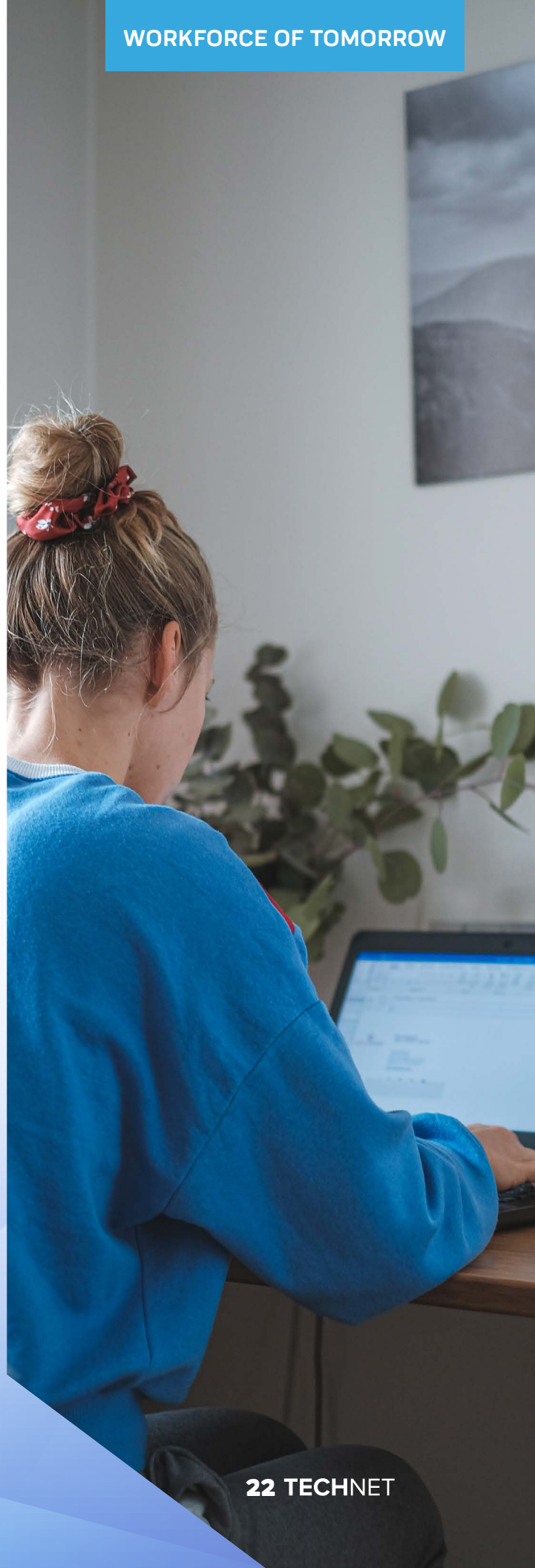
Policymakers should ensure that efforts to oversee or regulate new technologies further innovation and individual empowerment instead of stifling it. To that end, TechNet supports the following principles:

▶ Gig and Sharing Economy

- Establishing an innovation-friendly policy framework as the key to the competitiveness of the technology industry, and corresponding rules, regulations, and laws should be adjusted to allow for technological neutrality. TechNet opposes regulatory restrictions and unreasonable barriers to market entry imposed to protect existing markets from competition.
- The modern workforce requires a flexible environment that allows workers to find opportunities that best match their skills, interests, and availability on their own terms. TechNet opposes efforts to eliminate or severely restrict this essential flexibility, including restrictions on the use of independent contractor and consultant classifications, inflexible overtime rules, and indiscriminate expansion of collective bargaining rules.
- Tax and labor policies should help promote economic opportunities, provide clarity, avoid creating significant administrative burdens for business creators or independent contractors, and should recognize the unique differences that exist among the business models of innovators operating in the growing gig and sharing segment of the economy.
- Improved economic assessments that reflect a better understanding of the changing nature of work and the true impact and benefits of opportunities in the on-demand economy.
- Efforts to develop new avenues and “safe-harbors” that empower companies to experiment with voluntarily providing benefits to independent workers and permit companies to promote corporate social responsibility programming where appropriate without impacting classification outcomes, especially while the economy continues to be impacted by COVID-19.

- Federal policies should promote experimentation with innovative efforts to establish portable benefits programs that provide access to benefits for classes of workers who have traditionally lacked those opportunities and empower workers to maintain benefits as they move from opportunity to opportunity. Any portable benefits program should be guided by the following principles:

- ✓ Participation by companies should extend benefits coverage to gig economy workers or independent contractors, including those who work across multiple platforms, and the program should maintain the flexibility these workers currently have while allowing technology companies to continue to grow and provide earning opportunities for more workers.
- ✓ These programs should be flexible enough to account for the differences between business models for finding work as well as differences in services.
- ✓ These programs should empower companies to provide portable benefits to workers by ensuring that extending these types of benefits does not jeopardize the independent contractor status of workers.
- ✓ Benefits under these programs should be proportional to the amount that workers choose to work.
- ✓ The program should not impede the ability of self-employed workers, independent contractors, freelancers, and other small businesses to find work online by imposing “one-size-fits-all” benefits policies.



▶ Maximizing the Benefits of Fully Remote and Hybrid Work

- TechNet supports government policies that broaden the inclusive economic opportunities afforded by fully remote and hybrid work, including for caretakers, the disabled, and those without access to major economic centers. To that end, we support the establishment of a predictable legal framework that reflects the permanent nature of fully remote and hybrid work across industries.
- As part of such a framework, tax policies should help promote the adoption of flexible work opportunities and recognize the unique designs of these innovative business models.
- Similarly, we support public investment in broadband infrastructure in unserved and underserved locations and efforts to incentivize the development of co-working spaces, which would provide for broader fully remote and hybrid work opportunities in both rural and urban environments. TechNet's additional priorities on broadband policy can be found [here](#).
- Considering future employment rights and obligations, TechNet also supports federal legal frameworks that amend labor laws as necessary to ensure appropriate protections and rights for fully remote and hybrid workers. Such efforts should codify the right to work outside of the office and prevent the imposition of unjustified requirements for workers to report to a single physical location.
- TechNet supports the Bureau of Labor Statistics in expanding its research into fully remote and hybrid work and its economic impact. American businesses are increasingly utilizing alternative work locations and should be included in our understanding of the modern economy's opportunities.





Ensure Global Competitiveness

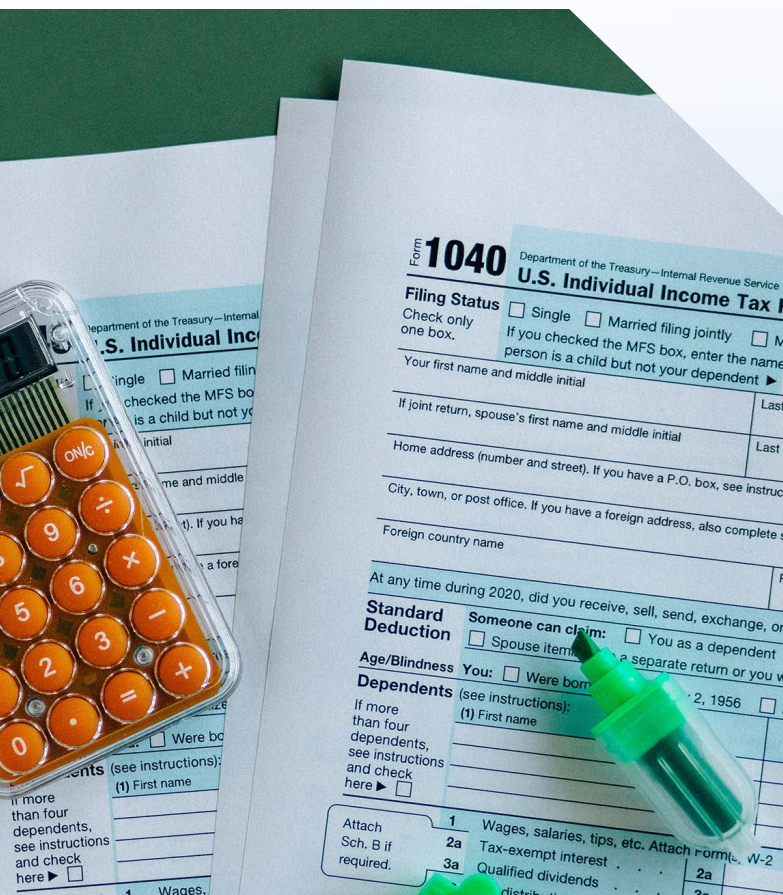
Ensuring global competitiveness for American businesses and workers has been encumbered in recent years by an erratic and inconsistent trade policy that is heavily reliant on tariffs and a “go-it-alone” approach. The Biden administration and Congress must reassert America’s role as the global leader in trade and work with willing partners in various regions, such as the Indo-Pacific, Western Hemisphere, and the European Union, to ensure and promote safe and efficient cross-border data transfers; lead globally in the fight against climate change by breaking down trade barriers to access, deployment, and the use of innovative environmental technologies; reestablish efficiency in our supply chains; reduce unnecessary trade barriers; end tariffs that hurt businesses and consumers and cost jobs; address the spread of digital protectionism; and reassert diplomacy to achieve global competitiveness for our industries and workforce. Congress must continue to invest in emerging technologies to cement our global leadership and ensure that America sets the rules for the use of these homegrown technologies, while protecting policies that cut red tape and keep trade costs low for U.S. businesses. Finally, Congress and the administration must ensure that American firms are not constrained by discriminatory taxation, protectionist digital regulation, and anti-globalization policies, and that the secure, free flow of data continues to fuel innovation and consumer choice at home and abroad.

VIII. Tax

The U.S. corporate tax system, largely shaped by the *Tax Cuts and Jobs Act of 2017*, and enhanced by provisions of the *Inflation Reduction Act*, provides a globally competitive tax rate that encourages companies to invest in America and benefits U.S. workers, families, and communities. Policymakers at all levels should maintain and build upon this successful tax system to encourage investment in American businesses. As Congress considers future changes to the tax code, TechNet supports the following:

- Defending the legal right of U.S. corporations to structure global business operations consistent with relevant legal requirements and ensuring that any new global tax rules are adopted in a manner consistent with treaty obligations and taxing norms.
- Rejecting efforts by individual governments to impose discriminatory taxes on U.S. digital services.
- Encouraging governments to engage via the Organization for Economic Cooperation and Development’s inclusive framework to develop a consensus income tax-based solution to be ratified by all affected legislative bodies through a multilateral treaty instrument.
- Continuing the federal prohibition of state and local internet access taxes.
- Promoting more stock ownership opportunities for workers at startups and other employers by allowing them to defer the tax associated with the exercise of their personal equity until they sell the underlying shares and thus have the cash to pay the tax, instead of taxing these options upon vesting.

- Policies that allow companies to manage balance sheets through share repurchases, which allow a return of excess cash to investors after making necessary investments in people, research, and development.
- The permanent exclusion of federal and state capital gains taxes on investments in startup businesses that are held for more than five years.
- Policies that promote startup businesses by not increasing taxes on entrepreneurial investment activities.
- Policies that encourage equity sharing for employees of startups that incentivize risk throughout the various stages of a firm's growth.
- Current tax treatment of the Qualified Small Business Stock (QSBS).
- The use of the tax code to spur private investment in research and development. TechNet's principles on research and development can be found [here](#).
- Tax policy, such as the Foreign Derived Intangible Income (FDII) provisions, that promotes the development and maintenance of intellectual property in the United States and the high-value jobs that support intellectual property.
- Simplified tax requirements for mobile workers and gig companies.
- Ensuring tax policies affecting the gig and sharing economy help promote economic opportunities, provide clarity, do not impose significant administrative burdens for platforms or independent workers, and recognize the unique differences among the business models of innovators operating in this growing segment of the economy.
- Access to existing tax credits and benefits for the gig and sharing economy participants.
- Common sense policies for users of online platforms, including increasing the 1099-K reporting threshold.
- The federal government should align its energy, tax, and procurement policies to address both the causes and consequences of climate change by reducing greenhouse gas emissions and promoting energy resilience to climate change-induced extreme weather. TechNet's principles on climate change can be found [here](#).
- Stable tax policy that provides industry and consumers long-term clarity to support the investment and deployment of clean energy and transportation technologies, including electric vehicle charging infrastructure. TechNet's principles on the future of mobility can be found [here](#).

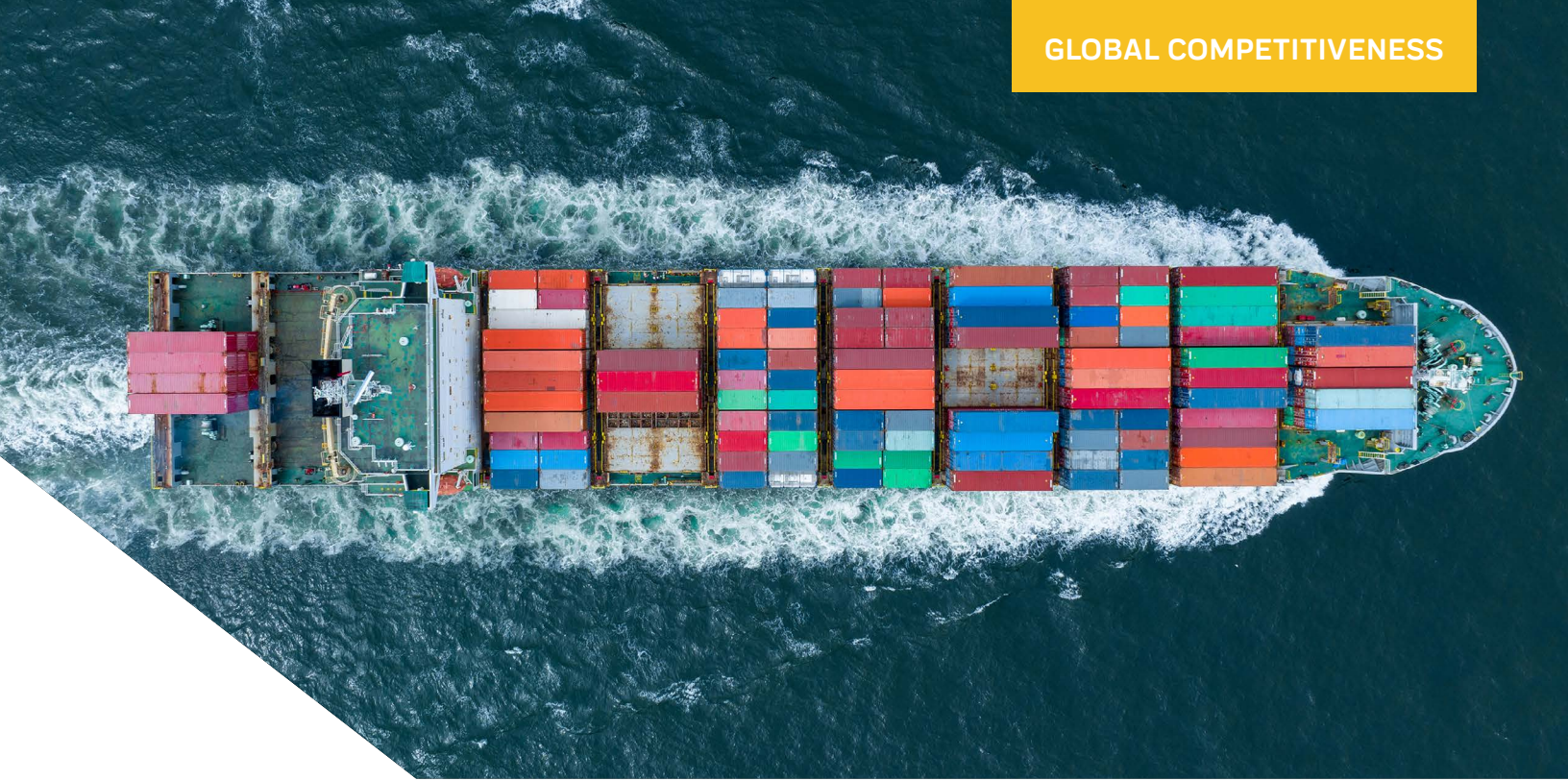


IX. Trade

The U.S. is the global leader in developing and deploying innovative digital technologies; the sector is a component of U.S. economic competitiveness and future growth. It is imperative that the Biden administration and Congress pursue a trade agenda that drives economic growth, creates jobs, and strengthens U.S. competitiveness. Maintaining a rules-based global trading system that ensures U.S. businesses and workers are able to compete fairly in the global marketplace is critical for economic growth and job creation in the U.S. The U.S. can improve market access for the technology sector by developing and cultivating strong relationships with our international trading partners, participating in efforts to shape global trade rules, and avoiding unnecessary trade wars that hurt American consumers, workers, and businesses of all sizes. TechNet supports:

- The advancement of comprehensive trade negotiations and agreements with willing partners in bilateral frameworks (the United Kingdom, European Union, Kenya, and Taiwan), and plurilateral frameworks (the Indo-Pacific Economic Framework, Americas Partnership for Economic Prosperity), while ensuring that U.S. free trade agreement partners continue to comply with commitments made under existing trade agreements.
- Renewal of Trade Promotion Authority, with increased attention to negotiation objectives on issues such as digital trade, e-commerce, good regulatory practices, sustainability/climate change, human rights, labor, and the responsible use of technology, and with careful attention to transparency throughout negotiating processes.
- Appropriate implementation and enforcement of existing trade agreements.
- Strong U.S. leadership at the World Trade Organization (WTO). TechNet understands the need for constructive dialogue about WTO reform, but recognizes the WTO as the world's preeminent trade body and critical for a rules-based trading system.
- Further trade liberalization at the WTO, including reductions in tariff and non-tariff barriers to information, communications, and advanced energy technology products, services, and investments, continued renewal of the WTO moratorium on customs duties on electronic transmissions, and a successful outcome in the WTO's E-Commerce/Trade negotiations.
- The requirement in all future free trade agreements negotiated by the U.S. that our trading partners join the WTO Information Technology Agreement (ITA), the expansion of ITA in 2015, and any future extension of ITA to new products.
- Protections for the free flow of data across borders, appropriate protections for intellectual property (including source code), and protection of intermediary liability.
- Allowing products with commercial encryption to be traded freely.

- Heightened attention to the need for global supply and value chains — particularly important to global innovation — which are often disrupted by government imposition of data localization requirements, including forced technology transfers, audits of proprietary code and other trade secrets, and investment conditions that discriminate against U.S. interests.
- The 2022 European Union-U.S. Data Privacy Framework and President Biden’s Executive Order on Enhancing Safeguards for the United States Signals Intelligence Activities. TechNet’s principles on privacy can be found [here](#).
- Rejecting international efforts to impose special taxes on digital businesses while encouraging governments to engage via the Organization of Economic Cooperation and Development’s inclusive framework to develop a comprehensive income tax-based and treaty-compliant solution that applies equally across the digitized economy. A final treaty must be approved by Congress.
- Ensure that any domestic manufacturing requirements in federal government purchasing are consistent with our international obligations and do not interfere with markets or hinder the development of global supply chains.
- Making sure U.S. companies can compete on a level playing field for procurement opportunities with the governments of our trading partners.
- Efforts by the U.S. Government to strengthen critical supply chains insofar as they do not discriminate in the open, global marketplaces.
- Incentives and investments to increase the domestic production of semiconductors.
- Greater expansion of market access for trade in services, including those that are digitally delivered.
- Customs modernization and open payment systems that support e-commerce and digital trade flows, particularly by small- and medium-sized enterprises (SMEs). This support includes trade facilitation measures and customs relief to small businesses operating abroad by compelling our trading partners to raise their de minimis thresholds to better align with the standards of the U.S. and maintaining current U.S. de minimis policy. Congress must also preserve the U.S. de minimis threshold.
- A copyright framework modeled on current U.S. law which incentivizes innovation by providing reliable protection for all creative works, including software. This should include appropriate limitations and exceptions, consistent with current U.S. law, to drive the growth of new emerging technologies, such as machine learning and text and data mining.
- Interoperable data privacy and cybersecurity standards and, where available, utilizing international models and best practices.
- Securing commitments by our trading partners to build the capabilities of their national entities responsible for coordinated vulnerability disclosures undertaken voluntarily by the private sector.



- Addressing concerns about China's trade practices via targeted policy responses and international coalition efforts, instead of tariffs that lead to higher prices, slower economic output, and weaker demand for American products.
- To support high-tech manufacturing and jobs in the U.S., the Biden administration should immediately implement a fair, transparent, and comprehensive exclusion process for Section 301 China tariffs, while working toward the full removal of China tariffs that serve as a tax on American consumers and businesses.
- The expansion of digital trade rules in the Indo-Pacific region.
- The *Foreign Investment Risk Review Modernization Act* (FIRRMA), included in the *2019 National Defense Authorization Act*, which reformed the Committee on Foreign Investment in the U.S., and the *Export Control Reform Act* (ECRA), which created new processes focused on emerging technologies. Congress and the administration should ensure that FIRRMA and ECRA are implemented in ways that keep the U.S. at the forefront of innovation in emerging technologies while effectively addressing important national security objectives. Congress and the administration may consider a careful evaluation of whether existing law can be leveraged to address national security concerns with respect to outbound investment.

X. Intellectual Property and Patent Reform

TechNet advocates for a healthy patent system that yields high-quality patents, promotes all forms of innovation, deters frivolous patent litigation, and compensates patent owners based on the value of their contributions.

- Patents are key drivers of our innovation economy. They can support the creation of new and innovative products and services, which, in turn, create new jobs. TechNet values the incentives of the patent system and recognizes that predatory litigation threatens to undermine this precious resource.
- With technologies evolving more rapidly than ever, TechNet believes patent law and policy must foster an environment where innovation of all forms can flourish among companies of all sizes and across all sectors.
- High-quality patents promote inventorship, an important form of innovation and a key step in the technology development process. Low-quality patents hinder technology development by fueling abusive litigation against U.S. innovators. The U.S. Patent and Trademark Office (PTO) must continue to develop and implement patent examination rules, procedures, and guidance to promote the issuance of high-quality patents that provide clear public notice of claim scope to downstream innovators and implementers.
- The PTO needs adequate and stable funding to fulfill its mission. Congress should ensure that the PTO retains flexibility to set appropriate user fees and that all user fees stay with the agency to fund its operations.
- The Inter Partes Review (IPR) program is a vital tool for improving patent quality and reducing abusive litigation. IPRs provide for fair and efficient administrative review of patents of questionable validity, weeding bad patents out of the system more quickly and at far lower cost than through district court litigation. Congress and the PTO should resist any efforts to undermine the program.
- TechNet supports reforms that deter litigation abuse, including policies that discourage vague and unsupported infringement allegations, asymmetric discovery burdens, forum shopping, and manipulation by litigation funders who take advantage of patent owners and the judicial system for their own financial gain. Proper jurisdiction within the bounds of statutory authority should be enforced. Injunctive relief should be granted in accordance with principles of equity, regardless of forum, and financial remedies should be narrowly tailored to reflect the patent owner's actual damages.

XI. Environmental Sustainability, Climate Change, and Advanced Energy Technology

Addressing climate change is one of the most critical global issues of our time, and policymakers, businesses, and consumers require immediate action to build a cleaner and more sustainable future for our planet. Solving the climate crisis will require enacting the right policies by lawmakers combined with innovation from the private sector. TechNet supports sound environmental justice policies that address this crisis based on global geopolitical engagement, cooperation, and accountability. TechNet further supports advanced energy policies that foster and promote a climate for innovation while providing safeguards against inaction and mitigating the impact of new regulations on the economic prosperity of our nation and the world. TechNet member companies are committed to addressing climate change and leading by example through innovation and sustainability efforts while driving the public policy discussion toward a cleaner, brighter, and more energy-efficient future.

TechNet supported the climate provisions of the 2022 *Inflation Reduction Act* (IRA), which make historic investments for a cleaner, brighter, and more energy-efficient future. It is estimated that the IRA will reduce U.S. greenhouse gas emissions by 40 percent, compared to 2005 levels, by 2030. The IRA provides emissions-based, technology-neutral tax credits for producing clean electricity, allowing companies flexibility and avoiding picking winners and losers in clean energy technology development. TechNet will continue to monitor the implementation of the historic climate investments in this legislation.

TechNet supports technology-neutral, market-based policies that address the climate crisis and that: accelerate the deployment of low and zero-carbon energy technologies; promote innovation; bring competition to the renewable energy market; foster clean transportation; and mark success through scientific benchmarking and successful policy development supporting a new climate future. TechNet calls for the following actions:

- The federal government should set science-based targets for climate action that limit warming to no more than 1.5 degrees Celsius by the year 2050. These targets should be binding and should also have robust interim targets.
- A federal clean electricity policy that will drive large amounts of new renewable generation that provides businesses with a clear path and expectations to make needed investments at the scale and speed necessary.



- The federal government should align its energy, tax, and procurement policies to address both the causes and consequences of climate change by reducing greenhouse gas emissions and promoting energy resiliency to climate change-induced extreme weather.
- The federal government should prioritize the modernization and greening of federal data center infrastructure that will lead to greater efficiencies and cost reductions and work with industry to replace and consolidate larger and older data centers with next-generation facilities that would lower costs, cut energy consumption, and reduce greenhouse gas emissions.
- Policies should be developed so that in this transition, communities are not left behind. Policymakers should focus on ensuring that all communities are able to also benefit from the transition to a clean energy and transportation economy.
- Investment in non-combustion infrastructure and non-wired alternatives directed at low-income communities and communities of color.
- A holistic and comprehensive vision that strategically plans for existing and anticipated climate impacts in environmental justice communities and implement resiliency focused energy projects, such as microgrids and non-combustion energy generation assets.
- Policies and projects that catalyze the transition of our economy from an extractive one to a green industrial economy that trains local residents for renewable energy and climate jobs.
- Specific policies should promote the adoption of hydrogen for hard-to-decarbonize sectors like heavy-duty transport, steelmaking, and other chemical and industrial processes.
- There should be renewed investments made on climate infrastructure and clean transportation and incentive programs to encourage their development.
- The federal government should prioritize the electrification of vehicle fleets and conversion to low-emission zero-waste buildings across government-owned properties.
- The federal government should improve how it purchases energy by working with the private sector to source clean, reliable, and resilient electricity.
- State and federal resources should be invested in climate science, technology research, and development efforts to build a pathway forward through innovation.

TechNet supports:

- A robust energy agenda that will spur the development and deployment of clean energy resources.
- Tax incentives to promote the adoption of low and no-emissions technologies like the Section 48 investment tax credit, the Section 45 production tax credit, Section 45x production tax credit for hydrogen development, and the Section 45Q credit for carbon capture utilization and storage. The *Inflation Reduction Act* modified and expanded these tax incentives. TechNet will monitor the implementation of this legislation to ensure these tax policies encourage clean energy development and innovation.
- Policies that enable the adoption of zero emissions light- and heavy-duty vehicles.
- Non-discriminatory policies that further the use of advanced technologies in energy markets.



- Policies that promote market competition by enabling the interconnection of distributed energy resources.
- Adoption by the federal government of advanced energy technologies and clean transportation that can improve the mission assurance of federal agencies.
- The implementation of grid modernization technologies as well as electric and clean transportation and charging infrastructure.
- Forward-looking policies that ensure open access to and enable market-based deployment of wholesale and distributed energy resources.
- Policies that enable the growth of competitive and transparent energy supply markets at the wholesale and retail levels.
- Policies that recognize and reward technologies that increase the electric reliability and resiliency of industry, government, and consumers.
- Fair and equal access to data to enable industry and empower consumers to deploy and utilize clean energy solutions effectively.
- Stable tax policy that provides industry and consumers long-term clarity to support the investment and deployment of clean energy and transportation technologies, including electric vehicle charging infrastructure.
- Public/private partnerships between the federal government and industry to help specific sectors of the economy reduce their carbon emissions.

XII. Artificial Intelligence and Machine Learning

Artificial intelligence (AI) and machine learning (ML) are transformational technologies that revolutionize how we live and work and help us solve the greatest challenges of our time. AI and ML can enhance productivity, democratize and expand access to important services, and enhance product innovation. AI and ML are being used to defend our country against cyberattacks, detect and deter fraud, deliver high-quality health care solutions, assist persons with disabilities, help individuals make better financial decisions, and train workers, among other applications. AI and ML development should be embraced because its potential for improving our lives is almost limitless.

However, AI innovation must be developed and implemented responsibly. In doing so, key issues must be considered: privacy, transparency, data veracity, security, and workforce. We are concerned, however, about a patchwork of good faith but ill-advised state and city regulations that could effectively limit the use of AI and reduce the opportunity for those in their respective jurisdictions to enjoy the benefits of AI.

► Responsible and Ethical AI and ML:

Govern: AI and ML must be created within a framework that is anchored to our shared core values, ethical guardrails, and regulatory constraints, in addition to an organization's operating principles.

- Provide clear definitions for key terms like "artificial intelligence," "machine learning," "automated decisioning," "artificial intelligence techniques," and "algorithms" that avoid overly broad designations that lead to uncertainty of who and what is affected.
- Avoid blanket prohibitions on AI, ML, or other forms of automated decision-making. Any restrictions on automated decisions should focus on high-risk uses and those decisions based solely on automated decisions.
- Utilize the National Artificial Intelligence Research Resource (NAIRR) within the White House Office of Science and Technology Policy and the National Science Foundation to partner with industry and stakeholders to lower the barrier to entry for AI research and help spur greater economic prosperity.
- Support voluntary government guidelines which establish consensus standards and outline a comprehensive approach to AI through ensuring public engagement, limit regulatory scope, and promote trustworthiness within technology. Monitor the development and implementation of the NIST Artificial Intelligence Risk Management Framework, which is intended to be a voluntary tool to incorporate trustworthiness considerations into the design, development, use, and evaluation of AI products, services, and systems.
- Contemplate "ethical risk frameworks" to articulate voluntary ethical standards and guardrails.
- TechNet supports stronger regulations that provide companies with the ability to safeguard the integrity of their systems.
- Federal regulations should not force companies to provide proprietary or protected information. Enforcement should be limited to the relevant agencies and avoid private rights of action.

- As the United States develops artificial intelligence policy, TechNet encourages policymakers to be mindful of global AI regulations.

- The development of effective and responsible AI requires large, diverse datasets. TechNet supports a responsible federal privacy policy that brings uniformity to Americans regardless of where they live. Federal policies need to ensure sensitive data can be used to conduct self-testing to ensure algorithms work inclusively and as intended. TechNet's principles on privacy can be found [here](#).

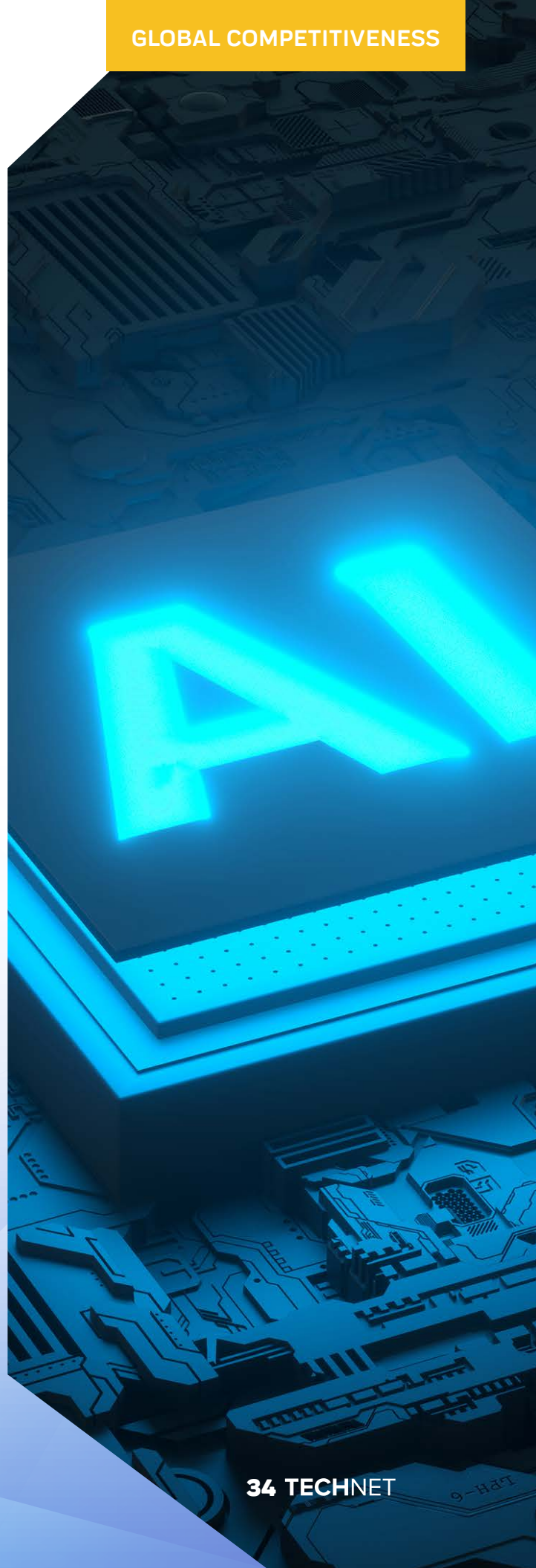
- Policymakers should work with all stakeholders, including small businesses, when considering AI regulation to ensure proposals do not inadvertently consolidate the benefits of AI to the largest companies.

Design: AI should adhere to “responsible AI by design” architecture and be deployed with trust and other safeguards built into the design. This means making reasonable efforts to incorporate representative and quality data with respect to privacy, transparency, security, and, as appropriate, interpretability.

- Utilize risk-based impact assessments for AI and ML initiatives that assess risks and benefits of each model, as applied.

- Operationalize “ethical risk frameworks” in the design phase to implement appropriate oversight and governance.

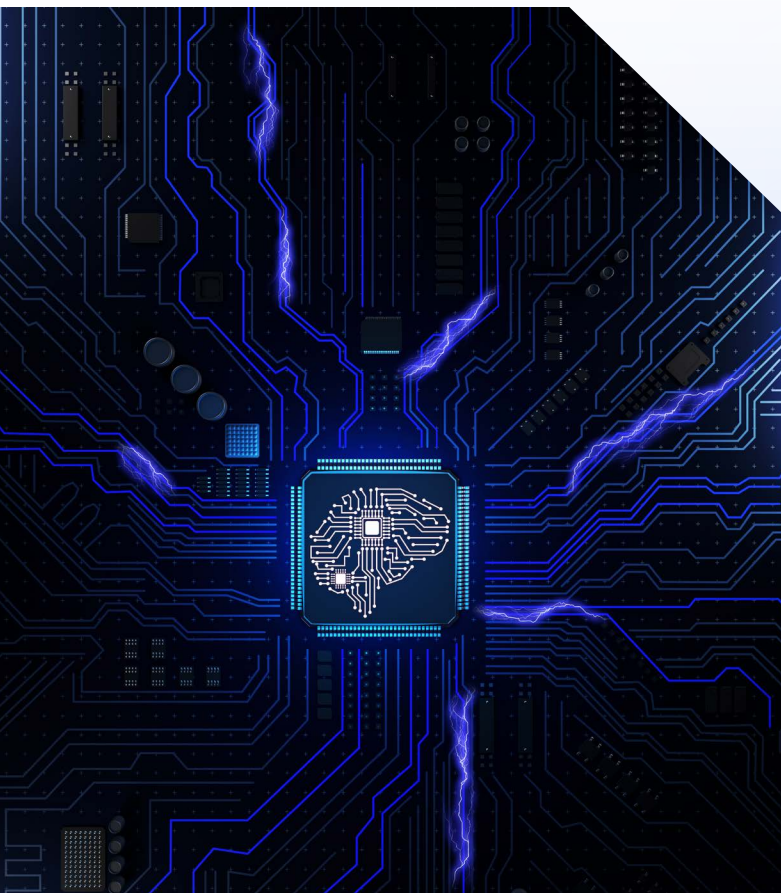
- During the design phase, account for diverse backgrounds, expertise, and lived experiences.



Monitor: Throughout its lifecycle, AI must reflect human values and ensure its performance is appropriately monitored and evaluated. Measures to prevent unintended bias and discrimination should be implemented. Owners of AI systems should ensure appropriate oversight and accountability to enable humans to assess the need for improvements to ensure safety, fairness, and trustworthiness; protect against malicious activity; and address flawed data sets or assumptions. However, it is worth underscoring that existing anti-discrimination laws apply to AI models in many important contexts, including housing, employment, and consumer financial services (i.e., the *Fair Housing Act*, Title VII of the *Civil Rights Act of 1964*, and the *Equal Credit Opportunity Act*). Therefore, additional oversight in these areas would be unnecessarily duplicative and may create inconsistent or conflicting standards. Instead, policymakers should leverage the tools already in existence to address concerns of bias.

Train: Support active upskilling through education and training and human-computer symbiosis, helping move employees from executing rote tasks to providing analysis that requires judgment, ingenuity, and real-world understanding.

- Encourage the promotion and growth of training and workforce development
 - ✓ Encourage the promotion and growth of training and workforce development to prepare employees for roles requiring human-AI collaboration. This includes using techniques and practices to identify skills gaps and promote the learning needed to succeed in AI.
 - ✓ Workforce development should take into consideration the potential need for retraining to help current and future workforces.
- To preserve our national security, the Department of State and Department of Commerce should consider how to best implement export controls for military and dual-use AI, respectively. In most cases, AI should be considered an aspect of the defense article itself. To the extent the algorithms themselves warrant control to protect national security, the limits should be narrowly defined.



XIII. The Future of Transportation and Mobility

🔍 Autonomous Vehicles Principles

- Autonomous vehicles (AVs), of all sizes and weight classes, have the potential to enable tremendous societal benefits through increased safety and improved access to transportation, while reducing the inefficiency and error associated with human operators.
- TechNet supports the implementation of a uniform national framework that promotes the safe testing, deployment, and operation of AVs, through clarifying federal and state roles, exemptions, and expedited rulemaking.
- TechNet opposes laws and regulations that require human control and intervention capabilities, implement unreasonable operating restrictions, or arbitrarily specify or prohibit the use of different AV technologies.
- Federal laws and regulations should be technology-neutral, applying equally to all companies and business models.
- TechNet supports congressional efforts to increase the existing cap on temporary exemptions. Under current law, the National Highway Transportation Safety Administration (NHTSA) can exempt up to 2,500 vehicles per manufacturer per year from existing Federal Motor Vehicle Safety Standards (FMVSS).
- TechNet supports the modernization of FMVSS for AVs. Current regulations were written for conventional human-operated vehicles, and new considerations need to be made for autonomous technology. Updates should consider the innovative designs, diverse use-cases, and enhanced safety benefits that AVs can provide. TechNet supports congressional and NHTSA action to update FMVSS.
- TechNet supports self-certification and voluntary assessments outlined in the National Highway Traffic Safety Administration framework "[Automated Driving Systems 2.0: A Vision for Safety](#)" (September 2017).
- TechNet supports proactive efforts and investments to educate the public, government stakeholders, and interested parties on AV technologies and capabilities.
- TechNet supports FMCSA's efforts to update its regulations for a world with AV commercial vehicles. TechNet supports the 2019 Safe Integration of Automated Driving Systems-Equipped Commercial Motor Vehicles advanced notice of proposed rulemaking and urges the Agency to continue moving forward with issuing a notice of proposed rulemaking.

▶ Electric Vehicles Principles

- Electric vehicles (EVs) can improve fuel efficiency, lower fuel costs, and reduce carbon emissions, which help mitigate the effects of climate change.
- TechNet recognizes that the electrification of transportation includes all electric vehicles (EVs) including medium and heavy duty, electric vehicle supply equipment (EVSE), charging stations, and related smart and networked software solutions. EVs include all technology types, including battery EVs, plug-in hybrid EVs, and hydrogen fuel cell EVs.
- TechNet encourages the federal government to continue partnering with the automotive and tech sectors to enhance their significant investments and commitments to make the transition to more fuel-efficient vehicles.
- We also encourage the federal government to work with state and local governments to coordinate efforts and reduce regulatory burdens in the nationwide deployment of EVs and EV charging infrastructure, especially during the implementation of the *Infrastructure Investment and Jobs Act*.
- TechNet supports sustainable tax policy that provides industry and consumers with long-term clarity to support the investment and deployment of clean energy and transportation technologies, including EV charging infrastructure. These programs should offer opportunities for funding for different types of EV technology and prioritize supporting private market solutions and transportation modes with the greatest potential impact to electrify both a high quantity of vehicles and high-mileage applications, including personal, fleet, ridesharing, ride-hailing, autonomous vehicles, transit, micromobility, peer-to-peer car sharing, and more.
- Additional federal investments are needed to educate consumers on EV technology to bridge the knowledge gap and provide momentum for EV adoption.
- The federal government should prioritize the electrification of its vehicle fleets.
- TechNet encourages leveraging government, private, and private-public partnerships to build out charging infrastructure, especially in underserved areas.
- Policies regarding payment systems for EV use and EV charging should be technology neutral and allow for a variety of technologies that offer secure and global interoperable solutions to ensure EV drivers can pay using their existing cards or mobile devices. Global implementation of EMV technology, contactless (i.e. Tap to Pay), mobile payments and tokenization establishes a foundation to deploy easy-to-use, secure open payments technology for EVs.
- ISO 15118 standard for Plug & Charge is a good foundation to facilitate EV charging Open Payment capabilities for in-vehicle payments and could resolve many of the challenges faced today.
- TechNet supports a robust energy agenda that will spur the development and deployment of clean energy resources, including widespread access to a Clean Fuel Standard (CFS), which would create a technology-neutral market-based program that requires the incremental reduction in the carbon intensity of transportation fuels over time. TechNet's principles on climate change can be found [here](#).



▶ Drone Principles

- Drones are being used to support many areas, including public safety, real estate, agriculture, infrastructure inspection, medical and goods delivery, the entertainment industry, and humanitarian relief. In many cases, drones can enhance safety and reduce the environmental impact of certain commercial use-cases.
- TechNet values the innovation that drones bring to these and other industries, especially as their use and technology continue to evolve.
- TechNet supports solutions that enable and encourage the responsible use of drones and believes that technology can best address these concerns.
- TechNet supports ongoing work at the Federal Aviation Administration (FAA) to enable beyond visual line of sight (BVLOS) and more advanced drone operations, including Advanced Air Mobility, to enable the use of drones to transport people and cargo. TechNet supports the Unmanned Aircraft Systems (UAS) BVLOS Operations Aviation Rulemaking Committee (ARC), and TechNet encourages the agency to develop and implement policies from the UAS BVLOS ARC's recommendations as quickly and efficiently as possible.
- TechNet supports the development of a commercial drone operation regulatory framework. FAA regulations and processes must be developed or updated to reflect their novel designs and operational capabilities. Currently, drones are often subject to policies designed for traditional aviation, which prevents fully realizing the economic and consumer benefits of this innovative technology. To fully develop a regulatory framework for commercial drone operations, the FAA should not only enable BVLOS operations, but also develop drone-specific requirements for carrying dangerous goods and for environmental review processes. TechNet supports the deliberative processes that further develop policies for safe drone operations.

- TechNet supports the continued partnership between industry and law enforcement to encourage a better understanding of the capabilities of this technology and proper mitigation of errant drone usage. TechNet supports the implementation of the FAA's final rule on Remote ID, which will provide authorized individuals with information about drones while in flight. TechNet also supports allowing internet-based network identification as an acceptable means of compliance with Remote ID rules.
- Although the FAA has exclusive regulatory authority over navigable airspace, manufacturers and operators

are facing legislation in many states and localities that seeks to restrict the use of drones, often based on arbitrary data and restrictions.

- Any legislative and regulatory proposals should be technology- and sector-neutral, reflect the FAA's authority to regulate the airspace, and protect critical infrastructure and fixed site facilities. Targeted legislation will lead to inefficiencies and inconsistencies in how laws are applied and could slow technological solutions and growth.

▶ Shared Mobility Principles

- Shared vehicles, such as automobiles, bikes, and scooters, help provide access to critical transportation for millions of Americans alongside the significant environmental benefits that come from multi-modal mobility.
- TechNet supports policies that enable U.S. service members to share their vehicles, including when deployed, and use shared cars, including while on base, through peer-to-peer carsharing platforms.

- Municipal and regional mobility hubs provide communities with convenient access to a variety of mobility options. TechNet supports federal efforts to support the development and maintenance of such multi-modal mobility hubs.

XIV. Trusted Technologies

- As the world's information technology leader and home to the vast majority of the world's major information technology providers, the United States has a unique opportunity to provide leadership in the establishment of a legal framework that recognizes the legitimate rights and needs of consumers, businesses, governments, and the American economy.
- To ensure the appropriate balance between personal liberty and public safety in a free and democratic society, it is important to have an honest discussion on the government's surveillance authority. The discussion should include assurances that law enforcement and national security surveillance authority are subject to meaningful judicial and legislative oversight and follow the rule of law. It is also important that the United States works with its allies to ensure there are proper global legal frameworks within and among other countries.
- The U.S. faces real and significant national and economic security threats. These threats heighten the need for domestic and international trust in U.S.-based technology companies, which play a central role in building and operating an open, global internet.
- Policies that ensure the U.S. tech ecosystem remains competitive and viable for companies to develop emerging technologies and bring them to market securely.
- To the extent that customer communications do not compromise legitimate government needs in ongoing government operations or investigations, U.S. technology companies need the ability to communicate with their customers about the nature, number, and scope of government requests for data.
- Strong encryption is a fundamental commercial necessity and consumer expectation that underpins millions of daily transactions and allows companies to safely store and move personal consumer information.
- The establishment of interoperability standards, open to all companies, which would allow network operators to transition away from suppliers and systems with significantly less disruption.



🔗 *Electronic Communications Privacy Act Reform Principles*

- Reform of the *Electronic Communications Privacy Act* (ECPA) should create a clear set of rules for law enforcement access that are in line with users' expectations of digital privacy in the 21st century. These rules should safeguard end-user privacy, provide clarity for service providers, and enable law enforcement to conduct effective and efficient investigations.
- The ECPA statute needs to be updated to reflect how information is managed, stored, and shared today.
- ECPA reform should provide a document stored in the cloud with the same protections the document would be subject to if it were stored under user control.
- ECPA reform should require a warrant for content regardless of how old that stored content is or where it is stored.

🔗 International Online Privacy Reform Principles

- U.S. online privacy and government access laws have failed to keep up with modern electronic communications in the digital age. The Administration and Congress should continue to work together to effectively implement the *Clarifying Lawful Overseas Use of Data Act of 2018*, or *CLOUD Act*, to provide law enforcement, U.S. companies, and consumers with much-needed clarity about the appropriate way to access data held abroad, while setting standards for foreign governments seeking access to information held by U.S. technology companies.
- Reforming and modernizing ECPA and implementing the *CLOUD Act* are critical steps needed to safeguard our citizens' privacy rights, ensure law enforcement has the tools they need to protect us, and boost confidence in the technologies we use to communicate with each other. Reforming and modernizing ECPA and implementing the *CLOUD Act* are critical steps needed to safeguard our citizens' privacy rights, ensure law enforcement has the tools they need to protect us, and boost confidence in the technologies we use to communicate with each other.
- TechNet supports the 2022 European Union-U.S. Data Privacy Framework and President Biden's Executive Order on Enhancing Safeguards for the United States Signals Intelligence Activities. TechNet's principles on privacy can be found [here](#).



Promote Digital Trust

Promoting digital trust in the age of innovation necessitates that Congress act to ensure the protection of consumer data by enacting a uniform, federal privacy law that empowers consumers, improves security requirements, and enhances transparency. As data continues to grow in size and value, cybercriminals will increase their interest in accessing and stealing sensitive information. Congress must also address the critical need for investment in cybersecurity awareness and prevention in both the public and private sectors and incentivize investment in new technologies that protect intellectual property, safeguard our economy, and protect American consumers.

XV. Cybersecurity

In order to meet the cybersecurity needs of today's increasingly interconnected digital world, policymakers and industry leaders must focus efforts on educating and training a highly-skilled workforce, modernizing government Information Technology (IT), and building long-lasting public/private partnerships. TechNet will promote the adoption and use of voluntary, adaptable, risk management-based approaches to meet this changing environment and effectively manage cybersecurity risk. TechNet supports the following principles and objectives:

- Alignment of policies, legislation, regulations, and guidance with flexible, stakeholder-driven, risk management-based approaches to cybersecurity, including:
 - ✓ Promotion of voluntary private sector adoption of the Framework for Improving Critical Infrastructure Cybersecurity (Framework), including any updates to the Framework;
 - ✓ Further guidance on the implementation of President Biden's Executive Order on Improving the Nation's Cybersecurity;
 - ✓ Further guidance for and oversight of Framework adoption by federal agencies, per Executive Order 13800; and promotion of Framework-like approaches (adaptable, stakeholder-driven, risk management-based) with international partners;
 - ✓ Appropriate implementation of the *Cyber Incident Reporting for Critical Infrastructure Act of 2022*;
 - ✓ A comprehensive risk-based cybersecurity strategy that increases the security and resilience of all networks, and prepares for and mitigates cyberattacks through the voluntary coordination of industry and government;
 - ✓ Market-based incentives to encourage companies to actively manage risks in accordance with industry standards and best practices;
 - ✓ Improved accountability, reporting requirements, and uniform standards for federal agencies as they comply with cybersecurity laws, regulations, and executive actions;

- ✓ Federal agencies and vendors should have a vulnerability disclosure policy, which contribute to data protection, cybersecurity, and mitigation of risk across complex assets;
- ✓ Public/private initiatives that support improving the cyber defense capabilities of small businesses;
- ✓ Harmonization of conflicting requirements in the private sector with attention paid to reducing duplicative and conflicting reporting requirements to minimize time, expense, and complexity of compliance;
- ✓ To promote the public/private sharing of accurate and helpful information, federal use restriction/liability protections should be clear to incentivize sharing and the private sector should be allowed sufficient time to report confirmed intrusions; and
- ✓ Addressing cyber threats to the supply chain of the National Industrial Base.
- Government participation, working through the National Institute of Standards and Technology (NIST) and the recently-established Office of the National Cyber Director within the White House, in the continued development of an international, consensus-driven Internet of Things (IoT) security guidance for consumer, industrial, and critical infrastructure. This may involve the development of a risk management approach similar to the NIST framework that focuses on IoT security and incorporates security into initial designs that can be built upon, depending on the functionality and risk associated with the device.
- Funding and implementation of the *Modernizing Government Technology Act* that focuses on driving down cybersecurity risk. Agencies must report on existing networks that cannot be fixed and must be replaced.
- Continued adherence to the *Cybersecurity Information Sharing Act of 2015*, which facilitates a risk-based strategy by promoting the sharing of actionable cyberthreat information from government to industry, from industry to government, and among private companies.
- The U.S. government should promote greater sharing of cyberthreat information with the private sector in a timely, straightforward, and actionable manner, and ensure government agencies are funded and staffed with the necessary resources to achieve this goal of efficiently managing the collection of data. The current process does not provide companies with actionable, accurate, and timely information. Specifically, the federal government should work to minimize the average amount of time that a threat actor remains undetected once they have gained their initial exploit or foothold. To this end, the federal government should track and publish its own performance metrics, including the amount of time that occurs from (1) breach-to-detection, (2) detection-to-response, and (3) detection-to-sharing of the cyberthreat indicators.
- Appropriate liability protections when participating in government cybersecurity sharing programs.
- Regulators should be cognizant of sector-specific risks and build off of existing successful sector-specific regulations.

- Government efforts to develop norms that support an open, secure, stable, accessible, and peaceful cyberspace. Cyberattacks by state and non-state actors threaten international and national security, democratic processes, the global economy, the free flow of ideas and information, and the safety, security, and privacy of individuals.
- An increase in attention for cybersecurity in international forums, including the G20 and increased U.S. Government engagement in international bodies, such as the UNECE World Forum for the Harmonization of Vehicle Regulations (WP.29).
- No federal government mandates on the design of products and services. The federal government should be particularly careful to avoid requirements that could weaken the security of technology used to protect sensitive personal information and critical systems.
- Cybersecurity efforts at the federal and state levels to protect the integrity of election systems and related information technology infrastructure.
- A renewed focus on enhancing attribution and bringing cyber criminals to justice.
- Education, workforce, and immigration policies and initiatives that help the U.S. develop and retain the world's best cyber workforce.
- Additional funding for states to procure consolidated cybersecurity services on behalf of local entities to thwart the increasing ransomware attacks against our local government systems and school

districts — because efforts by the district and county level will never scale to enable a reasonable defense in this threat environment.

- The continuation and further development of Information Sharing and Analysis Centers (ISACs) that provide critical infrastructure owners and operators a forum to detect, share, and analyze cyber threat information
- Congress should act:
 - ✓ Federal legislation is needed to provide harmonized and consistent standards throughout the U.S. to set cybersecurity guidelines and security expectations. Federal legislation should be tech- and sector-neutral and apply to online and offline entities alike that collect and process personal information.
 - ✓ Congress and other federal and state government entities must be collaborative partners in advancing the protection of consumers and the furtherance of innovation in the 21st-century data-driven economy.
 - ✓ Congress and the Biden administration should consider and incorporate certain national and international frameworks, with a particular focus on interoperability and secure data flows, as they develop a framework for baseline legislation.

XVI. Privacy

TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over four million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. Our members collect, secure, or analyze data to provide services and enhanced experiences for their customers and fuel economic growth and opportunity across our nation. When it comes to the future of the federal privacy landscape, we believe the following:

► For the Data-Driven Economy to Continue Enhancing Our Lives, We Must Keep the Consumer First

- The growth of the data-driven economy continues to fuel economic and social opportunity not just in the technology industry, but throughout every sector of the global economy.
- To date, U.S. laws and regulations have enabled unprecedented innovation, economic growth, and technological advancement stemming from responsible data collection and processing. This has allowed companies to create new, innovative products and enhance products and services that have improved consumers' lives. More could be done to further advance this pro-innovation environment, but at minimum, when updating existing laws or creating new regulatory frameworks, federal authorities must prioritize the protection of consumers' privacy and security while ensuring businesses are able to continue innovating.
- All Americans deserve to have their privacy protected and to trust that the laws and business practices work to protect their privacy, which is why TechNet supports a robust set of uniform data protections in federal law that preempts disparate state data protection laws. Once bipartisan consensus has been reached about a federal law, layering on additional state requirements, which are rapidly being developed in many states, will only serve to complicate doing business across state and national borders, undermining the global competitiveness of U.S.-based companies.
- The internet continues to be a means to: connect people; offer consumers more choices and better prices; provide businesses of all sizes more opportunities to sell their products and services across state and national boundaries; and encourage entrepreneurs to create new products and platforms — all of which benefits consumers. TechNet supports federal privacy proposals and frameworks that protect consumers while promoting continued innovation, consistent enforcement, interoperability, and a predictable regulatory environment for businesses.

- Innovations in methods to protect consumers are a key way companies strive to differentiate themselves from competitors and must be encouraged.

- ✓ For example, one way companies protect consumers from fraud is through the responsible collection, storage, and analysis of data that enables them to detect unusual consumer use and purchasing patterns. Federal legislation should ensure that companies can continue to effectively combat fraud and other forms of suspicious activity and allow companies to continue to innovate on how to detect and prevent suspicious activity.

- ✓ Another way is through the development of privacy-enhancing technologies that protect consumers.

- TechNet believes that just as technology evolves, consumers and their preferences also evolve. The digital economy has empowered businesses to not only respond to, but also anticipate, changing consumer tastes and needs, thereby enhancing user experiences. To remain competitive, businesses understand that they must continue to be responsive to these evolving

consumer expectations. Similarly, federal policymakers must work with these businesses and their customers and avoid rigid regulation that would inhibit the ability of companies working in good faith to respond to their customers, innovate, and adapt.

- Companies support consumers' rights to access, correct, and delete their data, as appropriate, and, when feasible, companies should support data portability.

- ✓ Policymakers should ensure any policies adopted do not undermine privacy or data security interests; undermine detection of fraud or other unlawful activity; interfere with law enforcement or judicial proceedings; impose unduly burdensome or excessive requirements (particularly for small businesses and new market entrants); or inadvertently require greater collection or processing of personal information about the consumer than required or necessary.

- We should also help ensure companies can proactively educate consumers about the full range of services companies can offer and the privacy protections they have in place to protect consumer data.



► Companies Must Proactively Promote Transparency and Security

- Keeping personal information safe and secure — and being transparent with consumers about its use — must be a top priority of any organization.
- Protecting consumers' privacy, being transparent about how companies collect and use their data, and earning and maintaining the public's trust must remain overriding priorities for our industry. Our companies should lead by example when setting U.S. and global data and privacy standards that protect data and allow innovation to flourish.
- We encourage voluntary business-to-business and business-to-government data-sharing framework models in

full compliance with existing laws and regulations. We caution against state and local government mandating "real-time" and seamless data portability without taking into account considering the privacy implications and technical challenges of adhering to such a mandate.

- We caution against a blanket prohibition or moratorium on all uses of biometric technology. Biometric technology has an innovative and diverse range of use cases. Policymakers should avoid one-size-fits-all frameworks for any regulation of biometric technology.

► Congress Should Act

- Congress should lead the way by enacting federal privacy legislation that brings uniformity to all Americans regardless of where they live.
- Federal legislation is needed to provide harmonized and consistent standards throughout the U.S. to protect consumer privacy and provide regulatory certainty for businesses. Federal legislation should be tech- and sector-neutral and apply to online and offline entities alike that collect and process personal information.
- Congress and other federal and state government entities must be collaborative partners in advancing the protection of consumers and the furtherance of innovation in the 21st-century data-driven economy.

- Congress and the Administration should prioritize the need for interoperability with other legal frameworks and should take into account the need for data flows across borders, as they develop a framework for baseline legislation.

- Congress should continue its work to improve upon and advance the *American Data Privacy and Protection Act* (ADPPA). The ADPPA represents significant progress toward passing much-needed federal privacy legislation that protects consumers and provides businesses with certainty about their responsibilities.

► Clarify the Role of the Federal Trade Commission and Preserve the Role of State Attorneys General in Enforcement

- In comprehensive federal privacy legislation, Congress should designate the FTC as the exclusive federal authority to enforce the law given the lack of express statutory delegation of this authority under existing law.
- Congress should clarify the scope of the FTC's authority to regulate data security and privacy matters that impact significant portions of the American economy. Until then, the FTC should refrain from expansive rulemaking, particularly in light of the Supreme Court's recent ruling in *West Virginia v. EPA* (2022).
- Congress should ensure that the FTC has the resources it needs to effectively enforce privacy and data security requirements that protect consumers from tangible privacy harms, while also preserving the ability of state attorneys general to protect their constituents and enforce the law based on the federal standard.
- In operating with sufficient resources, the FTC should maintain its existing efforts of case-by-case enforcement actions rather than pursuing expansive regulatory rulemaking and should avoid implementing a first-offense standard of compliance.

► Uniform Laws and Regulations Will Enhance Compliance, Promote Even-Handed Enforcement, and Promote Innovation

- Federal policies should harness market incentives to drive effective risk-based management.
- Any law should recognize the value of reasonable data collection, processing, use, and retention activities, including using data to provide customer service, authenticate a consumer's identity, process or fulfill orders and transactions, improve services, and the ability to personalize to consumers and make them aware of offered products and services.
- Because technology and security threats to consumer privacy evolve constantly, legislation should recognize that security requirements should be risk-based, technology-neutral, and flexible.
- Private rights of action that have the potential to undermine innovation must be avoided. In addition, consumers and businesses should be free to enter into mutually-agreeable pre-dispute arbitration agreements to resolve consumer privacy disputes.

▶ Congress Should Pass a Strong Federal Data Breach Notification Law

- Congress should pass a strong federal data breach notification law, which preempts to the greatest extent possible, existing state-level notification laws and establish one robust set of uniform protections for all Americans. More detail about TechNet's federal data security principles can be found [here](#).

▶ Ensure New Entrants, Small Businesses, Underserved, and Under-resourced Innovators Are Not Adversely Affected by Burdensome Regulations

- While regulations affect all businesses, small, minority-owned, rural, and other under-resourced businesses in particular face disproportionate burdens and unique challenges in complying with complex privacy laws and regulations. This problem is exacerbated when having to deal with multiple sets of inconsistent or conflicting regulatory frameworks at home and abroad, making it important for policymakers to evaluate the global privacy landscape with the goal of promoting interoperability that allows American businesses to innovate and compete globally.

- To some innovative young companies that have limited personnel and resources to devote to overly stringent compliance efforts, regulations that are too prescriptive could effectively stifle their growth. Congress should endeavor to set baseline requirements but provide flexibility in how to meet those requirements, taking care to avoid prescriptive programmatic requirements and consider the unique needs and resource constraints of small and medium-sized enterprises and new market entrants.



- ✓ For example, Congress could provide regulatory relief for startups and small businesses if their activities are limited in nature in the amount of personal information they process, in particular, if it does not include sensitive information.

- Congress should establish robust training resources within the Department of Commerce, Small Business Administration, Federal Trade Commission, and/or other appropriate agencies that can provide guidance to startups and small businesses, particularly minority-owned and rural businesses, to ensure they are abiding by the most basic privacy requirements they may be subject to as a result of legislation or rulemaking.

- Furthermore, we must ensure that the complexity of privacy requirements does not effectively become a barrier to entry for new potential innovators. Congress and the administration must ensure that fundamental core privacy protections for consumers are in place without stifling free market forces; this is fundamental to enabling new entrants and to allow new data-based business models to flourish.

▶ The U.S. Must Lead Globally

- As the home of the world's preeminent tech sector, the U.S. must proactively demonstrate global leadership by participating in multi-lateral, multi-stakeholder forums to promote interoperability among privacy frameworks, within trade discussions.
- TechNet supports the 2022 European Union-U.S. Data Privacy Framework and President Biden's Executive Order

on Enhancing Safeguards for the United States Signals Intelligence Activities. Reaching a final agreement is essential to maintaining transatlantic data flows.

- Efforts to promote digital trade and negotiate new trade agreements must promote predictable seamless data flows across international borders.

▶ Facial Recognition Technology

Facial recognition technology can be utilized in a variety of use cases, many of which can improve security and access for individuals using services online. Facial recognition technology can enable remote access to essential services, removing location- and mobility-based barriers to access. In addition, different types of facial recognition technology can be used to stop fraud and protect consumers. TechNet supports the following principles:

- TechNet will oppose any legislation that prohibits or effectively prohibits the use of facial recognition technology.
- Legislation should not reduce access to non-identifiable diverse datasets necessary to train models to reduce bias.
- Policies should recognize the wide variety of use cases for technologies that detect and/or recognize faces or other parts of the human form, and policies should avoid over-regulating visual technologies that do not affect individual privacy.



XVII. Data Security

- TechNet supports a strong federal data breach notification law establishing a robust set of uniform protections for all Americans.
- A national breach notification standard will provide companies and customers with consistent, actionable notice of a data breach that could result in substantial harm and should include the following:
 - ✓ Notice there is a risk of substantial harm; requiring notice in other instances will only burden companies and confuse customers with frivolous notifications.
 - ✓ The private sector should be allowed sufficient time to report confirmed intrusions.
 - ✓ Notification requirements should take into account the need to protect the intellectual property of reporting parties, information that could undermine security, and sensitive information, including consumer data.
- A federal data breach notification law should preempt the patchwork of state laws in this area.
- Statutory requirements and obligations should be pinned to adherence to clear objective goals and outcomes, not specific security standards, which change over time.
- Data accessed that is not used or rendered unusable by encryption, redaction, or any other security method or technology should not be considered having been breached.
- The distinction between an account takeover of a customer's online account and a data breach should be explicitly recognized in statutes, with differentiated provisions and reporting methodologies.
- Any statutory definition of personally identifiable information that triggers notification should be limited to information that, if compromised, could identify a specific individual and lead to substantial harm.

- A federal data breach notification law should address instances when there is a breach of personal information on a third-party system. In such instances, the third party should be required to notify the first party that has the relationship with the end users if the third party is knowledgeable that the data was personally identifiable information. The notification obligation to the consumers should rest with the first party that has the relationship with the end user, unless otherwise stipulated in contractual provisions.
- Public safety entities should be provided the appropriate level of resources to help deter, identify,

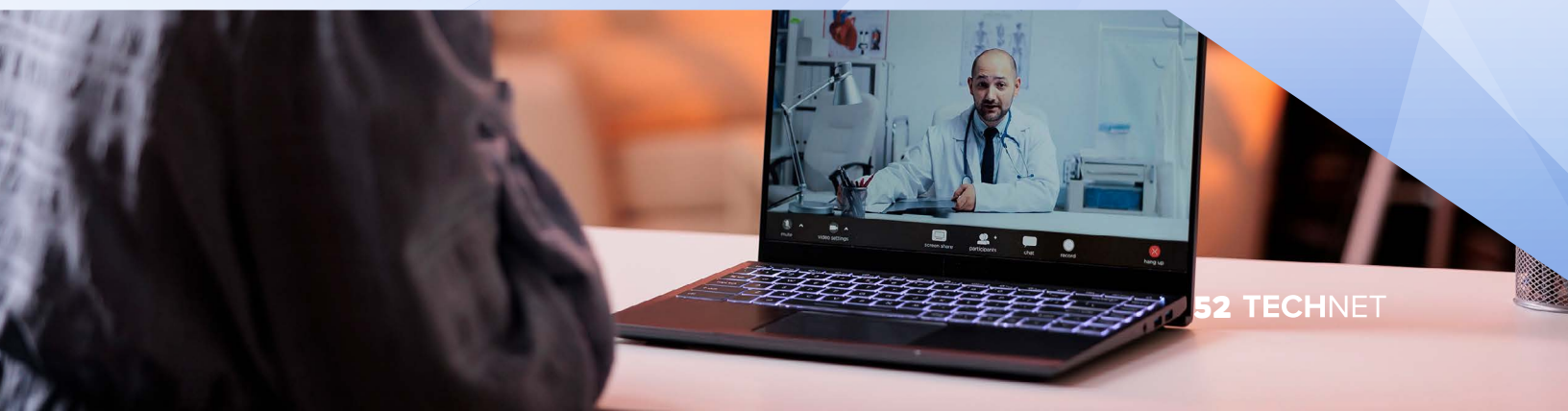
track, and punish identity theft or other substantial harm stemming from criminal behavior, and provide assistance to consumers.

- Enforcement of a new data breach notification statute by the Federal Trade Commission and state attorneys general should be consistent and exclusive, with certain exceptions for existing notification requirements under federal law.
- Legislation that includes private rights of action and civil penalties would significantly undermine the effectiveness of a federal data breach notification law without providing substantive breach protections for consumers.

XVIII. Health Care and Telehealth

TechNet is committed to supporting health care policies that enable accessible, high-quality care for patients, while fostering the power of innovation to reduce barriers to entry and ensure the highest value care is provided. As the country continues its recovery from the COVID-19 pandemic, and prepares for the next public health crisis, TechNet encourages Congress to prioritize policies that provide Americans greater control over their health needs and that make it easier to receive care, especially in rural areas and communities with a shortage of providers.

- Harnessing the power of innovation is a critical step in the advancement of our healthcare system. TechNet supports the adoption of modern technologies, including the facilitation and increased use of telehealth and remote monitoring technologies, to help improve health care delivery and outcomes.
- TechNet encourages Congress to act to ensure that expanded patient access to telehealth services continues to be available as the nation continues its public health and economic recovery from the COVID-19 pandemic.



- Federal regulators should encourage the expansion of virtual care and ensure access to safe and secure telehealth and digital health technologies, especially in areas with limited access to healthcare providers.
- TechNet supports healthcare policies that enable wide access to high-quality patient care, enhance provider accountability, promote efficiency, and harness the power of innovation to reduce costs and improve the patient experience.
- TechNet supports the expansion of healthcare access in particular for underserved and at-risk populations and for these to equally benefit from telehealth and digital health services. State and federal health programs should address and reflect health disparities in state and federal health programs, and policymakers should support robust investment in telehealth infrastructure, including broadband, to ensure universal access for the benefit of all communities.
- TechNet supports making the U.S. Department of Agriculture's Online Purchasing Pilot permanent to improve access to healthy food for participants in the Supplemental Nutrition Assistance Program (SNAP). This program has been convenient and time-saving for many, including people with disabilities, older adults, and households with poor access to transportation. TechNet also supports the expansion of additional retailers into the program including third-party platforms such as delivery network companies, and third-party sellers that sell products on SNAP-authorized retailers' sites. This expansion will help provide SNAP beneficiaries with as many options as possible to have

healthy, nutritious food delivered. To help mitigate access issues with online ordering and delivery, TechNet supports increased funding for SNAP-Ed, SNAP's voluntary nutrition education program. This expanded funding could support the Online Purchasing program by providing drop-off services for select populations, providing secure pick-up locations for deliveries, or creating training on how to utilize the program.

- Long-standing systemic health inequities have disproportionately placed certain racial and ethnic minority groups at increased risk of getting sick and dying from COVID-19. The federal government should continue to identify and work to remove these barriers so that all Americans have access to both vaccinations and treatment for COVID-19 exposure. TechNet believes these health disparities are directly tied to other social and economic inequities lawmakers should address. TechNet's principles on diversity, inclusion, and racial justice can be found [here](#).
- TechNet strongly condemns language ascribing race, ethnicity, or other cultural or national identifiers to public health issues and matters of science and medicine.
- TechNet supports increased investments in research and development programs in health, wellness, and vaccine development to fight disease and thereby improve the lives and economic prosperity of the American people.
- Additional R&D credits for private sector R&D undertaken to fight COVID-19 and bolster public health preparedness for the future.

XIX. Modernizing Government Technology

Much of the federal government's information technology (IT) infrastructure is woefully outdated. Federal entities spend nearly 80 percent of their total IT budgets on maintaining aging, insecure, and expensive legacy systems. Obsolete technology systems are inefficient and especially susceptible to cyberattacks, which, among other challenges, put citizens' personal information at risk. Federal government technology officials need more flexible procurement programs to enable them to move beyond the IT status quo that agencies and departments are saddled with today.

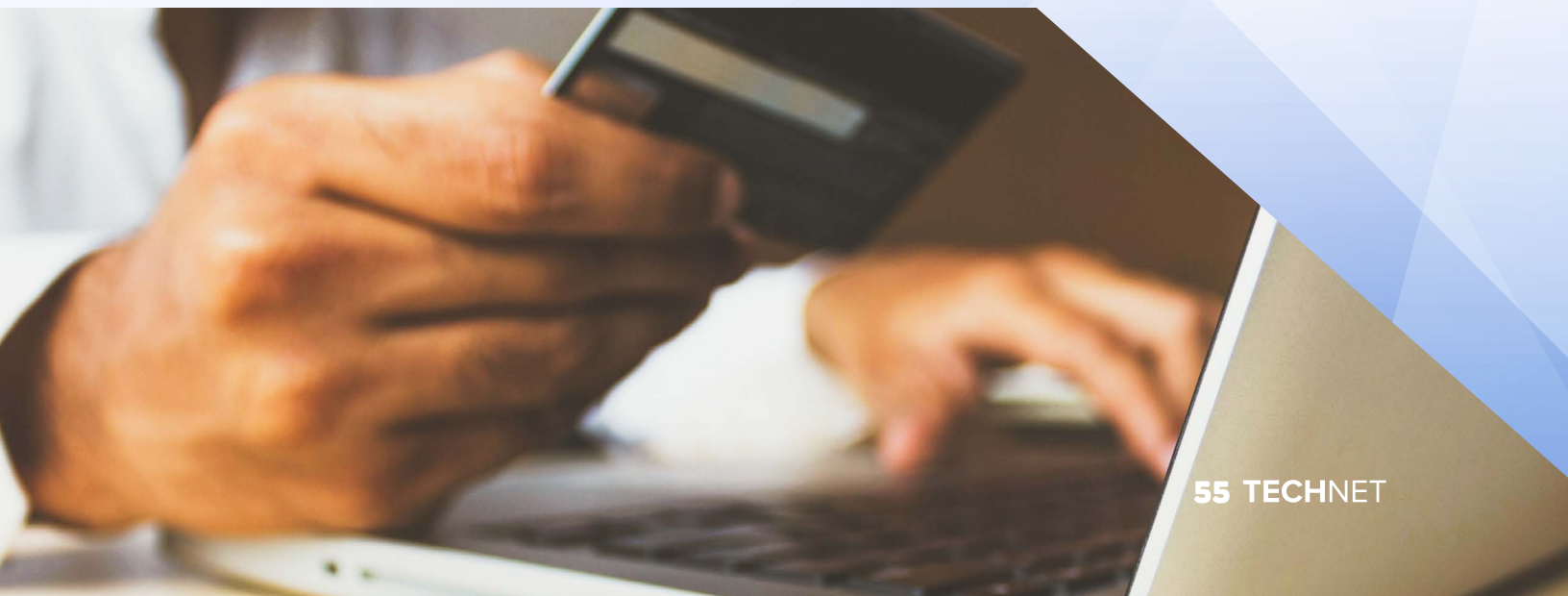
- TechNet supports effectively implementing the *Modernizing Government Technology Act*, or the *MGT Act*, which would help the federal government creatively improve its information systems. The *MGT Act* authorizes two competitive IT modernization funding streams to accomplish the following: improve, retire, or replace current technology systems; promote the transition to cloud computing when it is appropriate for not only the agency's mission, but also the type of data being stored; and procure IT products and services to strengthen the federal government's cybersecurity posture. The *MGT Act* also facilitates the sound adoption of state-of-the-art technologies, thus helping deliver new IT capabilities, operational efficiencies, and cost savings for the federal government and taxpayers.
- Congress should appropriate the full funding required for the Technology Modernization Fund, which will facilitate the development of inter-agency or federal government-wide strategies to better manage cybersecurity risk.
- Congress should conduct oversight to ensure that working capital funds authorized by the *MGT Act* are used to reduce cybersecurity risk.
- Congress should require agencies to inventory the technology they use and then prioritize use of the flexibility afforded by the *MGT Act* to eliminate legacy products and services that are beyond their supported lifecycle.
- Congress should codify the requirement in the May 2017 Executive Order requiring agencies to manage risk under the *Federal Information Security Management Act* using the National Institute of Standards and Technology Framework.
- Congress should equip federal agencies with the resources needed to implement the Cloud Smart strategy.

XX. Financial Technology

TechNet supports private sector efforts to empower consumers to better manage their financial lives and enjoy new, safe, secure, inclusive, and reliable financial tools. Congress and federal agencies should update outdated laws and rules in order to utilize modern financial technologies and meet consumer and business demand for innovative financial products. Overall, the federal regulatory environment must be more amenable to emerging fintech innovations. In particular, TechNet supports the following ideals:

► Open Finance and Consumer-Authorized Data Access

- Establishing a robust consumer data right through a Section 1033 rulemaking that promotes the free flow of consumer-authorized data across the financial ecosystem allowing consumers broader access to financial services and control over their financial data.
- Supporting an open finance regulatory regime through a Section 1033 rulemaking that looks to industry-developed interoperability, portability, and security standards for ensuring a seamless, standardized, and secure experience for sharing consumer data.
- Supporting an open finance regime through a Section 1033 rulemaking that provides a flexible, consent-based framework for notifying consumers of how their information will be shared, transmitted, stored, and utilized.
- Supporting a Section 1033 rulemaking that clarifies ambiguities around liability for unauthorized access, privacy, credit reporting, and data accuracy that provides clear rules of the road for consumers and ecosystem participants.



▶ Chartering Alternatives for Fintechs

- Promote regulatory and legislative efforts to encourage fintechs to be able to expand their service offerings through risk-based regulatory regimes that embrace competition and innovation together with systemic and consumer protections, such as Industrial Loan Companies (ILCs) and National Trust Charters (NTCs).

▶ Financing Reforms

- Streamlined rules for the online lending marketplace. Federal and state regulations fail to address the constant change, diversity, and innovation in the marketplace. Federal and state policymakers should streamline lending laws across jurisdictions to protect their constituents and to account for the innovative, digitized lending market of today.
- Policymakers should promote industry best practices that protect consumers and small businesses while maximizing diversity and innovation in lending services.
- Modernized rules for deposit-taking. Prudential banking regulators should continue to modernize outdated regulations that restrict third parties' ability to connect consumers' deposits and financial institutions.



▶ Financial Empowerment

- Unlock the power of financial apps. Policymakers should empower consumers and businesses to take advantage of financial applications that help them improve security, convenience, and reliability.
- Leverage technology to reduce barriers to financial services, particularly for the unbanked and under-banked. The internet, cloud computing, blockchain, and mobile innovations should be empowered to thrive in an open environment with reasonable regulatory burdens, which requires a reassessment of existing barriers to adoption along with incentives to pursue the use of innovations that promote access to financing for individuals and small businesses.
- Rulemaking that would allow for a robust consumer right to access and share their financial records. Federal regulators should establish an operational framework for secure, consumer-authorized data sharing and access through a formal rulemaking that clearly establishes the form and manner in which consumers can securely request that their financial information be accessed and shared with approved third parties.
- Promote policies for usage of open, multi-cloud solutions that allow easy portability and movement of workloads across any cloud provider.

▶ Payment System Principles

- Promote enhanced security and convenience through continuous innovation. No one technology should be mandated for security and authentication, nor should one technology become a de facto mandate through “floor-setting.” New rules should not deter technological innovations in payment systems.
- Support policies that promote new entrants and empower consumers to utilize a broad array of financial technology products and solutions.
- Support efforts to reduce fraud in the financial industry through the empowerment of innovators and innovation.
- Legislative and regulatory policies impacting electronic payments should promote continued innovation and support free markets, not regulatory mandates that fail to set a level-playing field for the entire payment and FinTech ecosystem.
- Support efforts for faster and more efficient financial services, including the Federal Reserve’s FedNow initiative for faster payment systems, central bank digital currencies (CBDCs), stablecoins, automation to improve efficiencies, including using AI and machine learning, and automated data workloads and data sharing to facilitate faster analysis.
- Regulatory clarity for Earned Wage Access (EWA), a key area of innovation that offers consumers greater flexibility. TechNet urges the Consumer Financial Protection Bureau to engage with industry to ensure ongoing responsible development and availability of a range of EWA products that can serve different consumer needs and uses.

▶ Federal Action Plan for Blockchain and FinTech Modernization, Legislative Tracking

- Support the U.S. government's adoption of a coordinated approach to blockchain technology and positioning the U.S. as a global leader in blockchain innovation.
- Support and advocate for the U.S. government's adoption of policies that safely facilitate and encourage the adoption of emerging technologies such as blockchain, and create beneficial

partnerships between financial institutions and fintech companies that improve consumer access, choice, and opportunity.

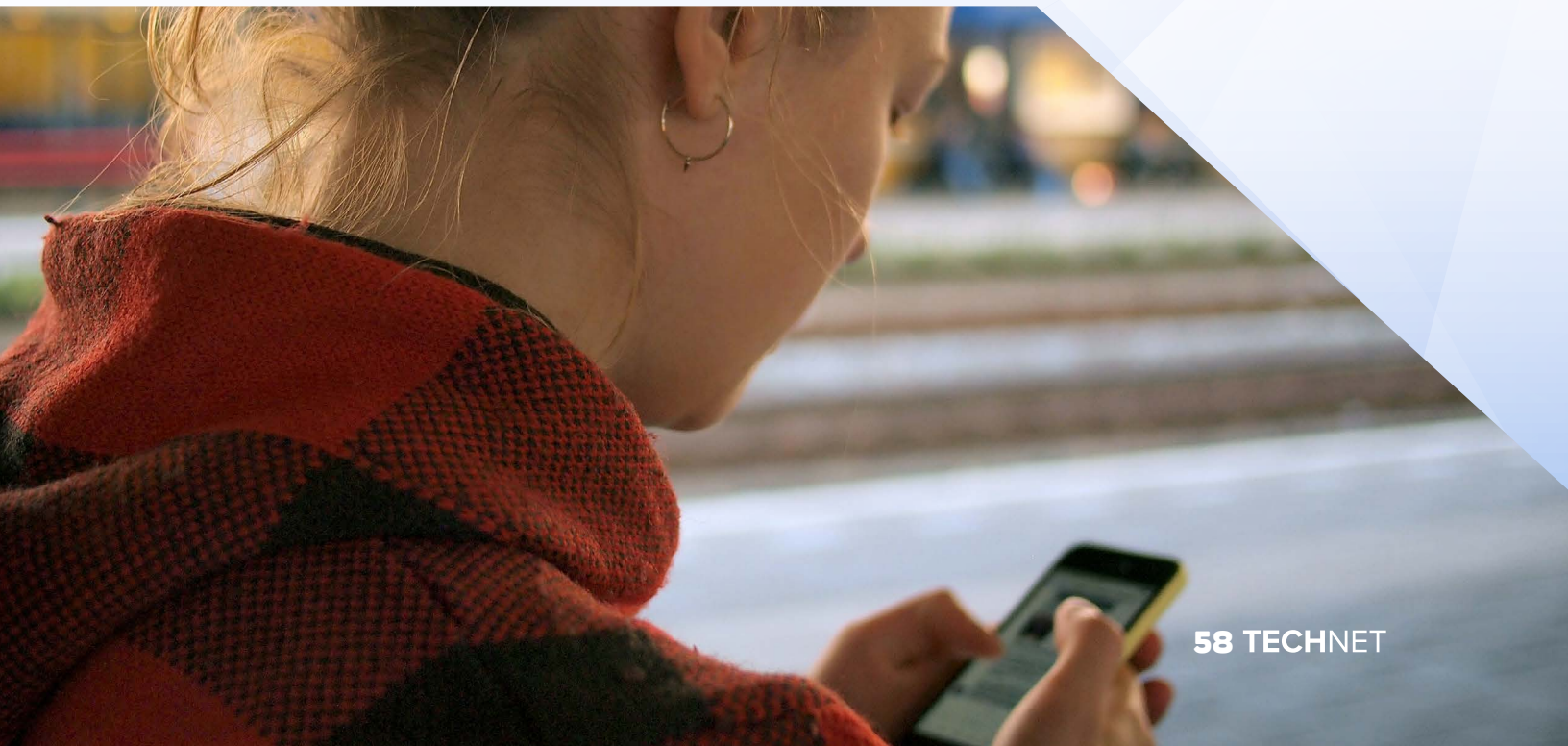
- Support financial innovation initiatives around cryptocurrencies, blockchains, and "tokenization" of assets and value, and recognize these technologies as significant market transformers in the financial and technology sectors.

▶ Anti-Money Laundering / Countering the Financing of Terrorism (AML / CFT) Compliance

- Develop clarity around compliance with AML obligations while balancing law enforcement objectives, and doing so in a way that fully utilizes and exploits benefits arising from blockchain technology analytics.
- Modernize AML/CFT/KYC regulations, taking into account the evolving

landscape of financial crime, money laundering, and terrorist financing in view of blockchain technologies.

- Support artificial intelligence/machine learning (AI/ML) and blockchain technologies to improve efficient fraud and financial crime detection, surveillance, and mitigation.





🕒 Regulatory Oversight and Clarity for Digital Assets and Wallets

- Promote education regarding blockchain, digital currencies, tokens, and digitized assets.
- Provide clarity and regulatory certainty around business platforms built around digital tokens, and propose solutions to regulators and policymakers to help promote a predictable legal environment for companies working with digital tokens and digital token solutions.
- Promote universal, “self-managed”-type capabilities and controls (e.g., self-managed private keys, digital wallets, etc.) for digital tokens and digitized assets as a fundamental right, and enable individuals to engage in transactions and exchanges without a third-party intermediary.
- Promote regulatory clarity around U.S. securities law and its impacts on the blockchain industry, and develop modernized securities regulations governing tokenized securities.
- TechNet appreciates the efforts of the Biden administration and the U.S. Department of the Treasury to develop a comprehensive framework for digital and crypto assets.
- Develop frameworks for regulating and overseeing digital assets that are securities, commodities, and currencies to enable companies and platforms that use them to have a predictable legal environment. Such frameworks should originate from Congress and promote consumer protection and market stability while enabling U.S. companies to innovate and thrive in a global marketplace.

▶ Taxation and Accounting Treatment of Digital Assets

- Advocate for clear tax treatment audit and accounting standards for digital assets to enable appropriate compliance with regulatory requirements. The absence of such hinders companies seeking to invest and innovate in this technology.

▶ Regulations and Policies Should Support Decentralized, Open Blockchain and Proof of State (or Proof of Work) Systems

- Ensure that proposed rules and regulations remain technology neutral to enable continued innovation with blockchain and distributed ledger technologies (DLT).
- Educate policymakers about various types of blockchain and DLT networks and their legal and regulatory issues.

▶ Promoting the Use of Blockchain in Business and Working with Innovators to Grow the Industry

- Develop resources for innovators and entrepreneurs interested in implementing blockchain technologies.
- Ensure policies and initiatives support and encourage responsible innovation in financial services at all levels of the economy (e.g., from startups to large banks).

▶ Stablecoins

- Identify applications and promote stablecoins as enablers of consumer choice and payment efficiency.
- Developing sensible policies to support and adopt activities involving crypto-assets with appropriate guardrails. Some of these guardrails would focus on transparency and disclosure requirements for cryptocurrencies, authorization and support for crypto-asset service providers, a protection mechanism for crypto-asset holders, and allocating funds toward supporting the development and deployment of innovative technologies' infrastructure that facilitates the use of crypto-assets.

▶ Federal Financial Regulator Office of Innovation

- TechNet supports efforts that will enable each of the innovation offices of financial regulators to foster innovation among the entities they regulate. TechNet encourages these offices to promote regulatory clarity for digital assets and ensure that agency rules and guidance keep pace with marketplace innovation. This includes the newly-established blockchain and cryptocurrency specialist at the Office of Science and Technology Policy established by the *CHIPS and Science Act of 2022*.

▶ Artificial Intelligence in Financial Services

- Artificial intelligence and machine learning are core to fintech operations, and TechNet supports federal financial regulators' efforts to better understand how fintechs utilize artificial intelligence and machine learning to power innovation, expand access to financial services, and meet consumer and business demand.
- TechNet supports ongoing engagement with federal financial regulators in working to ensure that fintechs have clear expectations from regulators regarding the utilization of artificial

intelligence and machine learning in a manner that is compliant with relevant federal laws regarding credit access, privacy, and other federal consumer protection laws.

- We support efforts to promote responsible AI design and use by the private sector consistent with flexible and clear principles articulated by regulators on important AI/ML topics such as model governance, transparency, bias reduction, and fairness. TechNet's principles on AI/ML can be found [here](#).

XXI. Digital Identity

As individuals increasingly access services online, businesses and individuals need the confidence that individuals are who they say they are. Verifying individuals' digital identities protects individuals and businesses from identity fraud and increases access to services. Reliance on knowledge-based verification systems place individuals and businesses at risk for identity fraud due to data breaches exposing individuals' personal data. Unfortunately, the authoritative identity systems in the U.S. are largely stuck in a paper world and cannot be easily used online.

- The U.S. should look for ways to collaborate and harmonize frameworks, standards, and requirements as they evolve globally.
- The U.S. government should cease using the Social Security number (SSN) as an authenticator.
- The Social Security Administration (SSA) should offer individuals the ability to validate the name, SSN, and date of birth they are providing match agency records. While the SSA currently offers the ability for financial transactions through the electronic Consent Based SSN Verification system, TechNet

supports expanding this capability beyond the financial services sector.

- Federal agencies should look to the private sector as a resource and partner for developing innovative solutions to digital identity verification services those agencies provide. Federal agencies should explore additional attribute validation services they can provide.
- TechNet recognizes the variety and evolving nature of approaches to verifying an individual online and does not support efforts to block any approach.

