

An Innovation Agenda

Our Moment:

Many have characterized the January 2025 revelation of DeepSeek’s advances in AI compute efficiency as America’s 2025 “Sputnik moment.” In fact, we’ve witnessed several “Sputniks” in recent years, with growing Chinese technological advantage in areas such as energy storage, hypersonic missiles, solar manufacturing, biotechnology, and electric vehicles—indeed, in [37 out of 44 key technologies](#) tracked by one think tank, and 7 out 10 key industries tracked by [another institute](#).

The 1957 launch of Sputnik summoned American technological leadership. America’s response made us the envy of the world: we put Americans on the moon, successfully tackled polio, invented the computer and the semiconductor industries, created photovoltaics and a clean energy economy, and launched the internet. We created ARPA, built the world’s greatest research universities, and attracted the planet’s best and brightest innovators.

To be sure, American companies and their founders still enjoy tremendous success—as measured by multi-billion-dollar valuations and extraordinary wealth accumulation. Beyond Big Tech, however, innovators often struggle—start-up founders increasingly flee high-cost metros like Silicon Valley and Seattle, and shortages of high-skill labor severely constrain domestic growth. “Tech bashing” has become a poll-driven electoral strategy across the ideological spectrum. Under Trump, moreover, our great research institutions and universities have come under assault, and scientific truth falls victim to political opportunism.

America now faces many existential threats that compel a new relationship between our government and our innovation economy. Federal laws must facilitate the innovation needed to tackle our world’s great challenges, such as climate change, global disease and pandemics, and cybersecurity threats, and to do so in an intensely competitive global environment. We can and must empower the innovator without bolstering the oligarchs.

This requires an approach that:

- Recognizes the security and economic imperative of U.S. global leadership and competitiveness
- Contrasts the Trump Administration’s approach with a renewed focus on openness to ideas, people, and markets
- Creates a regulatory environment that provides predictability and uniformity
- Acknowledges the unique capital needs and structure of innovation-focused companies
- Embraces the tech industry’s historically enlightened self-interest in advocating for pro-immigration, -housing, and -climate policies
- Advocates for innovation within the government, to disrupt sclerotic and bureaucratic processes, and expedite decision making

Outline

While impossible to present a comprehensive approach to technology regulation and support, this agenda makes a broad attempt at this terrain by into the following categories:

- Investment in Research and Development
- Regulation of Trade, Competition, and Intellectual property
- Workforce: Immigration, Education, and Expanding Opportunity
- Artificial Intelligence
- Life Sciences
- Fintech and Crypto
- Online Privacy, Safety, and Cybersecurity
- Climate Tech
- Defense Procurement Reform
- Housing
- Responsible Governance

Investment in Research, Development, and Innovation

Align U.S. policy to maximize public and private investment in R & D to win the global race in quantum computing, energy storage, AI, biotech, and other essential technologies of the future.

- **Protect and bolster critical investment in basic science and research and experimental development** in NIH, NSF, DOE, and other agencies—against the severe cuts of this Administration— but with reforms that reduce bureaucratic obstacles and accelerate delivery
- **Restore full current-year deductibility of research and development expenditures**, as prevailed for 70 years prior to changes enacted in the 2017 tax law to Section 174
- **Reward universities for investing endowment returns** in STEM **research**, and **expanding educational access** to STEM through deductions in the endowment tax
- **Maintain favorable tax treatment through Qualified Small Business Stock (QSBS)** exemption for smaller companies in research-intensive technology fields
- **Expand “On-Ramp” for Emerging Growth Companies** to encourage more start-ups to go public with scaled compliance costs
- **Venture Capital:** Define registered investment advisers (RIA) to better distinguish small VC’s from large hedge funds and private equity that give rise to distinct regulatory concerns, perhaps with a threshold defined by assets under management (AUM)
- **Incentivize greater U.S. manufacturing capacity** in biopharmaceuticals, defense tech, and other strategically critical technologies, as the Chips Act did for semiconductors

Federal Regulation of Trade, Competition, and IP

Regulatory approaches should embrace innovation, encourage competition, provide predictability, and expedite decision making. We expect technology—not governance—to disrupt.

- **Trade:** Tariffs and trade barriers generally undermine the innovation economy, and should be deployed sparingly. Trade policy must reflect China’s status as a competitive adversary, but recognize that stalling U.S.-China trade severely undermines U.S. growth, and hurts both U.S. consumers and tech manufacturers. Congress should press for trade agreements that reduce tariffs and trade barriers, and, but also:
 - assert a muscular response against IP theft,
 - counter national security threats,
 - dismantle digital services taxes, technology transfer mandates, and discriminatory regulations abroad, and
 - provide consistent, stable expectations for industry
- Ensure **export controls** balance national security with imperative for flexibility and global competitiveness. Regarding sales to China, bias toward carrots (eg federal procurement) over sticks (prohibitions) regarding sales to China
- **Antitrust:** Define predictable boundaries for enforcement that:
 - focus on anti-competitive conduct harmful to consumer, not on firm size
 - preserve access of early-stage companies to capital (for clinical trials, research, and prototype development) through acquisition
 - acknowledge the benefits of scale for international competitiveness
- **Net Neutrality:** The FCC should maximize competition online by restoring net neutrality
- Maintain the Trade-Related Aspects of Intellectual Property Rights (**TRIPS**) **Agreement** to ensure equitable and effective IP protection globally
- **Restrict “March In” Rights under Bayh/Dole** to the original intent of Congress to settle expectations over IP protections in licensing federally-funded research
- **Educating Congress:** Restore the [Office of Technology Assessment](#) to provide nonpartisan advice and guidance to Congress about cutting-edge technologies

Workforce: Immigration, Education, and Expanding Opportunity

- **Expand high-skill Immigration** by launching a “start-up visa” program, lifting caps on H1B visas and per-country caps on green cards for skilled immigrants, expand H-4 visas and work authorization for spouses, and enable DACA recipients and “Documented Dreamers” permanent status
- **Boost upskilling and reskilling** workers displaced by technological change through private-public partnerships, such as through the use of tax credits for employers to invest curriculum development with hiring commitments in community college programs to upskill workers for tech employment.
- **Reimagine federal support for universities in ways that protect the independence of university research** against extraneous political or social agendas, but refocus financial aid to **incentivize STEM learning** and degrees

D R A F T

- Expand federal grants and Title I funding flexibility to **support K–12 STEM curriculum development**, with emphasis on **computer science, robotics, data literacy, and AI fundamentals**, along with early education in **responsible technology use**.
- **Expand workforce and labor access by supporting childcare** through a higher child care tax credit

Artificial Intelligence

- **Regulate outcomes, not processes**—rather than imposing licensing mandates or regulating model development, Congress should define undesirable outcomes and regulate incrementally—eg, by requiring watermarks on gen-AI images and voices—and build consensus for next steps as lessons are learned. Outcomes- focused regulation should apply across the wide variations of AI deployment.
- **Avoid regulation that reinforces or exacerbates resource advantages** major AI companies have over smaller competitors
- **Incentivize investment in safety**—and boost university-sponsored initiatives to enable better safety regulation
- **Incentivize and accelerate buildout of sustainable data center infrastructure** through accelerated permitting and tax incentives where companies reduce computational power, GhG emissions, and water consumption
- **Democratize AI** by facilitating greater access to GPUs, expertise, and compute in universities—particular public universities—with federal funding. Where consistent with national security, encourage deployment of open-source models by supporting the release of models, datasets, and tools as public resources
- **Establish a permanent, non-regulatory entity for AI testing** and evaluation to develop and promote U.S. AI standards abroad and support national security.
- **Support national uniformity** for AI regulation, with robust protection and enforcement through federal standards that avoid conflicting mandates between state laws
- **Accelerate regulatory facilitation** of AI deployment in healthcare, education, biotechnology, and other areas that can provide palpable and equitable benefits, without requiring registration for every user or deployer of AI technology

Life Sciences

- **Shed antiquated or duplicative regulations** on clinical trials and drug development, such as suggested by the [National Security Commission on Emerging Biotechnology](#)
- Enable reduction in pharmaceutical drug pricing by requiring price transparency and competition among **pharmacy benefit managers (PBM's)**
- Protect **Medicare's ability to negotiate prices** for very mature drugs, while maintaining incentives for innovative medicines to enable patient access
- Maintain incentives to invest in medications for hard-to-treat and rare diseases, such as the **Orphan Drug** Tax Credit and coverage by Medicare

Fintech and Crypto

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- Ensure the **global primacy of the digital dollar through stablecoin** legislation,
- Create predictable regulatory jurisdictions (“**market structure**”) founded on long-established definitions of commodities and securities
- Give unsophisticated retail customers a choice of **enhanced transparency** in a regulatory “sandbox.”
- Provide regulatory **uniformity and clarity for fintech** services – such as through a federal charter – but with appropriate oversight, consumer protection, and risk management requirements

Online Privacy, Safety, and Cybersecurity

- Overcome long standing inertia to provide sensible federal protections for **child safety online**, and for a long-overdue **consumer privacy** statute
- Federal laws should provide **uniformity in consumer protection and industry compliance**
- Incentivize development of **quantum-resistant encryption** to safeguard critical infrastructure and communications, mandate adoption of cryptography standards across federal agencies, and encourage private sector transition through procurement preferences.

Climate Tech and Energy

Champion opportunities for climate progress that provide even a GOP-led Congress an opportunity to reduce residents and businesses’ utility bills through the distributed generation and storage of electricity

- Restore **clean energy incentives**, but with greater accountability, utilizing **advance market commitments** and other mechanisms to enable cost-effective outcomes
- Incentivize energy-efficient, green **data center** development
- **Streamline permitting** and eliminate barriers to expansion of renewable energy resources and the grid
- Build a better battery: launch a **national energy storage technology strategy** that enables widespread adoption of distributed electricity generation and storage

Defense Procurement Reform

The Defense Department’s procurement of technology is broken. Congress must:

- enable innovation in the DoD by purchasing tech using requirements without excessively prescriptive solutions, and **embracing “off the shelf” commercial options** where product superiority appears evident.
- accelerate **the adoption of dual use and commercial technology** by expanding the Defense Innovation Unit’s (DIU) procurement scope and embracing the DIU’s [strategic vision](#) and the [Atlantic Council’s recommendations](#) for tech procurement
- Support promising technologies in **overcoming** the bureaucratic and fiscal **barriers between prototyping and full production**

Housing

D R A F T

Every metropolitan area with a large tech base faces a housing crisis. The federal government must play a more constructive role in accelerating housing development

- **Accelerate development of workforce housing** through the use of tax credits and other incentives to retrofit vacant commercial space, and stimulate housing supply
- **Expand the resale inventory of homes** in high-cost metros by boosting the capital gains tax exemption for home sales
- **Speed development timelines** by conditioning targeted federal programs (such as LIHTC's) on implementation of pro-housing local codes, such as by-right rezonings and permissive use of new technologies, such as prefabricated and modular construction

Responsible Governance

A successful innovation economy needs:

- **Constitutionality:** any administration and Congress must emphasize a primacy on the rule of law. Court orders must be heeded, elections must be free and fair, and the constitutional rights of every individual must be protected.
- **Predictability:** erratic governance undermines confidence of economic stakeholders. It's not the government's job to be disruptive, but private entrepreneurship. Independent agencies, such as the Federal Reserve, must retain their independence to deliver decisions free of political manipulation
- **Efficiency:** cutting waste, improving efficiency, and leveraging appropriate technologies in providing public services are not partisan issues.
- **Fiscal responsibility:** The nation's \$1.9 trillion deficit presents a clear and present threat to our nation's economic vitality, imposing financing burdens that crowd out private investment and preclude critical public investments.