

2024 FEDERAL POLICY AGENDA

The U.S. digital economy drives America's economic growth, accounting for 10% of U.S. GDP and 8.9 million jobs. Technology underpins all sectors of our economy, making every enterprise more productive, efficient, and resilient. It also plays a critical role in protecting our national security by ensuring the U.S. military is technologically superior to our adversaries.

Technology advances America's democratic values and interests globally. It strengthens our workforce, keeps our data and critical infrastructure secure, supports and empowers small businesses, entrepreneurs, and underrepresented communities, makes our planet more sustainable, and increases our global competitiveness.

However, we must not take America's tech leadership for granted. Last year, the Australian Strategic Policy Institute published a [report](#) that shows **China has taken the lead over the U.S. in 37 of 44 technologies**. China is developing these emerging technologies, chief among them artificial intelligence, as a core part of its long-term strategy to out-compete America and our allies. The U.S. must meet this threat by leveraging our competitive strengths to win the next era of innovation and ensure America continues to lead the world in the decades to come.

Winning the Next Era of Innovation

Lead Artificial Intelligence Globally

Artificial intelligence (AI) is a transformational technology that has the potential to revolutionize how we live and work and help us solve the most significant challenges of our time. When guided by ethics, transparency, and fairness, responsible AI can help usher in a more prosperous and sustainable future that improves lives, grows our economy, and keeps America safe. Many of TechNet's members are leading AI developers, researchers, deployers, and users. TechNet developed a Federal AI Policy Framework with recommendations on responsible AI evaluations, mitigating potential bias, securing advanced systems, and building a resilient innovation workforce. Policymakers should leverage existing laws and adopt a risk-based approach for effective AI regulation to ensure the U.S. leads the development of AI globally.

Pass a Federal Data Privacy Law

Since 2018, 195 privacy bills have been introduced in 46 states. Ten state legislatures have passed different privacy laws since the beginning of 2023, bringing the total to 15 nationally. Consumers and small businesses are now forced to comply with a confusing patchwork of state privacy laws that is certain to grow rapidly in the next several years. According to a report from the Information Technology and Innovation Foundation (ITIF), a 50-state patchwork would cost our economy more than \$1 trillion over ten years, with \$200 billion being paid by America's small businesses. Congress must pass a preemptive, uniform federal privacy law.

Strengthen Cybersecurity

Our foreign adversaries, including China and Russia, are well-resourced and highly motivated to steal our data and trade secrets and disrupt critical infrastructure using the most sophisticated cyber weapons. Congress must pass legislation that invests in America's domestic STEM talent pipeline, attracts and retains the world's best talent, and modernizes government technologies. The Administration must build long-lasting, public-private partnerships to promote the adoption and use of voluntary, adaptable, risk management-based approaches to meet the ever-evolving threats facing America's critical infrastructure.

Invest in America's STEM Talent Pipeline

Educating students to fill the technology-enabled jobs of the future and training adults to fill vacancies we face today are critical to addressing America's STEM-talent pipeline crisis that threatens our economy and national security. Congress must fully fund the STEM and workforce training programs authorized in the *CHIPS and Science Act* to address our nation's growing skills gap and counter investments made by China.

Win the Race for Global Talent

America's existing domestic talent pipeline does not produce a sufficient number of scientists and engineers to meet economic demands and power the research and innovation necessary for the U.S. to maintain its position as the global leader in technology. Since 2008, China's government has designed policies and incentives to attract, retain, and entice back scientists and engineers to strengthen its capacity in key technology fields. America's failure to act will only embolden our adversaries and undermine our longstanding competitive advantage as the first-choice destination for global talent. Congress must act to reform U.S. immigration laws and allow the world's best talent to work in the U.S. instead of for our competitors.



- Nearly three-fourths (73%) of companies are prioritizing AI over all other digital investments. ([Accenture, 2023](#))
- A 50-state privacy patchwork would cost our economy more than \$1 trillion over 10 years, with \$200 billion being paid by America's small businesses. ([ITIF, 2022](#))
- Startups encounter between \$15,000 and \$60,000+ in compliance costs per each additional state added to the patchwork of state privacy laws. ([Engine, 2023](#))
- In 2022, cyberattacks grew by 38% globally and by 57% in the U.S. ([Check Point Research, 2023](#))
- By 2025, there will be 3.5 million unfilled jobs in the cybersecurity industry, with the cost of cybercrime expected to reach \$10.5 trillion. ([Cybersecurity Ventures, 2023](#)).
- Immigrants remain vital to the U.S. economy as entrepreneurs and researchers. Immigrants have started more than half (319 or 582, or 55%) of America's startup companies valued at \$1 billion or more and 65% of the top U.S. AI companies. ([National Foundation for American Policy, 2023](#))
- 16% of all U.S. STEM field graduates are foreign-born. Ensuring they are able to stay and work in this country could reduce STEM-related talent shortages by about 25% and add up to \$233 billion to the U.S. economy this decade. ([National Center for Education Statistics, 2020; fwd.us, 2022](#))
- Among doctorate holders (Ph.D.'s) in the U.S. performing R&D as a major work activity, 83% in computer and information sciences and 80% in electrical and computer engineering are foreign-born. ([NFAP, 2023](#))

- 61% of global technology company leaders believe that physical hubs are still important in driving technology innovation. ([KPMG, 2021](#))
- Requiring certain R&D expenditures to be amortized is estimated to reduce U.S. R&D spending by \$4.1 billion annually in the first five years and \$10.1 billion annually in the second five years and beyond. ([EY, 2019](#))
- 67% of respondents representing online sellers said the new 1099-K reporting requirement will cause confusion as to what income from online sales should be reported to the IRS. 69% of respondents said they were likely to stop selling online or sell less online based on the new requirements. ([Coalition for 1099-K Fairness, 2022](#))
- 93% of small business owners report using at least one type of technology platform to help run their business. Of those small business owners, 85% report that technology platforms helped to get their business up and running, and 94% report that technology helps them run their business more effectively. ([U.S. Chamber of Commerce, 2022](#))
- In 2022, U.S. exports of services enabled by information and communication technology totaled \$626 billion. ([Bureau of Economic Analysis, 2023](#))
- Studies have shown that autonomous vehicles will provide 4.4 million jobs for people with disabilities, and 9.2 million total jobs across the U.S. ([National Disability Institute, 2023](#))
- There were 58 million independent workers contributing to the gig economy in the United States in 2021, which is more than one-third of Americans. ([Millennial Money, 2023](#))
- The U.S. Department of Labor's new independent contractor rule could cost our economy as much as \$42.1 billion, including an estimated \$31.4 billion in lost earnings. ([Sonecon, 2022](#))
- 69% of Americans believe the U.S. should become carbon neutral by 2050. ([Pew Research, 2022](#))

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Fully Fund America's New Tech Hubs

Congress laid the foundation for the next era of innovation by passing the *CHIPS and Science Act*, which invests in our leadership in science, research, and manufacturing and establishes U.S. global centers of excellence for emerging technologies to compete with China. In 2023, the Department of Commerce received over 300 applications for Regional Technology and Innovation Hubs and designated 31 to become leading centers of innovation across the country. Congress must finish the job by funding these Tech Hubs to ensure emerging technologies, like 5G, quantum computing, AI, and autonomous vehicles, are developed and deployed in America.

Fix Laws That Stifle Innovation

Recent changes in federal tax law will stifle U.S. innovation at a time when we need to incentivize more R&D and foster a thriving digital economy. Congress should allow R&D tax deductions in the same year an expenditure is made rather than amortizing it over five years. It should also increase the 1099-K reporting threshold this year, which will impact millions of Americans, such as casual sellers utilizing online marketplaces to make ends meet.

Defend U.S. Technology Leadership

U.S. technology companies are shaping the future of innovation in the 21st century. As American and foreign technology regulators attempt to impose barriers and burdensome regulations targeting America's leading innovators, Congress and the Administration must ensure that proposals do not raise prices for consumers, weaken our national security and global competitiveness by solely targeting U.S. companies, or disrupt the digital technology ecosystem that small and medium-sized businesses rely on to grow and provide value for their customers.

Promote Digital Trade

To maintain our global competitiveness, the U.S. must engage in international forums to establish democratic and open digital trade rules. The Administration must emphasize support for longstanding, bipartisan digital trade positions at the World Trade Organization, including prohibitions on forced data localization, tech transfer, and source code disclosure while ensuring non-discriminatory treatment of digital products.

Support the Workforce of Tomorrow

The gig and sharing economies create income opportunities in virtually every corner of the country, allowing more than 58 million Americans to work independently on their preferred schedules, run their own business, and provide for their family while being their own boss. Congress should pass legislation, such as the *Modern Worker Empowerment Act*, to create a clear definition and standard across federal laws to protect independent workers. Similarly, remote work expands inclusive economic opportunities, particularly for caretakers, people with disabilities, and those without access to major economic centers. Congress should establish a predictable labor and tax framework to reflect the permanence of remote work across industries.

Unleash America's Mobility Future

Electric Vehicles (EVs) and Autonomous Vehicles (AVs) will redefine transportation and mobility for generations to come. The U.S. auto industry represents over 10 million American workers and more than 3.5% of the national GDP. Congress should pass a national framework that promotes the safe testing, deployment, and operation of AVs by clarifying federal and state roles, expanding exemptions, and expediting rulemaking. Policymakers should expand EV adoption by allowing additional vehicles to qualify for important tax credits provided by the *Inflation Reduction Act*.

Fight Climate Change

Addressing climate change is one of the most pressing global issues of our time. TechNet supports the federal government's goal of limiting warming to no more than 1.5 degrees Celsius by the year 2050, the swift implementation of clean energy investments passed by the 117th Congress, and the rapid transition of our nation's transportation fleet to renewable and sustainable energies.

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