2024 FEDERAL POLICY PRINCIPLES

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

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, and finance.

PRIVACY

Our members provide services and enhanced experiences for their customers and fuel economic growth and opportunity across our nation. When it comes to the future of the federal privacy landscape, we support the following:

- Consumers' rights to access, correct, and delete their data and data portability.
    - Policymakers should ensure any policies adopted do not: undermine privacy or data security interests; stymie the ability to prevent, detect, and defend against fraud or other unlawful activity; interfere with law enforcement or judicial proceedings; or impose unduly burdensome or excessive requirements (particularly for small businesses and new market entrants).

Companies Must Proactively Promote Transparency and Security

- We encourage voluntary business-to-business and business-to-government data-sharing framework models in full compliance with existing laws and regulations. We caution against state and local government mandating "real-time" and seamless data portability without taking into account the privacy implications and technical challenges of adhering to such a mandate.
- We caution against overly restrictive regulations or a prohibition on all uses of biometric technology. Biometric technology has an innovative and diverse range of use cases. Policymakers should avoid one-size-fits-all frameworks for any regulation of biometric technology.

Congress Should Act

- Congress should enact comprehensive federal privacy legislation that protects all Americans regardless of where they live and preempts state law, thereby ending the growing state-by-state privacy patchwork.
- Federal privacy legislation should be tech- and sector-neutral and apply to online and offline entities alike that collect and process personal information.

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

- In comprehensive federal privacy legislation, clear requirements should be set forth in the law, and guardrails should be in place to avoid issuance of regulations that would undermine America's leadership in innovation. The FTC should be the exclusive federal regulator enforcing the law.

- Congress should clarify the scope of the FTC's authority to regulate data security and privacy matters that impact significant portions of the American economy. Until such time that Congress provides the agency with clear authorization, the FTC should refrain from expansive rulemaking, particularly in light of the Supreme Court's recent ruling in *West Virginia v. EPA* (2022).
- Congress should ensure that the FTC has the resources it needs to effectively enforce privacy and data security requirements that protect consumers from tangible privacy harms, while also preserving the ability of state attorneys general to protect their constituents and enforce the law based on the federal standard.
- The FTC should maintain its existing efforts of case-by-case enforcement actions rather than pursuing expansive regulatory rulemaking.

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

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

Congress Should Pass a Strong Federal Data Breach Notification Law

- Congress should pass a strong federal data breach notification law, which preempts existing state-level notification laws and establishes one robust set of uniform protections for all Americans. More details about TechNet's federal data security principles can be found here.

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

- While regulations affect all businesses, small, minority-owned, rural, and other under-resourced businesses in particular face disproportionate burdens and unique challenges in complying with complex privacy laws and regulations. This problem is exacerbated when having to deal with multiple sets of inconsistent or conflicting regulatory frameworks at home and abroad, making it important for policymakers to evaluate the global privacy landscape with the goal of promoting interoperability that allows American businesses to innovate and compete globally.
- To some innovative young companies that have limited personnel and resources to devote to overly stringent compliance efforts, regulations that are too prescriptive could effectively stifle their growth. Congress should endeavor to set baseline requirements but provide flexibility in how to meet those requirements, taking care to avoid prescriptive programmatic requirements and consider the unique needs and resource constraints of small and medium-sized enterprises and new market entrants.
  - For example, Congress could provide regulatory relief for startups and small businesses if their activities are limited in nature in the amount of personal information they process, in particular, if it does not include sensitive information.
- Congress should establish robust training resources within the Department of Commerce, Small Business Administration, Federal Trade Commission, and/or other appropriate agencies that can provide guidance to startups and small businesses, particularly minority-owned and rural businesses, to ensure they are abiding by the most basic privacy requirements they may be subject to as a result of legislation or rulemaking.
- Furthermore, we must ensure that the complexity of privacy requirements does not effectively become a barrier to entry for new potential innovators. Congress and the Administration must ensure that fundamental core privacy protections for consumers are in place without stifling free market forces.

The U.S. Must Lead Globally

- As the home of the world's preeminent tech sector, the U.S. must proactively demonstrate global leadership by participating in multi-lateral, multi-stakeholder forums to promote interoperability among privacy frameworks within trade discussions.
- TechNet supports the 2022 European Union-U.S. Data Privacy Framework and President Biden's Executive Order on Enhancing Safeguards for United States Signals Intelligence Activities.
- Efforts to promote digital trade and negotiate new trade agreements must promote predictable seamless data flows across international borders.
- TechNet supports the efforts of the United States and its partners to expand the Global Cross Border Privacy Rules system, talks in the Organization for Economic Co-operation and Development on Trusted Government Access, and the Data Free Flows with Trust Initiative. Additionally, the U.S. must reverse its decision to abandon longstanding, bipartisan digital trade positions at the World Trade Organization and resume its support for prohibitions on forced data localization, tech transfer, and source code disclosure, while ensuring non-discriminatory treatment of digital products. All of these initiatives will benefit U.S. industry by forging a path for cross border data flows.

Facial Recognition Technology

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

TechNet supports the following principles:

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

ARTIFICIAL INTELLIGENCE

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. AI can enhance productivity, democratize and expand access to important services, and improve product innovation. TechNet members represent many of the leading AI and automated systems developers, researchers, deployers, and users.

In an era of rapid technological advancement, it has become imperative for federal policymakers to navigate the complex landscape of AI innovation and regulation. The comprehensive policy framework below is comprised of five distinct sections, each addressing critical facets of this evolving ecosystem. From deploying risk-based regulations to fostering responsible AI evaluations, mitigating potential bias, securing advanced systems, and building a resilient innovation workforce, our recommendations are the result of collective expertise and commitment to shaping a forward-looking, prosperous future for our nation.

Leverage Existing Laws and Adopt a Risk-Based Approach for Effective AI Regulation

- As policymakers consider new regulations for AI, it is important to note that there are already existing rules under sectoral regulation and laws that prohibit unlawful behavior, including such behavior perpetuated through the use of AI. For example, many existing civil rights laws apply to AI models used in education, healthcare, employment, housing, financial services, and accessing goods and services. Such laws and regulations, which benefit from existing well-developed regulatory and enforcement frameworks, focus on preventing and providing recourse against the prohibited conduct rather than the means by which the conduct was accomplished.
- Any new laws or regulations, as well as guidance documents and enforcement statements, should focus on known or rationally-anticipated harms that could be prevented or addressed by filling gaps in existing legal regimes. Notably, any new laws or regulations should be narrowly scoped to target identifiable gaps. Further, when considering new AI laws or regulations, policymakers should take into account the following:
    o It is crucial for policymakers to recognize the diverse array of stakeholders involved in AI systems, including developers, researchers, deployers, and users. Careful consideration must be given to designating regulatory responsibility that aligns with the roles and interactions of these entities.
    o The AI startup ecosystem is vital to maintaining America's competitive edge in the global economy. Potential implications for small and mid-size businesses must be considered.
    o Any new regulations should be subject to existing Regulatory Impact Assessment analyses.
- When seeking to adopt new regulations for AI, policymakers should follow an incremental and collaborative approach to AI governance. When doing so, to better account for changes in technology and allow for innovation, policymakers should use evidence-based regulatory approaches and tools that would support the iteration of governance practices such as sandboxes and safe harbors and facilitate opportunities for industry to discover and share best practices.
- Efforts to require approval for commercial AI systems by a federal/state/local government agency should be calibrated to the level of risk the intended use case poses, consistent with any new AI frameworks applicable to the private sector. Overly broad requirements to gain government approval will likely entrench leading existing players and stifle innovation to the detriment of America's global leadership and American consumers.
- We believe there should be a central coordinator of the federal government's development, deployment, and use of AI systems that ensures that AI policy and regulations are consistent across agencies and industries. This coordinator should ensure that AI policies are risk-based and the regulations that actors are subject to are based on the level of risk the AI use case entails and not on what regulatory body may claim authority over an entity. This coordinator should partner with existing subject matter agencies on particularly complex or technical use cases that may benefit from specialized expertise.
- The National Institutes of Standards and Technology (NIST) AI Risk Management Framework (AI RMF 1.0) should be promoted as a voluntary model for AI lifecycle management, including design, development, deployment, and post-deployment.
- Private rights of action have the potential to undermine innovation and subject small and large businesses to abusive and frivolous litigation tactics, and therefore, must be avoided.
- Existing enforcement mechanisms and protections from intermediary liability should be utilized to address AI enforcement challenges.
- A consistent risk-based federal AI framework is needed to provide clear guidance and to prevent a patchwork of differing state laws that could impede innovation and progress. A consistent and level playing field for all entities developing, deploying, and using AI is essential.
- When considering any new regulations, standards and guidelines for AI, policymakers should prioritize global cooperation, engagement, and coordination. As a growing number of countries consider their own AI frameworks, the potential for regulatory divergence is great, and could result in conflicting requirements that would undermine the pillars of innovation, trade, and investment that is key to continued U.S. leadership in AI.
- Establish a national privacy standard to promote consistent regulation of Americans' data. The passage of a federal consumer data privacy law is an essential component of a coherent national AI-focused policy. A comprehensive federal privacy law will help consumers exercise their data rights and will assist developers in knowing their liability when managing large datasets. A clear national framework will help build trust in AI systems. TechNet's principles on privacy can be found here.

Responsible AI Evaluations

- Any transparency, explainability, or audit requirements imposed on AI systems must account for protecting the personal information of consumers, and carefully balance the proprietary and trade secret information regarding the AI system and the technical feasibility of implementing such requirements. It must also not jeopardize the safety systems of AI-driven services.
- Leading AI developers and academics are continuing to research and improve how to best explain the output of generative AI systems. We encourage the federal government to support continued research and development into best practices for explainability, transparency, and auditing and discourage "one-size-fits-all" regulations as this technology continues to evolve.
- TechNet believes that any regulations requiring enhanced disclosures for users or regulators should apply only to high-risk applications that lack existing regulatory structure to govern situations where the AI system's compromise, misuse, or destruction would be reasonably likely to result in loss of life, liberty, or significant legal effects.

  Explainability
  - When considering explainability requirements, TechNet suggests considering NIST's [Four Principles of Explainable AI](#):
    - Explanation: Systems deliver accompanying evidence or reason(s) for all outputs.
    - Meaningful: Systems provide explanations that are understandable to individual users.
    - Explanation Accuracy: The explanation correctly reflects the system's process for generating the output.
    - Knowledge Limits: The system only operates under the conditions for which it was designed or when the system reaches sufficient confidence in its output.

  Transparency
  - We urge policymakers to avoid one-size-fits-all transparency requirements on AI systems, as there will likely be differences between the transparency required between developers, deployers, and users. When it comes to the transparency requirements between developers and deployers, it is essential that any such requirements establish a commitment that developers will share all relevant information that deployers would need to support their applicable regulatory compliance. Since users of AI will not have the same regulatory compliance responsibilities as deployers, any transparency requirements or audit reporting may reasonably differ and be limited only for high-risk uses of AI.
  - Support public education efforts on how AI systems operate in order to help demystify AI.
  - TechNet supports the disclosure of generative AI content to users. Industry leaders are still researching how to best indicate content has been AI-generated and when such indications are appropriate. We are supportive of this ongoing discussion and research to best inform the American public about the content they are viewing.

  External Reviews
  - TechNet believes it is premature to mandate independent third-party auditing of AI systems. There is not currently a well-established credentialing regime for AI auditing, such as exists for other high-impact sectors such as financial services. In some cases, particularly with sophisticated AI developers that have robust AI systems, internal AI auditing programs far surpass third-party options. Mandating an independent audit before the market reaches maturity could open AI systems to national security threats, trade secrets theft, and inaccurate audit reports.
    - TechNet supports the White House's voluntary commitments for third-party discovery and reporting of vulnerabilities for generative models that are overall more powerful than the current industry frontier.
  - We believe AI auditing standards, ethics, or oversight rules must consider the use-case-specific auditing needs, calibrated to the risk of the specific use case, set to measurable benchmarks, and ensure safe and ethical practices to promote continued innovation while also protecting intellectual property.
  - Reciprocity of AI audit findings across local, state, and federal jurisdictions should also be accepted to limit resource burden and sustain market access for the AI startup ecosystem.

Mitigate Potential Bias

- Throughout its lifecycle, AI development must reflect our society's highest ideals, and its performance must be appropriately monitored and evaluated. Measures to identify, track, and mitigate unintended bias and discrimination should be implemented.
- Developers, deployers, and users of AI systems should implement appropriate oversight and accountability processes to ensure safety, fairness, and trustworthiness; protect against malicious activity; and address flawed data sets or assumptions.
- Importantly, existing anti-discrimination laws apply to AI models in many important contexts, including housing, employment, and consumer financial services (i.e., the *Fair Housing Act*, Title VII of the *Civil Rights Act of 1964*, and the *Equal Credit Opportunity Act*). Therefore, additional legislative and/or regulatory obligations in these areas at this time would be unnecessarily duplicative, create inconsistent or conflicting standards, and chill innovation in the U.S. Instead, policymakers should leverage existing tools to address concerns of bias.
- Bias in human processes is well documented but can be difficult to spot until it is too late to correct. By contrast, those TechNet members who are developers are building AI systems that can detect and avoid or mitigate bias. TechNet members follow legal guidelines at all stages when developing, testing, and monitoring AI assessments, and in many cases, they test for group differences beyond those required by law.

Secure Advanced Systems

- Leverage security by design principles to enhance cybersecurity within AI systems at the start of their lifecycle.
- Empower America's cyber defenders by funding the use of AI-enhanced cybersecurity services and tools within the federal government.
- Strengthen the adoption of AI cybersecurity awareness training to help minimize risk and prevent loss of intellectual property, data, and money.
- Support bidirectional information sharing and cyber threat programs accounting for threat actors leveraging AI.

Build the Innovation Workforce

- Support public-private partnerships in establishing and maintaining upskilling programs to help Americans best utilize and improve their productivity with automated tools.
    - Some of these programs will be government-funded and designed, but many companies are already providing useful resources to help Americans advance their careers. Governments at all levels should seek to understand and build on what is already working.
    - Promoting upskilling and investing in workforce programs offer a proactive approach to fostering diversity among AI developers, deployers, monitors, and users. This is a valuable strategy to address bias concerns throughout the AI lifecycle.
- Support government funding for AI safety research and infrastructure.
    - Congress must authorize and fund the National AI Research Resource (NAIRR). The NAIRR is important to foster the development of the U.S. domestic AI research ecosystem and maintain U.S. leadership in AI on the global stage.
    - Most of the world's leading AI developers are outside of government institutions; governments need to engage these experts by utilizing public-private partnerships to inform the development of regulation and guidance, build modern government AI systems, and incorporate AI efficiencies into government services.
- Support the creation of a science, technology, engineering, and math (STEM) visa for foreign students who have earned Master's level or higher degree from U.S. colleges and universities. This would promote economic growth and innovation in AI by ensuring that talented innovators educated and trained in the U.S. can become citizens and create jobs here.
- Support the federal government's strategic hiring of AI experts and the filling of vacant technology roles. Bolstering our federal workforce with needed talent will allow key government agencies to enhance their capacity to monitor, utilize, and ensure responsible and impactful AI development and deployment.

- TechNet supports expanded government utilization of AI to improve access to important services, enhanced efficiency, cost savings, data-driven decision-making, and more equitable and inclusive service provision, ultimately benefiting citizens and society as a whole.
  - TechNet supports the government in developing "AI Ready Data." The United States federal government is one of the biggest producers of data in the world, and these important datasets are already fueling innovation in the public and private sectors. As we move to greater deployment of AI systems, ensuring this data is well-organized will allow these modern tools to deliver faster, cost-effective, and more accurate insights.

CYBERSECURITY

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

- Alignment of policies, legislation, regulations, and guidance with flexible, stakeholder-driven, risk management-based approaches to cybersecurity.
  - Promotion of voluntary private sector adoption of the Framework for Improving Critical Infrastructure Cybersecurity (Framework);
  - Further guidance on the implementation of President Biden's Executive Order on Improving the Nation's Cybersecurity;
  - Further guidance for and oversight of Framework adoption by federal agencies, per Executive Order 13800; and promotion of Framework-like approaches (adaptable, stakeholder-driven, risk management-based) with international partners;
  - Appropriate implementation of the *Cyber Incident Reporting for Critical Infrastructure Act of 2022*;
  - A comprehensive risk-based cybersecurity strategy that increases the security and resilience of all networks, and prepares for and mitigates cyberattacks through the voluntary coordination of industry and government;
  - Policy and market-based incentives, including federal regulatory safe harbors, to encourage companies to actively manage risks in accordance with industry standards and best practices;
  - Avoidance of regulations that complicate compliance and do not provide commensurate benefits for cybersecurity interests.
  - Improved accountability, reporting requirements, and uniform standards for federal agencies as they comply with cybersecurity laws, regulations, and executive actions;
  - Public/private initiatives that support improving the cyber defense capabilities of small businesses;
  - Harmonization of conflicting requirements in the private sector with attention paid to reducing duplicative and conflicting reporting requirements to minimize time, expense, and complexity of compliance;
  - To promote the public/private sharing of accurate and helpful information, federal use restriction/liability protections should be clear to incentivize sharing, disclosures should be protected from public access and retain all legal privileges, and the private sector should be allowed sufficient time to report confirmed intrusions; and
  - Addressing cyber threats to the supply chain of the National Industrial Base.
- Support for the development of the U.S. Trust Mark Initiative, a voluntary cybersecurity labeling program for Internet of Things (IoT) devices and products, to leverage market forces to drive cybersecurity in IoT.

- Funding and implementation of the *Modernizing Government Technology Act* that focuses on driving down cybersecurity risk. Agencies must report on existing networks that cannot be fixed and must be replaced.
- Continued adherence to the *Cybersecurity Information Sharing Act of 2015*, which facilitates a risk-based strategy by promoting the sharing of actionable cyberthreat information from government to industry, from industry to government, and among private companies.
- The U.S. government should promote greater sharing of cyberthreat information with the private sector in a timely, straightforward, and actionable manner, and ensure government agencies are funded and staffed with the necessary resources to efficiently manage the collection of data. The federal government should track and publish its own performance metrics, including the amount of time that occurs from (1) breach-to-detection, (2) detection-to-response, and (3) detection-to-sharing of the cyberthreat indicators.
- Appropriate liability protections when participating in government cybersecurity sharing programs.
- Regulators should be cognizant of sector-specific risks and build off of existing successful sector-specific regulations.
- Government efforts to develop norms that support an open, secure, stable, accessible, and peaceful cyberspace. Cyberattacks by state and non-state actors threaten international and national security, democratic processes, the global economy, the free flow of ideas and information, and the safety, security, and privacy of individuals.
- An increase in attention for cybersecurity in international forums, including the G20, and increased U.S. Government engagement in international bodies, such as the UNECE World Forum for the Harmonization of Vehicle Regulations (WP.29).
- No federal government mandates on the design of products and services. The federal government should be particularly careful to avoid requirements that could weaken the security of technology used to protect sensitive personal information and critical systems.
- Cybersecurity efforts at the federal and state levels to protect the integrity of election systems and related information technology infrastructure.
- A renewed focus on enhancing attribution and bringing cyber criminals to justice.
- Education, workforce, and immigration policies and initiatives that help the U.S. develop and retain the world's best cyber workforce.
- Additional funding for states to procure consolidated cybersecurity services on behalf of local entities to thwart the increasing ransomware attacks against our local government systems and school districts — because cybersecurity efforts at the district and county level will never scale to enable a reasonable defense in this threat environment.
- The continuation and further development of Information Sharing and Analysis Centers (ISACs) that provide critical infrastructure owners and operators a forum to detect, share, and analyze cyber threat information.
- Congress should act:
    - Federal legislation is needed to provide harmonized and consistent standards throughout the U.S. to set cybersecurity guidelines and security expectations. Federal legislation should be tech- and sector-neutral and apply to online and offline entities alike that collect and process personal information.
    - Congress and other federal and state government entities must be collaborative partners in advancing the protection of consumers and the furtherance of innovation in the 21st-century data-driven economy.
    - Congress and the Administration should consider and incorporate certain national and international frameworks, with a particular focus on interoperability and secure data flows, as they develop a framework for baseline legislation.
- Additional funding for federal and state agencies to invest in educational programs, tools, and other resources that help U.S. small businesses better protect themselves from the increasing amount of cyberattacks.

DATA SECURITY

- TechNet supports a strong federal data breach notification law establishing a robust set of uniform protections for all Americans.
- A national breach notification standard will provide companies and customers with consistent, actionable notice of a data breach that could result in substantial harm–and should include the following:
    - Notice if there is a risk of substantial harm;
    - Sufficient time for the private sector to report confirmed intrusions; and
    - Notification requirements should take into account the need to protect the intellectual property of reporting parties, information that could undermine security of other individuals, companies, or systems, and sensitive information, including consumer data.
- A federal data breach notification law should preempt the patchwork of state laws in this area and take into account other federal breach notification obligations.
- Statutory requirements and obligations should be pinned to adherence to clear objective goals and outcomes, not specific security standards, which change over time.
- Data accessed that is not used or rendered unusable by encryption, redaction, or any other security method or technology should not be considered having been breached.
- The distinction between an account takeover of a customer's online account and a data breach should be explicitly recognized in statutes, with differentiated provisions and reporting methodologies.
- Any statutory definition of personally identifiable information that triggers notification should be limited to information that, if compromised, could identify a specific individual and lead to substantial harm.
- The notification obligation to consumers should rest with the first party that has the relationship with the end user, unless otherwise stipulated in contractual provisions.
- Public safety entities should be provided the appropriate level of resources to help deter, identify, track, and hold accountable perpetrators of identity theft–and provide assistance to consumers.
- Enforcement of a new data breach notification statute should be by the Federal Trade Commission and state attorneys general should be consistent and exclusive, with certain exceptions for existing notification requirements under federal law.
- Legislation should not include private rights of action and civil penalties that would significantly undermine the effectiveness of a federal data breach notification law without providing commensurate protections for consumers.

INTELLECTUAL PROPERTY AND PATENT REFORM

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

The U.S. Patent and Trademark Office (PTO) must continue to develop and implement patent examination rules, procedures, and guidance to promote the issuance of high-quality patents that provide clear public notice of claim scope to downstream innovators and implementers. Congress should ensure that the PTO retains flexibility to set appropriate user fees and that all user fees stay with the agency to fund its operations. Congress and the PTO should resist any efforts to undermine the Inter Partes Review (IPR) program.

TechNet supports reforms that deter litigation abuse in the courts and the International Trade Commission, including policies that promote domestic public interest and discourage vague and unsupported infringement allegations, asymmetric discovery burdens, presumptions of irreparable harm or compensable damages where no such harm or damages exist, forum shopping, and manipulation by litigation funders who take advantage of patent owners and the judicial system for their own financial gain.

RESEARCH AND DEVELOPMENT

It is essential that federal tax and budget policy renew investments in private sector research and development (R&D) to ignite innovation, create jobs, and increase our global competitiveness. The Administration and Congress must continue to seek opportunities to reduce barriers to innovation and entrepreneurship and invest in our R&D capabilities, especially in emerging technologies.

TechNet supports swift implementation of the *CHIPS and Science Act of 2022*, which made historic investments in our R&D capabilities, including in artificial intelligence and machine learning in 5G and future generation telecommunications, high performance and quantum computing, robotics, automation, and advanced manufacturing, including for semiconductors, and more. The newly-established directorate at the National Science Foundation, which will oversee essential research and commercialization of emerging and critical technologies, should be fully supported by Congress in order to spur innovation in these important technologies.

TAX

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

It is important that federal tax policy encourages investments in private sector research and development (R&D) to ignite innovation, create jobs, and increase our global competitiveness. Congress should prioritize reinstating the ability for businesses to deduct R&D and software development expenses in the year they are incurred. Congress should also prioritize a permanent extension of full expensing for capital assets so cost recovery occurs in the year investments are made. This is a very important policy to help curb the impacts experienced during times of high inflation and higher interest rates that increase the cost to deploy capital expenditures.

Policymakers should also seek opportunities to support startups and entrepreneurs such as promoting stock ownership, encouraging equity sharing for employees of startups, and preserving the current tax treatment of Qualified Small Business Stock. Congress should also make targeted reforms that allow startups to bring forward the value of their tax assets and provide fast and efficient capital availability. We also support the permanent exclusion of capital gains taxes on investments in startup businesses that are held for more than five years.

Policymakers must ensure tax policies do not hinder innovation and growth. Congress must address the 1099-K reporting threshold before it impacts millions of Americans, such as casual sellers who use online marketplaces to sell used goods without generating taxable income. Additionally, U.S. policymakers must work together on the Organization for Economic Cooperation and Development's inclusive framework to develop a consensus income tax-based solution. This is especially important considering the threat of discriminatory digital services taxes, including from Canada, which should be challenged appropriately by the U.S. Government. Similar targeted taxes proposed against the digital economy by state legislatures or taxing agencies should be vigorously defended against and defeated to ensure this activity is not competitively disadvantaged in the global economy.

TRADE

The U.S. is the global leader in developing and deploying innovative digital technologies; the digital economy is a vital component of U.S. economic competitiveness and future growth. It is imperative that the Administration and Congress pursue a decisive trade agenda that drives economic growth, creates jobs, strengthens U.S. competitiveness, and stands up for U.S. economic interests abroad. Maintaining and strengthening the rules-based global trading system, including through strong digital trade provisions, will ensure that U.S. businesses and workers are able to compete fairly in the global marketplace and take advantage of global market opportunities. The U.S. must also stand against discriminatory and unfair trade practices that target U.S. firms. The U.S. can improve market access for the technology sector by developing and cultivating strong relationships with our international trading partners, leading efforts to shape global trade rules, upholding digital trade, and avoiding unnecessary trade wars that hurt American consumers, workers, and businesses of all sizes.

TechNet puts forward the following policy recommendations:

- The U.S. must exercise strong leadership at the World Trade Organization (WTO) which is the world's preeminent trade body and critical for a rules-based trading system. U.S. representatives should seek to further trade liberalization at the WTO, including reductions in tariff and non-tariff barriers to information, communications, and advanced energy technology products, services, and investments, and the continued renewal of the WTO moratorium on customs duties on electronic transmissions.
- Additionally, the U.S. must reverse its decision to abandon longstanding, bipartisan digital trade positions at the WTO and resume its support for prohibitions on forced data localization, tech transfer, and source code disclosure, while ensuring non-discriminatory treatment of digital products.
- The U.S. should also restore serious interagency coordination on trade and reduce the extreme level of influence that the Department of Justice and Federal Trade Commission have exerted on trade policy.
- Congress and the Administration should work to advance comprehensive trade negotiations and agreements with willing partners in bilateral frameworks and plurilateral frameworks while ensuring that U.S. free trade agreement partners continue to comply with commitments made under existing trade agreements. Congressional support for these endeavors is crucial.
- Generally, international trade agreements should reduce barriers to markets for digitally delivered goods and services, promote the free flow of data across borders, contain "safe-harbors" against intermediary liability, and include strong protections for intellectual property.
- It is imperative that the Indo-Pacific Economic Framework includes quality digital trade standards and strong investor protections, especially as China's influence grows in the region and throughout the world.
- Recognizing the complexity of issues in the U.S.-China relationship, we urge the Administration to find ways to conclude the trade war with China and remove the harmful tariffs that U.S. importers continue to pay and pass along to American consumers. The U.S. should also double down on our efforts to curb China's discriminatory practices by leveraging the support and engagement of our international partners and allies, especially with respect to critical and emerging technologies and market access. Finally, all of this should be done with a view toward minimizing supply chain disruptions that could harm American innovation and leadership.
- The U.S. should push back against the European Union's discriminatory measures that target U.S. tech firms, such as the *Digital Markets Act* and *Digital Services Act*, and threats of digital services taxes. We encourage the use of the EU-U.S. Trade and Technology Council to adjudicate these issues. At the same time, the Administration should work closely with Congress to enact measures such as a federal privacy law that will influence global policy and trade decisions, including with our EU counterparts.
- Congress and the Administration should pursue customs modernization and open payment systems that support e-commerce and digital trade flows, particularly by small- and medium-sized enterprises (SMEs). This support includes trade facilitation measures and customs relief to small businesses operating abroad by compelling our trading partners to raise their de minimis thresholds to better align with the standards of the U.S. and preserving the current U.S. de minimis threshold.

HIGH GROWTH STARTUPS AND VENTURE CAPITAL

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

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

Access to Capital and Markets

Startups thrive when they have access to capital and markets and operate within a balanced regulatory regime that promotes innovation and does not restrict access to exit opportunities. Startups typically operate in a loss position for several years, deliberately choosing instead to invest heavily in growth activities such as research and hiring and necessarily generating tax assets. Federal policymakers can improve the capital allocation process for both existing and new startups through targeted reforms to regulations and tax laws.

TechNet views the following policies as essential to promoting the startup ecosystem:

- Tax policies that promote growth and innovation and do not hamper long-term investment, including tax policies that incentivize stock ownership opportunities for workers at startups and other employers by allowing them to defer the tax associated with the exercise of their personal equity until they sell the underlying shares and thus have the cash to pay the tax, instead of taxing these options upon vesting. TechNet's tax principles can be found here.
- Federal policies that reduce unnecessary barriers for private companies opting to go public.
- Federal policies that promote competition and reduce unnecessary barriers to mergers and acquisitions.
- A regulatory regime that recognizes mergers and acquisitions are essential to the thriving startup ecosystem.
- A regulatory regime that allows consumers to determine the success of companies, rather than the government.
- Efforts by federal agencies to appropriately enforce long-standing consumer protection laws.
- An approach to evaluating existing antitrust laws that promotes consumer welfare and does not pose risks to consumer privacy, cybersecurity, or U.S. national security interests.
- Reducing bias against acquisitions by large companies to avoid unintended, long-term consequences on investment and innovation.

Access to Innovation

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

TechNet supports the following policies:

- Federal efforts to create regional technology hubs where federal resources could catalyze regional innovation and opportunity and bolster competitive advantages in emerging technologies.
- Federal tax and budget policy that renews investments in private sector research and development (R&D) to ignite innovation, create jobs, and increase our global competitiveness.

- The exploration of new ownership models, including co-ownership between inventors and universities.
- Patent policies that level the playing field to promote innovation in all sectors of the economy and minimize frivolous litigation. TechNet's principles on intellectual property and patent reform can be found here.
- Procurement reform at the local, state, and federal levels that acknowledges the evolving technology landscape and enables governments to purchase and utilize innovative and secure products on a technology-neutral basis.

Access to Talent

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

- The modern American workforce requires a flexible employment environment that allows workers to find opportunities that best match their skills, interests, and availability. TechNet's principles on the future of work can be found here.
- An educated, diverse American workforce is the lifeblood of the innovation economy. TechNet advocates for more significant federal investments in education and the workforce to help all American students and workers succeed in a global, interconnected, and technology-driven economy. TechNet's principles on education can be found here.
- The world's most talented innovators and entrepreneurs should be able to stay in the U.S. and contribute to the economy, rather than be forced out to start businesses in competitor nations. To that end, TechNet supports comprehensive immigration reform, and our principles on immigration can be found here.

IMMIGRATION

Federal inaction on immigration reform is undermining America's economic and national security interests by stifling innovation, stunting job growth, and exacerbating ongoing skills gaps in our nation's critical industries. Additional funding for critical industries and emerging technologies is not enough: in order for the United States to successfully compete in the 21st Century global economy and regain our leadership in emerging technologies such as artificial intelligence, Congress and the Administration must work together to pass comprehensive immigration reform in the 118th Congress, including the following proposals that will help America win the next era of innovation:

Providing Much-Needed Certainty for Young Immigrants

- A pathway to citizenship for all Dreamers, including the nearly 700,000 individuals covered by the Deferred Action for Childhood Arrivals (DACA) policy, as well as the 400,000 DACA-eligible Dreamers denied protections due to ongoing litigation.
- Protections from aging out for "documented Dreamers," the children of parents who live in the U.S. with legal status.

Optimizing Existing Immigration Programs

- Streamlining of high-skilled immigration processes to ensure the utilization of all available green cards each fiscal year.
- Modernization of employment-based immigration programs to be responsive to America's economic and national security needs.
- Ensuring that family visa determinations are considered in conjunction with employment-based visa determinations to allow families to stay together while ensuring that spouses and children are not counted against the cap on high-skilled immigration.

- Elimination of outdated per-country caps that do not track to America's strategic needs.
- Recapture of unused employment-based visas that have been unallocated due to flaws in our high-skilled immigration system.
- Provisions to ensure that program fees for H-1B visa applicants are used effectively, match the supply of H-1B visas to demand, and reduce the backlog of employment-based green cards.

Attracting Critically-Needed Talent in Emerging Technologies to Our Shores

- Exemptions from green card caps for advanced STEM degree holders in emerging technology fields.
- Creation of a startup visa to encourage entrepreneurs from around the world to grow companies and jobs in the United States.
- Increased flexibility for the movement of high-skilled workers and entrepreneurs starting a new company or expanding a company's footprint in the United States.
- Updates to the methodology for prevailing wage determinations to reflect employers' compensation structures, including, but not limited to, stock-based compensation.
- Expansion of the OPT and STEM OPT programs to allow foreign students to continue their training in the United States.
- Allowance for dual intent visa applications by foreign students seeking to study in the United States.
- Efforts by federal, state, and local governments to ensure the U.S. continues its proud tradition of welcoming refugees in our communities, including, sharing data with employers on where refugees are settling, and the type of skills individuals possess.
- Enhanced vetting and information gathering on particular individuals spending time in certain countries to address Intellectual Property (IP) theft to critical domestic industries.
- Increased transparency around the retrogression of visa numbers, particularly for individuals with current priority dates.
- Updating the H-1B lottery system to ensure the process is not used to game the system through misuse and fraud. Lottery selections should be based on beneficiaries that applied, not the number of registrations.

EDUCATION AND WORKFORCE DEVELOPMENT

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

In particular, TechNet supports:

- Fully funding STEM education programs enacted in the *CHIPS and Science Act of 2022.*
- Education and workforce development policies focusing on greater access to digital skills and digital and financial training across industries and empowering workers to keep their skills updated and in line with the changing demands and nature of work in the 21st century.
- The adoption of financial literacy standards as requirements for high school graduation for all students, whether enacted state-by-state or via a national standard, ideally as a separate one semester (60 hour), one-half credit course in personal finance, taught in 11th or 12th grade, not embedded in another course, and including funding for teacher training.
- Efforts to streamline processes for accessing job training funds, including efforts to incentivize reciprocity for eligible training providers.

- The expansion of online skills and workforce training programs for underserved and underrepresented communities.
- Expanding computer science offerings in high schools and allowing qualified computer science courses to fulfill a core high school graduation requirement.
- Robust and sustained efforts to train and recruit more high-quality STEM and computer science teachers through effective professional development and teacher training programs.
- Promotion of the K-12 Computer Science Framework.
- Policies that encourage the use of digital content and technology, including access to high-speed wireless broadband and connectivity in the classroom, as well as increased internet adoption at home.
- Ensuring that student data is protected, while also providing parents, teachers, and students the ability to access educational tools to promote innovation and technology in the classroom.
- Increased public/private partnerships with HBCUs, PBIs, HSIs, and Tribal Colleges and Universities to develop broader and deeper curriculum to promote STEM education and careers to create a more diverse workforce.
- The National Science Foundation to more equitably allocate funding for research with a focus on early childhood and to support research on the factors that encourage or discourage girls to engage in STEM activities, including computer science. TechNet also supports increased funding for programs that help girls learn computer science.
- Tax incentives for employers to incentivize investments in the skills of the current workforce.
- Greater use of innovation and data to help workers understand available training and career paths and policies which would make it easier for individuals to differentiate between credentials and search for quality programs that are likely to lead to in-demand and higher-wage jobs.
- Greater transparency of student career and salary outcomes in America's postsecondary education system to provide America's students with accurate information to help attain post-graduate employment opportunities.
- Apprenticeships and career and technical education programs (degree and non-degree) that advance the knowledge and/or skills necessary for in high-demand technical career pathways.
- Lifelong learning, retraining, and reskilling policies and programs that allow workers to attain the education and skills they need to stay current as jobs evolve and advance their careers.
- Broader work-based training programs, including support for transitional employment which would provide subsidies for time-limited, wage-paid work experiences and skill development.
- Employers and employees should be free to enter into mutually agreeable arrangements, such as predispute arbitration, to resolve employment-related disputes in order to obtain a faster and more cost-effective resolution of such disputes.
- In general, federal preemption with regard to employment-related issues.
- Policies to attract and retain advanced STEM degree students from around the world who study at U.S. institutions of higher education to continue their career development in the U.S.

The FUTURE OF WORK

The continued growth of the gig and sharing (or "on demand") economy has created income opportunities in virtually every corner of the country, allowing people to work independently and on preferred discretionary schedules, expand their businesses, and provide for themselves and their families with greater flexibility. At the same time, remote and hybrid work have brought economic, social, and environmental benefits and will remain a pillar of work across all industries moving forward.

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

Gig and Sharing Economy

- The modern workforce requires a flexible environment that allows workers to find opportunities that best match their skills, interests, and availability on their own terms. TechNet opposes efforts to eliminate or severely restrict this essential flexibility, including restrictions on the use of independent contractor and consultant classifications, inflexible overtime rules, and indiscriminate expansion of collective bargaining rules.
- Tax and labor policies should help promote economic opportunities, provide clarity and avoid creating significant administrative burdens for business creators or independent contractors.
- Federal policies should promote experimentation with innovative efforts to establish portable benefits programs that provide access to benefits for classes of workers who have traditionally lacked those opportunities and empower workers to maintain benefits as they move from opportunity to opportunity. These efforts should incentivize companies to provide benefits to independent workers without impacting classification outcomes.

Maximizing the Benefits of Remote and Hybrid Work
- TechNet supports government policies that broaden the inclusive economic opportunities afforded by remote and hybrid work, including for caretakers, the disabled, and those without access to major economic centers. To that end, we support the establishment of a predictable legal framework that reflects the permanent nature of fully remote and hybrid work across industries.
- As part of such a framework, tax and labor policies should help promote the adoption of flexible work opportunities and recognize the unique designs of these innovative business models.
- TechNet appreciates that minimum hourly rates and minimum required salaries (for determining exempt status under the FLSA and related state laws) will increase over time, and supports predictable, gradual increases.
- Similarly, we support public investment in broadband infrastructure in unserved and underserved locations and efforts to incentivize the development of co-working spaces, which would provide for broader fully remote and hybrid work opportunities in both rural and urban environments. TechNet's priorities on broadband policy can be found here.

INCLUSION, DIVERSITY, AND RACIAL JUSTICE

The technology industry is committed to promoting an inclusive workforce and nation that reflects the diversity of our customers and people. Policymakers should pursue education, workforce development, and immigration policies that will empower the best and brightest people to continue making important contributions to our nation and communities.

TechNet opposes all forms of discrimination on the basis of nationality, race, religion, age, disability, sexual orientation, age, gender, or gender identity. Systemic inequities exist in American society, and the private and public sectors must find solutions that help close opportunity gaps, beginning with six key areas: education, employment, health, finance, housing, and the administration of justice. Systemic inequalities in these six areas perpetuate broader inequalities in our society, hold back individual and business success, and hinder economic growth.

EXPANDING INTERNET CONNECTIVITY AND PROMOTING A HEALTHY INTERNET ECOSYSTEM

TechNet views the internet as a vital tool for people's access to information and empowerment. Broadband includes several high-speed transmission technologies such as cable, fiber optics, fixed wireless, low earth orbit satellite, and fifth-generation communications technology, and is used below to refer to all of them in a technology-neutral manner. Policymakers should also support investment in broadband build-out to unserved areas and continued private investment in broadband networks and cloud services.

TechNet supports:

- Policies that facilitate continued private investment in broadband services and streamlined network infrastructure deployment, including at the local level.
- Policies that promote public/private partnerships in deploying broadband connectivity to unserved and underserved areas, as defined by the *Infrastructure Investment and Jobs Act*.
- Robust funding and swift implementation of policies that expand connectivity and internet access in unserved and underserved areas, as defined by the *Infrastructure Investment and Jobs Act,* in a technology-neutral manner, including unserved and underserved anchor institutions, to facilitate online learning and the delivery of telehealth services.
- Policies that encourage and support the continuation of successful affordability programs for low-income subscribers like the Affordable Connectivity Program, that help ensure the seamless delivery of benefits and greater economic opportunity for those recipients, including the ability for all broadband service providers to be part of the solution, without unnecessary regulatory burdens or rate setting.
- Continued refinement of, and reliance on, the FCC's Broadband Data Collection map.
- Policies that foster a light-touch regulatory environment and that encourage a competitive marketplace that spurs innovation and private-sector investment to ensure the U.S. remains a leader in high-speed connectivity.
- Policies to increase the availability of licensed, unlicensed, and shared spectrum, and mid-band spectrum in particular.
- Federal policy initiatives that can expedite broadband deployment, such as "Dig Once" or "One Federal Decision" and access to federal lands and buildings, and consistent interpretation of environmental and cultural resource rules across agencies.
- Technology-neutral policies that reduce burdens on communications service providers, including easing restrictions on rights of way, speed cell tower siting and permitting, and prohibiting excessive pole attachment charges by some municipalities and co-ops, so that broadband buildout can expand rapidly.
- Tax policies that impact deployment of broadband infrastructure at both the federal and state level which are competitively neutral among all providers of broadband infrastructure and the services they provide so as to not competitively disadvantage one provider over another.
- Policies that promote broadband adoption and digital literacy, including digital navigator programs.
- Federal legislation that reflects the principles of net neutrality and a fair and open internet without heavy-handed regulation, and on a consistent, national basis, preferably passed by Congress.
- Safeguards against intermediary liability.
- Policies that provide a safe and secure user experience and promote free speech, while responsibly addressing the use of internet platforms to spread disinformation.
- Policies to improve transparency for consumers shopping online; any efforts to improve safety and transparency for consumers should ensure that they do not hinder the efficiency of existing tools that protect consumers from bad actors.

ENVIRONMENTAL SUSTAINABILITY, CLIMATE CHANGE, AND ADVANCED ENERGY TECHNOLOGY

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

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

TechNet calls for the following actions:

- The federal government should set science-based targets for climate action that limit warming to no more than 1.5 degrees Celsius by the year 2050. These targets should be aspirational.
- A federal clean electricity policy that will drive large amounts of new renewable energy generation with investments to improve energy reliability and resilience, which will provide businesses with a clear path and expectations to make needed investments at the scale and speed necessary.
- State and federal governments should prioritize removal of regulatory and process barriers to clean energy deployment, such as by implementing permitting reform.
- The federal government should align its energy, tax, and procurement policies to address both the causes and consequences of climate change by reducing greenhouse gas emissions and promoting energy resilience to climate change-induced extreme weather.
- The federal government should prioritize the modernization and greening of federal data center infrastructure that will lead to greater efficiencies and cost reductions and work with industry to replace and consolidate larger and older data centers with next-generation facilities that would lower costs, cut energy consumption, and reduce greenhouse gas emissions.
- Policies should be developed so that historically disadvantaged communities are not left behind in this transition. Policymakers should focus on ensuring that all communities are able to also benefit from the transition to a clean energy and transportation economy.
- We support investment in non-combustion energy infrastructure and non-wired energy alternatives directed at low-income communities and communities of color.
- Specific policies should promote the adoption of hydrogen for hard-to-decarbonize sectors like heavy-duty transport, steelmaking, and other chemical and industrial processes.
- There should be renewed investments made in climate infrastructure and clean transportation, including the national buildout of public charging infrastructure, and incentive programs to encourage their development.
- The federal government should prioritize and incentivize the electrification of vehicle fleets and conversion to low-emission zero-waste buildings across government-owned properties. We also support policies that enable the widespread adoption of zero emissions light- and heavy-duty vehicles.
- The federal government should improve its energy purchases by working with public utilities and the private sector to source clean, reliable energy.
- State and federal resources should be invested in climate science, technology research, and development efforts to build a pathway forward through innovation.
- Tax incentives to promote the adoption of low and no-emissions technologies.
- Non-discriminatory policies that further the use of advanced technologies in energy markets.

- Policies that promote market competition by enabling the interconnection of distributed energy resources.
- Adoption by the federal government of advanced energy technologies and clean transportation that can improve the mission of federal agencies.
- The implementation of grid modernization technologies as well as electric and clean transportation and charging infrastructure.
- Forward-looking policies that ensure open access to and enable market-based deployment of wholesale and distributed energy resources.
- Fair and equal access to data to enable industry and empower consumers to deploy and utilize clean energy solutions effectively.
- Public/private partnerships between the federal government and industry to help specific sectors of the economy reduce their carbon emissions.

FUTURE OF TRANSPORTATION AND MOBILITY

Electric vehicles (EVs), connected vehicles, and autonomous vehicles (AVs) are the defining mobility innovations of this and the next generation. These technologies will revolutionize how Americans travel and make our roadways cleaner, safer, and more accessible. The automotive sector is critical to our economic growth, and the importance of U.S. leadership in automotive technology can't be overstated.

Drones are being used across industries and the public sector in a myriad of use cases, including public safety, real estate, agriculture, infrastructure inspection, medical and goods delivery, the entertainment industry, and humanitarian relief. In many cases, drones can enhance safety and reduce the environmental impact of certain commercial uses cases. TechNet values the innovation that drones bring to these and other industries, especially as their use and technology continues to evolve.

Autonomous Vehicles

- TechNet supports the establishment of a uniform national framework that promotes the safe testing, deployment, and operation of AVs. By clarifying federal and state roles, granting exemptions where applicable, and expedited rulemaking, the federal government can support AV innovation.
- TechNet opposes laws and regulations that require human control and intervention, implement unreasonable operating restrictions, or arbitrarily specify or prohibit the use of different AV technologies.
- Federal laws and regulations should be technology-neutral, applying equally to all companies and business models.
- TechNet supports congressional efforts to increase the existing cap on temporary exemptions. Under current law, the National Highway Traffic Transportation Safety Administration (NHTSA) can exempt up to 2,500 vehicles per manufacturer per year from existing Federal Motor Vehicle Safety Standards (FMVSS).
- TechNet supports the modernization of FMVSS for AVs. Current regulations were written for conventional human-operated vehicles, and new considerations need to be made for autonomous technology. Updates should consider the innovative designs, diverse use-cases, and enhanced safety benefits that AVs can provide. TechNet supports congressional and NHTSA action to update FMVSS.
- TechNet supports self-certification and voluntary safety self-assessments outlined in the National Highway Traffic Safety Administration framework "*Automated Driving Systems 2.0: A Vision for Safety*" (September 2017).
- TechNet supports proactive efforts and investments to educate the public, government stakeholders, and interested parties on AV technologies and capabilities.
- TechNet supports FMCSA's efforts to update its regulations for a world with autonomous commercial vehicles. TechNet supports the 2023 Safe Integration of Automated Driving Systems-Equipped Commercial Motor Vehicles supplemental advanced notice of proposed rulemaking and urges the Agency to continue moving forward with issuing a notice of proposed rulemaking.

- TechNet urges the FMCSA to permit autonomous commercial motor vehicles operated by a Level 4 Automated Driving System to utilize a set of cab-mounted warning beacons instead of placing traditional warning devices around the vehicle as required.

Connected Vehicles

- TechNet supports DOT initiatives for the integration and deployment of vehicle-to-everything technologies, such as cellular vehicle-to-everything (C-V2X) using existing commercial wireless networks. V2X technologies, like C-V2, have the potential to significantly improve roadway safety, and support for V2X technologies from the testing stage to the widespread deployment will be important for safety and mobility needs.

Electric Vehicles

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

Drones Principles

- TechNet supports ongoing work at the Federal Aviation Administration (FAA) to enable beyond visual line of sight (BVLOS) and more advanced drone operations, including Advanced Air Mobility, to enable the use of drones to transport people and cargo. TechNet supports the Unmanned Aircraft Systems (UAS) BVLOS Operations Aviation Rulemaking Committee (ARC), and TechNet encourages the agency to develop and implement policies from the UAS BVLOS ARC's recommendations as quickly and efficiently as possible.

- TechNet supports the development of a commercial drone operation regulatory framework. FAA regulations and processes must be developed or updated to reflect their novel designs and operational capabilities. Currently, drones are often subject to policies designed for traditional aviation, which prevents fully realizing the economic and consumer benefits of this innovative technology. To fully develop a regulatory framework for commercial drone operations, the FAA should not only enable BVLOS operations, but also develop drone-specific requirements for carrying dangerous goods and for environmental review processes. TechNet supports the deliberative processes that further develop policies for safe drone operations.
- TechNet supports the continued partnership between industry and law enforcement to encourage a better understanding of the capabilities of this technology and proper mitigation of errant drone usage. TechNet supports the implementation of the FAA's final rule on Remote ID, which will provide authorized individuals with information about drones while in flight. TechNet also supports allowing internet-based network identification as an acceptable means of compliance with Remote ID rules.
- Any legislative and regulatory proposals should be technology- and sector-neutral, reflect the FAA's authority to regulate the airspace, and protect critical infrastructure and fixed site facilities. Targeted legislation will lead to inefficiencies and inconsistencies in how laws are applied and could slow technological solutions and growth.

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.

TechNet 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 to provide access to tightly controlled supply chains to unaffiliated, unvetted third parties would place proprietary corporate information and sensitive customer data 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.

MODERNIZING GOVERNMENT TECHNOLOGY

Much of the federal government's information technology (IT) infrastructure is woefully outdated. Federal entities spend nearly 80 percent of their total IT budgets on maintaining aging, insecure, and expensive legacy systems. Obsolete technology systems are inefficient and especially susceptible to cyberattacks, which, among other challenges, put citizens' personal information at risk.

TechNet supports reauthorization of the *Modernizing Government Technology Act* (MGTA) to allow for continued improvement of federal information systems. Congress should appropriate the full funding required for the Technology Modernization Fund, which facilitates the development of inter-agency or federal government-wide strategies to better manage cybersecurity risk. Congress should require agencies to inventory the technology they use and then prioritize use of the flexibility afforded by the MGTA to eliminate legacy products and services that are beyond their supported lifecycle. Congress should also equip federal agencies with the resources needed to implement the Cloud Smart strategy in addition to remaining committed to procuring commercial services, products, and best practices to realize government technology modernization more efficiently.

FINANCIAL TECHNOLOGY

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

Open Finance and Consumer-Authorized Data Access

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

Chartering Alternatives for Fintechs

- Promote regulatory and legislative efforts to encourage fintechs to be able to expand their service offerings through risk-based regulatory regimes that embrace competition and innovation together with systemic and consumer protections.

Financing Reforms

- Streamlined rules for the online lending marketplace.
    - Policymakers should promote industry best practices that protect consumers and small businesses while maximizing diversity and innovation in lending services.
- Prudential banking regulators should continue to modernize outdated regulations that restrict third parties' ability to connect consumers' deposits and financial institutions.

Financial Empowerment

- Unlock the power of financial apps. Policymakers should empower consumers and businesses to take advantage of financial applications that help them improve security, convenience, and reliability.
- Leverage technology to reduce barriers to financial services, particularly for the unbanked and under-banked. The internet, cloud computing, blockchain, and mobile innovations should be empowered to thrive in an open environment with reasonable regulatory burdens, which requires a reassessment of existing barriers to adoption along with incentives to pursue the use of innovations that promote access to financing for individuals and small businesses.

- Promote policies for usage of open, multi-cloud solutions that allow easy portability and movement of workloads across any cloud provider.

Payment System Principles

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

Federal Action Plan for Blockchain and FinTech Modernization, Legislative Tracking

- The U.S. government's adoption of a coordinated approach to blockchain technology and positioning the U.S. as a global leader in blockchain innovation.
- The U.S. government's adoption of policies that safely facilitate and encourage the adoption of emerging technologies such as blockchain, and create beneficial partnerships between financial institutions and fintech companies that improve consumer access, choice, and opportunity.
- Financial innovation initiatives around cryptocurrencies, blockchains, and "tokenization" of assets and value, and recognize these technologies as significant market transformers in the financial and technology sectors.

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

- Developing clarity around compliance with AML obligations while balancing law enforcement objectives, and doing so in a way that fully utilizes and exploits benefits arising from blockchain technology analytics.
- Modernizing AML/CFT/KYC regulations, taking into account the evolving landscape of financial crime, money laundering, and terrorist financing in view of blockchain technologies.
- Supporting artificial intelligence/machine learning (AI/ML) and blockchain technologies to improve efficient fraud and financial crime detection, surveillance, and mitigation.

Regulatory Oversight and Clarity for Digital Assets and Wallets

- Promote education regarding blockchain, digital currencies, tokens, and digitized assets.
- Provide clarity and regulatory certainty around business platforms built around digital tokens, and propose solutions to regulators and policymakers to help promote a predictable legal environment for companies working with digital tokens and digital token solutions.
- Promote universal, "self-managed"-type capabilities and controls (e.g., self-managed private keys, digital wallets, etc.) for digital tokens and digitized assets as a fundamental right, and enable individuals to engage in transactions and exchanges without a third-party intermediary.
- Promote regulatory clarity around U.S. securities law and its impacts on the blockchain industry and develop modernized securities regulations governing tokenized securities.

- Develop frameworks for regulating and overseeing digital assets that are securities, commodities, and currencies to enable companies and platforms that use them to have a predictable legal environment. Such frameworks should originate from Congress and promote consumer protection and market stability while enabling U.S. companies to innovate and thrive in a global marketplace.

Taxation and Accounting Treatment of Digital Assets

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

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

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

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

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

Stablecoins

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

Federal Financial Regulator Office of Innovation

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

DIGITAL IDENTITY

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

- The U.S. should look for ways to collaborate and harmonize frameworks, standards, and requirements as they evolve globally.
- The U.S. government should cease using the Social Security number (SSN) as an authenticator.
- The Social Security Administration (SSA) should offer individuals the ability to validate the name, SSN, and date of birth they are providing match agency records. While the SSA currently offers the ability for financial transactions through the electronic Consent Based SSN Verification system, TechNet supports expanding this capability beyond the financial services sector.
- Federal agencies should look to the private sector as a resource and partner for developing innovative solutions to digital identity verification services those agencies provide. Federal agencies should explore additional attribute validation services they can provide.
- TechNet recognizes the variety and evolving nature of approaches to verifying an individual online and does not support efforts to block any approach.

HEALTH CARE AND TELEHEALTH

TechNet is committed to supporting health care policies that enable accessible, high-quality care for patients, while harnessing the power of innovation to reduce barriers to entry and ensure the highest value care is provided. TechNet encourages Congress to prioritize policies that provide Americans greater control over their health needs and that make it easier to receive care, especially in rural areas and communities with a shortage of providers.

Modern technologies, including the facilitation and increased use of telehealth and remote monitoring technologies, can help improve health care delivery and outcomes. Federal regulators should encourage the expansion of virtual care and ensure access to safe and secure telehealth and digital health technologies, especially in areas with limited access to healthcare providers, including in underserved and at-risk populations. State and federal health programs should address and reflect health disparities in state and federal health programs, and policy makers should support robust investment in telehealth infrastructure, including broadband, to ensure universal access for the benefit of all communities.

Nutrition is health care. TechNet supports making the U.S. Department of Agriculture's Online Purchasing Pilot permanent to improve access to healthy food for participants in the Supplemental Nutrition Assistance Program (SNAP).