NEW DEMOCRAT COALITION INNOVATION AGENDA

New Dem Innovation & Technology Working Group

I. New Dems' Commitment to Innovation

The New Democrat Coalition has long embraced innovation and its promise of inclusive growth and opportunity. This era of innovation driven by emerging and advanced technologies like AI, automation, quantum computing, and robotics, must be built on openness, competition, and inclusive growth, supporting not only entrepreneurs but also the American worker.

Importantly, innovation should translate into real benefits for hardworking, middle-class Americans: lower energy bills, cheaper healthcare, more affordable housing, better access to education and training, and high-quality jobs in every region of the country.

Our New Dem Innovation Agenda presents a holistic and forward-looking platform to do just that: spur groundbreaking research, create new businesses and jobs, and help more people achieve the American Dream.

II. 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 57 out of 64 critical technologies and 7 out of 10 key advanced industries.

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 the solar panel and a clean energy economy, and launched the internet. We established the Advanced Research Projects Agency (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 lead the way and enjoy tremendous success, as measured by multi-billion-dollar valuations and extraordinary wealth accumulation. Beyond Big Tech, however, innovators often struggle. Startup founders increasingly flee high-cost metros, and high-skill labor shortages severely constrain domestic growth. "Tech bashing" has become a poll-driven electoral strategy

across the ideological spectrum. Under President Trump, our great research institutions and universities have come under assault, scientific truth falls victim to political opportunism, and regulatory chaos undermines our global competitiveness.

III. Principles

America faces many existential threats that compel a new relationship between our government and our innovation economy. Federal laws must promote and facilitate the innovation necessary 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 innovation and the innovators, while at the same time protecting our citizens and strengthening our democracy and its institutions.

Doing so 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;
- Anticipates the human cost of technological disruption, and invests in human capital to re-skill and upskill a workforce increasingly challenged by rapid change;
- Creates a robust and efficient 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; and
- Advocates for innovation and adaptation within the government, to disrupt rigid and bureaucratic processes, and expedite decision making.

IV. Policy Priorities & Action Agenda

1. Invest in American Innovation and Research & Development (R&D)

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

b. **Protect and bolster critical investments in U.S. innovation**, including the CHIPS and Science Act and Inflation Reduction Act, **and in basic science and research and experimental development** at the National Institutes of Health (NIH), National Science Foundation (NSF), Department of Energy (DOE), Department of Commerce (DOC), National Institute of Standards and Technology (NIST), and other key agencies, pushing back against the severe cuts of this Administration. Reforms to modernize funding should reduce bureaucratic obstacles and accelerate delivery.

c. **Protect pro-innovation tax incentives** for private-sector investment in research and development, particularly for startups and small businesses.

d. **Reward universities for investing endowment returns in STEM research and expanding STEM education access**, through deductions in the endowment tax.

e. **Expand and broaden access to capital** for small businesses, startups, and innovative companies, such as through favorable tax treatment and scaled compliance costs.
f. **Incentivize greater domestic manufacturing capacity** in biopharmaceuticals, defense technology, construction materials, and other strategically critical technologies, modeled on the success of the bipartisan CHIPS and Science Act for semiconductors.

2. Promote Smart Regulation and Open Markets

a. Regulatory approaches should **embrace innovation, encourage competition, provide predictability, and expedite decision making.**
b. **Trade policy** must be restructured to focus on securing global markets for U.S. advanced industries, preventing predatory foreign trade practices, and fostering economic alliances that enhance American competitiveness.
    i. Tariffs and trade barriers generally undermine the innovation economy, and should be deployed sparingly.
    ii. Trade policy must reflect China's status as a competitive adversary, but recognize that stalling U.S.-China trade undermines U.S. growth, and hurts both American consumers and tech manufacturers.
    iii. Support trade agreements that reduce tariffs and non-tariff trade barriers, assert a muscular response against intellectual property (IP) theft, counter national security threats, dismantle digital services taxes, enable the free flow of information across borders, and provide consistent, stable expectations for industry.
    iv. Leverage market access agreements to encourage and incentivize trading partners to adopt high labor and environmental standards.
    v. Ensure export controls balance national security with the imperative for flexibility and global competitiveness.
c. **Competition**
    i. Define predictable boundaries for antitrust enforcement that focus on anti-competitive conduct harmful to consumers, not on firm size.
    ii. Maintain the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement to ensure equitable and effective IP protection globally.
    iii. Encourage interoperability of gatekeeper platforms, such as with open APIs and data portability.
d. **Digital Assets & Financial Technology**
    i. Create predictable regulatory jurisdictions founded on long-established definitions of commodities and securities that protect retail consumers and enable transparency.
    ii. Ensure the global primacy of the digital dollar through stablecoin legislation.
    iii. Support financial stability through strong reserve and liquidity requirements.
    iv. Prevent criminals and bad actors from accessing the digital asset ecosystem by enacting strong anti-money laundering (AML) requirements.
    v. Provide regulatory uniformity and clarity for fintech services, such as through a federal charter, that enable reductions in speed, delay, and vulnerability, but with appropriate and robust oversight, consumer protection, and risk management requirements.
e. **Health Research & Lowering Costs**
    i. Shed antiquated or duplicative regulations on clinical trials and drug development, such as suggested by the National Security Commission on Emerging Biotechnology.

ii. Protect Medicare's ability to negotiate prices for very mature drugs, while maintaining incentives for innovative medicines to enable patient access.
iii. Maintain incentives to invest in medications for hard-to-treat and rare diseases.

3. Build an Inclusive and Globally Competitive Workforce

a. **Expand high-skill immigration** by launching a "start-up visa" program, lifting per-country caps on employment-based (EB) immigration visas, expand H-4 visas and work authorization for spouses, grant Dreamers conditional permanent resident status, and create a temporary non-immigrant visa category for year-round work in industries experiencing occupation shortages.
b. **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. Workers should be prioritized in the development of technology systems, as emerging technologies like AI achieve rapid adoption. Federal investments in apprenticeships, on-the-job training, and labor market data modernization will help support a more nimble workforce.
c. Tech companies and developers must **expand their talent pipelines** to include diverse perspectives and Americans from all walks of life at all organizational levels from researchers to C-Suite executives. This includes strengthening partnerships with Community Colleges, Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), creating mentorship programs, and ensuring diverse representation in AI ethics boards and decision-making bodies.
d. Reimagine federal support for universities in ways that **protect the independence of university research** against extraneous political or social agendas, and **incentivize STEM learning** and degrees.
e. **Expand federal grants and Title I funding flexibility** to support K–12 STEM curriculum development, with an emphasis on computer science, robotics, data literacy, and AI fundamentals, along with early education in responsible technology use.
f. **Expand a refundable Child Tax Credit (CTC)** to provide meaningful support to working families and **boost workforce and labor access.**

4. Advance American Leadership in Artificial Intelligence (AI)

a. **Incentivize investment in safety and security** to enable better AI governance and research into technically feasible mechanisms for better transparency and explainability of AI systems that impact consumers. These efforts should include both university-sponsored initiatives and permanent, non-regulatory government entities such as NIST's Center for AI Standards and Innovation.
b. Rather than imposing licensing and registration mandates or strictly regulating model development, Congress should **define undesirable outcomes and regulate incrementally** by supporting transparency standards and frameworks for model testing and evaluations, and building consensus for next steps as lessons are learned. Regulations should penalize harmful misuse of AI, including fraud, deception, and invasions of individual privacy, rather than penalizing the underlying tools, with case-by-case exceptions for the development of models that may inherently pose some form of threat (i.e., Artificial General Intelligence). Streamlined regulation should apply across the wide variations of AI deployment, with robust protection and enforcement for privacy and consumer safety through uniform federal standards.
c. **Support voluntary collaboration with industry and developers** to promote safety during the development process, through establishing regular communications, developing shared testing metrics

or evaluations, and providing an environment or resources to test or evaluate technologies pre-deployment without penalty.

d. **Avoid new regulations that reinforce or exacerbate resource advantages** major AI companies have over smaller competitors.
e. **Support federal investment in AI research** and facilitate greater access to computing infrastructure, expertise, and AI-ready data in universities, particularly public universities. AI must be driven by its democratized value to all communities in the U.S. and abroad, ensuring equitable access regardless of socioeconomic status.
f. **Address healthcare, financial, and education equity.** AI applications in healthcare, financial decisions, and education must be specifically designed to address and not perpetuate existing disparities affecting communities. We must ensure AI diagnostic tools work effectively across racial groups and that educational AI systems support rather than hinder student success.

5. Protect Online Privacy, Safety, and Cybersecurity

a. **Enact a consumer privacy statute** and provide sensible federal protections for child safety online.
b. Federal laws should provide **uniformity in consumer protection and industry compliance.**
c. **Ensure technologies are designed with the privacy and related rights of consumers as a priority**, seamlessly integrating these protections into the architecture of products, services, and public and private sector practices.
d. **Incentivize adoption and deployment of quantum-resistant encryption** to safeguard critical infrastructure and communications, including by encouraging private sector transition through procurement preferences.

6. Build Innovation Infrastructure

a. Invest in new **innovation centers** outside of existing tech hubs and make **reliable, predictable multi-year investments** in regional tech hubs to unlock the potential of communities across America to succeed in an innovation economy.
b. **Create incentives and accelerate buildout of sustainable data center infrastructure** through accelerated permitting of grid expansions and tax incentives for use of sustainable energy sources, lower greenhouse gas (GhG) emissions, and reductions in water consumption.
c. **Address the digital divide** by ensuring technology advances provide all communities robust internet connectivity, digital literacy programs, and the knowledge and tools necessary to understand, evaluate, and make informed decisions about AI systems that affect their lives.
d. **Champion climate tech and energy** 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.
    i. Restore clean energy incentives, but with greater accountability, utilizing advance market commitments and other mechanisms to enable the most cost-effective outcomes.
    ii. Incentivize energy-efficient, green data center development that strengthens the electric grid.
    iii. Streamline permitting and eliminate barriers to expansion of renewable energy resources and the grid.
    iv. Launch a national energy storage technology strategy that enables widespread and safe adoption of distributed electricity generation and storage.

e. **Housing and Transportation.** Every metropolitan area with a large tech base faces a housing crisis. The federal government must play a more constructive role in accelerating affordable housing development.
   i. Speed development timelines by conditioning targeted federal programs on implementation of pro-housing local codes, such as by-right rezoning and permissive use of innovative technologies, including prefabricated and modular construction.
   ii. Accelerate development of workforce housing through the use of tax credits and other incentives to rebuild vacant commercial space and stimulate housing supply.
   iii. Expand the resale inventory of homes in high-cost metros by boosting the capital gains tax exemption for home sales.
   iv. Transit-oriented development: Encourage urban development designed to bring people, services, and jobs together with quality public transport, support by walking and cycling to facilitate shorter trips, better lifestyles, and more efficient use of city resources.
   v. Dig Once: Mandate that, when feasible, agencies coordinate the installation of additional utilities, such as broadband, electrical cables, and water lines, during the initial phases of construction. This will reduce the need for future excavations, minimizing disruptions to communities, reducing long-term costs, and improving infrastructure efficiency.

7. Strengthen National Resilience and Governance

a. **Defense Procurement Reform.** The Department of Defense's procurement of technology is broken. Congress must:
   i. Empower 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.
   ii. 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 for tech procurement.
   iii. Support promising technologies in overcoming the bureaucratic and fiscal barriers between prototyping and full production.
   iv. Facilitate more nimble acquisition using non-traditional procurement pathways such as Other Transaction Authority (OTA).

b. **Responsible Governance.** A successful innovation economy needs:
   i. **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.
   ii. **Oversight.** Congress alone has the unique responsibility to conduct oversight using its sole authority over federal spending. Congress must use this power to provide the public with transparency into the use of tax dollars, hold federal agencies accountable to their statutory obligations, and root out waste, fraud, and abuse.
   iii. **Predictability and Trustworthiness.** 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.

iv. **Efficiency.** Cutting waste, improving efficiency, and leveraging appropriate technologies in providing public services are not partisan issues.
v. **Modernized IT and Workforce.** Providing high-quality public services is not a partisan issue, but it cannot be done without an efficient, effective, and secure federal IT system and highly skilled workforce. The government must leverage appropriate technologies and qualified civil servants to better optimize spending and increase savings, improve service delivery and quality, and bolster public safety and national security.
vi. **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.

V. Next Steps

The New Democrat Coalition looks forward to engaging in discussions with our colleagues in the Democratic Caucus and across the aisle to refine ideas and craft legislation to advance our Innovation Agenda. Innovation will play a central role in growing the economy, governing responsibly, and delivering results for the American people.