

# TECHNOLOGY AND TELECOMMUNICATIONS



Last year's tax bill was a big win for the tech industry which has long pushed for a lower corporate tax rate, lower repatriation rate, and a move to a territorial tax system. The tax bill also offered the ancillary benefit of smoothing relations between the White House and tech community by focusing both on a shared goal. But tax reform is now in the rearview mirror, and the divisions between tech and Trump are likely to resurface as issues like immigration, trade, and net neutrality take center stage this year.

Looming over any tech policy discussion is an awareness that the industry is under greater scrutiny than ever before. Allegations of foreign interference in the 2016 elections have only spurred concerns among some policymakers that the industry's influence over America's political, social and economic fabric has grown too fast with too few checks on its power. The industry has been caught flat-footed by the shift in mood and is adapting by working more closely with lawmakers to develop compromise solutions.

With this as context, Executive Branch officials and lawmakers will seek to tackle a host of issues in such a manner that safeguards U.S. technological leadership in the global economy.

**CYBERSECURITY.** Despite the massive data breach events at Equifax, Yahoo, and Uber, among others, Congress has yet to act decisively on comprehensive data breach legislation. This means that the issue is covered by roughly 48 different state laws and regulations, making it confusing and difficult for both companies and their customers to comply with existing cybersecurity protections. Disagreements remain on how far to pre-empt state laws (particularly strong ones) and how to reconcile past differences among the financial services and retail industries. Specific details concerning how and when breach notifications must be made and liability issues also remain.

There is speculation that Congress may try to "work it out" this year, with signs of growing cooperation among industries affected and a perceived need to act in the face of growing threats. As part of this effort, Members are seeking input from affected industries to help them shape legislation. Senator Thune (R-SD), for instance, recently held a [hearing](#) on data breaches in the Senate Commerce Committee, which he chairs. He is also part of a working group led by Senator Tom Carper (D-DE) which is attempting to work out the comprehensive bill this year. Many bills have been introduced that address some of the data protection shortfalls, but given the thorny nature of these issues, action this election year may depend on revelations of new, high-profile breaches.

The federal government is also focused internally on making more robust its own IT systems as well as the IT systems of local and state governments. Last year, President Trump signed an executive order to revamp federal government IT systems and charged the newly-created American Technology Council (ATC) to oversee the effort. The ATC, largely working under the radar, has made tremendous progress. A White House report issued last month identifies moving to shared, cloud-based services and bolstering IT security as key goals for 2018. Also this year, with or without Congressional direction, the federal government will increase its support to states and localities ahead of the November 2018 elections to ensure their integrity.

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**TELECOMMUNICATIONS.** FCC Chairman Ajit Pai assumed the leadership of the FCC in January 2017 with an ambitious agenda, most notably the reversal of Obama-era net neutrality rules. The reversal effort reignited fierce advocacy campaigns on both sides, and in December, the FCC voted to overturn the existing net neutrality rules. The issue is far from over, however. Opponents have already begun to file lawsuits against the FCC in what is expected to be a multiyear legal battle.

Senator Markey (D-MA) has signaled his intent to challenge the FCC order through a Congressional Review Act resolution of disapproval, and Senate Democratic leader Schumer (D-NY) has vowed to force a vote on the matter. Senator Markey has the support of more than two dozen Democratic colleagues, but passage of the resolution in the House and Senate is highly unlikely. More promising is the growing recognition among lawmakers that legislation will be required to resolve the matter and provide regulatory certainty around net neutrality. In the wake of the FCC's December order, Rep. Marsha Blackburn (R-TN) introduced legislation that would preserve some aspects of Obama-era net neutrality rules.

Broadband deployment is also set to be a top priority for the Administration and Congress this year. Policymakers are focused both on deployment to unserved and underserved areas as well as the nationwide deployment of 5G technology. In early 2017, Chairman Pai, who has long prioritized bridging the digital divide, created the Broadband Deployment Advisory Committee, tasked with reducing barriers to improving broadband infrastructure. The Committee is expected to issue its report in January, and the Committee's recommendations could figure into a larger infrastructure bill the Administration wants to pass this year. Chairman Pai has introduced the concept of Gigabit Opportunity Zones, which would provide tax incentives to the private sector to deploy broadband to low-income areas.

Chairman Pai has said that, in addition to broadband, his agenda for 2018 includes spectrum issues, 5G deployment and continued review of media ownership issues.

**IOT/ARTIFICIAL INTELLIGENCE.** As each year brings a flood of new and enhanced products and systems, Congress is facing the need to get ahead of the curve to understand what these technological developments mean for the United States.

Issues related to the Internet of Things (IOT) and artificial intelligence (AI) are generating increasing attention as policymakers determine how to spur U.S. innovation while safeguarding the public. Privacy and cybersecurity issues have helped drive the discussion thus far. Senator Wicker (R-MS), for example, wants the FCC to set up an online source to inform users about the use and safety of these products.

The broad utility of these technologies, however, means that they will come under the purview of almost every Congressional committee and every federal agency. The Transportation Committees, the FAA and the FCC are already immersed in drone-related issues, and this year, Congress is poised to send the President legislation to create a national regulatory framework for self-driving vehicles. This legislation passed out of the House early in the fall of 2017. The Senate legislation, which has not been brought to the Senate floor for a vote, is similar and restricts oversight to vehicles under 10,000 lbs. Senator John Thune (R-SD), the Chair of the Senate Committee on Commerce, Science, and Transportation, has proposed including larger vehicles in the scope. The national conversation about the future of work, artificial intelligence and self-driving technologies are driving a fear that jobs will be usurped by technological change. The Bureau of Labor Statistics recently released a report with its projections for U.S. employment in 2026. BLS foresees an economy increasingly dominated by the service sector; fewer manufacturing jobs; and greater earnings disparity with geography playing a major role. This news comes

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at a time when economic productivity is increasingly confined to the urban centers of the U.S. leaving rural, and economically distressed communities worse off.

Given the incredible changes AI could mean for our economy and the future of work, the use of AI will take on increasing import in Washington. Senator Brian Schatz (D-HI), the Ranking Democrat on the Senate Commerce Committee Subcommittee on Communications, Technology, Innovation, and the Internet, has recently proposed the creation of an independent federal commission to oversee the agencies of the Federal Government which regulate AI. Senators Cantwell (D-WA) and Young (R-IN) have proposed similar legislation.

**OTHER ISSUES.** The tech community will be watching a host of other issues, some of which have been discussed elsewhere in Prime's 2018 preview. Many tech leaders, for example, are urging Congress to provide a pathway to citizenship for the Dreamers and are registering concerns about increased scrutiny of H-1B applicants. On the trade front, the tech community is alarmed by a potential pull-out of NAFTA and imposition of new tariffs on Chinese electronics. They are also looking for the Administration to make a renewed commitment U.S. advanced manufacturing and for investments in STEM education.

Internet companies will remain engaged in Congressional discussions around liability for third-party content on their sites. The industry recently modified its position, vowing to work with lawmakers on legislation to crackdown on online sex trafficking by placing greater obligations and penalties on online companies.

The merger between AT&T and Time-Warner, although now in the courts, will generate interest and increased conversation on Capitol Hill about the need for antitrust to reflect the changing economy and technological landscape.

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