

10 for Tech

A Policy Toolkit
for States to
Embrace
Innovation
in 2023





Technology and innovation have fundamentally transformed the way Americans live, work, and enjoy their lives. The past 25 years have seen technological advances that were once confined to science fiction. Today, Americans can communicate with friends and family on the other side of the planet in seconds, attend educational presentations from space, and engage in the global economy from their smartphones. The benefits to society, the economy, and humanity will only continue to exist, however, if policymakers create environments that incentivize innovators to innovate and entrepreneurs to build.

Amazon was once an online bookstore operated from a garage. The next big tech giants are out there, waiting to take off.

Policymakers need to address how technology impacts our lives, and they would be wise to do so in a strategic manner. Innovation does not recognize political philosophy or party identity – technology is, at its core, neutral. How policymakers engage may be the determining factor in success or failure.

The following toolkit includes ten action-oriented policies that states can implement to cultivate innovation to advance free markets, protect citizens and consumers, drive economies, and produce prosperity.



Establish a General-Purpose Regulatory Sandbox

Over the last decade, state governments have increasingly turned to the concept of regulatory sandboxes to spur innovation and entrepreneurship. In a sandbox, innovators apply for waivers from specific state regulators under a specific set of conditions for a specific time period. Sandboxes increase the speed at which products are brought to market and attract new businesses. Despite the promise of sandboxes, only one state – Utah – has enacted a general-purpose sandbox. Eight others have enacted industry-specific sandboxes.

To attract innovators and unleash entrepreneurs to maximize participation, state lawmakers should pursue an industry-agnostic sandbox.

Model Policies

ALEC: [Universal Regulatory Sandbox Act](#)

Utah: [H.B. 217 Regulatory Sandbox Program Amendments](#)

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Combat Government Censorship

The right to free speech, guaranteed by the First Amendment, is one cornerstone of America's success as a republic. It is the first amendment listed in the Bill of Rights for a reason. Despite this, the federal government has sought to unconstitutionally engage in speech regulation by pressuring technology platforms to remove what government bureaucrats deem to be "misinformation." While the core of the issue is federal, state policymakers can play a role in fighting back.

To protect the First Amendment and combat government control of speech, state legislatures can enact laws and resolutions condemning government pressure to remove online speech, and they can call on the U.S. Congress to pass federal laws prohibiting the encroachment of the federal government in how private companies moderate content.

Model Policies

ALEC: [Resolution In Support Of Congressional Law To Combat Government Pressuring Of Social Media Platforms To Remove Speech](#)

ALEC: [Resolution Investigating Biden White House Pressuring of Social Media Platforms to Remove COVID Information](#)

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Close the Digital Divide

Congress appropriated billions of dollars to expand broadband access across the country. With this increased funding comes a responsibility to ensure it is spent efficiently and effectively to connect those most in need. State lawmakers should enact policies that ensure any federal money (our taxpayer dollars) is spent in a tech-neutral way, focuses on communities that lack connectivity, and prohibits the creation of inefficient, government-owned networks.



Model Policy

James Madison Institute:
[Bridging the Final Gaps:
Policy Paths for Broadband
Deployment in Florida](#)

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Advance Autonomous Systems

Drone Deployment via Privacy

Drones have become increasingly popular in recent years, serving multiple purposes ranging from aerial photography to package delivery and recreation. Despite the promise of drone technology, the recent proliferation raises substantive concerns surrounding privacy, property rights, and constitutional rights. As drones become increasingly common for businesses, recreation, and emergency management, lawmakers should enact policies to prevent them from being used to harass citizens or violate constitutional rights. Establishing clear guidelines for how drones can be used will also support commercial adoption and ensure they are being used to their full potential.

Autonomous Vehicle Deployment

Self-driving cars are no longer in the realm of science fiction but are available to American drivers. While this technology promises to save lives, improve mobility, and generate significant economic benefits, only 18 states allow testing and deployment on their roads, highways, or interstates. To fully realize the potential benefits of AVs, state legislatures must create clear rules of the road that incentivize innovation while providing for safe deployment and development.

Model Policies

ALEC: An Act Relating To Unmanned Aircraft Systems – Establishing Statewide Standards, Protecting Privacy, And Ensuring Public Safety
ALEC: Protection From Drone Trespassing Act
Florida: HB 1289

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Remove Regulations Suppressing Innovation

Government regulations impose substantial costs on businesses – both tangible and intangible. These costs can rise into the millions, and often serve no other purpose than stifling innovation. Cutting regulations is one way state legislatures can provide fertile ground for innovators, create jobs, and grow their economies. States should consider adopting a one-in-two-out policy to cut regulations or establishing a general-purpose regulatory sandbox.

Model Policies

Pacific Legal Foundation:
[Targeted Legislative
Review Act](#)

Pacific Legal Foundation:
[Three Essential Pillars of
Regulatory Reform](#)



Pass Balanced Data Privacy Reform

As the percentage of individuals' lives that take place online grows, concern has increased over how private companies and government entities store and use consumer data. Ultimately, data do not recognize geographic boundaries, and interstate commerce happens every second online. Thus, the best solution is a federal standard rather than a 50-state patchwork. Nevertheless, as Congress has not acted and won't for the foreseeable future, state policymakers can establish market-friendly protections as a basic framework. Any legislation at the state level should adhere to a set of principles that protect consumers while not stifling innovation or market competition and choice. Ensuring that enforcement does not unleash frivolous litigation via private rights of action, providing reasonable compliance time, and not unduly burden businesses with unnecessary costs for complying are critical components to a successful standard.

Model Policies

ALEC: [The Privacy Protection Act](#)

ALEC: [Statement of Principles on Facial Recognition Policy](#)

ALEC: [Resolution for a Single Federal Standard for Consumer Privacy](#)

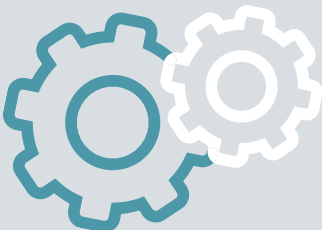
ALEC: [Employee Online Privacy Act](#)



Enshrine Contractor Status

In 2020, California passed Assembly Bill 5, which severely limited employers' ability to hire independent contractors in the gig economy. Since then, countless workers have been displaced and cut off from this source of income. Additionally, the Biden Administration mounted a full-frontal assault on so-called gig workers and countless companies that utilize freelancers. In October 2022, the U.S. Department of Labor proposed a rule to make it harder for American workers to operate as independent contractors, reclassifying them as full-time employees.

Independent contractors overwhelmingly prefer the flexibility and freedom of choosing when and where they work. Lawmakers should support and provide these individuals the ability and certainty to pursue how to best make a living for themselves and allow the gig economy to grow and thrive.



Model Policies

Utah Legislation
Enshrining Contractor Status:
[Utah Worker Compensation
Act 34A-2-103](#)

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Clarify Crypto Rules

Digital assets, blockchain, and cryptocurrency have all seen tremendous growth in recent years. The underlying technologies and infrastructures have democratized financial services. As this industry continues to grow and evolve, lawmakers should promote innovation in the crypto space by updating money transmission laws and developing a light-touch regulatory agenda while protecting consumers from bad actors and criminal networks.

One of the primary problems facing crypto is regulatory ambiguity, with no one federal agency possessing regulatory power. This creates an environment more susceptible to bad actors. In addition, it makes it less likely that consumers can embrace innovation and depresses the establishment of new cryptocurrencies. State legislators can demand Congress provide clarity by designating one agency as the federal regulator and instructing them to create an environment that protects consumers and provides businesses with the confidence to know they are operating legally.

Model Policy

ALEC: The Smart
Cryptocurrency Rules Act

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Protecting Users' Online Reviews

Businesses are weaponizing litigation and threats of lawsuits to shut down bad reviews from customers and scare people from exercising their First Amendment rights. Because of the structure of the U.S. tort system, individuals who post things like negative reviews online can be threatened into retractions — not because of libelous content, but because the cost of litigation is a serious threat.

To stop these abusive lawsuits, lawmakers can enact and strengthen “Anti-SLAPP” laws (Strategic Lawsuits Against Public Participation).

Model Policy

ALEC: Public Participation Protection Act

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Enhancing Cybersecurity Protections

The world is more connected than ever before because of technology. However, as we increase the amount of information we share online, criminals are constantly looking for new ways to steal and use that data for illegal purposes and financial gain. In 2021, the Federal Bureau of Investigation estimated that there were 2,300 cybersecurity incidents every day. State governments have been targeted at an alarming rate by adversaries, both foreign and domestic, that are increasingly sophisticated. To meet the cybersecurity needs of today's world, lawmakers must prioritize efforts to create a strong cybersecurity infrastructure. This includes, at a minimum, mandating cybersecurity training for state and municipal employees, establishing clear reporting requirements, and implementing a safe harbor for entities that fall victim to cybersecurity but have taken the necessary precautions and acted in good faith.

Model Policy

Florida: [CS/HB 7055](#)

This report is a product of the James Madison Institute.

Through outreach and education, we seek to advance public policy solutions that provide the citizens of Florida greater access to economic opportunities in pursuit of the lives they desire.

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