TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

2024 STATE POLICY PRINCIPLES

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state levels. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.2 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, telehealth, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, and Washington, D.C.

We encourage state leaders to adopt smart, adaptive, and long-range strategies that foster innovation, enhance global competitiveness, promote job growth and retention, build highly skilled workforces, create the energy and transportation systems of the future, invest in information technology, develop cyber awareness and digital literacy for the citizenry, and provide improved services to constituents with successful, consumer-oriented models.

The technology industry is a local, state, national, and international leader in job creation, product deployment, sustainable economic development, clean energy technology, and global competitiveness. TechNet's number one priority is to protect this economic engine and preserve the United States' leadership in innovation and productivity. In furtherance of this fundamental purpose, the TechNet state program will focus on eleven specific areas:

1. Privacy and Security
2. Artificial Intelligence
3. Education and Workforce Development
4. Energy and Environment
5. Financial Technology
6. Diversity, Inclusion, and Racial Justice
7. New Technologies and Future of Work
8. Autonomous Vehicles
9. Procurement
10. Taxation
11. Smart Infrastructure

PRIVACY AND SECURITY

Consumers expect, and should expect, to trust the tech sector to protect their data. One of TechNet's top priorities is ensuring that governments focus on policies that harness market incentives to drive effective risk management and do not exacerbate harms to victims of criminal hacks.

Priority Issues

Privacy

Many policymakers and interest groups introduce and sponsor legislation targeted at consumer privacy and an individual's rights with respect to their personally identifiable information. Our member companies place a high priority on consumer privacy. The technology industry is committed to privacy and security. As part of that, transparency and the responsible use of data are pillars of the tech sector. TechNet will advocate for a federal privacy standard that brings uniformity to all Americans regardless of where they live, encourages innovation, and ensures that consumers' privacy and security are protected.

In absence of a federal standard, lawmakers should look to comprehensive legislation already passed in other states to create a unified standard and ensure interoperability. The state program supports the following principles:

- Any consumer privacy bill should be designed to build consumers' trust and foster innovation and competitiveness.
- Consumer consent, where applicable, should generally be required only for sensitive personal information and the data of minors or when the purposes for processing data or the types of data being processed materially change. Should consent be part of a state framework, an opt-out regime is preferable for ensuring an optimal consumer experience. Any consent regime should be designed with the limitations of software, hardware, and data management in mind and should not be overly burdensome to the consumer or technology provider. It should also be flexible and convenient for all users regardless of socioeconomic or disability status.
- New privacy laws should provide strong safeguards to consumers while also allowing the industry to continue to innovate. New laws should be based upon an interoperable, uniform set of standards to avoid imposing a patchwork of policies across jurisdictions.
- Specific requirements related to data processing, including collection, use, disclosure, security, or retention, should be commensurate with the sensitivity of the data.
- Enforcement by a state's attorney general is preferred, and private rights of action and other tools to encourage litigation and lead to inconsistent enforcement must be avoided. A right to cure should be provided, and monetary judgments should be tied to actual harms linked to violations.
- Outright bans, prohibitions, or moratoriums on specific technologies should be avoided. Privacy laws should be technology neutral.
- State privacy laws should not apply to information already regulated by existing federal privacy laws.
- Privacy laws should not limit consumer access to free, advertising-supported services.
- Legislation should not force data controllers to share consumer data with third parties.
- Privacy laws should not treat data transfers across commonly owned affiliates as third-party transfers.
- Protecting everyone's privacy will protect children's privacy. Lawmakers should prioritize comprehensive data privacy solutions based on a uniform set of standards that include rights for consumers of all ages, including the rights to access, correct, and delete personal data. Any legislation regarding children's privacy should avoid conflicts with comprehensive data privacy laws.
- TechNet members routinely assess their online services and products for their compliance with existing privacy laws and their potential impacts on users, including child users. Legislation to account for the safety and privacy of child users should use a risk-based approach and provide clear, actionable guidelines to companies that develop online services and products for child users in order to ensure compliance.
- Lawmakers should align any state laws with the federal *Children's Online Privacy Protection Act* (COPPA) by, for example, defining "child" as "individual under the age of 13" and focusing on online services "directed to children."
- Stringent age verification to access online platforms requires the collection, processing, and storage of users' sensitive personally identifiable information, like birth dates, home addresses, and government identification and should be avoided. This conflicts with data privacy best practices like data minimization, creates new vectors for fraud, and eliminates anonymity online.

Cybersecurity

Cybersecurity continues to be one of the most significant challenges facing public and private entities in the modern digital economy. The technology industry invests significant resources to protect public safety, guard our operations from interruption and intrusion, and prevent the loss of capital and intellectual property. Due to the nature of state statutes and local ordinances, legislation and regulation addressing cybersecurity issues can lead to the misallocation of limited resources through mandates that are overly prescriptive or technology-specific. These actions can hamper innovation and make impacted information systems easier targets for cyber criminals. Instead, we must protect and promote the ability of the private sector to be fast and agile in detection, prevention, mitigation, and response to ever-changing threats.

The state program supports the following principles:

- State and local governments should set positive examples for private sector businesses by effectively managing the security of their own networks through application of risk-based frameworks, dedicating necessary resources to manage critical IT systems, and focusing investment on modern technologies capable of being effectively secured.
- Cohesive and adaptable national guidelines for security based on widely accepted industry best practices are preferable to varying state or local mandates to provide consistent, clear standards for companies to follow.
- Policymakers should encourage good cyber hygiene, modern technology, leading industry practices, and high-skilled cyber workers. Specifically, market-based incentives or safe harbors should be used to encourage companies to actively manage risks in accordance with widely accepted industry standards and best practices.
- Encryption and tokenization are fundamental technologies necessary to protect the security of critical systems and sensitive information. Governments should not demand changes that require backdoors, weaken encryption, or erode other reasonable security measures.
- A comprehensive, risk-based cybersecurity strategy should increase the security and resilience of all networks and end-user devices and prepare for and mitigate cyberattacks through the coordination of industry and government.
- Cybersecurity policies should focus on enhancing the confidentiality, integrity, and availability of information networks and end-user devices utilizing national and internationally recognized standards and data and provide for legal safe harbors to incentivize government and businesses to take steps to ensure that there are policies and procedures in place to protect against network intrusions.
- Security is an ongoing process aimed at managing risks that requires sustained and ongoing investments in people, processes, and technology.
- The internet is global and requires laws, policies, and regulations to reflect the global nature of the market.
- Securing internet-connected devices requires flexible security features appropriate to the nature and function of the device to prevent unauthorized remote access.
- Governments should maintain industry-leading cybersecurity practices and not require businesses to share data that it cannot keep safe and secure from threats.
- Reporting cyberthreat intelligence information to the government should be voluntary and include protections that ensure reported information is exempt from Freedom of Information Act requests, cannot be used as the basis for regulatory or enforcement actions, and may not be introduced as evidence in any court proceeding.
- Cybersecurity incident reporting should be compatible with existing federal laws and only require reporting once a covered entity is reasonably certain that a covered incident has occurred. Requirements linked to suspected or threatened incidents will result in excessive costs for businesses and governments without yielding actional information. Additionally, reporting requirements should not include requirements to share trade secrets or intellectual property, as that will increase risk for companies.

Data Breach

Data breach policy focuses on the responsibility and requirements following what is almost always a malicious attack on a public or private entity that has successfully accessed or otherwise compromised consumer and proprietary business data. Public policy in this area should be risk-based and focused on the likelihood of actual harm to consumers.

The state program supports the following principles:

- A single, national standard focused on protecting people from substantial harm is preferred because it would provide companies and customers with consistent, actionable notice of a data breach.
- Notice requirements that are not related to actual harm only burden companies and confuse customers with notifications that are not actionable. These requirements should be uniform, maintain consistent thresholds for reporting, and provide a reasonable notice timeframe.

- The distinction between an account takeover and a data breach should be explicitly recognized in data breach statutes, with differentiated provisions and reporting methodologies.
- Data rendered unusable by encryption, redaction, or any other security method or technology should be considered out of the scope of data breach reporting requirements because the risks of harm are not cognizable.
- Data breach policy should only impact an entity if their network or system has been breached and acquisition of personally identifiable information has occurred. Reporting requirements that relate to unsuccessful attempts are not risk-based and will waste limited resources. Entities should not be held responsible for, or be required to rectify, breaches outside of their control or responsibility.
- The statutory definition of personally identifiable information should be limited to information that, if compromised, could lead to identity theft or other substantial harm.
- Public safety entities should be provided the appropriate level of resources to help deter, identify, track, and punish this criminal behavior.
- Private rights of action, civil penalties, and other tools to encourage litigation will reduce the effectiveness of a data breach standard by discouraging reporting without providing substantive breach protections.
- Policymakers should encourage good cyber hygiene, modern technology, leading industry practices, and high-skilled cyber workers. Specifically, market-based incentives or safe harbors should be used to encourage companies to actively manage risks in accordance with widely accepted industry standards and best practices.
- Companies should have adequate time for internal or external investigations, including by law enforcement, to determine the nature of an incident and whether it constitutes a data breach.
- Any requirements that vendors notify state IT agencies should follow existing law regarding breach notifications or the time period specified in the applicable terms of the contract between the state agency contractor and the state agency.

Secure and Safe Repair

Consumers, small and large businesses, public schools, hospitals, banks, and manufacturers all need reasonable assurance that those they trust to repair their connected products will do so safely, securely, and correctly. Proposals that require original equipment manufacturers (OEMs) to provide unaffiliated repair firms with access to proprietary schematics and repair, diagnostic, and security tools create major risks to consumer safety and privacy and the security of connected infrastructure.

The state program supports the following principles:

- OEMs and authorized repair firms are uniquely qualified to ensure the secure and safe repair of electronic products. These firms use OEM-trained technicians and original parts that are backed by the OEMs and their partners with warranties, legally enforceable contracts, quality assurance requirements, and other mechanisms that provide strong protections for consumers.
- Requiring manufacturers to disclose diagnostic tools, source code, and software developed by the manufacturer at significant cost and provide access to tightly controlled supply chains to unaffiliated, unvetted third parties would place proprietary corporate information and sensitive customer information in the hands of unknown actors, creating a new set of intellectual property rights concerns and cybersecurity vulnerabilities.
- Private rights of action and other tools to encourage litigation must be avoided.
- Legislation should avoid a patchwork of inconsistent policies that will stifle innovation and/or are technically or operationally infeasible.

Facial Recognition and Biometric Technology

Facial recognition technology and other forms of biometric identification can be utilized in a variety of use cases, many of which can improve security and access for individuals using services online. Biometric technology can enable remote access to essential services, removing location- and mobility-based barriers to access. In addition, different types of biometric technology can be used to stop fraud and protect consumers.

The state program supports the following principles:

- TechNet will oppose any legislation that prohibits or effectively prohibits the use of facial recognition or biometric technology except where there is a specific, unacceptably high-risk case identified and the legislation is tightly bound to addressing that unacceptable risk.
- Legislation regulating the use of biometric technology should not provide for private rights of action, and any damage awards should be limited to instances where cognizable forms of actual economic harm have been demonstrated.
- 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.
- Cohesive and adaptable national guidance is preferable to individual state mandates to provide consistent, clear standards for companies to follow.

Government Requests for Data

Governments occasionally request data regarding consumers from data controllers. Consumers' privacy should not be restricted except in narrowly defined circumstances based on clearly defined laws and standards, and any restrictions should be necessary and proportionate for the relevant purpose.

The state program supports the following principles:

- Disclosure of data should require valid legal process to be served.
- Unless infeasible, a government should seek information from the entity contracting for cloud-based technology services instead of from the third-party providers who are not party to or the subject of a governmental investigation.
- Where valid legal process is not required, government requirements for the disclosure of consumer data should be for deidentified and aggregated data.
- Companies should have the right to push back on overly broad or vague requests and seek attestation about the cause for a request for disclosure.
- Disclosure requirements should not contain arbitrary or unreasonable timelines for disclosure.
- Requirements for company disclosure of data under a non-disclosure order should contain a reasonably and clearly defined expiration date for that order.

Content Moderation

Online services enable freedom of expression for consumers, and companies have a vested interest in moderating their platforms to create a safe, welcoming online community for users. To ensure that online services are inclusive, useful, and safe for consumers, online platforms often moderate the content posted by third parties. In order to ensure users understand the rules they are expected to follow, the industry has been at the leading edge of providing greater access and information regarding their moderation policies and practices.

The state program supports the following principles:

- Governments should not restrict or penalize online platforms' efforts to exercise their First Amendment rights to moderate content on their private platforms.
- Governments must recognize companies' rights to enforce their terms of service and respond to evolving threats.
- Governments should avoid mandates that require companies to affirmatively search for and report content on their platforms. Such mandates have the potential to transform private platforms into agents of government and thereby create complex constitutional challenges for both platforms and law enforcement.
- TechNet supports clear, constitutional definitions that are consistent across jurisdictions.

- TechNet supports industry efforts to provide transparency about platforms' content moderation practices and their efforts to limit and remove harmful content. These policies should not mandate or prioritize the policing of certain categories of content and should not undermine platforms' efforts to moderate harmful content, including by requiring disclosure of otherwise confidential information.

Children and Teens' Digital Well-Being

TechNet's member companies prioritize the safety and digital well-being of children who access their sites and platforms. Our members strongly believe children deserve a heightened level of protection, and TechNet members have been at the forefront of raising the standard for digital well-being across the industry by creating new features such as settings, parental tools, and protections that are age-appropriate, empower families to create the online experience that fits their needs, and are tailored to the differing developmental needs of young people.

The state program supports the following principles:

- State laws should respect and uphold the First Amendment and avoid burdening lawful speech. State laws should not conflict with any relevant federal law.
- States should not implement laws that broadly restrict access to online services for all users under the age of 18. Instead, any law seeking to restrict access to online services should consider the various nuanced ways in which older teens utilize the internet different from children and the benefits or potential harms of those uses. It should be narrowly tailored to the appropriate age groups at issue and alleged specific harms. States should also take care not to restrict advertising too broadly, which can have the effect of restricting access to otherwise free services or relevant information for participation in civic life.
- States play the lead role in K-12 education policy, including what students should learn and when. State lawmakers should encourage the adoption of instructional standards regarding digital literacy and internet safety for use at multiple grade levels.
- School districts, with the guidance of parents, are best positioned to establish standards for how school-issued devices can be used by students to ensure all students have access to the technological tools essential in today's modern economy and schools.
- Online platforms have created numerous digital tools to help parents' control their children's digital experiences. Lawmakers should seek opportunities to amplify these resources and educate parents on how they can be utilized, as parents know what is in the best interests of their child.
- Lawmakers should focus on the harms they wish companies to work against, rather than trying to dictate specific features or design choices. Any prohibited activities or harms should be stated with specificity so the companies know precisely what to prevent, and any knowledge standards for liability should be set at "knowing" or "intentional" so that bad actors are the focus of the law, not bad definitions.
- Regulation should enable parents to protect their children online without overstepping the duties of a parent. It should acknowledge the primary role that parents have in ensuring their children's safety online and focus on addressing the underlying challenges that parents face to ensure their safety.
- Enforcement by a state's attorney general is preferred, and private rights of action and other tools to encourage litigation must be avoided. Litigation leads to uneven and inconsistent policy outcomes, with companies choosing to limit their legal exposure differently. A single regulator, the opportunity to seek and receive guidance, and the opportunity to correct good faith mistakes will ensure greater compliance with the law and more consistent protections for child users.

Learn what TechNet member companies are doing to keep kids safe on their platforms here.

ARTIFICIAL INTELLIGENCE

Artificial intelligence (AI), machine learning (ML), and the algorithms that often support artificial intelligence have generated policymaker interest. We acknowledge that as technological advances emerge, policymakers' understanding of how these technologies work is vital for responsible policymaking. Our member companies are committed to responsible AI development and use. TechNet will advocate for a federal AI framework that brings uniformity to all Americans regardless of where they live, encourages innovation, and ensures that consumers are protected. TechNet therefore supports the following principles:

- Comprehensive, interoperable data privacy laws should precede AI regulations.
- Avoid blanket prohibitions on artificial intelligence, machine learning, or other forms of automated decision-making. Reserve any restrictions only for specific, identified use-cases that present a clearly demonstrated risk of unacceptable harm, and narrowly tailor those requirements to the harms identified.
- Do not force developers or deployers of AI/ML to share publicly information that is proprietary or protected, and do not require an AI registry.
- Ensure safety and security of information by ensuring data retention requirements are appropriately scoped to need and clearly defined by law.
- Leverage existing authorities under state law that already provide substantive legal protections, and limit new authorities specific to the operation of artificial intelligence, machine learning, and similar technologies where existing authorities are demonstrably inadequate.
- Ensure any requirements on automated decision tools focus on high-risk uses, defined as those uses reasonably likely to result in the loss of life or liberty or have legal effects, and those decisions based solely on automated decisions.
- Regulation should encourage clear disclosure of AI systems — e.g., use of simulated personas like chatbots should be clearly identified.
- Avoid overly broad designations that lead to uncertainty of who and what is affected — for example, statutory language that reads "including but not limited to …".
- Limit enforcement to the relevant state agencies and avoid private rights of action. Ensure any enforcement actions limit damage awards to clearly cognizable forms of actual demonstrated harms directly resulting from violations of the law.
- Provide safe harbors for companies that test and mitigate any bias or issues found in AI systems, as well as a reasonable right to cure period upon notice.
- Ensure sensitive data with appropriate cybersecurity protections can be used to conduct internal testing and foundation model training to ensure algorithms work inclusively and as intended by developers.
- Ensure any requirements are clearly allocated to specific roles in the artificial intelligence value chain. Recognize the different roles and responsibilities of "developers" and "deployers" of AI, including their technical limitations, and regulate them distinctly as appropriate.
- Avoid a one-size-fits-all policy approach and support a risk-based framework that ensures that comparable AI use cases are subject to consistent oversight and regulation across sectors. However, some sector-specific requirements may be appropriate for specialized uses.
- Rely on self-certification mechanisms wherever possible, and avoid mandating external or third-party audits of impact assessments or risk assessments. Rather, identify the audit or assessment requirements and goals, allowing companies to determine if they are capable of conducting the audit or must seek third-party support.
- Rely on established national and international standards and frameworks, including the NIST AI Risk Management Framework and ISO standards, to ensure interoperability and avoid a patchwork of inconsistent regulations.

EDUCATION AND WORKFORCE DEVELOPMENT

With global economic leadership at stake, education and workforce development are more critical than ever. TechNet supports policies that help prepare our students to be a successful part of a global, interconnected, and technology-driven economy. The state program supports the following principles:

- Full funding for our public schools in order to give school leaders the resources and flexibility needed to innovate and deliver the highest quality education to all students in K-12, higher education, and beyond.
- Digital learning resources and technology integration in student learning environments to improve student outcomes and enable college and career readiness.
- The recruitment and training of qualified teachers and innovative school administrators.
- Increased access for students to high-level STEM, computer science, information technology (IT), operational technology, and coding courses, with a focus on underrepresented students including women, people of color, and individuals with disabilities.
- High standards and accountability.
- Workforce and skills development programs that are aligned with the needs of students, workers, and businesses and recognize the value of continuous learning as well as alternative educational pathways toward digitally resilient jobs.

Drive Innovation in the Classroom

- Digital learning: Promote the use of digital content and tools to provide individualized, data-driven learning and improve educational outcomes.
- Champion hands-on, project-based learning to drive collaboration, creativity, communication, and critical thinking skills.
- Consistent, strategic funding: Support efforts to secure stable funding for digital education, aligned with a statewide vision to expand and promote digital innovation in the classroom.
- Infrastructure: Support measures that focus finances, partnerships, and strategies to close the digital divide in urban and rural communities in order to ensure that all schools have sufficient infrastructure and secure network connectivity with the necessary speed, capacity, flexibility of choice, and reliability to support "smart" classrooms and provide sustained IT support to maintain and upgrade systems.

Recruit and Develop Qualified Teachers and Innovative Administrators

- Professional development: Support dedicated funding for sustained and robust training for high-quality STEM and computer science teachers, both pre-service and in-service.
- STEM teacher shortage: Support efforts that address the severe shortage of qualified STEM, computer science, and IT teachers and develop a sustainable pipeline of talent.
- Teacher certification: Support the establishment of computer science and IT certification pathways that ensure all computer science and IT teachers have appropriate knowledge of and are prepared to teach the curriculum.
- Empower teachers and administrators: Support programs that empower teachers and administrators to make informed decisions on the procurement of technology, leverage technology to evolve classroom teaching, and improve collaboration through communities of support.

Expand Access and Inspire Students

- Underrepresented students: Support policies and programs that focus on engaging and providing opportunities for low-income students, women, people of color, and people with disabilities in STEM subjects, computer science, and IT. Support public and private partnerships committed to developing both a diverse workforce pipeline and opportunities for job placement.
- Early and broad exposure: Support policies and programs that ensure principles of computer science, IT, computational thinking, communication, and STEM skills are integrated, where possible, in other subjects of K-12 instruction.

- Awareness and inspiration: Support school and public/private programs that inspire the next generation of students to pursue STEM and computer science and IT careers and educate parents about opportunities in these fields.

Prepare for Digital Risks in Classrooms and Schools

Students and educators deserve to learn and work in an environment that is safe and secure physically and digitally. With this in mind, we support the following principles:

- Ongoing K-12 cybersecurity risk management: Adopt a proactive approach to addressing cybersecurity risks.
- Prioritizing and implementing mitigation strategies for K-12 systems: Identify the most critical risks and apply mitigation strategies such as multi-factor authentication, robust password policies, phishing prevention, software updates, and related professional development and upskilling for school personnel.
- Planning, budgeting, and forecasting for cybersecurity incidents: Develop and practice cybersecurity incident response plans to minimize the impact and prepare for potential cybersecurity breaches.

Promote High Standards and Accountability

- Make computer science count: Ensure that a qualified computer science course may fulfill a core science or math high school graduation requirement.
- Implement rigorous computer science standards: Ensure computer science standards are focused on computational thinking skills and the creation and ethical use of software and other computing technologies.
- Use data to drive accountability and learning: Support rigorous standards for students and the transition to data-driven assessments that provide a clearer picture of what and how students are learning and if they are developing the skills necessary to be college-ready and successful in the global marketplace.

Classroom to Career/Skills Development

- Align the resources of educational and training systems with the needs of technology industry employers: Promote programs that award industry-recognized certifications to validate skills and job-readiness, as well as programs that include partnerships with industry.
- Support high-quality career and technical education (CTE): Ensure CTE programs advance academic, technical, and industry-relevant technology skills and collaboration and communication skills to prepare all students for success in college and technology-rich careers. Improve the link between education and employment so learners are prepared for in-demand jobs.
- Increase access, affordability, and completion of postsecondary education and bridge the divide between higher education classroom learning and work: Expand access to real-world applied learning opportunities like internships and apprenticeships.
- Promote lifelong learning, retraining, and reskilling policies and programs that allow workers, including independent workers, to attain the education and skills they need to stay current and advance their careers as jobs evolve.
- Streamline the eligibility process for accessing training funds, which could further leverage investment from the private sector through employer-directed training.
- Improve access to and promote traditional and nontraditional pathways to employment to help more job seekers across all demographics access in-demand, skills-related education and training programs.
- Promote skills-based hiring practices in order to expand the talent pool for employers and remove barriers for workers, including the removal of unnecessary degree requirements for employment.

ENERGY AND ENVIRONMENT

TechNet supports policies that are technology-neutral and that foster and promote innovation in clean energy supply and demand for a sustainable climate. This allows companies to create, thrive, and compete in the United States and around the globe. Technology is a significant driver of efficiencies and innovative solutions for solving a wide range of environmental issues, so it should be fostered through smart policy and research and development funding. TechNet's state program supports the following principles:

- A robust, technology-neutral energy agenda that will spur the development and deployment of clean energy and clean transportation resources and technologies.
- Customer choice.
- Resilience and reliability in the face of security threats, natural disasters, and uninterrupted energy supplies. Understanding that clean energy and resilient energy are not mutually exclusive, TechNet will seek to advance the intersection of sustainable energy and resilient energy.
- The expansion of competitive and transparent energy supply markets at the wholesale and retail levels.
- Forward-looking policies that ensure open access and enable market-based deployment of wholesale and distributed energy resources.
- Fair and equal access to data, in a standardized format, to enable industry growth while empowering consumers to effectively deploy and utilize clean energy and clean transportation solutions.
- Stable tax policies that provide industry and consumers with long-term clarity to support the investment in and deployment of clean energy technologies.
- Policies that recognize the contributions of companies with voluntary clean energy initiatives that move faster than state goals, such as accelerated renewable energy buyer provisions in Clean Energy Standards and Renewable Portfolio Standards.
- Policies that provide support for green jobs, including training and upskilling.

Environmental Stewardship

TechNet member companies have developed and continue to maintain significant policies and practices that protect the environment, address climate change, and promote sustainable conservation, recycling, and waste reduction. Technology is used to drive efficiencies, reduce waste and emissions, and create innovative solutions for environmental challenges. Efforts to expand or create new mandated environmental programs should be inclusive, balanced, flexible, and data-driven in order to achieve stated aims and avoid significant disruption.

Energy Appendix

TechNet's clean energy priorities include advocacy and support around the following policy areas; further details on each of these can be found in the Appendix.

- Demand Response (DR)
- Distributed Energy Resources (DER)
- Energy Efficiency Standards
- Resilient Energy Supply
- Clean Energy Standards, Renewable Portfolio Standards, Alternative Portfolio Standards, Renewable Fuel Standards, and Low Carbon Fuel Standards
- Grid Modernization
- Retail Energy Competition and Self-Supply
- Grid and Customer Data Access and Transparency
- Electrification of Transportation
- Clean Energy Supply
- Microgrids
- Demand Charges

FINANCIAL TECHNOLOGY (FINTECH)

TechNet promotes the banking and financial technology (fintech) sectors by removing regulatory barriers to financial access and literacy, economic growth, and job creation. TechNet supports innovation in the banking and fintech sectors by encouraging state policymakers to ensure the regulatory system remains technology-neutral and regulates new technologies, including digital currencies and alternative banking, using a balanced approach that encourages fair competition.

TechNet supports private sector efforts to provide consumers with new, safe, secure, reliable, and accessible financial tools. In particular, the state program supports the following principles:

Financing Reforms

- Policymakers should prioritize updating antiquated state regulations to remove barriers to an integrated, digital transaction by addressing the role of technology in enabling constant change, diversity, and innovation in financing.
- Policymakers should encourage and advance financing laws and regulations across jurisdictions that account for the innovative lending market of today, oppose adding fees or additional requirements to global transactions, and authorize the use of digital tools such as e-signatures, remote online notarization, and automated valuation models to promote efficient, streamlined financial transactions.
- Policymakers should promote industry best practices that protect consumers and small businesses, such as transparent disclosures, without inhibiting innovation in providing access to credit.

Financial Empowerment

- Leverage technology to reduce barriers to financial literacy and services and empower consumers to better manage their financial lives.
- Unlock the power of financial apps. Policymakers should empower consumers and small businesses to take advantage of financial apps on their smartphones that improve security and offer reliable convenience and give unbanked and underbanked persons opportunity to build credit.
- Unlock access and understanding of digital tools that improve financial literacy for all consumers.

Payment Systems

- 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."
- Promote new entrants and empower consumers to utilize a broad array of fintech products and solutions.
- Promote the adoption of and oppose restrictions on card and mobile retail.
- Reduce fraud in the financial industry by empowering innovators.
- Promote free market growth of the payments industry and defend it against market-controlling legislative and regulatory policies.

Digital Assets, Blockchain Technology, and Web3

- Encourage policymakers to take a measured approach toward digital assets, blockchain technology, and Web3 through legislative proposals that conduct studies of these emerging technologies amongst key state regulators where policymakers can first develop a fact basis for understanding the costs and benefits of emerging technologies and only seek to regulate to fill gaps in existing law.
- Identify the benefits that would accrue to state governmental operations by incorporating digital assets, blockchain technology, and other emerging technologies into how citizens interact with state government.
- Promote cooperation across state securities regulators, other state financial regulators, and state attorneys general to prevent a patchwork of inconsistent state regulations that could stifle innovation.

DIVERSITY, INCLUSION, AND RACIAL JUSTICE

The technology industry is committed to promoting an inclusive workforce that reflects the diversity of our country and our customers. We support education, workforce development, and immigration policies that empower all people to continue making important contributions to our nation and communities.

In the majority of states, there are no clear state laws banning discrimination based on sexual orientation or gender identity. In recent years, there have been hundreds of bills and ballot initiatives proposed that would eliminate non-discrimination protections or that explicitly authorize discrimination by individuals, businesses, and state and local agencies.

We oppose any legislation, by any name, that would legalize discrimination on any basis, including nationality, race, religion, age, disability, natural hair texture, sexual orientation, and gender identity, and that would therefore impact workforce recruitment efforts, complicate human resources administration, and undermine the technology community's commitment to diversity and inclusion. We recognize the opportunity for and responsibility of the technology industry to lead in the creation and implementation of more inclusive policies nationwide.

Diversity, equity, and inclusion (DEI) policies are essential to corporate missions as we seek talented individuals diverse in age, race, gender, geography, and points of view to work in an environment where employees are valued and have opportunities to contribute, advance, and succeed. Policy proposals should not restrict corporate programs or intervene with proscriptive requirements or liability.

We recognize the valuable contributions immigrants make to our economy and country as a whole. For example, immigrant entrepreneurs have started more than half (319 of 582) of America's startup companies valued at $1 billion or more. We oppose state policies that unfairly target immigrant communities and support action at the federal level to reform our high-skilled immigration system to curb abuses and ensure that more green cards and visas are available to help fuel innovation at our research institutions and universities, and address the high-skilled labor shortage facing the U.S. economy. We also support a permanent federal legislative solution for Deferred Action for Childhood Arrivals recipients, or "Dreamers."

As millions of Americans express deep frustration over long-simmering racial disparities, we urge policymakers to listen to communities of color and develop proposals that will help to remove institutional barriers to opportunity and reverse racial inequities in our society. TechNet supports efforts to combat systemic racism, including investing in underrepresented communities to close entrepreneurship and wealth opportunity gaps, supporting reforms to reduce racial inequalities in the criminal justice system, and promoting efforts to close the gaps in racial disparities in education.

NEW TECHNOLOGIES AND FUTURE OF WORK

State legislatures, local jurisdictions, and courts across the country have reacted in different manners to the rise of new technologies, artificial intelligence, and the sharing and gig economies in an effort to oversee or regulate new and, in some cases, disruptive technologies. Any new legal or regulatory requirements should be tailored to the new product, directly tied to an identified harm, limited to gaps in existing coverage, focused on bad actors, and narrowly tailored to avoid conflicts or discrepancies in the law and unintended consequences. In addition, corresponding rules and regulations that apply to legacy providers should be adjusted accordingly to allow for technological neutrality. TechNet promotes policies that encourage the development of entrepreneurship, mobile commerce, and the next wave of innovation in the new economy. Establishing an innovation-friendly policy framework is the key to the competitiveness of the technology industry. The state program supports the following principles:

Reasonable Statutory and Regulatory Framework

New technologies bring new products and services to the market. Occasionally, these new products and services generate significant policymaker interest because of transformative features with little precedent and high consumer interface. Autonomous vehicles, peer-to-peer car sharing, unmanned aerial vehicles, blockchain, digital assets, and self-service healthcare, including telehealth and teledentistry, are examples.

While some lawmaking may be needed or helpful, TechNet will be vigilant against vague, overbroad, unnecessary, harmful, or hostile laws and regulations that stifle innovation. Generally speaking, TechNet is supportive of efforts to modernize legal frameworks that aim to sensibly regulate novel products and services if they:

- Seek to encourage, enable, and advance American leadership in innovation.
- Support the underlying and future innovation inherent in the product or service.
- Focus on prohibiting negligent, reckless, or criminal conduct and on the actors rather than the technology.
- Avoid duplicating existing requirements and creating unclear overlap or conflicts with existing requirements.
- Encourage a deliberate exploration of regulatory and non-regulatory approaches with a preference towards non-regulatory approaches unless there are high-risk outcomes that warrant more direct government approaches.
- Support an expeditious regulatory process to align with the speed of developing technologies.
- Recognize the benefits of the new technology.
- Continue to provide safeguards against intermediary liability, including opposing the application of strict liability onto online marketplaces.
- Recognize the ability for internet platforms to keep their users safe online by moderating content without creating liability risks.

Patient Access to Health Care

Telehealth is fundamentally altering how patients experience care. New telecommunications technologies allow health care professionals to provide patients with medical care and services in convenient, affordable, and accessible ways.

TechNet supports the following principles:

- Statutes should affirmatively enable the use of technology to treat patients remotely and ensure that the physician-patient relationship can be established using technology. Prescribing must also be allowed using technology. States may allow for the prescription of controlled substances using technology in line with federal standards.
- Telehealth statutes should be technology-neutral and enable innovation, including allowing the use of both synchronous and asynchronous technologies.
- The use of "store and forward," text messaging, remote patient monitoring, and other SMS technology should be allowed as clinically appropriate.
- Photography used to assist in the practice of telehealth should not require professional licensure.
- A physician may provide a professional second opinion to a patient as long as the physician is licensed and in good standing in their resident state, provided that the physician is not involved in the treatment of the patient in the state where he/she is not licensed.

Access to Markets

While policymakers must balance new innovations with consumer protection, TechNet opposes regulatory restrictions imposed to protect existing markets from competition, such as excessive insurance requirements, prohibitive licensing requirements, caps on the number of services provided, limitations on where services can be provided, and unreasonable barriers to market entry.

TechNet supports legislation to protect consumers when it is based on an identifiable harm that has occurred or could occur. TechNet opposes legislation that regulates specific technologies based on unknown impacts to a consumer. In circumstances where policymakers have identified a significant threat or occurrence of harm that is not already prohibited or otherwise addressed by existing law or regulation, the cost, difficulty, and practicality of implementing new rules and regulations should be analyzed against the magnitude and probability of potential harm. Further, policymakers should note the difficulties inherent in state or local regulation of companies and products that are multi-state or global in operations, including the interplay of other state or federal legal requirements.

TechNet supports efforts to increase access to capital, including intrastate crowdsourcing and other cutting-edge funding mechanisms.

Service Fee Regulations

TechNet opposes regulations that aim to cap or otherwise control technology companies' ability to price their own goods and services in line with their business models and consistent with freedom of contract principles. Technology companies' fees enable them to provide essential services and may need to vary between trips and markets or different product offerings. They cover a range of services that promote safety and reliability, including the cost of building and maintaining technology interfaces, insurance, payment facilitation fees, technical assistance, security, onboarding and background checks for gig economy workers, marketing, and customer support, among other things. Specifically for the gig economy, regulating companies' service fees or mandating reporting requirements does not protect gig economy worker earnings or consumer affordability, rather it does the opposite, creating pressure to move costs like insurance and credit card processing fees onto consumers, thereby decreasing sales volume and adversely affecting worker pay. Further, regulating companies' service fees risks negatively impacting the level, pricing, and quality of the services provided.

Access to Talent

The modern workforce requires a flexible employment environment that allows workers to find opportunities that match their skills, interests, and availability. TechNet opposes efforts to eliminate or restrict this flexibility, including restrictions on remote and hybrid work, restrictions on the use of independent contractor and consultant classifications, inflexible overtime rules, and indiscriminate expansion of collective bargaining rules. TechNet supports efforts to develop new avenues and safe harbors that empower companies to voluntarily provide new protections and benefits to workers where appropriate without impacting classification outcomes.

Sharing Economy

The sharing economy is creating income opportunities in every corner of the country, allowing people to work independently and on discretionary schedules, use their personal property and skills to generate income, help them expand their businesses, and provide for themselves and their families. Policymakers should ensure that efforts to regulate the sharing economy protect innovation and individual empowerment, are not overly burdensome, and recognize the unique nature of the sharing economy when compared to traditional providers.

Portable Benefits

The composition of the U.S. workforce is changing as new technologies have provided low-barrier access to flexible, independent work. This type of work allows individuals and families in need of supplemental income, including during periods of unemployment or underemployment, to access work on demand. Over time, in large part due to the availability of the gig and sharing economies, the independent workforce has grown to serve as an important source of supplemental earnings for millions of Americans.

Many in the modern, independent workforce find they get better financial returns on their skills than similar groups in the traditional workforce. Perhaps the biggest benefit to this new workforce is the flexibility that self-employment, independent contracting, and freelancing provide, which allows the independent workforce to balance work, family, and leisure activities differently than in a traditional employment relationship.

But the flexibility of independent work may come with challenges regarding access to important benefits and protections. The binary employment system forces workers to choose between employment with benefits but less flexibility, or independent contracting with flexibility but fewer benefits.

To address these challenges, state and federal policymakers are introducing policies to make it easier for independent workers to obtain and fund benefits. Policy solutions need to maintain the flexibility that workers who favor both online and offline independent work need and want, and they should weigh improving access to benefits for independent workers and their families. Because any such benefits must travel with the worker so they can continue to work independently for a variety of companies or individuals, the benefits must be portable.

Any portable benefits program should be guided by the following principles:

- Benefits should be tied to individual workers, enabling them to contribute to and use their benefits across multiple platforms or sources of income. Workers should also have flexibility over how to use their benefits.
- Programs should maintain the flexibility these workers seek while allowing technology companies to continue to grow and provide earning opportunities for more workers.
- Benefits should be proportional to the work completed, with more active workers receiving more benefits. Workers should also be able to make additional contributions to their account.
- Policy solutions should not limit technology companies' abilities to expand the benefits they offer to attract and retain independent workers.
- The program should incentivize companies to provide portable benefits to workers by establishing a safe harbor with respect to the independent contractor status of workers.
- The program should avoid duplicating existing requirements or creating unclear or confusing overlaps or conflicts with existing requirements.
- States should engage multiple stakeholders, including third parties, to establish a mechanism to manage portable benefits.
- Independent contractors deriving their benefits from a portable account should be eligible for the same kinds of tax breaks and pre-tax contributions as employees.

AUTONOMOUS VEHICLES

The development and deployment of autonomous vehicles (AVs) offers the potential to increase equity by providing mobility-as-a-service and enable tremendous societal benefits by improving roadway safety through the reduction in frequency and severity of automobile crashes and increasing access to transportation for all people, including people with disabilities, older adults, and others who cannot currently drive themselves. AVs can significantly enhance the safety and efficiency of goods movement, create jobs, and help better meet consumer demand while promoting innovation and growth across various sectors of the economy. AVs may likewise, if deployed strategically, mitigate other inefficiencies of current motor vehicle use, such as congestion.

TechNet supports policies that encourage the safe and efficient deployment of AVs on public roads in the United States. These policies include the promotion of and investment in infrastructure and other architecture that will enable and accelerate AV operations. TechNet also supports systems that promote access to publicly available data on road and traffic conditions.

TechNet is concerned that well-intentioned state policy frameworks could unintentionally stifle innovation and impede the safety and other benefits of this technology. As such, states should avoid adopting policies that will create, increase, or maintain barriers to the testing, development, and deployment of this technology and the benefits that come with it.

The state program supports the following principles:

- State policymakers should prioritize harmonization between jurisdictions to avoid a patchwork of policies that may stifle innovation. They should avoid establishing vehicle performance standards, safety regulations, or certifications that conflict with federal law, regulations, or AV guidance. A patchwork of policies will stifle or impede innovation.
- Frameworks, regulations, and constructs that restrict competition or limit operation of AVs to only one segment of innovators or automotive technologies should be avoided. Policies should be technology-neutral and foster continued innovation in the industry, avoid picking winners and losers, prioritize public safety, and protect intellectual property.
- A human operator inside an AV for operation, testing, and deployment should not be required. Policymakers should not predetermine how the technology will develop or legislate technology by specifying the role of a human in its development.
- Local ordinances, or other formal local sign-off, as a prerequisite for testing or deployment within a state should not be required. TechNet believes that a patchwork of local laws and regulations would be unnecessarily burdensome and could impede travel between jurisdictions.
- Encourage states to follow the guidelines and best practices outlined in the U.S. Department of Transportation's "Preparing for the Future of Transportation: Automated Vehicles 3.0."
- The operation of AVs in the state should be subject to the same accident and operating reporting requirements as human-driven vehicles, but no more. Federal reporting laws are sufficient to address the states' interest in assessing road safety.
- Governments should support policies that promote the growth of and investment in AV operations.
- State laws and regulations should be updated to remove legal barriers to driverless deployment of AVs on public roads, including vehicles with purpose-built designs.
- Use of definitions and terminology consistent with the SAE J3016 (April 2021).
- Vehicles equipped with advanced driver-assistance systems (ADAS) are not AVs, and TechNet works to educate policymakers on the unique and distinct nature of both ADAS and AVs. State laws should prohibit vehicles equipped with ADAS from being advertised as AVs.
- Avoiding special or unique permitting, licensing, insurance, or registration requirements specific to for AV operations.
- Seeking and maintaining existing laws on liability, unless and until the need for change is demonstrated.
- Bills and regulations should provide a clear path to the commercial, driverless deployment of AVs.
- Government should not mandate the sharing of businesses' data that it cannot adequately analyze and use to promote further innovation.
- Create a line of communication and provide industry expertise to various state AV task forces. Prioritize state AV task forces that are actively considering legislative proposals that may impede AV innovation.
- Policymakers should avoid any regulations that limit or delay the use of AVs in public transportation systems. Limiting AVs in public transportation will deny mobility benefits to the riders that need it most.
- Policymakers should view autonomous vehicles and related technology as job creators, with the AV industry playing a critical role in enhancing state and local economies, economic competitiveness, and opportunity overall.

PROCUREMENT

TechNet seeks to promote and support innovation, transparency, competition, cost effectiveness, and technology neutrality in technology procurement processes. As states consider procurement reforms and legislation, TechNet will advocate for the following principles:

- Modernization of outdated IT systems, acceleration of the sound adoption of state-of-the-art technologies, and strengthening of state governments' cybersecurity defenses. Citizens deserve modern, citizen-centric services that keep pace with private sector innovation.
- Frameworks that encourage communication and collaboration between the public and private sectors to promote a better-informed understanding of current industry capabilities and practices.

- Strong executive-level leadership with supervisory and operational authority over enterprise-wide IT strategy, policy, and planning can drive innovation and maximize investment across state enterprises.
- Statutory flexibility to select from the widest array of solutions and consider all relevant factors in addition to cost, such as short- and long-term environmental impact and sustainability, the quality and security of goods and services purchased, performance history, and total cost of ownership solutions.
- Procurement and program management professionals benefit from training opportunities that expose them to technologies being deployed in the private sector.
- Reforms to standard contract terms and conditions to give agencies flexibility to use contracting vehicles that can accommodate the unique set of IT terms and conditions and incorporate future innovations that are aligned with commercial best practices.
- Reforms to allow for centralized procurement of managed services for the state or supported jurisdictions, which would achieve both efficiency and enable entities to acquire services they would not be able to if procuring on their own.
- Forced data localization requirements arbitrarily limit technology solutions.
- Opposing third-party verification and tracking software implementation requirements for vendors on state contracts.
- Intellectual property law should allow for an environment where innovation can flourish among companies of all sizes and across all sectors.
- Vendors should be held harmless when statute calls for stop payments due to agency failure.
- Vendors should not be discriminated against for policies which do not impact the delivery of technology solutions to government.

TAXATION

TechNet supports tax policies that promote innovation and foster an economic climate that enables companies to compete, thrive, invest, and expand in the United States and around the globe.

Due to many factors, the tax landscape at the state level is currently fluctuating at a rate not seen for decades. Research and development tax credits are popular in some states and under siege in others. Years of scarce budgets and underfunded infrastructure and public services are driving policymakers to consider new taxation schemes that will likely be counterproductive for long-term budgeting purposes. Meanwhile, new policy priorities in clean energy technology are creating opportunities for smart tax incentives.

TechNet's state program supports the following principles:

- Implementing research and development tax credits that spur growth in key technology sectors, including indefinite carry forward of research and development tax credits.
- Expanding access to existing tax credits for gig and sharing economy participants, particularly for products and services aiming to address real-life challenges such as accessibility, inclusion, congestion, and the electrification of transportation.
- Ensuring tax structures create a level-playing field for all product and service providers, both technology players as well as others, and do not disadvantage a specific subsector such as gig and sharing economy companies.
- Lowering corporate tax burdens and preventing attempts to raise corporate and payroll taxes in order to fund additional government services.
- Preventing attempts by states to tax pre-written computer software and cloud computing services or software as a service (SaaS).
- Engaging on nexus tax legislation that negatively impact member companies and small businesses that are seeking to comply post-*South Dakota v. Wayfair*, including but not limited to marketplace facilitator nexus, economic nexus, payment facilitator nexus, and remote seller representative nexus.
- Supporting policies that promote startup businesses by not increasing taxes on entrepreneurial investment activities.
- Promoting and expanding investment tax credits and angel investor tax credits.

- Supporting tax policy that provides clean energy technologies with a stable tax environment that appropriately supports the industry's unique financing needs.
- Finding an amenable and consistent way for states to tax or apply fees to the evolution of work (i.e., gig economy), which is rapidly growing and forcing policymakers to grapple with how to tax or apply fees to disruptive technologies that do not rely on brick-and-mortar presences in a state and are competing with traditional industries that already may be regulated and taxed.
- Ensuring any budget deficits at the state and city level are addressed with holistic strategies that do not disproportionately impact technology companies.
- Ensuring that any user fees are designed to provide gig economy companies with flexibility on when and how the fee is assessed from the consumer in order to accommodate unique and innovative service models.
- Engaging on digital tax legislation that discriminates against electronic commerce in violation of the federal Internet Tax Freedom Act.
- Engaging against retail delivery taxes or fees, which generally target online business models and harm delivery drivers, small businesses, and delivery-dependent households.

Priority Issues

Exempting Cloud/SaaS Taxes

Many states consider cloud or Software as a Service (SaaS) purchases as an untapped source of revenue as hardware offerings become less prevalent. The question centers on whether offering storage space in the cloud is a tangible "good" (subject to sales taxes), a "service" (subject to use taxes), or neither of those. Different states are making different decisions and the situation is still evolving. TechNet will continue to advocate for national consistency and will oppose state-by-state efforts to extend traditional sales taxes to SaaS and related technology services to the extent that the imposition of such taxes has a disproportionately negative impact on cloud providers.

Marketplace Facilitator Collection

As states seek to revise legislation passed in the wake of the *Wayfair* decision, the state program will advocate for marketplace facilitator sales tax collection legislation that preserves a diversity of marketplace business models, especially with regard to the relationship between the marketplace facilitator and its customers and sellers. TechNet supports the principle that marketplace facilitators should be as free as possible – without creating a risk of under-collection of tax – to determine how to comply with marketplace facilitator collection requirements. To that end, TechNet will oppose legislation that allows marketplace sellers to unilaterally opt-out of marketplace collection. TechNet also supports the principle that sales are subject to tax only once. In addition, the law should be easy for consumers and marketplaces to comply with and for states to administer.

TechNet will also oppose efforts to extend marketplace facilitator collection requirements to other taxes and fees. If, however, a technology platform is deemed the retailer to collect taxes on a transaction, platforms should have the ability to collect and remit all such transactional taxes.

Investment Tax Credits

Legislation related to tax credits, such as research and development, employment credits for job creation, angel investor, venture capital, and technology investment/development tax credits, can spur growth, incentivize economic activity, and help companies make decisions regarding where to expand their operations. The current landscape for state-level tax credits is in flux. Traditional credits are embraced in some states but discontinued or in jeopardy in others. Increasingly, new tax credit proposals focus on the startup sector to ensure increased access to venture capital and angel investor dollars needed to succeed in a competitive market. TechNet will continue to educate policymakers about the benefits of smart investment tax credits, work to protect and/or restore traditional, existing credits, and promote consideration of new kinds of credits aimed at expanding the benefits into the innovation economy.

Clean and Renewable Tax Incentives

Many companies have a vested interest in "going green," and consumers expect technology companies to be leaders in this endeavor. Furthermore, because of the global scope and nature of technology companies' offerings, it is critical that they have a source of affordable, predictable, and reliable energy that will not be interrupted due to the myriad of political circumstances outside a company's control. Lower energy costs allow tech companies to use those savings on other areas of their businesses. TechNet will promote the continuation and adoption of these incentives.

Oppose Digital Advertising Tax Legislation

As states grapple with how to tax the digital economy, we have recently seen proposals loosely modeled after the European Digital Services Tax policy that punitively target digital advertising. Working with the larger business community, TechNet will strongly oppose attempts to tax digital advertising. Advertising is merely a tool for generating sales and creating awareness of an issue, so it is unwise to impose taxes on these kind of business inputs and especially counterproductive in the current economic conditions where many small businesses that rely on digital advertising for messaging are struggling to survive. Besides being unsound policy, state proposals to date have contained vague definitions on the activity subject to tax and on sourcing methodologies which will lead to confusion for taxpayer implementation.

SMART INFRASTRUCTURE

In the near future, our infrastructure will blend traditional physical infrastructure (transportation and transit systems, buildings, pipes, power grids, concrete, and steel) with cyber infrastructure (computers, networks, and sensors), reaching the age of "connected everything." Smart infrastructure is the development of more efficient and environmentally friendly systems for managing commuter traffic, food distribution, electric grids, services metering, waste management, street and highway lighting, and waterways. Transportation systems that are efficient, environmentally friendly, and move hundreds to hundreds of thousands of people quickly, comfortably, and affordably to their destinations will be a defining feature of many new smart cities.

TechNet recognizes that a sustainable and equitable transportation system requires people to be able to access a variety of transportation options and choose the one that is best suited to their task, which often will not be a personally owned vehicle. TechNet supports efforts to incentivize expansion and use of alternative mobility options, including peer-to-peer car sharing, ridesharing, autonomous vehicles, and micromobility.

Tomorrow's smart cities will redefine sustainability and livability. The common thread for these smart infrastructure technologies is the reliance on a high-speed — wired or wireless — internet connection, including 5G.

In order to execute these smart solutions, there remains the need to keep pace with the explosive pace of technological innovation. The state program will support legislation that promotes research, development, and investment in smart infrastructure and modernizes archaic regulations allowing companies to create and meet the increased demand of consumers, cities, and government agencies, while ensuring that there is an even playing field in terms of technological adoption and innovation.

The state team will advocate to ensure that infrastructure policies, such as zoning and building codes, are future-proofed. In addition, infrastructure policies should support energy efficiency, renewable energy, transportation electrification, and public-private partnerships designed to facilitate infrastructure improvements.

Broadband and Internet Access

The internet is a key tool for consumers' access to information and empowerment. Internet access connects consumers with the tools they need to live a more flexible lifestyle, increasing their access to telehealth, remote education, civic engagement, provision of government services, and allowing for workplace flexibility. Embracing policies that close the digital divide and expand access to the internet and technology, provide a safe and secure consumer experience, and promote strong private sector competition and investment (while opposing provisions that would create unnecessary or burdensome regulations or legal requirements) is a core value of TechNet. TechNet will support efforts to increase and expand high speed broadband deployment to currently unserved areas and increase adoption by encouraging private investment and making government funding competitively available to all providers for those hard-to-serve areas where private investment on its own is not sufficient.

APPENDIX - ENERGY

Priority Issues

Demand Response (DR)

TechNet's members include "clean tech" companies that offer DR products, companies that are energy customers who utilize DR programs as part of their energy portfolio, and companies that have to meet DR requirements due to state regulations or as part of their own internal environmental stewardship programs.

TechNet will support policies related to electric demand management, including but not limited to peak demand reduction standards and incentive programs, DR requirements for energy consumers that educate the consumer, better management of energy loads, and improvement of the efficiency, resilience, and effectiveness of the energy supply chain.

Distributed Energy Resources (DER)

Distributed Energy Resources (DER) are electricity generating or load reducing/managing resources that are deployed across the distribution grid, typically close to load, and usually behind the meter, which can be used individually or in aggregate to provide value to the grid, individual customers, or both. DER may include distributed generation (DG), on-site generation, energy efficiency, distributed renewables, behind-the-meter resources, energy storage, and load control/management.

Distributed energy resources must be a key component of a state's clean energy portfolio and grid modernization efforts. As with demand response, DR is of interest to both TechNet's "clean tech" companies who offer DER products and services and to those customers who have invested in DG onsite and utilize DERs as part of their energy consumption and management portfolio.

DER and energy management tools can help meet onsite customer energy needs and provide wholesale, grid-facing services, either individually or in aggregate. DER, deployed effectively, can reduce utility and customer costs, improve service reliability and safety, and enhance grid resilience while achieving climate and environmental goals. TechNet monitors all types of DER, such as onsite generation and storage, energy efficiency, demand response, and advanced energy management technologies, including smart thermostats and intelligent appliances.

TechNet will support legislation, regulations, and executive actions that encourage and support the use and expansion of DERs as part of the overall energy supply and minimize or eliminate barriers and costs to interconnect DERs to the grid.

Energy Efficiency Standards

TechNet supports efforts to promote energy efficient technology adoption and the development of new energy efficient technologies. TechNet believes that states should rely on voluntary industry standards rather than imposing state-specific regulations to improve energy efficiency, as consumers may be confused by a patchwork of state regulations for products that are supplied on a global scale. Current energy efficiency standards are generating significant energy savings and adoption is widespread across the electronic product spectrum.

Resilient Energy Supply

The technology sector is increasingly dependent on an uninterrupted supply of electricity. At the same time, climate change, extreme weather events, and security threats to the electric grid are growing. TechNet and its members recognize the value of electricity supplies that are able to ride through outages of the electricity distribution system and/or restore the distribution system more rapidly after an outage. TechNet supports policies and programs that recognize the value of resilience either in the form of stand-alone policies or as features of existing programs. TechNet understands that clean energy and resilient energy are not mutually exclusive and will seek to advance the interests of its members by advocating for policymakers to enhance their focus on the intersection of sustainable energy and resilient energy.

Clean Energy Standards, Renewable Portfolio Standards, Alternative Portfolio Standards, Renewable Fuel Standards, and Low Carbon Fuel Standards

In order to address climate change and reduce air pollution, many jurisdictions have adopted Clean Energy Standards (CES), Renewable Portfolio Standards (RPS), Alternative Portfolio Standards (APS), Renewable Fuel Standards (RFS), and Low Carbon Fuel Standards (LCFS), which are requirements or incentives to ensure that energy marketers and producers have a certain percentage of clean energy in their mix. There are obligated parties when it comes to clean energy standards, and it is critical that we understand when there is a change in law related to these standards.

TechNet is interested in the trend of states setting clean energy portfolio and renewable fuel standards for customers and market participants. In addition, some TechNet members offer products and services to help customers, energy companies, and states achieve the RPS, CES, APS, LCFS and Environmental Protection Agency (EPA) RFS mandates. Beyond this, we support the development and investment in alternative fuels including, but not limited to green hydrogen and biofuels, to reduce carbon emissions from our existing fuel sources.

TechNet will engage for CES, RPS, APS, LCFS, and RFS goals in conjunction with open access to both grid and consumption data. We will advocate to ensure that the approach is practical, technology-neutral, and compatible with member companies' procurement goals, the evolution of renewable development, and the innovation of sustainable market solutions. We will advocate for the recognition, when determining compliance with state CES or RPS, of member companies' accelerated voluntary purchases of renewable energy to ensure member companies are not paying twice for renewables while also lowering the overall cost of compliance for all utility customers.

Grid Modernization

TechNet defines grid modernization as addressing the needs of the aging grid to meet the needs of customers, such as using communications and modern computing to upgrade the current electric power grid and leverage DERs so that the electric grid can operate more efficiently and reliably and enable additional services to consumers. Modernization makes a grid into a platform on which market-based solutions can thrive, delivering more value and savings to consumers and reducing carbon dioxide emissions. To meet this end, grid modernization policies must include technologies and standards that enable customer data access and allow customers to easily share data with third parties. Additionally, grid modernization should be supported with integrated system planning at the distribution, transmission, and bulk power system levels to ensure that the power grid can continue to support customer adoption of clean energy technologies, as well as ensure that these resources are being fully utilized to address grid needs.

Transitioning to an integrated system planning process will require greater data transparency regarding planned investments and system constraints driving those investments. The transition will also require changes in how the utilities identify and pursue solutions to address system constraints to ensure they are considering the so-called "non-wires alternative" in lieu of the more conventional investments they would otherwise rely upon.

TechNet will monitor and advocate for grid modernization policies or incentives, as well as promote policies to reform utility planning processes to take a more integrated approach. TechNet will monitor policies to ensure that grid modernization policies and proposals will truly reflect the definition of grid modernization and do not pass unnecessary or unjustified costs onto consumers.

Retail Energy Competition and Self-Supply

Retail energy competition is when a state authorizes energy (electricity and/or gas) purchases from a supplier outside of the monopoly utility provider. Self-supply allows a consumer to procure their electricity needs outside traditional utilities. TechNet believes that competition and self-supply allow for and encourage innovation. Allowing customers the flexibility to procure power and gas from a source other than the monopoly utility allows the customer to incorporate clean technology, procure cost-competitive renewable energy, and tailor energy to the needs of their facilities and organization. Typically, energy costs are among the top three highest expenses for businesses. Controlling these costs is critically important, and retail competition and self-supply empower customers to better manage energy costs.

TechNet will support policies that encourage retail choice, energy competition, or consumer self-supply and advocate for an even playing field for all suppliers, including the incumbent investor-owned utilities. TechNet will oppose any additional requirements imposed on suppliers and customers as prerequisites to participate in competitive energy markets.

Grid and Customer Data Access and Transparency

In the energy space, customer data is the foundational element of every business that directly touches customers and a number of businesses that operate more at the wholesale level. The entity that controls customer data has a huge impact on the success or failure of those businesses. In the traditional utility model, the entity that owns the metering infrastructure (which, for all relevant U.S. jurisdictions, is the utility) is the *de facto* owner of the data. Even customers, who may technically be considered (by law or regulation) the beneficial owner of the data, must get their data from the utility, which typically has the right to retain the data and use it for many purposes.

This model of utility-owned data seriously limits the value that customers can derive from the market. A third-party supplier's ability to offer (and bill) advanced products and services will also be limited by the quality of the data that is passed from the utility to the third party. There can be a material difference in data quality between what the utility sends to a third party and what the utility actually gathers at the meter level and/or sends to the system operator for settlement purposes. At the same time, as customer adoption of DERs increases, distribution system planning and operations will require additional data and information for grid operators and DER providers. Therefore, in order to realize the promise of a modernized grid, the underlying data associated with the grid must be made available to a wide group of industry stakeholders and market participants while maintaining appropriate consumer data privacy. Furthermore, the inconsistency of data standardization from electric utilities creates hurdles for customers with multi-state operations and third-party DER providers.

TechNet will advocate for expanding the boundaries of access to data and customer choice and will encourage legislators and regulators to consider several possible changes to their current system. TechNet will also advocate for the use of a standardized format for providing customers and third- party providers with data on a consistent format.

Electrification of Transportation

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.

Charging and hydrogen fueling stations are being installed throughout the country along corridors, in urban hubs, at businesses, delivery fleets, public lots, and in residences to fuel electric and fuel cell electric vehicles. While the industry has grown significantly as EVs have become more widespread, stakeholders generally agree that there is a need to accelerate deployment across the light, medium, and heavy-duty sectors. State agencies and electric utilities are now considering ways to accelerate charging and hydrogen refueling station deployments and fueling switching. Utility rate-basing of grid upgrades to support EV charging and utility-owned-and-operated charging stations can support transportation electrification but must not threaten competition and innovation in the charging station industry. The EV charging market will continue to thrive as more EV models are introduced, hardware costs decrease, installations become more streamlined through enabling building codes, and station utilization improves. However, states can take targeted action to spur greater investment to close the infrastructure gap and support diverse networks of charging and hydrogen refueling stations.

Utilities have proposed a variety of approaches to directly participate in supporting the development of EV charging infrastructure, from utility-owned and operated infrastructure to "make ready," which is the infrastructure needed to install a charging station, up to but not including the station itself.

TechNet will respond to utility applications at the relevant public utility commissions where investor-owned utilities are seeking to rate-base charging infrastructure, and TechNet will support proposals that help accelerate the electric vehicle sector while respecting customer choice, long-term competition, and innovation in the EV charging market. Moreover, TechNet will advocate for customer control and choice, technology-neutral hardware and software options, and competition in the EV charging marketplace.

As more public funding becomes available, TechNet supports robust and flexible incentive programs, not mandates, that accelerate EV adoption and charging and hydrogen refueling infrastructure among individuals and fleets for light, medium, and heavy-duty vehicle classes alike. 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.

Clean Energy Supply

TechNet members are financing, building, and innovating on clean energy projects. These projects are needed to meet growing demand and help deliver economies of scale to the energy markets. Additionally, these projects help spur economic development in many communities. Many states have incentives and streamlined permitting processes to facilitate the development of these projects. However, some states have created artificial barriers through legislative and regulatory changes that have slowed investment. TechNet will advocate for a policy environment that advances efforts to bring more clean energy projects online more quickly.

Microgrids

Microgrids are localized grids that can disconnect from the traditional grid to operate autonomously and help mitigate grid disturbances and strengthen grid resilience. Microgrids can play an important role in transforming the nation's electric grid in the face of continued threats from climate change and natural disasters. In addition, they can function as a grid resource for faster system response and recovery.

Microgrids also support a flexible and efficient electric grid by enabling the integration of growing deployments of renewable sources of energy such as solar and wind, distributed energy resources such as fuel cells, energy storage, and dispatch, and DR. In addition, the use of local sources of energy to serve local power loads helps reduce energy losses in transmission and distribution, which further increases the efficiency and resilience of the electricity delivery system.

TechNet members are financing, building, and innovating in the area of microgrids, and TechNet will advocate for policies and programs that encourage microgrid development.

Demand Charges

Today, many utilities assess demand charges to some commercial and industrial customers, and some are proposing mandatory demand charges for residential or distributed generation customers. This is a concern for DER providers and EV charging operators because demand charges can reduce the price signal for residential customers to adopt these technologies and can make a customer's bill much more complex because of the charges' many facets and various ways in which they can be applied.

TechNet will advocate for preserving customer choice and the option to utilize and invest in the variety of available advanced energy technologies from both the residential and commercial customer perspective for DERs in the rate design discussion. TechNet will support utilities exploring optional rates, including time variable rates and pilot programs that send clearer signals about system costs that enable technology innovation and customer control over energy costs. On the commercial side, TechNet will support transparency in demand charges and demand charge alternative tariffs. Specific to EV charging, TechNet will advocate for considering alternate rate design options for demand charges to respond to increased adoption of EV and higher power technology.