
ARIZONA
TECHNOLOGY
COUNCIL
a place to connect and grow
2026
Public Policy Guide

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2026 PUBLIC POLICY GUIDE

The Arizona Technology Council is the principal advocate for science- and technology-based companies in Arizona. The Council continuously monitors federal, state and local legislation and policies that impact the sustainability and growth of Arizona's technology industry. Through the collective strength of its members, the Council informs and educates policymakers on issues that are important to Arizona's technology sectors.

From the United States Congress and the Office of the Governor to legislative committee rooms and city halls across the state, the Council serves as the voice advocating a technology-based, pro-growth and business-focused agenda.

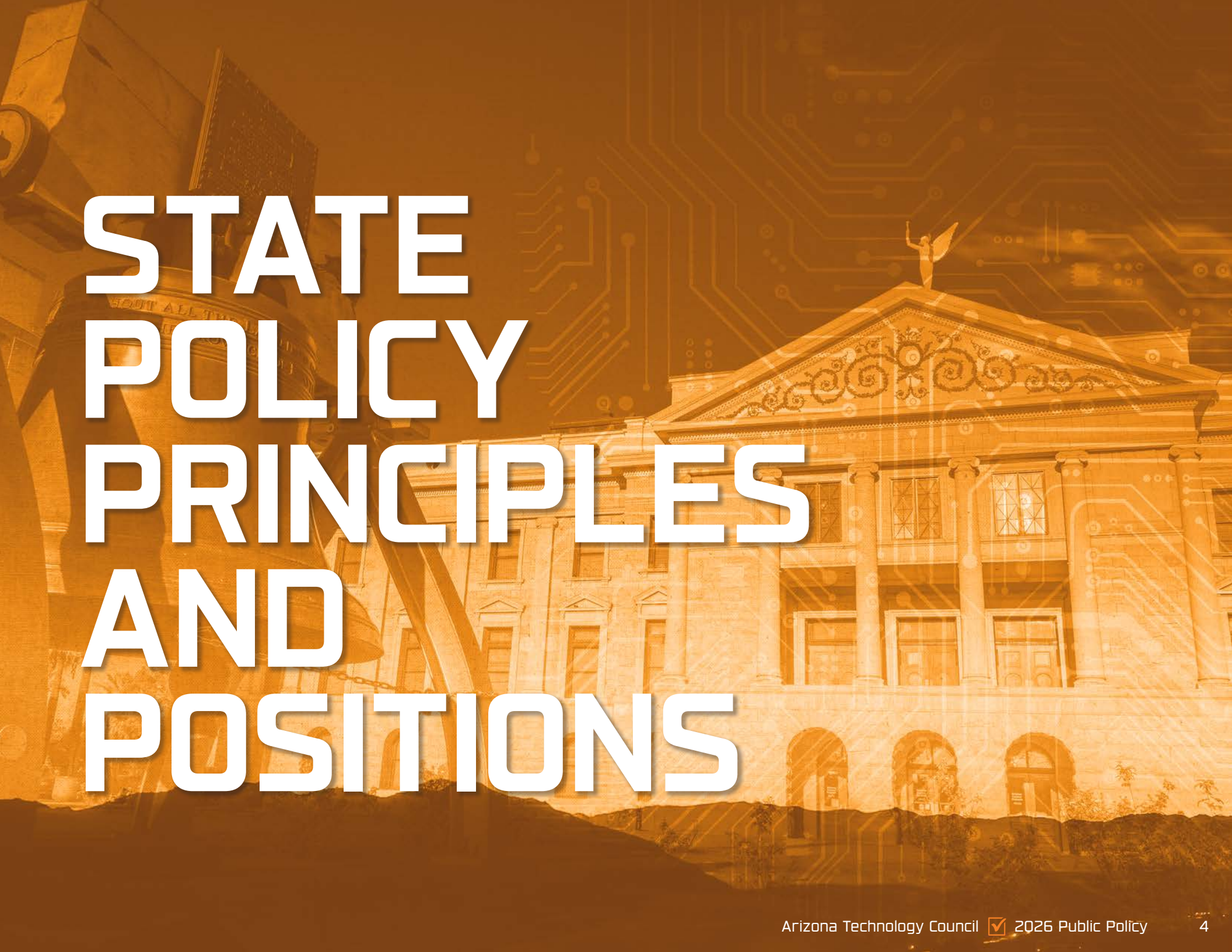
The Council and its Public Policy Committee hereby submit the 2026 Public Policy Guide. In creating this document, the Committee relied heavily on the Council's mission by preparing key ideas, goals and legislative initiatives to:

- Improve the business climate for technology-based companies.
- Provide sources of risk capital that encourage entrepreneurship, including in underrepresented communities.
- Create an environment that supports science- and technology-related job retention and creation.
- Attract, train, retrain and retain the diverse talent required to compete in a global innovation economy.
- Foster awareness and support practices of Arizona’s businesses through workforce excellence, inclusion and innovation that help to further Arizona’s future competitiveness .
- Provide pathways for all Arizonans to participate and thrive in a vibrant, high-tech economy.

The committee first created a list of principles in several subject areas then established related positions to be used as the foundation of the Council's public policy efforts in 2026. In some cases, the positions will advance through the development and advocacy of legislation that will be introduced during the Arizona Legislature's 2026 session. In other instances, the positions will be used on an ongoing basis as policy makers introduce new regulations or changes to existing regulations pertinent to Council members. At all stages, the committee will be engaged in various efforts to advance the position of Arizona's technology companies. The following principles and positions will aid elected officials and other stakeholders at all levels of government and business as they craft legislation and policies that will affect Arizonans and the Arizona economy for years to come.

ARIZONA STATE TECHNOLOGY COUNCIL LEGISLATIVE PRIORITIES

- Increase availability of computer science offerings for students to keep Arizona competitive with surrounding states, as well as other countries. Develop a phased-in option for students to enroll in a computer science course offered by their schools or an online course approved by the Arizona Department of Education. The course should be a standalone computer science course for high school-age students while computer science principles should be incorporated into a general education course for students in earlier grades. Support funding for computer science courses to guide these classes.
- Creation of the Arizona AAM Interoperability Sandbox as a strategic initiative to accelerate the safe integration of advanced air mobility technologies statewide. By fostering collaboration with the FAA, tribal nations, industry partners and research institutions, this effort will generate immediate economic and community benefits while establishing Arizona as a leader in advanced air mobility (AAM) innovation. The sandbox will drive job creation, improve transportation and emergency response in underserved areas, and provide critical real-world data to shape national airspace policies, all while reinforcing Arizona's position as a hub for cutting-edge aerospace and technology advancements.
- Support and protect economic development programs that have proven to work for Arizona. Maintain and fund programs that support manufacturing; encourage research and development; support high-quality, high-paying jobs; and incentivize innovation. Ensure these programs are continued and additional restrictions are not applied that would hamper the economic growth and success Arizona has experienced. During the past several years, the Council has helped extend and expand these programs while defeating efforts to repeal them. Some economic development tools may require modernization to ensure the most effective utilization in order to continue spurring economic growth.
- Work collaboratively with both the Arizona Corporation Commission and the state Legislature to advance energy policy that encourages demand-side adoption of energy efficiency, prioritizes clean and renewable energy use, invests in electric vehicle infrastructure development, and supports innovation in the industry. With the ever-increasing demand for energy in Arizona, especially with the expanding technology ecosystem, renewable energy is an instrumental part of the portfolio to meet the needs for Arizona's growth in an affordable, reliable and sustainable manner. The Council will work to protect the advancements that have been made and work to defeat efforts that would undermine efforts in the renewable energy space.
- Seek opportunities to expand Arizona's science, technology, engineering and math (STEM) education, including computer sciences and coding opportunities for students. Focus on long-term, shared, sustainable and flexible STEM missions that bridge, integrate and strengthen the learning opportunities offered by organizations across sectors instead of isolated, independent entities. STEM education helps prepare our students for the jobs of today and the future, and will build a strong, diverse talent pipeline to meet the state's continued growth.



STATE POLICY PRINCIPLES AND POSITIONS

AEROSPACE, AVIATION, SPACE AND DEFENSE

PRINCIPLE

For generations, Arizona has been a vital contributor to U.S. national security interests by fostering a pioneering spirit in aerospace, aviation and defense. With more than 1,250 companies in aerospace and defense—including major prime contractors and space sector leaders such as Raytheon, Honeywell, Boeing, Lockheed Martin, General Dynamics, Northrop Grumman, Blue Origin and Virgin Galactic—Arizona boasts thousands of highly skilled technology workers with high-paying jobs.

Additionally, the state's military industry contributed more than $15.5 billion to the Arizona economy in FY 2022, according to the 2023 "Economic Impact of Arizona's Principal Military Operations" study prepared for the state's Military Affairs Commission by The Maguire Company and Elliott D. Pollack & Company. The report also states that Arizona's six military installations and four National Guard operations, as well as the businesses they supports, were responsible for creating more than 78,780 direct, indirect and induced jobs. According to Lightcast data , as of 2024, Arizona held the No. 1 national ranking for the concentration of guided missile and space vehicle manufacturing.

State leaders and members of the Legislature should develop, publish and implement strategies that will maintain, strengthen and grow the aerospace, space, defense, aviation, advanced air mobility and unmanned-systems industrial base. In turn, this will give Arizona a competitive edge as a top state supporting U.S. national security objectives.

POSITIONS

Sustain Defense Spending

Create an environment that enables sustainment and growth of total billing in defense contracting in the state. Arizona has enviable aerospace and defense assets, as shown when PwC's Aerospace Manufacturing Attractiveness Index in 2024 ranked Arizona third in the U.S., up from sixth the previous year. As such, we must encourage, through education, an understanding of and appreciation for key military assets and their continuous economic impact on the state. These assets include the Barry M. Goldwater Range, the Buffalo Soldier Electronic Test Range, U.S. Army Yuma Proving Ground and Marine Corps Air Station Yuma, as well as U.S. Air Force training and readiness at Luke Air Force Base for the F-35 and Davis-Monthan Air Force Base for multiple missions, including the A-10, HH-60W and C-37B. We also need to maintain and protect the state's unique environment that enables testing of key command and control, intelligence, communications, weapons and vehicle equipment without extraneous electronic or encroachment interference in Southern Arizona.

Protect Small Business Defense Suppliers in Arizona

Work to ensure cybersecurity requirements do not become overly onerous. Considering growing cyber threats to U.S. national security, the global economy and small-business defense suppliers, the Arizona Technology Council agrees with the relatively new requirements that government contractors become increasingly cyber-resilient. However, it is important for the state government to understand that cyber requirements will add significant operating costs to small defense businesses in Arizona and elsewhere that are active in our nation's defense supply chain. Imposing these additional costs and burdens on small businesses could deter their ability or desire to remain active in defense markets. Ideally, the degree of return on such investment for the added costs should be analyzed. The goal is to avoid reducing the number of Arizona companies in the aerospace and defense supply base due to unnecessary and onerous requirements that do not contribute to cybersecurity resilience.

Shield Arizona's Military Bases

Shield Arizona's six military bases from development interference. Ensure military airspace provides unfettered access from the bases to military test ranges in the state without restrictions due to overdevelopment.

Expand Military Base Missions

Examine the future mission focus for all six military bases in Arizona. Work with local support groups to expand the bases' mission profiles in areas such as:

- artificial intelligence
- unmanned air and ground systems (offensive and counter operations)
- robotics
- cyber operations and defense
- pilot training
- space operations

Specifically, protect and increase the missions of Fort Huachuca, which include NETCOM's cyber defense, networks, unmanned aerial systems (UAS) training, intelligence and exceptional teaming with the U.S. Department of Homeland Security. Conduct research and seek additional missions such as special operations stationing and training for which Fort Huachuca is best suited in terms of job growth. Protect and promote rightsizing of the A-10 mission at Davis-Monthan Air Force Base while supporting adequate mission replacements, including the F-35 and Centers of Excellence for U.S. Air Force close air support and rescue. Grow F-35 pilot training at Luke Air Force Base and Marine Corps Air Station Yuma. Promote and grow unmanned testing and development at U.S. Army Yuma Proving Ground. Embrace and promote the exceptional Arizona Army National Guard.

Expand Unmanned Aerial Systems

Explore opportunities to expand the capabilities of the largest UAS training center in the world at Fort Huachuca. Actively lobby against the relocation of the training center to another state and seek ways to cultivate strong ties and additional projects with Nevada, one of six states in the nation selected as test sites for UAS, by leveraging existing assets statewide. Also, seek new mission growth in the counter-UAS area, which has emerged as critical as a result of the Ukraine-Russia war. Promote the defense industry in the expansion of private and personal UAS. In addition, support policies that encourage development and use of UAS technology for commercial applications, especially in the emerging advanced air mobility sector.

Build on Hypersonic Systems

Build upon existing corporate and academic infrastructure to position Arizona as the national leader in hypersonic system development. Hypersonic weapon systems and associated technologies have become the leading priority within the U.S. Department of Defense. Arizona can leverage Raytheon Missiles & Defense's decades of expertise and the investments made at The University of Arizona (U of A) to create an environment for developing both near-term and far-term systems. Raytheon has demonstrated it is a leader in hypersonic system development with recent successful flight tests. U of A has developed wind tunnel facilities and advanced computational fluid dynamics capabilities that support system development and academic research to advance state-of-the-art processes. Encouraging growth of the local industrial base and advanced manufacturing capabilities can position Arizona as the national center for military and commercial hypersonic system development. Garner support for creating a hypersonic test range in Southern Arizona between Sierra Vista and Yuma.

Support the Reconstituted Arizona Space Commission

Support and allocate funding to the newly reconstituted Arizona Space Commission and its flagship initiatives, including the Arizona Space Summit that has quickly become the premier convening event for industry, government, and academic leaders; amplifies Arizona's national and international profile; facilitates strategic partnerships; and fosters the kind of collaboration that accelerates economic growth. By doing so, Arizona can expand its space economy, create high-wage jobs and secure a leadership position in this next frontier of innovation. The Council strongly supports the Commission and will work closely with the Arizona Commerce Authority (ACA) to ensure its success.

The commission is charged with refining and advancing prior strategies while developing a modern roadmap to strengthen Arizona's competitiveness in the rapidly growing space economy. Its work will focus on attracting and retaining space-related companies, building the state's skilled workforce pipeline, and promoting innovation that positions Arizona as a global leader in aerospace and space technologies.

Created in 1991, the original Arizona Space Commission provided the state's first unified strategy for space-related economic growth and education. This vision was further expanded in 2008 through the Arizona Aerospace and Defense Commission, which addressed research, workforce and competitiveness challenges across the broader aerospace sector. With the commission reconstituted in 2024, Arizona now has an opportunity to align the past strategies with new industry realities and unprecedented growth projections. Industry analysts estimate the global space subsector alone will generate $1 trillion annually by 2040. By leveraging Arizona's unique assets—including leading aerospace employers, world-class research institutions and strong STEM education initiatives—the commission can ensure Arizona not only participates in this growth but leads it.

Encourage Commercial Space Technology

Attract, encourage and nurture growth of commercial space market applications and companies in Arizona. Continue to support and expand high-profile research and development programs at NASA and other agencies for major end programs such as OSIRIS APophis

EXplorer (APEX) and NEO Surveyor at U of A and Psyche mission at Arizona State University (ASU). Encourage a market research report on how to further attract commercial space activities and opportunities to Arizona. Benchmarking against other states that have passed legislation or promulgated rulemaking that supports commercial space activities can lead to faster growth in Arizona. According to a report published by the Space Foundation, the global space economy reached $613 billion in 2024, driven by strong momentum in the commercial sector that accounted for 78% of the total market value.

Arizona continues to play a critical role across the commercial space value chain, anchored by major industry leaders like Boeing, Viasat, Raytheon, Honeywell, Blue Origin, Virgin Galactic and Northrop Grumman. In addition to these established players, Arizona is rapidly emerging as a hub for innovative space startups, including FreeFall Aerospace, Lunasonde, Phantom Space, Katalyst Space Technologies and World View Enterprises, which are helping shape Arizona's commercial space future.

Notable Additions & Updates:

- Blue Origin: Achieved a major milestone with the successful orbital launch of its New Glenn rocket. The Phoenix office continues to play a role in avionics, systems engineering and supply chain support while Arizona companies contribute to its wider supply chain network.
- Phantom Space (Tucson): Advancing its Daytona rocket series, which is designed for low-cost launches beginning in the coming years. These vehicles aim to deliver payloads more affordably into orbit, reinforcing Arizona's growing launch capabilities.
- FreeFall Aerospace (Tucson): Developing innovative satellite communications technology, including its All Sky Antenna to provide a low-SWaP, high-performance solution for secure and affordable connectivity.
- World View Enterprises (Tucson): Leading in near-space exploration with stratospheric balloon platforms. Operating from Spaceport Tucson, the company delivers services for science, tourism and observation while strengthening Arizona's space infrastructure.

Diversify Commercial Spaceport Launch Sites

Develop a comprehensive strategy and approach to position Arizona as a hub for multiple commercial spaceport launch sites, recognizing the growing global demand for more frequent rocket launches with smaller payloads on smaller launch vehicles. Current opportunities include:

- **John McCain Yuma Spaceport:** A proposed vertical launch site near Yuma considered geographically ideal for southern trajectories and overwater launches toward the Gulf of California.
- **Sierra Vista Spaceport:** A planned launch facility leveraging existing airport infrastructure that is attracting interest from commercial players such as BlackStar Orbital to develop orbital and suborbital launch capabilities.
- **Coolidge Air and Space Port**: A horizontal launch site under development to serve commercial spaceplanes and air-launch systems.
- **Wilcox Region:** A potential reentry and landing site for providing critical recovery and turnaround infrastructure to support orbital and suborbital missions.

Arizona should also encourage global partnerships with organizations such as the Australian Space Agency and the Japanese Aerospace Exploration Agency (JAXA) to expand opportunities for collaboration, technology exchange, and joint missions. Adding multiple launch and re-entry locations within Arizona will not only provide significant differentiation in the U.S. commercial space landscape but also drive economic growth, workforce development and global competitiveness for the state.

Participate in Military Space Missions

Support Arizona playing a leading role in advancing military space missions as the United States Space Force (USSF) becomes established as the nation's newest military branch. U of A's world-class leadership in space situational awareness makes it a natural partner for USSF in establishing space domain awareness and mission leadership. Both U of A and ASU bring substantial expertise in space mission design, management and operations, providing critical academic and research capabilities to strengthen national security in the space domain. Their experience also positions them as strong collaborators for developing future USSF technologies, strategies and training pipelines.

In addition, Davis-Monthan Air Force Base could serve as an ideal site for the establishment of graduate-level USSF professional military education programs. Leveraging Arizona's defense infrastructure and higher education resources would not only enhance USSF readiness but also deepen Arizona's role in military space operations, supporting national security, workforce development and economic growth.

Fund SBIR/STTR

Continue to champion and expand Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) to leverage the state's strengths in research, prototyping and early-stage manufacturing in support of national security and advanced technology. By deepening industry and academia partnerships—especially with ASU, NAU and U of A—these programs can accelerate commercialization, retain graduates, and align talent pipelines with priority sectors such as semiconductors, space systems, clean energy, photonics, biotech and AI. This effort should explicitly support Congress passing the Innovation Act, legislation focused exclusively on SBIR/STTR reauthorization and modernization (e.g., stronger commercialization pathways/Phase III, higher award caps, streamlined contracting, safeguards, and broadened participation for rural and underserved firms). Arizona should be ready to capitalize the moment that the legislation passes by offering state matching funds, proposal support, and coordinated outreach with ACA, universities and primes to maximize awards and impact.

BIOSCIENCES AND HEALTH CARE

PRINCIPLE

Advocate collaboratively with Arizona stakeholders to support the discovery, development, commercialization, distribution and availability of bioscience innovations. These innovations are crucial for addressing current and future health care challenges, enhancing the lives of Arizonans and potentially reducing overall health care costs.

POSITIONS

Protect University Research Funding

Advance the research enterprise systemwide by working collaboratively with the Arizona Board of Regents. Proposition 301 funding allocations, including the Technology and Research Initiative Fund that fuels research and innovation at the state universities, should be protected by voters. Higher funding levels may be contemplated for the future, with increased focus on equitable access to students of diverse identities working on research projects.

Support Arizona Health Innovation Trust

Strengthen the Arizona Health Innovation Trust created by the Legislature in 2022 by supporting increased funding and advancing the goal of a $200 million endowment. Recent legislation (HB 2184) would add $2 million to the trust and fund a $500,000 pilot program, supporting workforce development, entrepreneurial ventures, and milestone investments that help Arizona health innovators attract angel and venture capital funding.

Internships

Support the development and funding of pilot science, technology, engineering and math (STEM) internship programs that reflect the diversity of Arizona's high schools, community colleges and universities, broadening access for underrepresented students.

Make Health Care More Accessible

Ensure all Arizonans have equitable access to lifesaving and life-changing biotechnology and medical technology innovations while prioritizing cost-saving measures to reduce the total cost of care for patients.

Support Arizona Biomedical Research Centre

Support the Arizona Biomedical Research Centre at the Arizona Department of Health Services and its grant process, which funds high-impact bioscience research, education and innovation projects that directly benefit Arizonans.

Create Health Information Exchange

Support the creation of a nonprofit health information organization designated by the Department of Health Services as Arizona's official health information exchange. This entity would securely receive, use, and share immunization and communicable disease-related data in compliance with Health Insurance Portability and Accountability Act privacy standards.

Use Evidence-Based Public Health Practices

Encourage public health decisions that rely on evidence-based, peer-reviewed science and accepted methodologies. Focus efforts on prevention and reduction of disease to improve the overall health of Arizonans.

BIOSCIENCES AND HEALTH CARE: TELEHEALTH

PRINCIPLE

Telehealth and its integration into electronic delivery of health care should continue to be enabled, encouraged and broadly adopted throughout Arizona. This includes advocating uniform deployment and enforcement of telemedicine laws at all levels, increasing awareness among providers and patients, and expanding the statewide telehealth infrastructure and ecosystem.

POSITIONS

Invest in Telehealth Infrastructure

Continue prioritizing investment in telemedicine infrastructure through expanding broadband access and deploying telehealth-capable devices in homes, community centers, libraries and clinics. These upgrades support essential remote services like social, behavioral and medical care, especially for isolated or underserved communities.

Promote Interstate Licensing through Compacts

Build on participation in several interstate licensure compacts, including the Nurse Licensure Compact and the Interstate Medical Licensure Compact, to expand telehealth access across state lines. Embracing and advocating for additional compacts (e.g., Advanced Practice Registered Nurse Compact) will increase flexibility for providers and improve continuity of care.

Support Audio-Only Telehealth and Parity Laws

Continue defending and refining policies that ensure telehealth services, including audio-only, are fully reimbursed and recognized by insurers. Providers should be empowered to bill using appropriate codes and must offer clarity on costs and consent. Regularly revisit and adjust existing parity and licensure regulations to reflect evolving clinical and equity needs.

Champion the Telehealth Expansion Act

Support Congress passing the Telehealth Expansion Act of 2025, which would remove financial barriers in telehealth delivery by permanently extending the exemption for telehealth services from high-deductible health plan rules.

Safeguard Continuity of Access Post 2025

Advocate federal and state measures that preserve telehealth access and reimbursement as pandemic-era telehealth flexibilities were set to expire as this guide was being prepare. Proactive planning will prevent service gaps and support long-term health equity.

CAPITAL FORMATION

PRINCIPLE

To keep Arizona on track as a technology hub, attracting more investors and their financial resources is essential. Achieving this goal requires understanding the needs of the risk-capital industry to encourage the flow of capital into the state. Arizona has developed a successful Angel Investment Tax Credit program and has a thriving research and development ecosystem. There are also several other economic development programs that have helped Arizona become a leader in technology, especially in the advanced manufacturing sector. Despite those programs, many companies seeking capital to enter the critical early stage of business development leave Arizona because crucial in-state funding is scarce. Arizona needs to address this issue because the state is losing out on some of this country's most coveted jobs.

POSITIONS

Expand Angel Investment

Explore the opportunity to expand the Angel Investment Tax Credit to better address the growing need. The Arizona Commerce Authority (ACA) certifies $2.5 million in tax credits each fiscal year for investments in qualified small businesses. Any unused credit capacity is carried over from the preceding year. The recapitalization of the program led to a dramatic increase in angel investing, demonstrating its effectiveness in incentivizing and encouraging investors who might not have invested otherwise. Currently, the $2.5 million in tax credits is usually fully utilized within the first half of the year and sunsets in 2031. The innovative companies that benefit from the Angel Investment Tax Credit investments produce high-quality, high-paying jobs, and the success of these companies results in the growth and diversification of the state's economy. Expansion of this program can result in more companies receiving investments, which can further increase the program's positive economic impact on the state.

Continue the Research & Development Tax Credit

Explore the possibility of making the current levels of the extremely successful Research & Development (R&D) Tax Credit permanent. The federal government's program is now permanent, and we recommend the state also making its program permanent. This would continue to encourage companies to invest additional R&D monies in Arizona, which is mutually beneficial to both the state and the companies. Some companies have stranded tax credits, meaning they are unable to utilize them due to their tax liability. It is important to note that a company only earns this credit by investing more than its previous year's investment in R&D. Some states have allowed companies to access and utilize these stranded credits in various ways. Arizona should do the same through a program that requires a company to invest in some of the state's priorities, such as water sustainability and workforce development.

Increase Early-Stage Venture Capital

Boost early-stage funding, which is crucial for startups and emerging companies as they develop and market their products. Although Arizona has found creative ways to address some of these issues in recent years through initiatives such as the ACA's Competes Fund for microenterprises, there remains a significant need to reduce the number of companies recruited to surrounding states with seed and early-stage venture capital. Most states have created early-stage venture capital funds through which the states take on a role of sup-

porting investments in these companies. Arizona needs to understand how to attract, encourage and incentivize early-stage funding of companies. Various funding models need to be analyzed to determine which could be potentially viable methods in Arizona. Some potential programs are explored below.

Corporate-LP Attraction Program

Incentivize Fortune 500 companies, industry leaders and major employers to become limited partners (LPs) in Arizona-based venture capital funds.

Mechanics:

- Offer tax incentives or co-investment matches for corporate LP commitments into Arizona-domiciled funds.
- Prioritize sectors with existing Arizona strengths: AI, semiconductors, defense technology, clean energy and water technology.

Brings strategic capital, accelerates commercialization and embeds corporate networks into Arizona's startup pipeline.

Arizona Innovation Bonds

Create a path to issue state-backed bonds specifically earmarked for startup ecosystem growth and repayable from a share of tax revenues generated by funded companies.

Mechanics:

- Capital flows into early-stage venture co-investment programs, accelerators and research commercialization.
- Bond repayments tied to performance metrics (e.g., job creation, taxable revenue).

Mobilizes large-scale, patient capital while minimizing taxpayer burden and linking repayment directly to economic gains.

University Spinout Acceleration Fund

Create a dedicated capital pool to launch and scale university research spinouts in partnership with accelerators, corporate partners and R&D centers.

Mechanics:

- Co-invest with private venture capitalists in startups licensed from Arizona State University, The University of Arizona and Northern Arizona University.
- Require partial operations and headquarter presence in Arizona.

Retains valuable intellectual property in state, translates academic breakthroughs into venture-ready companies and fosters industry-academia collaboration.

Corporate-Innovation Matching Grants

Develop a program in which the state matches corporate R&D spending in Arizona-based startups on a 1:1 basis up to a defined cap.

Mechanics:

- Eligible projects must involve joint development, pilots or commercialization agreements between the corporate and startup.
- Priority given to advanced manufacturing, AI and climate tech solutions.

Incentivizes corporates to invest locally rather than outsourcing innovation while derisking startup partnerships.

CYBERSECURITY

PRINCIPLE

Arizona is a national cybersecurity leader attracting prominent cyber and technology companies and talent, and promoting robust cyber preparedness for our public and private sectors. The state has also launched innovative cyber response capabilities, including the Arizona Cyber Command and a public-private partnership for cyber intelligence sharing developed collaboratively with the Arizona Cyber Threat Response Alliance (ACTRA) that serves as a model being adopted nationally. With this growth comes an increasing demand for a skilled workforce. There are currently more than 9,000 vacant cyber and IT jobs across Arizona.

Arizona is home to thousands of businesses, organizations, government entities and educational institutions that are at daily risk of cyberattacks. The rate and severity of cyber incidents is on the rise, with an estimated 2,200 daily cyber events. In 2024, Arizona ranked ninth in the country for financial losses due to cybercrime at a staggering $392 million. The state is a leading hub for semiconductor firms, creating a boon for our local manufacturing community, but also increasing the threat level to the semiconductor supply chain as attractive targets for malicious actors.

In 2024, ransomware continued to be a prominent form of cyberattack. Ransomware and other forms of cyber extortion are increasingly brazen, threatening to sell extracted data and posing significant financial and reputational costs to victims. Malicious actors continue to deploy sophisticated techniques, such as social engineering, and exploit system vulnerabilities to access protected networks. Business email compromises have surpassed ransomware in estimated annual financial loss, and extricated data extortion schemes are rising rapidly. Small and medium sized businesses (SMBs) are particularly vulnerable to cyber threats. Approximately half of all cyberattacks target small businesses, 70% of which are unprepared to deal with such attacks.

As cyberattacks increase, so do the costs. Cyberattacks in 2026 are estimated to result in more than $20 trillion in total costs globally while the costs associated with investigating a breach have increased to roughly $5.1 million per incident. Ransomware payments dropped slightly from their $1 billion height in 2023 to $813 million in 2024, with the bulk of that money paid to foreign hackers. Cyber insurance claims also hit record levels in 2023 while premiums and underwriting requirements continue to price many SMBs out of the market.

To help further cybersecurity measures, the Arizona Technology Council plans to focus on three core cybersecurity positions: cyber resiliency, education and workforce, and laws and regulations.

POSITIONS

Cyber Resiliency

Promote cybersecurity investment and resiliency broadly, with a particular focus on supporting Arizona's SMBs, government agencies and supply chains to secure critical health, education and consumer data. Arizona's public and private sectors should continue to take a proactive approach to cybersecurity improvements. Cyber preparedness is key to staving off escalating cybersecurity costs.

Explore opportunities to increase cyber awareness; expand the cyber insurance market, including supporting proactive cyber risk management programs; and reduce cybersecurity costs. Effective cyber resiliency can reduce the threat of ransomware and other cyber intrusions, improve cyber incident response, and increase access to cyber insurance and other tools for Arizona businesses. The primary goal will be to increase the cost of exploitation for the adversary.

Education and Workforce

Fund cybersecurity education for K 12 students and expand certification programs and postsecondary degrees in information technology and cyber curricula. Increase opportunities for educator training and professional development in this critically important area, including internships, externships and apprenticeships to provide real world experience.

Equip the current workforce with the skills necessary to succeed in the cybersecurity field, reskill those transitioning to the field, and develop the next generation of cyber protection and response professionals.

Laws and Regulations

Enact responsible state laws and local regulations that promote cyber awareness, education and preparedness for Arizona's private and public sectors, and offer cyber resources and training for SMBs to help alleviate financial barriers to cybersecurity improvements. Support incentives for private sector investment in advanced research and development, particularly focused on artificial intelligence and machine learning to use as defenses against cyberattacks.

PRIVACY/DATA BREACH NOTIFICATION

PRINCIPLE

Economic expansion in technology rests on the creation of innovative business models that leverage trusted, secure and accessible internet-based platforms. Data policies should promote responsible use of consumer data so technology experiences can be trusted, safe and predictably navigated. Because digital commerce is in practice an interstate activity, the economy, organizations and technology innovation benefit from predictable and uniform expectations for securing personal data and providing notifications in cases when security is breached.

Currently, the United States does not possess a national standard for how a company must notify its customers in the wake of a data breach. Instead, companies navigate a complex web of different, often conflicting and regularly changing notification laws for each state, as well as additional laws for U.S. territories. The difficulty is compounded by data breach notification requirements under the laws originating from other parts of the world that assert global jurisdiction to protect the data of their residents. The current regulatory landscape places an immense financial compliance burden on businesses, which delays the process of getting information into the hands of individuals whose data has been compromised.

POSITIONS

The Council and its membership advocate uniform federal legislation related to data privacy and breach notification with the following elements:

Preemption of State Law

Preempt state laws and requirements with federal data security and data-breach notification laws. Without strong preemption language, the compliance burden for small businesses would not be alleviated and the effectiveness of any law would be significantly undermined.

Take Other Laws into Account

Exempt companies subject to other data security or breach notification laws, such as the Health Insurance Portability and Accountability Act, Gramm-Leach-Bliley and the Fair Credit Reporting Act,from these requirements.

No Fixed Data Security Requirements

Do not specifically enumerate data security requirements within legislation. Benchmark security standards of today may become outdated over time, requiring companies to possibly maintain outdated systems due tof government mandate.

Narrow and Plainly Understandable Definition of Personal Information

Exclude information accessible through public records in the definition of “personal information” in legislation to avoid excessive notification of consumers and unnecessary costs. For example, merely combining a name, address and birthdate should not qualify as personal information. Makehe definition clearly understandable and defined in plain English.

Safe Harbor Designation

Accord a “safe harbor” from government monetary fines or similar penalties in the event of a data breach to businesses that make a reasonable, good-faith effort to use consensus best practices as prescribed by National Institute of Standards and Technology or other generally recognized similar standards. Accord safe-harbor protection to businesses that substantially adhere to data protection requirements under more stringent laws from other jurisdictions, such as the European Union’s General Data Protection Regulation.

EDUCATION, WORKFORCE DEVELOPMENT + WORKPLACE

PRINCIPLE

The lack of skilled talent continues to be a top challenge and barrier to business growth in Arizona. A disconnected education-to-workforce system costs the U.S. $1.1 trillion annually. Arizona must develop an integrated system, connecting talent to training and education, to in-demand industries, and to the community support that help individuals succeed. Pipeline AZ is a robust example of what's possible by facilitating a connected ecosystem that already has driven $180 million in annual economic impact while demonstrating the importance of workforce and education collaboration and partnerships, as well as a robust, aligned system driving success. Additionally, utilizing tools like the Arizona Technology Council Foundation's Shared Skills Competencies and Jobs Framework will further support industry education alignment.

To expand and scale the system of support that will provide the foundation for a healthy technology community and innovation economy, Arizona must:

- Incentivize cross-sector partnerships in education, business, government and community to strengthen the state's science, technology, engineering and math (STEM) ecosystem and economic development pipeline.
- Ensure Arizona's students have access to computer science education in K-12, especially in high school, to ensure they are equipped for the jobs of today and the future.
- Expand access to advanced coursework and credentials from K–12 through postsecondary education.
- Increase expectations, and high school and high school equivalency completion for all students. Follow that with credentials, certificates, credit-bearing coursework and degrees to prepare for high-wage, high- demand STEM jobs.
- Scale public and private sector real world work experiences, including internships and apprenticeships, for students in K-12 through higher and adult education.
- Invest in adult education and upskilling programs to grow and retain a future-ready workforce.
- Eliminate barriers to access digital tools and devices, broadband, and foundational digital literacy to ensure opportunities for education, training and job opportunities for all.
- Attract and retain diverse talent to support Arizona's growth as a national technology and innovation hub.

POSITIONS

Career and College Readiness

Increase Arizonans' attainment of industry-recognized credentials, microcredentials, certificates and degrees aligned with business needs. Champion improvements in pre-K through postsecondary education and workforce development to accelerate economic development. Inspire high expectations for all students, leveraging policy and funding to increase participation and performance in advanced coursework. Fulfill the state Education and Career Action Plans (ECAP) mandate by funding career awareness and exploration tied to Arizona's high-growth industries, especially in STEM. My Future AZ now enables all schools to utilize a dynamic platform that transforms the ECAP checklist into a data-rich, personalized career planning tool supporting informed decisions and meaningful action.

Scale industry engagement to connect students with real world opportunities, especially in work-based learning experiences during high school and postsecondary education. Support innovative approaches to adult basic education that allow adult learners to obtain high school-equivalency diplomas while obtaining a college credential in skills that will support a livable wage.

Dual Enrollment, Career and Technical Education, Advanced Placement and Credit for Prior Learning

Expand access to dual enrollment, Advanced Placement (AP) and Career and Technical Education (CTE) to ensure more students can pursue rigorous, career-aligned learning. High school pathways that emphasize early college and credential attainment create stronger bridges to post-secondary training and in-demand careers. This proven model supports student success by aligning coursework with workforce needs. Strengthen collaboration between educators and counselors across systems to further enable seamless transitions and empower students to confidently pursue their next step.

The Council supports the following actions:

- Increase dual enrollment, AP and CTE course utilization for all students by maximizing additional funding for tuition assistance, or college funding for those schools that do not charge for dual enrollment, supporting exam fees and addressing the key issue of availability of qualified teachers.
- Support solutions to provide teaching capacity and incentivize education required for certification, especially in STEM subject areas. Solutions include maximizing utilization of Arizona Teachers Academy funding available to support teachers seeking dual enrollment certification and computer science professional development.
- Implement innovative approaches to ensure access for all students, including improvements in live remote learning to bring qualified teachers to students regardless of location.
- Fully restore 9th grade and adult education CTE/Career and Technical Education District (CTED) eligibility, and funding to increase work-based learning access and opportunities to complete industry-recognized CTE programs.
- Reauthorize CTEDs to serve students through age 21. Increase access for all students to CTE by allowing CTEDs to receive adequate transportation route mile funding to transport students to their CTEDs.
- Support community colleges in designing integrated education and training for adult learners and youth ages 16 to 24 who are neither in school nor employed, allowing these individuals to enroll in both adult basic education programs and community college courses simultaneously.
- Reduce costs and barriers to college entry for working adults who are Arizona@Work Workforce Innovation and Opportunity Act-eligible clients seeking enrollment in Arizona's community colleges by expanding policies for former and current military members and awarding credit for prior learning.

Ensure Transparent Data and Accountability

Ensure funding to meet the accountability metrics set by the Arizona Education Progress Meter. Provide funding for and support the implementation of aligned accountability systems and transparent reporting of disaggregated data. Create parity in regulations and reporting for all Arizona Pre-K-12 education programs that receive state funding. Drive attainment of the statewide Progress Meter goal of 60% of Arizona adults holding a post-secondary degree or credential by 2030 by supporting strategies including dual enrollment, AP coursework, CTED completion and credit for prior learning.

Increase Education Funding

Fund the state's P-20 public education system with consistent, dedicated and sustainable revenue streams. More specifically:

Develop and support mechanisms to fully, equitably and sustainably fund Arizona's Pre-K-12 education system, CTED expansion, access to quality advanced coursework such as AP and dual enrollment courses, and community colleges and universities for all students while focusing on performance and accountability.

- Permanently eliminate the aggregate expenditure limit (AEL) or modernize the AEL to reflect the current educational landscape crucial to ensuring the needed distribution of resources.
- Maximize state funding to ensure competitive salaries to attract, reward and retain teachers and staff, including an emphasis on difficult-to-fill positions.
- Enhance funding allocations to support students from families with low incomes and, to close existing achievement gaps, students who receive or should be assessed for special education services.
- Promote inclusion of community colleges into the existing Arizona Promise Program of college scholarships by providing necessary funding and administrative infrastructure for participation, utilization increase, and access to higher education.
- Restore operations funding to Pima Community College and Maricopa Community Colleges, higher education entities that serve 73% of Arizona's community college students.
- Revise the statutory full-time student equivalent formula to reflect predominant learner course load, which is part-time, and allow non-credit workforce training to count toward the formula's calculation.
- Increase funding for adult basic education to support upskilling of adults in need of high school equivalency diploma, or those needing English to succeed in college and career. Funding would target an increase for core adult education and reinstating community college adult education workforce development.

Cultivate STEM Ecosystems

Engage business, education, workforce, and economic development partners in a unified STEM ecosystem to drive cross-sector collaboration, resource sharing, and efficient use of state investments. Support policies and funding that leverage existing programs and agencies to address skilled workforce shortages in high-tech sectors. A coordinated, statewide STEM strategy will expand access in both rural and urban communities, strengthen Arizona's talent pipeline, and ensure a strong return on investment.

Expand Broadband Access and Drive Innovative Learning Strategies

Continue expanding affordable, reliable broadband to schools, libraries, and homes. Pair that infrastructure with innovative learning tools and strategies that prepare students for the future of work. Broadband is foundational to education access and economic prosperity for all Arizonans, especially in Arizona's rural and underserved communities.

It connects students to digital learning, training and career pathways while supporting community needs like telehealth and workforce development.

To advance this effort, the state should:

- Invest in the Final Mile Project to deliver educational broadband directly to students' homes in rural areas.
- Maximize federal E-rate funding to equip schools and libraries with high-speed internet infrastructure.
- Support the Office of Digital Teaching and Learning at the Arizona Department of Education (ADE) to help districts close the digital divide.
- Expand programs like Connect Arizona and the Arizona Rural Broadband Development Grants to improve broadband access and digital literacy statewide.
- Establish long-term state funding to replace the Emergency Connectivity Fund, ensuring continued access to devices, internet, and tech support for students and educators.
- Sustain libraries as community broadband hubs paired with public technical support services.
- Develop a coordinated strategy to scale adoption of educational technology across K–12, postsecondary and libraries through supporting tools such as digital curricula, virtual labs, makerspaces, robotics, AI and cloud computing courses to prepare students for emerging industries. This includes:
    - Expand online teacher training through programs like ASU Prep Digital's Arizona Virtual Teacher Institute and alternative certification pathways.
    - Continue funding for ADE's Office of Educational Technology to assist schools, connect agencies, and promote educator excellence and student outcomes through innovation.
    - Ensure access to training and support in addition to devices and connectivity to ensure effective and safe use for all.

These investments ensure students and educators across Arizona, regardless of geography, have access to the digital tools, connectivity, and support they need to succeed in a technology-driven economy.

Use AI and Computer Science to Develop Talent and Support Teaching and Learning

Support state and school funding for computer science (CS) and artificial intelligence (AI) curriculum development, including licenses, training, and cross-disciplinary integration. Encourage AI literacy as a core educational pillar, teaching students to understand, use, evaluate and create AI systems ethically and responsibly. Promote teacher development programs to embed AI and computational thinking across subjects, including CTE, not just in CS classes. Expand policy that allows CS/AI coursework credits to count

for high school graduation requirements in math and science, as well as elective credits. Recognize and support AI-enabled tutoring tools (like intelligent tutors) that enhance student learning at scale.

Expanding opportunities in STEM education, including foundational CS, AI and data science literacy opportunities for K-12 students is fundamental to prepare all Arizona K-12 through higher education students, adult education and the workforce for the jobs of today and the future. CS and AI are increasingly vital in education and training to ensure students have the essential skills for the future while also enhancing learning experiences. AI is transforming industries, and students need to understand how it works, how to use it responsibly, and how to solve problems using computational thinking and thrive in a world where human-AI collaboration is the norm, as well as for the burgeoning field of AI like AI engineering, machine learning and others. CS education helps students develop critical thinking, problem-solving and computational skills needed for almost any job besides those in the fields of computer science-software development, computer systems analysis and others.

Additionally, AI has the potential to transform teaching and learning by supporting personalized instruction, streamline administrative tasks, and provide access to educational resources. Tools like AI assistants and chatbots can help educators tailor lessons to indi-

vidual student needs—enhancing access for all learners, including English learners and students with special needs. As AI becomes increasingly central to the global economy, it's critical that this generation is equipped to use it confidently and responsibly.

To maximize AI's benefits:

- Invest in professional development that prepares educators to use AI tools effectively and ethically, and to teach students how to do the same.
- Ensure AI design and implementation is safe and transparent, and designed with input from educators, students, families and communities.
- Align policy and funding to support AI research and classroom integration that prioritizes student needs.
- Drive policy that safeguards data privacy, especially protecting physical and mental health and well-being, minimizes bias, promotes fairness, and ensures transparency—building trust among educators, families and communities.

Access to Workforce Development and Job Training for All Arizonans/Reinvigorating Job Training, Career Awareness and Navigation Systems

Promote hands-on, competency-based models such as internships, apprenticeships and prior learning assessments to accelerate skills development. Leverage incentives, tax credits and public investments—like U.S. Department of Labor grants to Pima Community College, Arizona State University and Fresh Start—to grow high-tech training in software development, cybersecurity, health care and advanced manufacturing. Scale successful models, including new health care apprenticeships, teacher apprenticeships, and a high school-based cybersecurity apprenticeship, which demonstrate strong employer engagement. Use technology to expand these opportunities to rural and remote areas, ensuring access statewide.

Arizona must align education, training and workforce development with employer demand and statewide economic goals. Both Pipeline AZ and My Future AZ are examples of statewide systems that provide the infrastructure to connect individuals to career awareness, postsecondary training of all types and high-demand job opportunities—expanding access and driving outcomes at scale.

Additionally, advancing "skills-first" hiring by recognizing certificates, microcredentials and experience over some degrees will expand Arizona's talent pipeline and offer more pathways to high-demand, high-wage jobs. Supporting employee upskilling will help retain and elevate talent across all levels. Through this connected and inclusive approach, Arizona can build a future-ready workforce that supports individual mobility and statewide economic growth.

Expand Veteran Opportunities

Maximize use of resources like Pipeline AZ, which translates military experience into civilian career pathways, and the Department of Defense's SkillBridge program, which connects service members to industry training before separation. Arizona's steady pipeline of transitioning military talent is well-equipped to meet workforce needs across all sectors.

Explore Job-Driven Financial Support/Assistance

Explore job-driven financial support models, including tuition waivers and "last dollar" scholarships/tuition assistance for adult learners to complete in-demand certificate or degree programs. Maximize and support utilization of new community college enrollment incentive programs for low-wage workers to train for high-tech jobs. Designate funding for supportive services, such as those provided by JobPath and Arizona Career Pathways, which help alleviate non-tuition related barriers that cause students to abandon education.

Expand Child Care Access

Arizona loses an estimated $1.7 billion annually due to childcare shortages, with nearly half the state classified as a "childcare desert." This crisis limits workforce participation, especially for women and low-income workers, and impacts every industry. The need for accessible and reliable 24-hour care impacts almost every industry and must be addressed. The state should fund strategies to expand access by training more childcare workers, offering competitive wages and increasing subsidies.

Address Inequality in Criminal Justice

Encourage businesses to expand second-chance hiring by building on Arizona's policy to remove conviction questions from applications so focus shifts to current merit. To further expand access, the state should ensure occupational licensing restrictions are narrowly tailored and recognize rehabilitation, helping qualified individuals reenter the workforce, support their families, and contribute to a more vibrant economy.

DATA CENTERS

PRINCIPLE

The digital age has exponentially increased our reliance on data. As businesses and communities become more data-driven, there is a growing demand for reliable and efficient data centers. Our region now ranks as one of the nation's top markets for data centers. Arizona is appealing due to its low risk of natural disasters, affordable real estate and proximity to technology hubs in Texas and California.

Data centers are the backbone of America's digital infrastructure and critical to our national security. Data centers are key to digitalization, facilitating data driven decision-making and supporting a broad spectrum of industries and services. They are as vital as roads, airports and water systems. Arizona's leadership gives us a competitive edge, positioning us to attract high-tech companies, drive innovation and build a future-ready economy. Without robust domestic data center capacity, we risk having sensitive national security information vulnerable to foreign actors and cyber threats. Every new data center strengthens our digital sovereignty, as well as our state and national resilience. By fostering a favorable climate for these facilities, we not only attract these investments but also create a ripple effect throughout our tech ecosystem, encouraging the growth of related industries, creating high-skilled jobs and solidifying Arizona's position as a leading tech hub.

Data centers are also major job creators for Arizona workers. They foster an expanded business ecosystem and create new opportunities for education and skill development to help local employees reskill and find higher-paying, high-demand careers in Arizona's advanced manufacturing economy. Each project can require hundreds of construction professionals such as electricians, carpenters, pipefitters and HVAC technicians while a facility is being built. Once operational, a data center may employ 100 or more employees and contractors with technical knowledge and skills across a variety of roles. A recent PwC report highlighted that in 2023 Arizona's data centers supported more than 81,000 jobs across the state and that each job inside a data center supports six jobs elsewhere in the economy.

As artificial intelligence evolves and becomes more ingrained in everyday life, the demand for data storage and computing power will only increase. Arizona's data center industry will thus grow as tech innovations demand more space, more power and more storage. The digital economy runs through data centers and these data centers increasingly run through Arizona.

POSITIONS

Encourage Responsible Land Use Policies – Advocate responsible and transparent local land use regulations and policies, with reasonable setback requirements, definitions, and measurable noise regulations in Arizona cities and counties. Support land use regulations that do not unduly hinder data center development and construction, and provide cities with sufficient flexibility to establish exemptions to regulations when necessary. Proactively encourage partnership with local governments to identify how data centers can help address local challenges, such as workforce development programs, infrastructure improvements, or sustainable water management practices that benefit both the facility and surrounding areas.

Support Diversification of Energy to Power Data Centers

Support more reliable, carbon-free energy and improved energy efficiency initiatives to help sustainably power data center operations since secure, dependable and affordable energy resources are critical. Advocate the development of safe, small modular nuclear reactors (SMRs) at data center sites. Nuclear power plants typically generate power at relatively low operating costs, with a single reactor generally having a capacity of 800 MW or more. Nuclear power plants also produce electricity without directly emitting carbon dioxide, a consideration for technology firms investing in energy-intensive data centers that are trying to meet self-imposed emissions reduction goals.

Develop Responsible Water Use Technologies

Encourage local data center innovation regarding water recycling utilization of closed loop systems and other water-saving technologies. Discover and support funding opportunities for implementation of water-saving technologies at data centers.

Promote Economic Development

Continue positioning Arizona as a welcoming environment for data center development. Strengthen and support the continued availability of the Computer Data Center (CDC) Program, established in 2013 and administered by the Arizona Commerce Authority in conjunction with the Arizona Department of Revenue. Advocate continued transaction privilege tax and use tax exemptions at the state, county and local levels on qualifying purchases of CDC equipment. Encourage data center owners and operators to continue investing in their local communities by developing educational programs, sustainable energy options and other exciting services for the region. Data centers foster an expanded business ecosystem and create opportunities for education and skill development to help local employees reskill and find higher-paying, high-demand careers in Arizona's advanced manufacturing economy.

DIGITAL INFRASTRUCTURE

PRINCIPLE

Arizona citizens benefit from improved safety, enhanced mobility, reduced travel time, and bolstered commercial opportunities through multimodal corridors linking the state to Mexico, Canada, the Intermountain West and neighboring states, particularly California. The corridors should include roadways and telecommunications pathways coupled with rail and energy rights-of-way when appropriate.

There remain major gaps and deficiencies in the availability, reliability and affordability of broadband internet connections, especially in rural and tribal areas, as well as low-income neighborhoods and other disadvantaged communities necessitating investment in new infrastructure, advanced technology solutions and support services to help close these gaps.

All Arizona citizens require affordable devices such as computers, tablets and smartphones; digital literacy and digital skills training; and quality and available technical support, as well as access to digital content, applications and other resources, and help with cyber safety and security. Substantial federal funds allocated to digital inclusion efforts through state block grants and individual grant opportunities have been rescinded by the administration, but restoration is being sought through the courts so funding can be leveraged to pursue maximum positive impact with the targeted demographic groups through broad and innovative state and community-based initiatives. When citizens have reliable and affordable access to digital resources, quality of life improves while businesses and institutions thrive.

The federal government recently invested in transportation-related activities and digital infrastructure at nearly unprecedented levels. Funds distributed by the American Rescue Plan Act and Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided initial support for broadband and connectivity deployment. The Infrastructure and Jobs Act (IIJA) then provided funding not only for traditional transportation projects but for mobility technology, such as EV charging, and substantial improvements in broadband and connectivity emphasizing serving unserved and underserved communities, including rural areas alongside new digital inclusion programs.

Arizona is expected to receive up to $200 million per year through FY2026 in highway funding. Additional federal grant money is available for major projects, bridges, safety projects and tribal transportation funds. In addition, the Arizona Department of Transportation (ADOT) has used federal funds to complete a plan under the National Electric Vehicle Initiative for EV charging development. The state received additional funds for deployment and installation of charging facilities. The Arizona Commerce Authority (ACA) has taken a leadership role in broadband development in collaboration with ADOT, allowing additional use of transportation right of way for fiber and small-cell wireless installation.

POSITIONS

Support Emerging Technologies

Continue to support policies and efforts that foster the advancement of Arizona's technology sector and drive the state's position as the leader in emerging technologies. Support ACA initiatives that promote economic growth of emerging technologies such as the Institute of Automated Mobility.

Promote and support the following growth areas in Arizona: 5G, Internet of Things (IoT), autonomous vehicles, smart cities, artificial intelligence, distributed ledger technology, augmented reality, and rich mobile-content delivery that will drive edge-computing deployment and massive growth in data center computational and storage capabilities.

Promote policies that encourage the development and growth of new and emerging technologies that further establish Arizona as a global innovator. Support a regulatory environment that provides appropriate safety and protection standards but otherwise reduces regulatory burdens to unleash the power of human creativity, ingenuity and business opportunity.

Encourage Broadband Regulatory Reform and Support Policies

Remove or reduce barriers generating unnecessary costs or delays and otherwise inhibiting expansion of privately funded, public-private partnerships; and municipal robust, redundant and affordable high-speed broadband infrastructure that meets the needs of all Arizonans. Coordinate proactively with government at all levels to ensure rights of way are readily and affordably available, and support fair and predictable government permitting and oversight across jurisdictions to encourage private broadband investment and deployment. Overall, policies for broadband should be pragmatic and recognize its unique economics: high fixed costs, spillover effects and lengthy deployment along with rapid technological change.

Fifth Generation Wireless: Accelerating the Arizona 5G Roadmap

Broaden the Arizona 5G Policy Roadmap to fully leverage new broadband infrastructure investments for 5G with a mix of mobile wireless, fixed wireless, fiber and low earth orbit satellite services going forward. Many consumers rely on mobile phones and wireless services to augment their home and enterprise internet use while on the go and some rely exclusively on such mobile wireless capabilities through mobile hotspots for their onsite access shared with multiple users. In the newly unfolding data dominant global economy, Broadband Equity, Access and Deployment (BEAD) and other broadband funding programs provide middle mile and last mile fiber and wireless backhaul that are market ready for activating real-world 5G high bandwidth as wireless antenna sites. .

Support field test opportunities for 5G and other advanced wireless services to help position Arizona as a living lab for these transformative communication technologies. Encourage cities and towns to adopt reasonable engineering standards for shallow depth trenching to allow a more cost-competitive broadband deployment. Continue to ease regulatory burdens and simplify processes for deployment of wireless sites and vertical infrastructure, including microcellular transceivers and distributed access systems for necessary densification, considering the ever-increasing need for mobile connectivity, 5G infrastructure demands and other advanced wireless services.

Make current infrastructure of buildings, water tanks towers and other vertical structures available for utilization by wireless providers at reasonable costs and share an inventory of such assets to aid wireless industry planning and expansion. Fund state and local transportation agencies for the costs of adding broadband-enabling infrastructure such as highway adjacent conduits, as traditional transportation funds cannot normally be used for this purpose.

Leverage State Government Broadband Planning and Initiatives

Leverage ACA's Arizona Broadband Statewide Middle-Mile Strategic Plan and more recent BEAD strategic planning to advance a comprehensive statewide broadband strategy. Utilize the state's Interagency and Community Broadband Advisory Council to inform and drive broadband policy, as well as coordinate and optimize use of these digital-equity funding resources by Arizona communities, education institutions and nonprofit organizations. Ensure a level playing field for incumbent and new entrant broadband providers and optimize available funds with a balanced technology approach favoring fiber deployment where cost-effective and other appropriate technologies as needed for high-cost areas to optimize the impact of available funding.

Continue to monitor and support strategies for the accessibility and affordability of critical service infrastructure despite the demise of the federal Affordable Connectivity Program. This could involve multiple tools, options and resources to support the people in need along with possible future federal subsidy programs leveraging E-rate funding, private sector and foundation funding, internet service provider support, BEAD low-cost requirements, and state and local funding.

Ensure broadband speeds meet standards adequate to support data intensive applications such as IoT, telemedicine, e-learning and entertainment that will have ever-increasing bandwidth requirements. Guide infrastructure investments and program implementation while considering geography, topography and excessive cost factors.

Support ACA and ADOT granting private telecommunications companies access to the agencies' broadband conduit and fiber in a non-exclusive and non-discriminatory manner while creating the Smart Highway Corridor Trust Fund to manage leasing revenues and allowing private service providers to install, operate and maintain telecommunications equipment within ADOT right of ways. Provide additional funding for Arizona's Smart Highways initiative for building additional fiber capacity on other strategic highway segments, leveraging the availability of federal and broadband-designated funds to drive expansion of open access middle mile enabling a wide range of public and private communication uses going forward. Consider additional regulatory reform and incentives that further drive rural broadband deployment by electric cooperatives.

Provide up-to-date state broadband mapping capabilities to track broadband coverage and fiber deployments integrated with Federal Communications Commission broadband map data, crowdsourced speed test data, and demographic and community anchor institution (CAI) details. Make the data and mapping tools publicly available through the AZGeo Clearinghouse and open sourcing driving state allocations and targeted communities for IIJA broadband, equity, access and deployment funding.

Leverage the ACA's and Other Broadband Grants

Support the ACA's Broadband Office to continue awarding and managing broadband infrastructure grants with clear, achievable plans that provide or improve broadband services, particularly in rural areas. Assist communities with needs assessments, technical design and procurement support. With the ACA's management of the BEAD program and other funding sources, look to provide matching funds to offset planning and construction costs for expanding broadband services and digital inclusion programs for underserved populations. Consider committing ongoing funding to continue expanding and sustaining the broadband grant program for both infrastructure and digital inclusion purposes beyond the current surge of generational federal spending. Continue to appropriate funds that can be used by eligible E-rate entities to leverage additional E-rate grants.

Expand Digital Access

Ramp up digital inclusion programs in Arizona to promote digital access and inclusion through planning and capacity competitive grants partnering with the Institute for Digital Inclusion Acceleration; state, tribal and public libraries; Arizona Broadband Stakeholder Network; and others to pursue maximum positive impact among targeted demographic groups through broad and innovative community-based initiatives. Digital access encom-

passes not only fast, affordable and reliable broadband but also affordable devices such as computers and smartphones; digital literacy training, quality and available technical support; access to digital content and applications; and cybersecurity assistance. There's an urgent need for cybersecurity resources to be included under the E-rate program to enhance CAIs' protection measures.

Develop a robust statewide digital inclusion ecosystem that includes technical assistance and training for local organizations; community planning; support for nonprofits that are collecting, refurbishing and distributing free or low-cost devices to schools, organizations or directly to families and students; digital literacy tools; cyber safety and security funding; and research for resources for private funding opportunities. Increase funding and support for the library community's vital role in providing digital literacy education. As front-line service providers, libraries can enhance their efforts through expanded digital navigator programs, upskilling and reskilling opportunities, mobile hotspot lending, and telehealth access with necessary equipment for their patrons. By supporting the existing work of libraries, many aspects of digital inclusion can be leveraged through community outreach and intergovernmental partnerships to create a robust network of resources.

Leverage planning, capacity and competitive grant opportunities to pursue maximum positive impact through broad and innovative state and community-based initiatives, implementing the most cost-effective solutions as part of a balanced statewide digital inclusion ecosystem. Arizona has created a digital inclusion plan in concert with the National Telecommunications and Information Administration that clarifies what our state needs beyond infrastructure to advance digital inclusion in vulnerable "covered" populations as defined targets for digital support funding. The comprehensive plan will serve as a roadmap to invest in initiatives selected to serve targeted needs and provide the most benefit for the covered populations. Develop a long-term strategy to support digital inclusion after the current plan's funding ends.

Deepen Arizona's Community Role in Broadband

Activate and support broadband action teams (BATs) with regional and local stakeholders to encourage and plan for broadband deployment, including adopting streamlined and consistent processes for right-of-way use with best practices for planning and permitting. Such BATs also should support digital inclusion planning with localized digital inclusion plans and initiatives. To achieve common broadband goals, rural leaders should engage all interested parties, including service providers, governments of different jurisdictions, residents, business owners, utility service providers and other key parties to provide maximum leverage of the federal investment. Utilize the Federal Reserve's Community Reinvestment Act funding for broadband and digital access remediation where applicable.

Focus on Cyber Safety and Security Strategy for Consumers

Develop an ongoing and coordinated strategy and provide additional funding for cyber safety and security initiatives to protect various entities and citizens to ensure that everyone has safe access to digital technologies while also being protected from cyber threats. While there is much focus on cybersecurity for enterprises and institutions, cyber safety and security needs to play a key role in our digital inclusion strategy for end users. Cybersecurity focuses on securing the internet and devices while cyber safety focuses on helping people avoid scams, theft, identity theft, misinformation and other deliberate acts. End users such as students, families and seniors receiving connectivity and devices, especially through broadband and digital inclusion programs, may not be aware of the potential privacy and data risks and require training, resources, tools and support to protect against cyber threats.

Evolve the Arizona Corporation Commission (ACC)

Examine and evolve the ACC's long-standing Arizona Universal Service Fund currently geared only toward legacy telephone support in high-cost areas. Modernizing the fund as many other states have would allow broadband deployment support in similar high-cost circumstances or be programmatically applied as matching funds to community and electric cooperative broadband infrastructure projects.

Adopt Digital-Government Best Practices

Adopt digital-government best practices for internal operations and delivery of services while driving the increased use and adoption of high-capacity digital connectivity and technologies across major application sectors, including education, health care, public safety, e-commerce, e-government, remote work, and mobile enablement. State, local and tribal government should continue to migrate to cloud services and use platform as a service (PaaS) and software as a service (SaaS) offerings to provide staff and operational efficiencies at lower cost while ensuring reasonable cybersecurity and data privacy protections are in place.

Leverage National Public Safety Broadband Network

Leverage FirstNet-driven infrastructure improvements built out by AT&T to provide interoperable, wireless public safety communications for first responders, including fiber extensions, tower construction and small-cell deployment to facilitate expansion of broadband for rural communities. Create policies for cost-effective and timely FirstNet deployment through easing regulatory requirements such as permitting and right-of-way access, as well as broad adoption by public safety agencies to provide extended benefits to rural Arizona.

ECONOMIC DEVELOPMENT

PRINCIPLE

Arizona must have many competitive economic development tools available while encouraging innovation, as well as business attraction, retention and growth because we are competing with other states and countries. Arizona has become a well-known technology hub in the nation after creating, attracting and growing many technology companies in the past 20 years due to its favorable economic climate. The state has been recognized as a national leader in advanced manufacturing. However, we must ensure continuation of programs that assist this process rather than adopting policies that could be detrimental to the state's economic growth and reputation.

POSITIONS

Promote the ACA's Work

Advocate Arizona Commerce Authority's (ACA) programs, including the extension and replenishment of the Arizona Competes Fund and Quality Jobs tax credit. Support the ACA's mission to grow and strengthen Arizona's economy and facilitate the creation of quality jobs for its citizens by expanding and attracting businesses in targeted, high-value industries throughout the state. Encourage support for the many ongoing ACA initiatives focused on enhancing Arizona's innovation ecosystem. Support the Arizona Office of Economic Opportunity's mission to increase the state's workforce quality and business climate through use of economic, demographic and regulatory data; policy development; and relationships with key partners.

Support Global Competitiveness

Support the increase of resources dedicated to Arizona's State Trade and Export Promotion (STEP) program from the ACA and U.S. Small Business Administration. This would help ensure small businesses are able to compete internationally on a level playing field. The Arizona Technology Council will participate in trade missions around the world to provide economic opportunities for its members. Encourage support for RevAZ, which is the Arizona Manufacturing Extension Partnership (MEP) center created through a partnership between the ACA and the National Institute of Standards and Technology. The goal of RevAZ is to become the central resource for technical assistance and all things manufacturing for Arizona's existing community of small and mid-sized manufacturers.

Encourage Infrastructure Investment

Support the development of tools to facilitate public and private investment in infrastructure necessary to competitively enable high-tech manufacturing investments and growth. Ensure access to essential infrastructure, such as broadband, is available across the state to ensure Arizonans can work from anywhere in the state.

Foster Local Efforts

Foster local economic development by supporting local entrepreneurs who engage with the global economy to deliver goods and services around the world. Encourage and support initiatives to make Phoenix, Tucson and other Arizona communities more supportive of startups and innovation, and promote increased investment and expanded tax credits for employment in federally certified opportunity zones. Ensure local governments do not create ordinances that serve as roadblocks to doing business in their jurisdictions but instead support streamlined processes when possible. Promote access to opportunities, credit, funding, investors and mentors since studies show these challenges can severely limit growth.

Reduce Regulations

Continue to reduce the number of regulations that discourage companies from relocating to or growing in Arizona. Continue support needed by the Legislature and business community to reduce regulations and create policies that stimulate the economy instead of stifle it, especially in relation to new innovative and disruptive technologies that challenge some industries' ways of doing business. Do not overly regulate emerging technologies or industries as laws and policies are created to address new ideas.

Elevate Targeted Industries

Expend substantial public policy efforts and accompanying resources on creating, attracting and retaining those employers that pay the highest wages. Wage studies routinely show that many technology fields employ the highest-paid employees. In particular, the Council recommends efforts to target the following industries: health and bioscience; semiconductor and electronics; IT and cybersecurity; energy; aerospace (including commercial space); aerospace and defense; telecommunications; optics; and medical, financial and educational technologies. Support Arizona's efforts to establish a leadership position that encourages adoption of new, innovative and disruptive technologies such as blockchain, artificial intelligence, machine learning, additive manufacturing, autonomous vehicles and the Internet of Things.

Boost Access to Capital

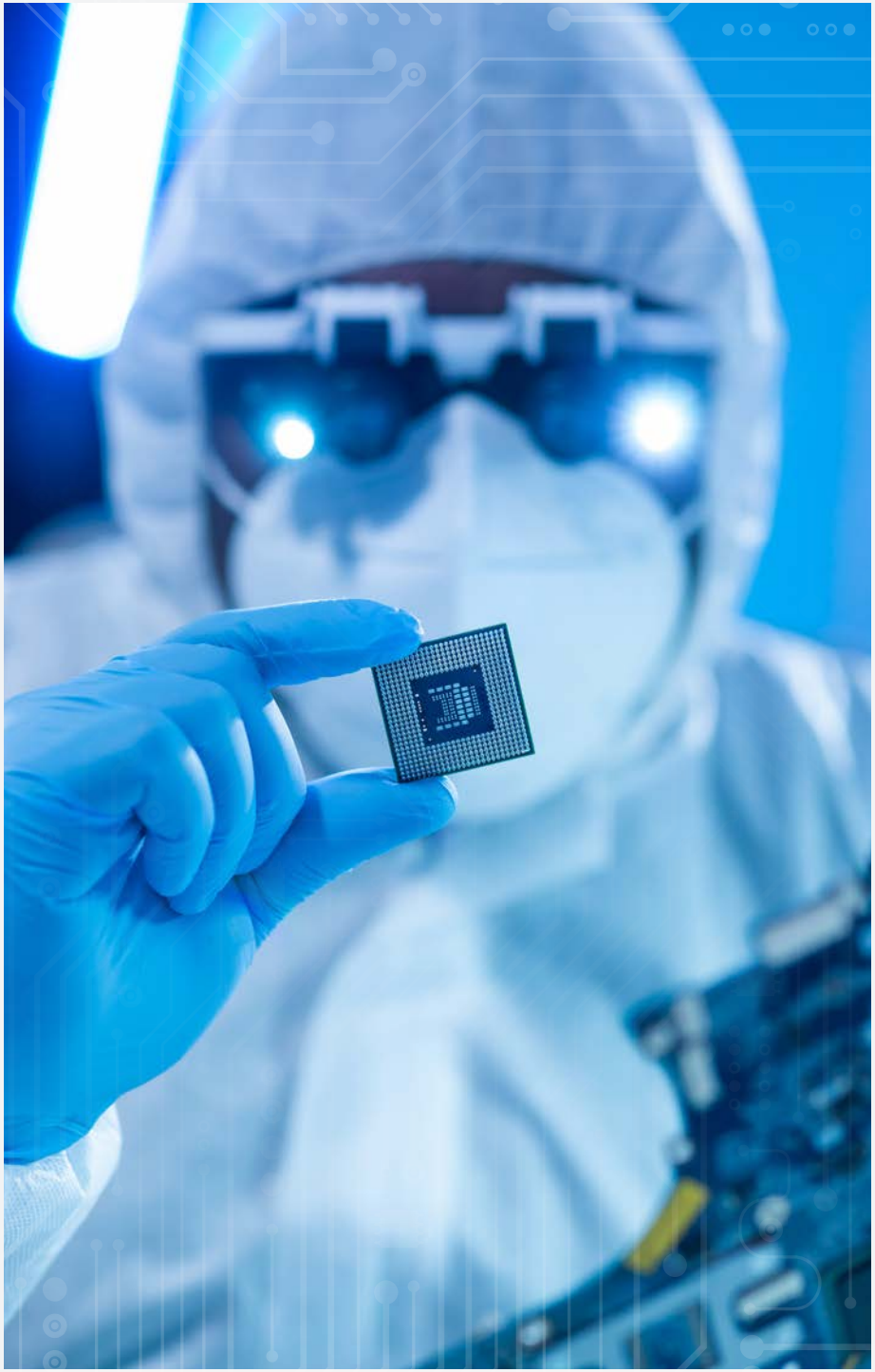
Provide border-based businesses with access to needed capital. Much has been made of the border flight by the three biggest U.S banks—Chase, Bank of America and Wells Fargo, respectively—leaving many border-based businesses without access to working capital and lines of credit.

Support Underrepresented Entrepreneurship

Support business efforts to boost underrepresented entrepreneurship by increasing supply chain diversity, creating pitch competitions and mentoring assistance, and providing additional access to capital in order to ensure existing funding opportunities include startups and growth of underrepresented or largely underrepresented businesses. Support federal reauthorization of the Federal and State Technology (FAST) Partnership Program and Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR).

Protect and Expand Economic Development Programs

Ensure economic development programs essential to the attraction and growth of advanced manufacturing in Arizona are not eliminated, which could hurt continued expansion. Some of these programs are becoming targets for some organizations, as well as approaching or hitting their caps due to the growth Arizona's technology industry has experienced during the past several years. Look for opportunities to broaden these programs to meet the existing needs of the state.



ENERGY

PRINCIPLE

Arizona's technology economy and its energy system are inseparable. Affordable, reliable, and sustainable power is a prerequisite for attracting capital, retaining companies, and enabling firms to meet climate and environmental, social and governance targets. Every major tech cluster—from semiconductors and data centers to aerospace, bioscience, and cloud computing—depends on abundant electricity and water security. Policy should advance market-based solutions that lower carbon, protect reliability and keep costs predictable.

POSITIONS

Grid Reliability & Transmission Optimization

Encourage deployment of grid-enhancing technologies (GETs) that support reliable, affordable and sustainable electric service. Support policy reforms that streamline the siting and construction of both transmission and generation facilities that power Arizona's economic engines.

Leverage the Inflation Reduction Act (IRA)

Maximize the benefits of the IRA through the Arizona Office of Resiliency by fully utilizing clean-energy incentives, cost reductions, tax credits, power-sector investments and net-zero goals.

Clean Capacity & Peak-Shaving

Improve diversification of Arizona's energy mix by including cost-effective solar, storage and other renewables in addition to distributed energy resources. Utilize a variety of resources to generate clean electricity, store renewable energy, use energy more efficiently, and curb usage at critical times to enhance reliability and affordability.

- Support deployment of long-duration storage paired with carbon-free resources to cost-effectively enhance grid reliability.
- Expand research and testing of virtual power plant concepts to integrate them appropriately into system planning.

Strategic Use of Natural Gas as a Transition Bridge

Intermittent renewable resources, augmented by modern, flexible natural-gas generation, can provide a carbon-reduced, secure power source as Arizona transitions to a carbon-free grid. Pair these units with storage, demand response and GETs to safeguard reliability while accelerating the move toward net-zero generation.

Support Nuclear Energy

Continue utilizing the low-cost, carbon-free baseload power of the Palo Verde Generating Station. As the second largest nuclear plant in the nation and a primary energy hub of the Southwest, Palo Verde supports steady, predictable power needs for always-on manufacturing, data hosting and bioscience applications. Support new nuclear generation including both large scale and emerging advanced technologies. Advocate the streamlined the permitting and construction of small modular reactors (SMRs) to address heavy energy demands by large industrial users.

Support Clean and Renewable Energy

Maintain policies that give developers—both rooftop and utility-scale—the certainty needed to invest in clean and renewable energy technologies.

- Position Arizona to lead in clean energy generation and innovation, leveraging its low corporate tax rate, ideal solar conditions, inexpensive land, moderate climate and existing infrastructure.
- Ensure policy changes are made thoughtfully, with input from all stakeholders.

Develop Clean Hydrogen

Prepare a state roadmap to position Arizona as a leader in clean-hydrogen development, attracting domestic and foreign investment. Hydrogen can store and transport energy, decarbonize multiple sectors (e.g., transportation, steel, ammonia, refining), and improve energy resiliency. Nationally, hydrogen could create $130 billion in revenue and 700,000 jobs by 2030--growing to $750 billion and 3.4 million jobs by 2050.

Support Solar and Wind Energy Siting Efforts

Advocate legislation that removes barriers to siting solar and wind energy projects. In rural Arizona, counties are passing land use and zoning ordinances that hinder the siting of renewable energy technologies. This is adversely impacting economic resiliency in vulnerable communities.

Support the Development of Energy Storage Solutions

Encourage strategic investments in energy storage to strengthen infrastructure, protect ratepayers and position Arizona as a leader in sustainable energy policy. Arizona's energy future depends on expanding energy storage to ensure grid reliability, economic resilience and clean energy integration. Storage systems help manage peak demand, reduce reliance on fossil fuels, and support solar deployment, especially critical in a state with abundant sunshine.

Embrace Energy Efficiency

Support robust energy efficiency programs, particularly those addressing peak demand, to keep electricity costs low. Energy efficiency is consistently the least-cost resource and can reduce the need for expensive new generation while creating jobs and cutting waste.

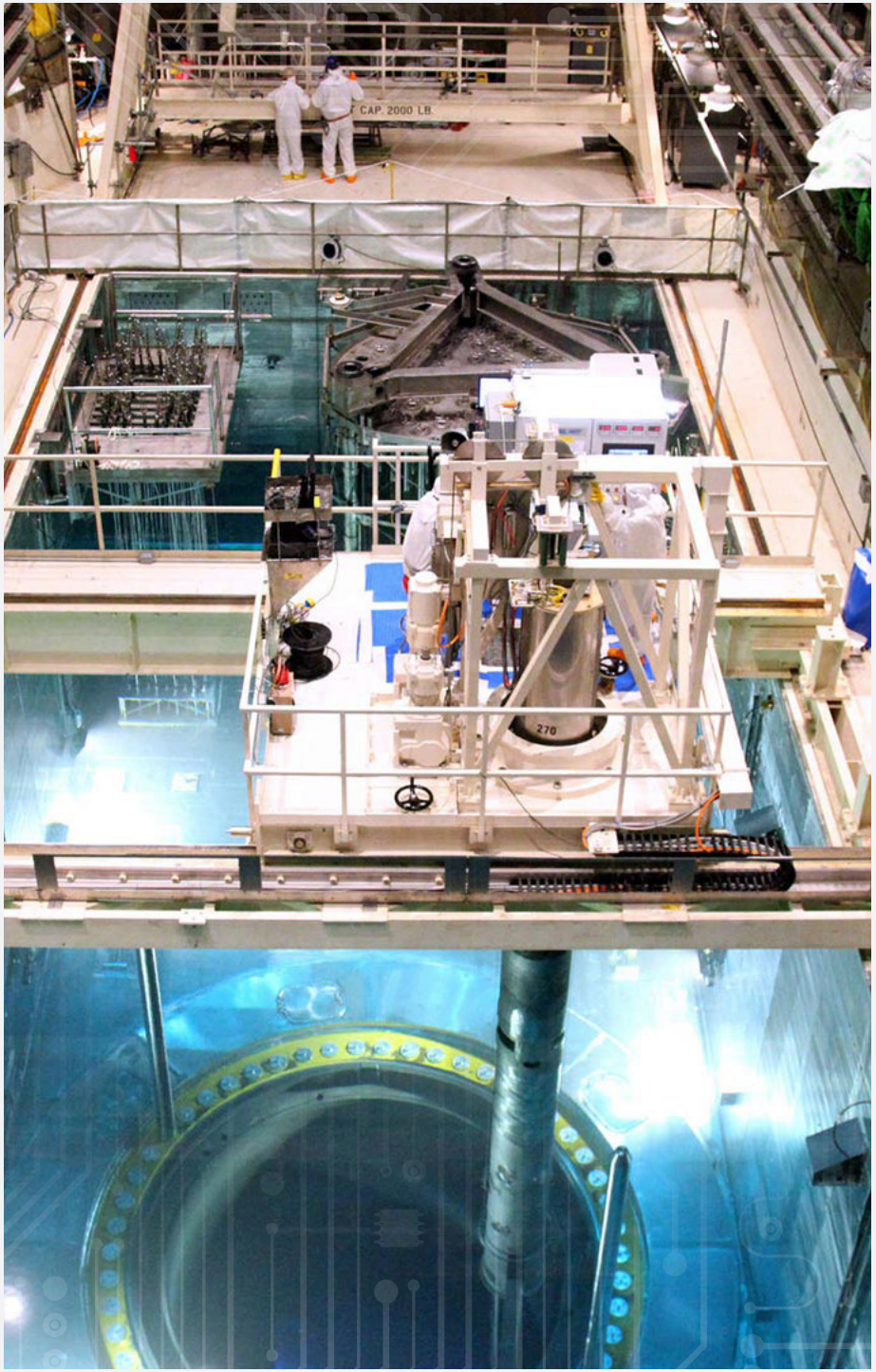
Promote Onsite Power Generation

Examine the possibility of behind-the-meter configurations, where power generation and consumption are co-located at the same site. This approach involves the construction of renewable energy assets and onsite turbines, reciprocating engines and fuel cells alongside large consumers of electricity, such as advanced manufacturing facilities and data centers, to reliably meet their demands.

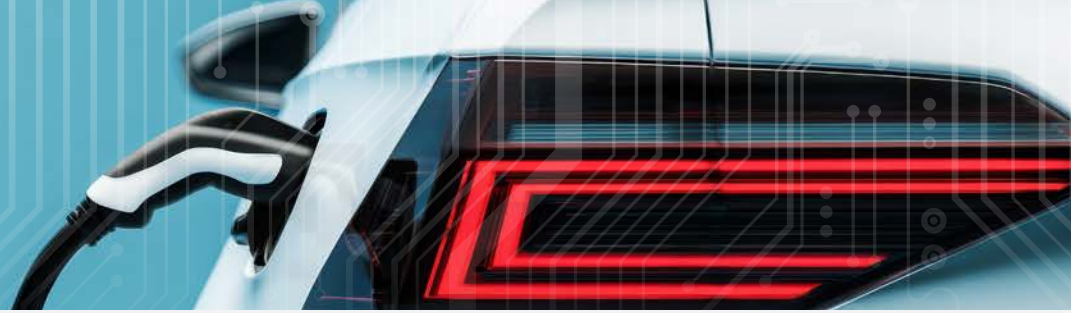
Grow Electric Transportation

Build a robust statewide charging infrastructure to maintain Arizona's position as a leader in advanced transportation and electric vehicle manufacturing.

- Invest in charging for personal, fleet, transit, delivery and school vehicles.
- Pair infrastructure with effective charging rate design to support a successful electric-transportation transition.



ELECTRIC VEHICLES



PRINCIPLE

Arizona recognizes the future of personal mobility is increasingly electric. To reach the goal of a more electrified future, the auto industry is expected to invest more than $330 billion by 2025. A new generation of electric vehicles (EVs) is arriving, with 100 different models for sale in the U.S. market today. These include battery electric, plug-in hybrid and fuel cell electric technologies with longer range, more capability and in different market segments at a variety of price points than options just a few years ago.

Although EV sales amounted to roughly 7.7% of all U.S. vehicle sales in 2024, consumer interest is growing because these vehicles are reliable, efficient, safe and particularly fun to drive. According to Edmunds sales data, the percentage of new U.S. vehicle sales in January to February 2025 that were electric cars was about 7.9%. In addition, with Environmental Protection Agency guidance to transition to battery electric vehicles (BEVs) by 2035, there is a need for a comprehensive plan and public policy at all government levels to support a cost-effective experience for Americans. Despite the significant number of EVs coming to market, consumers are unlikely to buy a vehicle that cannot be conveniently fueled. Although roughly 80% of EV charging takes place at home, more options are needed. This includes affordable and readily available charging infrastructure, easy-to-understand utility rate structures that reward off-peak charging, and improved charging or refueling times. Consumers consider all these elements before buying or leasing an EV.

The shift to EVs also means expanded roles for utilities, energy regulators and other stakeholders to create opportunities for new and existing businesses. With this in mind, we need to partner with public- and private-sector stakeholders to advocate policies that create viable business models, attract new capital sources, and stimulate competition and innovation to successfully accomplish this shift in Arizona. We are at a pivotal time on the journey to a cleaner, safer and smarter transportation future. The auto industry is committed to producing EVs. With timely, focused and sustained leadership and investment from a variety of public and private stakeholders, consumers can fully realize the full benefits of EV's.

POSITIONS

EV Accessibility and Advancement of Electrification

Provide no-compromise mobility for EV drivers and fleets by rapidly scaling up access to charging infrastructure at home and work, around town, and on the highway. EV drivers need access to convenient, accessible, affordable and reliable charging for their vehicles wherever they live, work and play across the state. In addition, public and utility investments are needed to help EV charging networks reach a sustainable scale and to ensure infrastructure is available in more challenging settings, including multifamily housing, underserved communities and rural areas.

EV Public and Private Partnerships

Accelerate the pace of infrastructure deployment through public-private partnerships and collaboration across government entities, industries and stakeholder groups, and by building on the experience of early-acting states. Work together across all sectors to accelerate infrastructure deployment, fully realize the benefits of transportation electrification and minimize the cost of this transition.

EV Charging Rates and Affordability

Adopt utility rates and programs for EV charging that ensures it is affordable, compensates EV drivers if providing grid services, supports fleet electrification and enables high-powered charging business models. EV charging should offer drivers cost savings relative to traditional petroleum-based fuels and be designed to encourage charging when the grid is less

congested and renewable energy is abundant. Utility rate design can make or break the business case for fleet electrification and deployment of charging infrastructure, especially high-powered charging. Utilities and the Arizona Corporation Commission should address this potential barrier.

Grid Improvements to Support EV Adoption and Consumer Confidence

Prepare for timely, cost-effective grid upgrades to support EV charging. EV drivers need to be confident that grid technology is reliable, resilient and able to accommodate their charging needs. Moreover, collaboration among utilities, automakers, EV charging companies, fleet owners, local governments and others will be critical to ensure grid upgrades take place in a prompt and financially sustainable manner.

Utility Cost-Saving Efforts and Consumer Equity

Ensure all utility customers, especially those in underserved communities, benefit from transportation electrification. Transportation electrification at scale offers many potential benefits, such as savings on transportation costs for EV drivers, lower overall energy cost, offer valuable grid services, lower GHG emissions, and improve air quality around high-traffic areas, including fleet depots, ports and freeways. Cost savings realized from EV rates and programs should be shared between participating EV owners and other utility customers.

Favorable Building Codes to Advance Electrification Efforts

Adopt building codes that promote level 2 chargers in 100% of new residential parking spaces at new multi-unit dwellings and single-family homes, and measurably increase the number of new workplace and public chargers based on dwell time. Installing EV chargers during new construction can be five times more cost-effective as retrofitting to add chargers. Including level 2 chargers as part of construction and development will advance accessibility to charging infrastructure by residents in high-density housing situations and promote electrification efforts by providing a service that currently restricts potential EV ownership.

FINANCIAL TECHNOLOGY (FINTECH)

PRINCIPLES

Arizona's financial technology (fintech) sector is among the most promising and fastest-growing in our technology community. The broad and robust fintech community offers a diverse range of products and services with the potential of disrupting traditional financial services companies and markets. Arizona has shown leadership in breaking down regulatory barriers that could inhibit fintech innovation and emerging business models. To continue cultivating a fintech-friendly environment, our goal is to help drive state regulatory reform, allowing use of virtual currency and innovative fintech offerings that meet the needs of Arizona's fintech sector where innovations primarily rely on this type of currency. Arizona must provide a robust, streamlined regulatory experience for virtual currency and non-bank firms that is transparent, allows or encourages innovation, provides a level playing field for businesses that does not favor larger players over small ones, and appropriately protects consumers from harm.

POSITIONS

Adopt Digital Signatures and Smart Contracts

Continue easing regulatory hurdles by updating Arizona statutes and regulations to enable and encourage broad adoption and use of digital signatures, as well as drive innovation in smart-contract applications. Traditional paper contracts can be quite inefficient and prone to fraud, which is why digital contracts tied to immutable blockchains are emerging as an alternative. Arizona lawmakers previously enacted groundbreaking legislation that amended the Arizona Electronic Transactions Act to include digital signatures recorded on a blockchain, enshrining their validity and enforceability for records or contracts, and additionally empowering use of blockchain technology for state corporate filings. These regulatory innovations have helped Arizona emerge as a choice location for companies that develop applications utilizing blockchain and smart-contract technology. Arizona should continue to evolve and reform our fintech regulatory environment to stay at the forefront.

Expand Benefits of Fintech Regulatory Sandbox

Continue positioning Arizona as an innovative hub for financial technology while helping prove that lighter regulation and consumer protection can coexist. Fintech startups are particularly disadvantaged by the difficulties and costs of complying with conventional state money transmission licensing regimens. In 2018, Arizona created the nation's first state-level regulatory sandbox allowing limited access for testing innovative financial products or services without first obtaining full state licensure or other required authorization.

Innovative initiatives are allowed to germinate through creation of an on-ramp or regulatory sandbox with exceptions to licensing rules for new companies based on low volumes or limited business activities that pose a lower risk to consumers. To date, more than a dozen companies have participated in testing a wide array of innovations. The Arizona Technology Council will work with the Bankers Fintech Council, a joint venture between the Arizona Bankers Association and CCG Catalyst Consulting, to publicize the sandbox to help attract new participants and leverage successful outcomes while supporting further efforts of the state attorney general and the Legislature to evolve and improve the program over time. For example, the fintech sandbox should be expanded to permit testing of select insurance offerings and other financial products and services that can benefit from technological innovation.

Improve Proptech Regulatory Sandbox

Help improve and evolve the property technology, or proptech, sandbox so Arizona can continue to lead in fostering innovation across the real-estate industry. Continue to allow the Arizona Commerce Authority (ACA) to operate the proptech sandbox that enables companies to test innovative products or services in the real estate and smart-property industries in a lighter regulatory environment. Approved in 2019, Arizona established the nation's first proptech sandbox. By reducing costly barriers to entry, the sandbox promotes the development of disruptive technologies affecting the way Arizonans rent, sell, buy, develop, and manage commercial and residential property.

Fund Blockchain Research

Continue to allocate state funds for the ACA's Applied Research Centers and Institutes program and Blockchain Research Grant Program toward development of applied research

in and support of defined blockchain products or services for commercial use to help drive research and innovation that will assist in Arizona becoming a leader in this emerging technology sector.

Engage the Arizona Corporation Commission (ACC)

Encourage the ACC to work towards utilizing blockchain for corporate records and filings that initiate trials and pilots to develop capabilities, gauge future direction and, when appropriate, inaugurate full-scale initiatives. Examine the potential to issue and trade securities on a blockchain platform. The ACC has an open docket for examining use of blockchain technology in Arizona's energy industry to help manage distributed power generation and storage, transactive energy with more granular transactions, renewable energy credits, tokenization, Internet of Things, cybersecurity, and other applications for distributed ledger technologies on the grid.

Examine State Government Records

Assess potential use cases and drive the application of blockchain by the Arizona executive branch for the management and storage of state government records for cost, efficiency and security considerations through initiating trials and pilots to develop capabilities, gauging future direction and, when appropriate, inaugurating full-scale initiatives. Offer leadership and assistance to Arizona's cities, counties and tribes in digitizing, normalizing and consolidating property records following best practices and ensuring compatibility with other jurisdictions and open-data protocols.

Achieve Regulatory Reciprocity Between States

Join the Multistate Licensing Agreement for Financial Services Companies to eliminate redundancies in state licensing of money-service businesses, which streamlines cumbersome regulations relating to virtual currencies. Arizona stakeholders should engage with other state and national organizations working to establish common multistate money transmitter licensing and virtual-money regulation and licensure that would ensure legal and regulatory reciprocity between participating jurisdictions. Companies involved in virtual-currency activities are multi-jurisdictional by nature. Any artificial restraints on their ability to operate without regard to geographical boundary within the United States adversely impacts the significant cost-effectiveness and efficiencies that their business models offer to other companies and consumers.

Craft Decentralized Corporate Structures

Continue to craft an Arizona policy foundation for decentralized companies and initiatives that break many of the legacy tenets of traditional corporate structures, identity frameworks and governance constructs, and help transcend legacy geographic boundaries. Our global economy and enterprise ecosystem have been pushed into a new realm of decentralization as the global pandemic forced new ways of conducting commerce and organizational interactions through a daily routine of virtual communications and media. As contemporary decentralized constructs emerge and attempt to reconcile with legacy centralized constructs (e.g., cryptocurrency versus fiat currency) across the globe, it is important that Arizona continues to form alliances strengthening trade and technology bonds with foreign municipalities and sovereignties, such as those formed with Israel, Germany, Mexico and Taiwan, and which should be emulated and expanded going forward. States such as Wyoming, Texas and Nevada have announced their commitments to be leaders in the blockchain and decentralized Web 3.0 realms, so Arizona should continue to drive deregulation, fund research and encourage industry innovation to sustain a competitive advantage in attracting commerce from around the world as organizations actively seek policy-friendly locations with clearly defined and innovation-enhancing public policy where they can establish and grow fintech businesses.

OPTICS, PHOTONICS AND ASTRONOMY

PRINCIPLE

Optics, photonics—the science of light and light-based technologies—and astronomy are important economic drivers for Arizona. Optics and photonics technologies are critical for a host of other industries, including medicine, mining, aerospace and defense, smart cities, and autonomous vehicles.

The University of Arizona (U of A) is internationally recognized for its leadership in optics, photonics and astronomy, driving research and development (R&D) that drives discovery and innovation across science and industry. The university has been No. 1 in the National Science Foundation rankings for research dollars expended in astronomy and astrophysics from 1998 to 2022 and was No. 2 nationally in 2023. That ranking represents more than $146 million spent in the state by U of A in FY 2023 . Less than 10% of the investment came from state funds while substantial federal, international and philanthropic contributions were attracted to this highly visible scientific enterprise. U of A is home to the Richard F. Caris Mirror Lab, which fabricates the largest mirrors in the world and has contributed to multiple bleeding edge ground-based telescope projects including the Vera C. Rubin Observatory and the Giant Magellan Telescope.

There are also large and notable departments in astronomy and planetary science at Arizona State University and Northern Arizona University. The three state universities, the state's many affiliated and independent observatories, and the numerous entities in related fields attract and retain world-class technical talent. The output from optics R&D enables development of leading products and technologies that support the many applications that drive robust Arizona companies. Space exploration is renowned for its degree of spin-off technologies that improve society.

The optics industry in Arizona is represented by the Arizona Technology Council's Optics Valley Committee, whose mission is to catalyze, convene and connect the optics, photonics and astronomy sectors, and supporting businesses throughout Arizona.

POSITIONS

Focus on Workforce Development

Strengthen support and enhance funding for community college programs directed at education for technology careers, including optics and photonics. Support the work in progress to supplement the optics education programs at Maricopa Community Colleges (and Pima Community College, which are developing optics curriculum for technicians to build the sophisticated products designed by engineers like those who graduate from the James C. Wyant College of Optical Sciences at U of A. Continue to support Joint Technology Education District (JTED) and Career and Technical Education programs at the high school level, including Pima JTED's launch of optics classes for preparation through community college and university programs, as well as direct entry into the workforce. Enhance high school science, technology, engineering and math (STEM) education programs to specifically include optics and photonics. Support the SciTech Institute.

Enforce Dark and Radio-Quiet Sky

Establish statewide dark-sky standards and support the state's multi-billion optics, photonics and astronomy industry. Advocate and encourage dark-sky sensitive and appropriate use of light-emitting diode (LED) technology, specifically the adoption of increasingly efficient phosphor-converted amber, for outdoor lighting as its use becomes increasingly widespread. Support deployment of active lighting control technologies to reduce lighting levels to the minimum required for safety and visibility based on actual use by time of night. Support regional approaches to reducing and stopping the growth of artificial light negatively impacting observatories and the natural environment. Support suborbital and orbital missions specifically designed to avoid the negative impact of excessive reflected sunlight on astronomical observing facilities. Support efforts of observatories working collaboratively with operators of large satellite fleets to minimize their impact on ground- and space-based astronomy. Support the efforts of the growing number of Arizona communities working toward the official International Dark Sky Places designation awarded by DarkSky International headquartered in Tucson. Ensure state and federally supported wireless connectivity initiatives coordinate with the state's premier radio observatories to minimize interference.

Grow University Research and Development

Strengthen opportunities to grow the impact of world-class research and development at Arizona's universities. Nurture the next generation of scientists by growing research partnerships with community colleges, where more than 50% of postsecondary students take STEM courses such as introductory biology and a large, diverse body of students is enrolled.

Collaborate and Advocate for Stronger Local Ecosystem

Encourage government agencies, academic institutions and corporate stakeholders to actively collaborate with one another to ensure the continued growth and competitiveness of our region's industry. By working together, we can build a more resilient innovation ecosystem that attracts investment, develops talent, and accelerates technological advancement in optics and photonics. We urge all partners to openly share, where possible, their technical needs, workforce demands and strategic roadmaps through local and regional forums. Increased transparency and alignment will foster stronger partnerships and support the development of targeted education, training and infrastructure to meet emerging challenges.

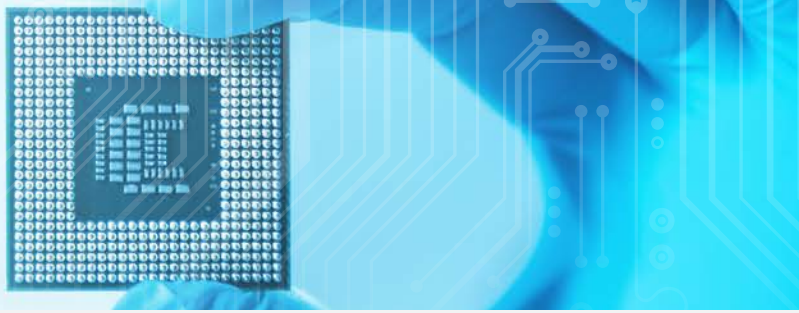
Advocate National Photonics Initiative (NPI) and Related National Initiatives

Encourage Arizona's representatives to join and participate in the Congressional Optics & Photonics Caucus. Monitor and engage with new program and funding opportunities through the CHIPS and Science Act of 2022.

Support the reauthorization of the National Quantum Initiative

U of A is a leader in quantum technology and heads the Center for Quantum Networks (CQN), a National Science Foundation-funded Engineering Research Center. U of A also established the Arizona Quantum Initiative (AQuI), which is focused on building Arizona as a world leader in quantum information science and engineering. Efforts should be made to support and expand the mission of CQN and AQuI as they drive toward product commercialization and application acceleration.

SEMICONDUCTORS



PRINCIPLE

Arizona's history of advanced manufacturing, along with historic investments from the federal government and the private sector, have solidified Arizona's place as the nation's leading semiconductor hub. While a strong semiconductor ecosystem is growing with exciting new advancements that strengthen our education system and diversity of jobs, policy decisions must ensure our state can attract the top talent and skilled workforce to meet the current and future demand.

POSITIONS

Business Climate

Continue advocacy for a business climate that reduces burdensome regulations that prohibit growth and innovation. It is imperative that federal, state and local regulations regarding air quality align with the need to grow an economy that supports the jobs needed for one of the most important industries in our country. The semiconductor industry and advocacy groups will work closely with elected officials and county, state and federal environmental quality departments to ensure our priorities are aligned.

Workforce

Protect science, technology, engineering and math (STEM) education and community college and university funding imperative to meet the workforce needs. To compete globally, investments are needed to build a pipeline of highly skilled workers, technicians and trades. Arizona's universities and community colleges are working closely with the semiconductor industry to align with the industry's needs. Postsecondary schools need continued investments to ensure their curricula, labs, research and faculty are state-of-the-art. With innovation in the semiconductor industry happening quickly, it's important to link students to internships and training. A strong K-12 public education system with STEM activities that are accessible to all students is crucial to success. A recent Semiconductor Industry Association (SIA) report projects jobs in the semiconductor industry will grow by 33%. However, 58% of new jobs are at risk of being unfilled at current degree completion rates. SIA estimates a shortfall of 67,000 workers by 2030 based on current graduation rates.

Infrastructure

Support the vast ecosystem of suppliers, vendors and customers that are critical to the industry's success through investments in infrastructure. Access to energy, utilities, water, reliable transportation and broadband are all essential components of a strong and competitive semiconductor ecosystem.

SMART CITIES

PRINCIPLE

Arizona's competitiveness and quality of life depend on accelerating the adoption of integrated, sustainable smart city technologies that improve livability, workability and long-term sustainability across the state. By aligning with federal Smart Cities and Communities Act objectives while tailoring strategies to Arizona's unique environment, the state can position itself as a national leader in smart innovation.

Smart city development requires coordinated investment, regional collaboration and proof-of-concept testing that build toward scalable statewide solutions. At its core, this effort must combine modern infrastructure, effective governance, workforce training and transparent accountability to ensure that technology benefits all communities—urban, suburban, rural and tribal.

POSITIONS

Integrated Long-Term Planning

Promote comprehensive smart community plans for cities and towns, avoiding piecemeal or siloed deployments and ensuring state funding supports integrated strategies.

Regional Collaboration

Support multijurisdictional innovation organizations such as The Connective in Greater Phoenix and Pima Association of Government's Smart Region initiative in Greater Tucson while establishing a new Northern Arizona consortium.

Innovation Sandboxes

Designate zones where emerging technologies can be rapidly tested using real infrastructure and data supported by streamlined regulatory processes.

Shared Procurement

Enable cooperative purchasing agreements across jurisdictions to speed deployment, reduce costs and allow smaller communities to benefit from economies of scale.

Regional Data Collaboration

Adopt statewide open data standards, a shared governance model and cross-jurisdictional data exchange platforms. Ensure privacy and security through National Institute of Standards and Technology-aligned protocols, role-based access and privacy impact assessments.

Governance Structure

Create an Arizona Smart Communities Council with representation from regional consortia to coordinate planning, funding, standards and evaluation. Establish three regional hubs (i.e., Greater Phoenix, Southern Arizona, Northern Arizona) as anchors, and integrate Arizona's three state universities into evaluation, workforce development and standards compliance.

Funding and Implementation

Establish a Smart Community Planning Fund to provide state grants, with priority given to small and medium-sized cities. Align Arizona projects with federal funding opportunities such as U.S. Department of Transportation's Strengthening Mobility and Revolutionizing Transportation program, National Telecommunications and Information Administration's Broadband Equity Access and Deployment program, Federal Emergency Management Agency's Building Resilient Infrastructure and Communities program, and Department of Energy's Grid Resilience and Innovation Partnerships program. Create a revolving state match fund to improve competitiveness for federal awards.

Pilot-to-Scale Lifecycle – Follow a four-phase model:

1. **Plan** – Support communities with integrated smart city plans.
2. **Pilot** – Deploy new technologies in innovation sandboxes with academic oversight.
3. **Evaluate** – Assess pilots using key performance indicator-driven review.
4. **Scale** – Use shared procurement to replicate proven solutions statewide.

Workforce Development

Invest in training for Internet of Things infrastructure deployment, build cybersecurity capacity to secure smart infrastructure, and expand public sector data science capabilities to analyze and apply information generated by smart systems.

Measurement and Transparency

Adopt public reporting mechanisms through dashboards providing real-time access to key performance indicators such as service efficiency, environmental impact, job creation and equity outcomes.

STATE BUDGET

PRINCIPLE

The state of Arizona's fiscal health was in a more challenging position at the end of the 2025 legislative session with the passage of the federal H.R. 1, commonly referred to as the One Big Beautiful Bill Act. The law makes changes to the Medicaid and SNAP systems, including work requirements, that shift some program costs to the state and increases the expected workload of the agencies, resulting in additional administrative costs. Couple that with the fact the state transitioned to a 2.5% flat income tax and expansion of the universal empowerment scholarship accounts being utilized beyond what was initially accounted for. The state now faces a fiscal deficit in the upcoming legislative session. That deficit will need to be addressed in the current fiscal year budget, as well as is projected for the next two years. This budget dynamic means continued work to ensure key programs and agencies of importance to the technology industry have the funding to accomplish core missions and functions. Also, if funding is available, there will need to be reinvestment in some programs to better support the state's growth.

POSITIONS

Protect Angel Investment Tax Credit Program

Protect funding for the proven and highly successful Angel Investment Tax Credit and look for opportunities to expand the program, which is discussed more in the Capital Formation section. This program has faced some legislators trying to eliminate it in recent years, but those efforts have been thwarted.

Support ACA Programs and Funding

Restore some of the funding for the Arizona Commerce Authority (ACA), which did not escape the budget sweeps and cuts in the 2024 legislative session. Discourage the Legislature from further sweeping any funds not used in a particular fiscal year by the ACA and its various programs, including the Arizona Competes Fund. Ensure flexibility as warranted within the ACA's funding for programs to help it achieve its mission.

Protect and Prioritize Computer Science Funding

Ensure computer science professional development funding for school districts remains in the budget. Every Arizona student should have the opportunity to take computer science courses during their educational path. However, with the current financial situation, there is not enough funding to ensure every school offers that opportunity, especially in high school.

Prioritize Education Funding

Prioritize increased and sustainable funding of the state's public education system consistently at all levels—including pre-K, full-day kindergarten, K-12 and postsecondary—and with accountability in a dedicated and sustainable revenue stream. Short-term reforms should include finding a sustainable and dedicated revenue source for education funding that does not endanger the state's economic climate. The reforms should include funding of K-12 education with a formula like that of Proposition 301, which positions Arizona at a minimum with mean-level funding among the 50 states. Additionally, reforms should consider alternative ideas to appropriately fund pre-K and full-day kindergarten, K-12, Career and Technical Education, equal-access dual enrollment courses, universities and community colleges. Restoring the cuts in district additional assistance and poverty weight funding is also necessary this budget cycle.

Long-term comprehensive funding reforms should modernize and promote a 21st century delivery model of education that focuses on performance and accountability. Arizona should ensure a high-quality education system to attract and retain high-wage jobs and the kinds of businesses that drive the innovation economy.

STATE TAXES

PRINCIPLE

Arizona's tax code should foster economic growth and innovation. Simplified, fair taxation, especially policies that support business competitiveness and investment, plays a vital role in attracting and retaining technology companies. Policymakers must prioritize tax structures that enable expansion, maintain a stable revenue base and treat businesses equitably.

POSITIONS

Maintain Capital Gains Incentives

Maintain capital gains rates to encourage lasting investments in high-growth sectors, helping business formation and expansion. Arizona treats capital gains as ordinary income (2.5%) but provides a 25% deduction on long-term gains, effectively reducing the rate to about 1.875%.

Equalize Business Property Taxes

Continue reducing the disparity between business and residential property tax assessments to ensure businesses are not unfairly penalized and can scale effectively alongside residential communities.

Protect Data Center Incentives

Ensure we maintain these data center incentives to ensure we have the data centers to support the industry as artificial intelligence and other technology industries continue to grow and thrive. Arizona's tax environment remains attractive for data center development, including exemptions and incentives essential for retaining and expanding co-location and enterprise-scale operations.

Modernize Tax Code for Digital Innovation

Update tax frameworks to properly address taxation of software, digital goods, hardware development and cloud services—ensuring tax codes adapt to evolving business models and innovation-driven enterprises.

SURFACE TRANSPORTATION AND TRADE INFRASTRUCTURE

PRINCIPLE

Arizona's long-term competitiveness depends on a modern, reliable and connected transportation system that facilitates the movement of people, goods and ideas. Strategic investments must ensure mobility for a rapidly growing population, strengthen Arizona's role as a hub for international trade, and leverage innovation in multimodal and intelligent transportation. Policy should provide sustainable funding mechanisms, prioritize efficiency, and recognize transportation assets, particularly ports of entry, as economic engines essential to Arizona and the nation.

POSITIONS

Modernize Surface Transportation Systems

Support upgrades to the state's infrastructure, including federal and state funding for Interstate 11. The highway should link Phoenix and Las Vegas, and extend southward as a key Mexico-Intermountain West freight corridor. Arizona must also expand existing road capacity, integrate multimodal linkages with rail and telecommunications, and adopt intelligent transportation systems to maximize current infrastructure and reduce congestion.

Rethink Transportation Funding

Pursue modern, sustainable revenue mechanisms to support transportation. Arizona's stagnant gas tax—unchanged for more than 30 years—cannot meet growing needs. The state should explore alternatives such as fair and equitable fees for alternative-fuel vehicles, public-private partnerships and other funding tools.

Elevate Transit and Mobility

Expand public transit and alternative mobility systems, such as bike-share and pedestrian infrastructure, to improve workforce mobility, reduce congestion, and support air quality. Arizona should continue to pursue state and federal transit resources while promoting multimodal solutions.

Support Vehicular Technologies

Maintain a competitive environment for testing and deploying autonomous and advanced vehicle technologies. Build on the work of the Institute of Automated Mobility to position Arizona as a launchpad for commercialization and adoption of emerging transportation technologies.

Prioritize Ports of Entry and Border Trade Logistics

Treat ports of entry as critical economic assets. Pursue federal funding and innovative financing to modernize port infrastructure, increase staffing, and expand process improvements like Unified Cargo Processing. Maintain long-term planning tools, such as the Arizona-Sonora Border Infrastructure Master Plan, to coordinate investment priorities.

Support International Trade Corridors

Invest in state and local roadways connecting to ports of entry to prevent bottlenecks in cross-border trade. Advocate dedicated federal funding streams to support border infrastructure, recognizing these assets as vital to U.S. and North American economic security.

UNIVERSITIES, COMMUNITY COLLEGES AND HIGHER EDUCATION

PRINCIPLE

The Arizona Technology Council actively works to support Arizona's state universities—Arizona State University (ASU), The University of Arizona (U of A) and Northern Arizona University (NAU) —and improve the technology infrastructure upon which they rely. The Council's members and the state rely heavily upon Arizona's universities and community colleges to provide a highly skilled and talented workforce. In addition, the universities provide a world-class platform for research and development, which can be translated into commercial opportunities that include the transfer of technology to Arizona's private sector. The universities engage the communities throughout the state and rely upon technology to provide education, research and other valuable community services.

POSITIONS

Stable Funding, Enhanced Flexibility

Collaborate with the Arizona Board of Regents and the public universities' AZ Opportunity initiative to build upon the existing strengths of the university system and ensure world-class research capabilities, access for qualified students and excellent workforce preparation. Support the universities' budget requests and legislative priorities, especially related to the technology sector; secure the state's financial relationship with the university system; and expand access to high-quality affordable degree paths for Arizona students.

Expand Support for AZ Healthy Tomorrow and Other Health Care Programs

Support investments into health care programs such as AZ Healthy Tomorrow, a bold initiative to address Arizona's critical shortage of health care professionals. Arizona's public universities are hitting the accelerator to grow more doctors, nurses and health care providers through AZ Healthy Tomorrow, as well as affordable pathways and loan assistance programs for health care graduates who stay and work in Arizona after graduation. These investments accelerate training capacity, improve access to care and support healthier communities statewide.

Increase Affordability & Access for Arizona Students

Sustain and increase support of the Arizona Promise Program and the Community College Promise Program to fully fund need-based aid for the eligible student population. Support the establishment of merit-based scholarships designed to retain Arizona's top talent and assist the state's long-term workforce development. When Arizona students are educated here, they are far more likely to stay and contribute to the state's workforce.

Invest in Workforce and Innovation

Support Arizona public universities' and community colleges' workforce initiatives that invest in the development of skilled Arizona workers and enhanced economic opportunity. These initiatives leverage the institutions' existing strengths to address critical workforce shortages and solve challenges in national defense, cybersecurity, education, health care, and science, technology engineering and math (STEM). Maintain support for the Arizona Teachers Academy and grow additional loan assistance programs for Arizona students pursuing careers in high-demand STEM fields, with funding provided in exchange for a commitment to work in Arizona for each year of support received. These programs will produce more and better-qualified graduates across the state without imposing financial burdens.

Support Tri-University Digital Initiatives

Support Arizona's three state universities in addressing digital access disparities and developing a variety of outreach experiences, stakeholder engagements, innovative initiatives, and grant-funded opportunities for research and proof-of-concept projects connecting rural communities through broadband access and infrastructure.

Enable Sun Corridor Network

Encourage policies to enable the Sun Corridor Network (SCN), the Arizona universities' research and education collaborative network, to facilitate discovery, innovation and research outcomes among postsecondary researchers and educators while expanding services to a broader base of users. SCN's infrastructure is critical to attracting world-class researchers and research funding to Arizona and future-proofing P-20 education technology infrastructure to enable modern digital-learning technologies and methods necessary for a workforce equipped for the knowledge-based economy. Encourage the Arizona Department of Education—currently limited in its ability to partner with SCN due to it being a provider (i.e., vendor) in E-rate transactions with schools and districts—to explore avenues for partnership with SCN, possibly transitioning from provider to statewide consortium lead and shared service provider. SCN, with its expertise in building and managing public-sector broadband networks, should expand its mission to include providing cost-effective broadband infrastructure and services for low-income and rural communities. Additionally, SCN should offer consulting on new community and municipal broadband networks and develop a statewide network to connect and support universities, community colleges, nonprofit organizations, health care organizations, and local communities.

Support SCN's public-private partnership strategy to bring high-bandwidth access to Internet2—the National Research and Education Network and community—and the commercial internet to the Arizona P-20 community. Support the network's participation in Arizona Department of Transportation's investment in highway-corridor fiber deployments and its public-private partnerships to grow and manage a robust state network. This will lead to the improvement of rural broadband network capacity and availability across the region, as well as improved regional research collaborations. Successful rollout of these strategies will enable the network and its member universities—ASU, U of A and NAU--to bring better and lower-cost internet and Internet2 by leveraging economies of scale and shared infrastructure while driving better broadband availability for all. Support the network's National Science Foundation grant-funded efforts to interconnect Arizona's community colleges in support of joint science-research drivers and STEM education initiatives. Support SCN's efforts in expanding eduroam as a solution that enables authorized users on specific educational, library and public space wireless networks to roam with their existing credentials onto a great, cooperative collection of such networks, boosting the value proposition of all the institutional infrastructure investments being made in these networks.

WORKFORCE EXCELLENCE AND INCLUSION

ACCESS, OPPORTUNITY AND INNOVATION IN THE TECHNOLOGY WORKFORCE

PRINCIPLE

Arizona's future competitiveness depends on building a technology workforce that combines excellence, inclusion and innovation. Efforts to advance workplace inclusion have been evolving for decades, beginning with the civil rights movement of the 1960s and continuing through ongoing federal and state policy changes. While the national conversation has recently emphasized merit-based achievement, Arizona's technology sector recognizes that a workforce reflecting diverse communities—embracing varied experiences and perspectives of Black, Indigenous, and People of Color (BIPOC), neurodivergent individuals, persons with disabilities, and underrepresented diverse communities is essential for growth and innovation.

Economic barriers such as limited access to health care, broadband, education, affordable housing, and living wages prevent many talented individuals from fully contributing to Arizona's economy. Addressing these inequities through intentional investment in workforce excellence and inclusion ensures Arizona attracts top talent, creates environments where the best ideas thrive, and drives long-term profitability. Building this kind of comprehensive, merit-driven workforce is not only a moral imperative but also a practical requirement for Arizona to remain competitive in the global technology marketplace.

POSITIONS

Advance Inclusive and Excellent Workplaces

Advocate policies and practices that foster awareness, support, and measurable action around workforce excellence and inclusion. This includes promoting awareness of the economic benefits of inclusive practices, demonstrating their measurable impact on innovation and profitability, and ensuring that businesses—large and small—have access to tools, programming, and collaboration mechanisms to build inclusive workplaces. Through initiatives like the Tech Inclusion Forum and the Tech and Business Expo Environmental, Social and Governance (ESG) Award, the Arizona Technology Council will continue to showcase companies and leaders who exemplify best practices in workforce excellence while providing platforms for small and mid-sized businesses to set shared goals and metrics.

Invest in Talent Development and Access

Fund reskilling, upskilling and workforce development programs aligned with Arizona's technology priorities. Expanding broadband access, STEM education and device availability in underserved areas will unlock talent pools currently constrained by systemic barriers. Entrepreneurial support—including mentoring, coaching and targeted investment for underrepresented founders—will strengthen Arizona's innovation ecosystem and cultivate the next generation of technology leaders.

Sustain Long-Term Workforce Competitiveness

Support diverse career pathways, transparent advancement opportunities, flexible work arrangements, and leadership development through initiatives such as the new AZTC Emerging Leaders Committee. By embracing equity, access, and cultural competence, Arizona's technology community can ensure its workforce reflects the state's diversity, fosters a sense of belonging, and positions Arizona as a national leader in technology innovation.

ARIZONA STATE TECHNOLOGY COUNCIL LEGISLATIVE PRIORITIES – 2026

- Increase availability of computer science offerings for students to keep Arizona competitive with surrounding states, as well as other countries. Develop a phased-in option for students to enroll in a computer science course offered by their schools or an online course approved by the Arizona Department of Education. The course should be a standalone computer science course for high school-age students while computer science principles should be incorporated into a general education course for students in earlier grades. Support funding for computer science courses to guide these classes.
- Creation of the Arizona AAM Interoperability Sandbox as a strategic initiative to accelerate the safe integration of advanced air mobility technologies statewide. By fostering collaboration with the FAA, tribal nations, industry partners and research institutions, this effort will generate immediate economic and community benefits while establishing Arizona as a leader in advanced air mobility (AAM) innovation. The sandbox will drive job creation, improve transportation and emergency response in underserved areas, and provide critical real-world data to shape national airspace policies, all while reinforcing Arizona's position as a hub for cutting-edge aerospace and technology advancements.
- Support and protect economic development programs that have proven to work for Arizona. Maintain and fund programs that support manufacturing; encourage research and development; support high-quality, high-paying jobs; and incentivize innovation. Ensure these programs are continued and additional restrictions are not applied that would hamper the economic growth and success Arizona has experienced. During the past several years, the Council has helped extend and expand these programs while defeating efforts to repeal them. Some economic development tools may require modernization to ensure the most effective utilization in order to continue spurring economic growth.
- Work collaboratively with both the Arizona Corporation Commission and the state Legislature to advance energy policy that encourages demand-side adoption of energy efficiency, prioritizes clean and renewable energy use, invests in electric vehicle infrastructure development, and supports innovation in the industry. With the ever-increasing demand for energy in Arizona, especially with the expanding technology ecosystem, renewable energy is an instrumental part of the portfolio to meet the needs for Arizona's growth in an affordable, reliable and sustainable manner. The Council will work to protect the advancements that have been made and work to defeat efforts that would undermine efforts in the renewable energy space.
- Seek opportunities to expand Arizona's science, technology, engineering and math (STEM) education, including computer sciences and coding opportunities for students. Focus on long-term, shared, sustainable and flexible STEM missions that bridge, integrate and strengthen the learning opportunities offered by organizations across sectors instead of isolated, independent entities. STEM education helps prepare our students for the jobs of today and the future, and will build a strong, diverse talent pipeline to meet the state's continued growth.

FEDERAL POLICY PRINCIPLES AND POSITIONS

ARTIFICIAL INTELLIGENCE AND QUANTUM TECHNOLOGIES

POSITIONING THE U.S. AND ARIZONA FOR GLOBAL LEADERSHIP THROUGH TECHNOLOGIST-LED GOVERNANCE

PRINCIPLE

Artificial intelligence (AI) and quantum technologies are transforming the global balance of economic and geopolitical power. To ensure U.S. and Arizona leadership, governance must be guided by technologists—those developing and deploying these technologies—while reinforced by balanced government oversight that safeguards democratic values, accelerates innovation and protects the public interest. Arizona's technology ecosystem—with its semiconductor base, universities and growing innovation clusters—positions the state to lead national efforts in governance, workforce readiness, infrastructure development and talent attraction.

POSITIONS

Global Competition and Urgency

The pace of international competition, particularly from China, underscores the need for a coordinated national strategy. While the U.S. leads in patent quality and scientific impact, China now dominates in generative AI and quantum patent volume. Arizona must align with federal initiatives, such as America's AI Action Plan, to ensure deployment and scale keep pace with global rivals.

Technologist-Led Governance

Governance should be driven by coalitions of technologists with balanced representation from industry, academia, government and civil society. Membership should be strategically sized to balance continuity of expertise with fresh perspectives supported by transparent decision-making and measurable objectives. To ensure agility, governance must include quarterly stress tests, red team exercises to check cybersecurity defenses, and rapid policy adjustment triggers tied to technical milestones. Arizona can lead by piloting these frameworks in public-private initiatives, offering scalable models for national adoption.

Workforce Development and Skills Pipeline

Building a future-ready workforce requires integration across K–12, higher education and adult retraining. Students and workers need exposure to applied science, design thinking, social interaction and hands-on problem-solving. AI-enabled augmented reality (AR) and virtual reality (VR) tools can transform training by compressing months of instruction into weeks, supporting both technical and skilled trades education. Arizona's universities, community colleges, K-12 schools and workforce boards should expand AI-focused science, technology, engineering and math (STEM), AR/VR-enabled learning, and industry-sponsored labs to create a continuous talent pipeline.

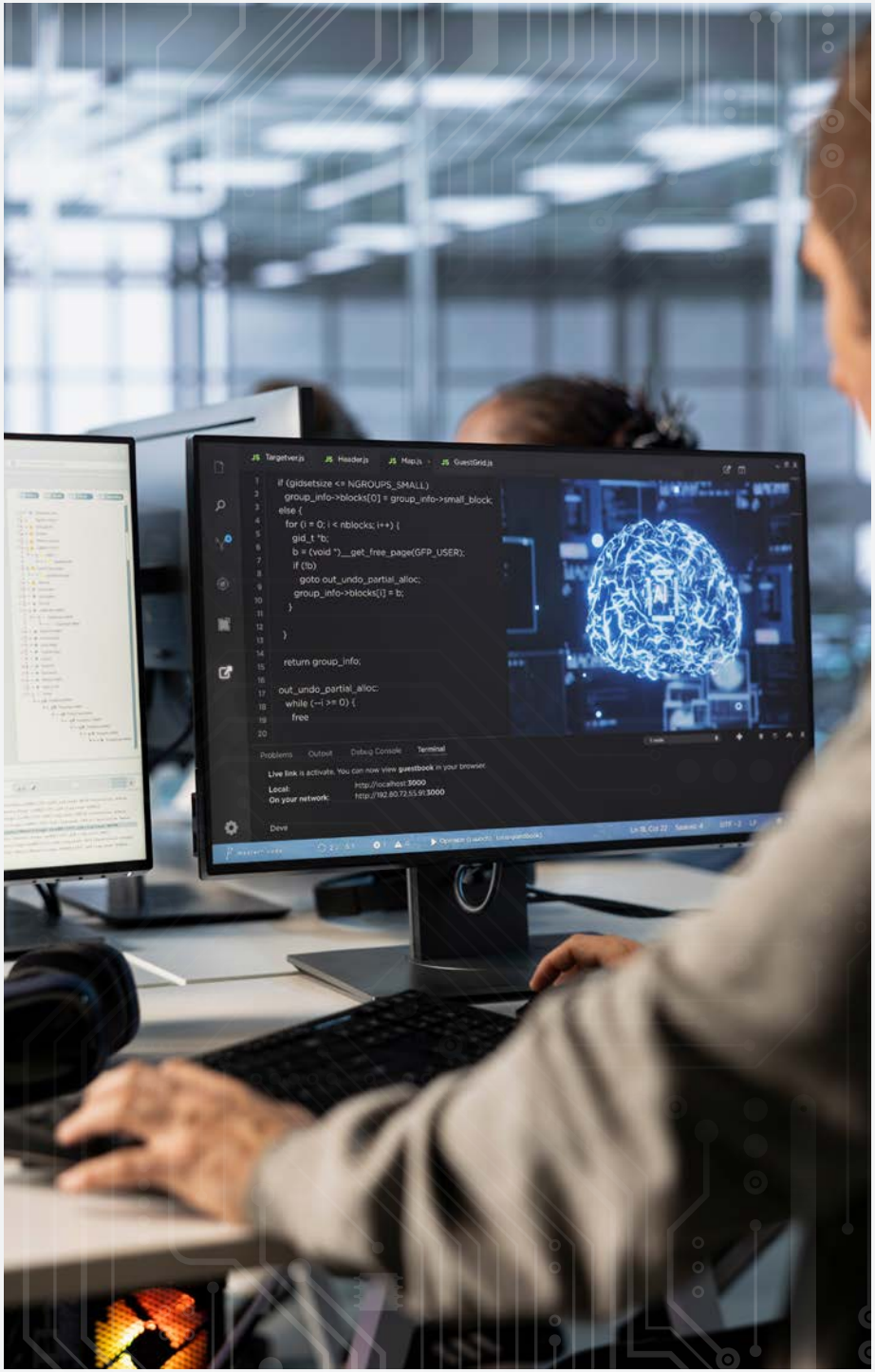
Infrastructure and Global Talent

Sustained leadership requires robust computing infrastructure, secure semiconductor supply chains and national quantum test beds. Arizona is uniquely positioned to provide these resources given its semiconductor industry strength. While the state must invest in AI model training capabilities, quantum fabrication facilities and secure networks for sensitive projects, modernized federal immigration and visa policies are essential to recruit and retain global talent in AI and quantum. Arizona's growing tech ecosystem can serve as a magnet for this world-class expertise.

Policy Recommendations

- Launch Arizona-led AI and quantum governance pilots with academia and industry to guide national models.
- Establish Arizona as the national hub for AI safety research with mandatory "civilization impact assessments" for breakthrough technologies.
- Expand education and workforce training programs to include applied AI, AR/VR, skilled trades integration and social skill development.
- Support investment in high-capacity computing and secure semiconductor supply chains.
- Develop a national quantum test bed in Arizona to attract research, commercial applications and global talent.
- Modernize immigration and visa attainment processes to retain top global talent in AI and quantum disciplines.
- Increase federal funding for AI-focused STEM programs, teacher training and industry-sponsored labs.
- Form a strategically sized coalition of technologists with balanced representation, rotating participation, transparent governance and measurable objectives to promote governance that is inclusive and action-oriented.

Arizona can amplify America's AI Action Plan by demonstrating technologist-led governance, coalition-based accountability, workforce innovation, infrastructure investment and global talent attraction. Acting now will strengthen both Arizona's economy and U.S. national security while reinforcing leadership in AI and quantum innovation.



BROADBAND, DIGITAL ACCESS AND DIGITAL INCLUSION FOR ALL

PRINCIPLE

There are still major gaps and deficiencies in the availability, affordability and reliability of broadband internet connections in the United States at large but especially in rural and tribal areas. These underlying issues have existed since the broad adoption of the internet as a fundamental utility for commerce and communication. However, the COVID-19 pandemic amplified the digital divide and reinforced the importance of having available, affordable and reliable broadband connectivity for all as government, businesses, the workforce, schools and health care systems have transitioned to digital platforms and practices.

The transition to digital learning by K-12 schools and higher education institutions has proved particularly difficult for many rural and low-income communities due to a lack of broadband connectivity at home. Tribal nations and remote rural communities continue facing barriers to planning and deploying communications services, including their remote settings, sparse population densities, and limited access to middle-mile and long-haul fiber connections.

POSITION

Prioritize Investment in Underserved Communities

The federal government has recognized these mounting needs as reflected in recent, precedent-setting broadband policies focused on new investment and regulatory reforms. As the exponential increase in citizen, business and institutional broadband needs continues, the government should further prioritize, invest in and evolve regulations, enabling new broadband infrastructure, advanced technology solutions and support services to help close these gaps and better provide sufficient digital access to all.

BROADBAND REFORMS AND INITIATIVES ACROSS FEDERAL AGENCIES

PRINCIPLE

Given the number of federal agencies and programs involved in regulating the telecommunications industry with responsibilities to help remediate the digital divide, especially supporting rural broadband deployment, it can be challenging for state government, institutions, small and large providers, and rural communities to identify and pursue appropriate federal investment and deployment opportunities. Businesses, local governments, electric and telephone cooperatives, tribes and other rural entities also face imposing burdens in applying for and managing federal funds. Telecommunications reform has been piecemeal as we once again find ourselves on the cusp of incredible innovation and sweeping transformations.

POSITIONS

Simplify and Streamline

The Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA), a research and development agency of the Department of Commerce, along with the Department of Agriculture's (USDA) Rural Utility Service lead most of the federal wireless and broadband regulatory evolution, grant and loan programs, wireless spectrum availability and auctions, and project and industry oversight. The federal government should work to simplify and reform industry regulations while streamlining the processes and management burdens through which grants and loans are handled. The government should also streamline the fragmented, overlapping patchwork of funding from multiple agencies and programs by consolidating or synchronizing them with an optimized national broadband strategy as recommended by the Government Accountability Office.

Adopt Minimum Broadband Speeds

Federal agencies have been adopting minimum broadband speed goals of 100 megabits per second (Mbps) download and at least 20 or 100 Mbps upload (100/20 or 100/100 Mbps) for households and 1 gigabit per second symmetric service for community anchor institutions (CAIs) due to the large number of simultaneous users to guide infrastructure investments and program implementation to the greatest extent practical. Many broadband applications that promote rural, economic and community prosperity are better enabled by such increased speeds, especially telehealth, e-learning, business and other applications relying on real-time performance or moving large amounts of data—all of which will continue to scale as bandwidth needs and network capacity continue to grow. Clear criteria and formulas for how much backhaul providers must have in place should be provided to support reasonable anticipated use across populated communities at the minimum required speed offerings.

Explore Broadband Mapping and Grant/Loan Determinants

High-quality data is necessary to ensure public broadband investments and deployment efforts correctly prioritize areas that are cost-effective and lack access. Significant broadband mapping progress has been made recently down to the broadband serviceable location level. Although the mapping remains fraught with inaccuracies and issues, it is undergoing continuous improvement with biannual updated data collection and the states' Broadband Equity, Access and Deployment (BEAD) map challenge processes. With congressional funding, the FCC and NTIA should build on recent progress to create better public mapping tools with improved user interfaces and experiences, high accuracy assurances, better information

on available providers and services, relevant CAI data, and the overlay of demographic and open-source data sets to aid individual and institutional broadband consumers, as well as economic development stakeholders for analysis and planning purposes.

Provide Federal Grants, Loans and End-User Support

Congress has drastically increased infrastructure funding for broadband grants and loans to providers, communities, education, libraries, telehealth and public safety that will be managed through FCC, NTIA and USDA programs. This generational wave of pandemic relief funding will need continuity brought by new broadband infrastructure funding in the post-BEAD era. There should also be reconsideration of long-standing barriers, such as concepts and metrics for unserved and underserved, excessive application and reporting procedures, and significant match or cash-on-hand requirements. Further, Congress should amend the federal tax code so grants received from the Infrastructure Investment and Jobs Act and the American Rescue Plan Act are not considered taxable income to recipients.

Restrictive policies that inherently limit deployment of adequate broadband capability in many rural areas should be reformed. BEAD rules should be moderated regarding letters of credit; workforce requirements; Build America, Buy America Act guidance; environmental clearances; program income restrictions; pole ownership and replacement guidance; and other elements that could limit the program's applicability to and access by smaller internet service providers, and tribal and local governments. CAIs should receive equal priority in funding considerations alongside unserved residential customers, be enabled to establish gigabit-level connections and have those CAI infrastructure investments further leveraged for the benefit of their surrounding communities by "to and through" policies.

Congress should renew funding for the Affordable Connectivity Program or develop and fund a similar program to help continue defraying the cost of broadband subscriptions, devices and skilling for the 23 million low-income Americans who benefited from the program. Consideration for this funding should be part of the Universal Service Fund reform being considered. This will be instrumental in getting and keeping low-income and disadvantaged communities online as the BEAD program is realized.

Provide E-Rate Support for Schools and Libraries

Efforts to promote flexibility within the FCC's E-Rate program should be supported to deliver home connectivity solutions for unserved and underserved students and respond to connectivity issues. If necessary, the FCC, with congressional enablement, should:

- Open E-rate-funded networks to the surrounding community (provided E-rate dollars do not pay for these extensions), generally waiving the E-rate cost allocation rule. Funding would support school bus Wi-Fi and other creative efforts that seek to bring broadband into the community to address the homework gap.
- Allow a rolling deadline for Category 2 equipment and services while continuing to expand what is covered, including adding coverage for necessary cybersecurity products and services.
- Replicate the discontinued "special construction" program in which Arizona and 16 other states that provided 10% matching funds were able to leverage hundreds of millions of dollars in new fiber infrastructure project funding to reach underserved rural schools and libraries.
- Establish long-term funding solutions to help schools and libraries provide the tools and services their communities need for remote learning with rigorous rules and procedures to limit fraud and abuse.
- Allow and fund the use of satellite services for remote areas where the cost of laying fiber or reaching by wireless is prohibitive due to population sparsity.

Simplify and Strengthen the Universal Service Fund

The FCC's Universal Service Fund (USF) provides essential and ongoing financial support to ensure all consumers have affordable access to telephone services. The FCC should determine how best to evolve the universal service mandate by reforming the high-cost and low-income support mechanisms to allow broadband deployment support while reengineering the programs' funding basis to make the program more stable with long-term funding sources. The FCC also should simplify and streamline applications for funding from the E-rate and Rural Health Care (RHC) programs and reject placing an overall cap on the entire USF.

Reform the RHC Program

Congress should substantially increase funding based on demand data and the FCC should improve the administration of its RHC program that currently suffers from insufficient funding and a slow, cumbersome administrative process. Additionally, applications should be processed faster with more transparency. Rates should be established based on competitive market forces and actual costs, and program rules should be reformed to no longer discriminate against consortia.

Empower Land Management and Rights of Way

Federal land management agencies—particularly the U.S. Forest Service, Bureau of Land Management, Bureau of Indian Affairs and Federal Highway Administration—play crucial roles in permitting and siting broadband infrastructure. The federal government should implement improved planning and permitting coordination between public lands management agencies and tribal governments, as telecommunications projects often cross multiple federal lands and tribal jurisdictions. The government should drive collaboration among agencies, simplify processes and improve timelines for permitting broadband infrastructure projects crossing federal and tribal lands and rights of way, including the introduction of shot clocks. States should be included to further coordinate, data share

and ease multijurisdictional project planning and permitting, which has traditionally presented obstacles to private and public investment.

Reform Wireless Siting

FCC wireless siting reform is key to 5G leadership as the uptake of more advanced, higher-speed mobile services continue unabated and traditional mobile providers make inroads into fixed wireless services. As wireless providers invest in necessary upgrades and new networks, the escalating costs and burdens of siting new towers and transmitters have become significant barriers. Densification with small cells necessary for 5G urban performance makes reform even more critical even as advanced antenna and signal processing technology improve urban service delivery. Each locality may have its own rules and timelines governing the permitting and installation of wireless infrastructure, leaving providers to navigate a maze of disparate policies and potential project timelines, often antiquated procedures, and at times impractical fee structures. The FCC previously established some national guidelines for states and municipalities regarding wireless infrastructure, but it now needs to implement a national strategy and framework to enable and drive the wireless networks of the 21st century.

Net Neutrality and the Carriage of Content and Packets

Net neutrality is critical to maintaining a vibrant internet. A modern framework is needed that encourages the freedom and innovation that makes the internet the vital tool it is today. The FCC should be allowed to lock in widely agreed upon protections for internet traffic with clear rules that prohibit providers from blocking or throttling access to lawful content. This would provide market stability, system transparency, consumer choice, and freedom for online-service vendors to innovate and scale new applications and businesses.

Free Up Spectrum for Innovation, Rural Broadband, 5G and Internet of Things/ Industrial Internet of Things (IoT/IIoT)

Wireless spectrum is a valuable resource that supports innovative and cost-effective connectivity solutions across the nation. Auctioning additional spectrum licenses alone cannot meet the ever-growing demand for data and innovative pathways to market. Unlicensed spectrum and lightly licensed spectrum have become essential complements to licensed spectrum and can open new applications and markets in innovative and dynamic ways as Wi-Fi and Citizens Broadband Radio Service have ably demonstrated. NTIA's recent inclusion of unlicensed fixed wireless access as BEAD eligible technology rather than deemed "unreliable" acknowledges the positive performance of many such networks when done right and should be applauded.

Demand for wireless data and broadband speed is expected to continue to grow exponentially as wireless broadband use has skyrocketed. The FCC and NTIA should continue to free up additional licensed and unlicensed spectrum real estate. The two agencies should continue to pave the way for 5G, V2X for autonomous/connected vehicles, and IoT/IIoT for smart everything and more with low-band, mid-band and high-band (millimeter wave) spectrum reform and reallocations under licensed, lightly licensed and unlicensed strictures from sub-gigahertz (GHz) to at least 100 GHz. Support working to catalyze the development and adoption of open, interoperable and standards-based networks such as Open Radio Access Networks (Open RAN or ORAN) through the Public Wireless Supply Chain Innovation Fund funded through the CHIPS and Science Act of 2022 to help drive wireless innovation and interoperability, foster competition, and strengthen supply chain resilience.

With the passage of spectrum auction reauthorization, the FCC and NTIA should strive to increase competition and availability of services through additional and innovative access to licensed and unlicensed spectrum, maximizing the potential for unlicensed use of TV white space spectrum with its non-line-of-site capabilities and reach well-suited to remote rural service provision. The reauthorization should provide schools, libraries, nonprofit organizations, local governments and tribes with the opportunities to obtain unused educational broadband service and other spectrum licenses to serve rural markets.

CONGRESSIONAL BROADBAND REFORMS AND INITIATIVES

PRINCIPLE

Congress holds the power to fund and sets the guidelines and rules by which federal agencies operate. There has been much progress since the Telecommunications Act of 1996, but updating the governance expectations and structures is long overdue.

POSITIONS

Support One-Time Rural Broadband Acceleration Funding

Congress has allocated substantial one-time funding focused on accelerating rural broadband infrastructure deployment in unserved and underserved areas where the economic benefit from increased connectivity is greatest. A multi-pronged approach should be used to build on existing agencies and their programs leading to long-term strategic investments and ongoing support to secure gains and continue to address the remaining digital divide.

Moderate BEAD Program Regulation

Congress should take additional action in concert with NTIA to moderate the BEAD program rules regarding letters of credit; workforce requirements; Build America, Buy America Act guidance; environmental clearances; program income restrictions; and other elements that could limit the program's applicability to and access by smaller internet service providers, and tribal and local governments.

Make Broadband Subsidies Directly to Citizens

Having established a robust subsidy program with the defunct Affordable Connectivity Program's provider credits to help low-income Americans gain connectivity by underwriting their broadband access costs, Congress and the FCC must follow up with Universal Service Fund reform and other programmatic solutions to restore such benefits and make them permanent.

Expand Tribal Broadband Support

Congress and federal agencies should pursue policy, programmatic and fiscal opportunities to improve broadband connectivity on tribal lands, including designing and funding federal programs to promote partnerships among tribes, states and various broadband providers. Federal broadband programs should allocate a designated portion of their available funding to supporting projects on tribal lands. Encourage competitive broadband service offerings from multiple providers on tribal lands to ensure tribal citizens are provided options on par with their nontribal neighbors.

Help Remove Regional and Local Barriers to Deployment

Federal financial support should be used to encourage local jurisdictions to remove deployment barriers. Local and state governments should streamline access to public rights of way and utility poles, adopt "dig-once" policies for new broadband and electric power infrastructure, install conduits during roadwork, and ensure fees are based on costs and remain competitively neutral. Congress could go further by making receipt of federal infrastructure funds contingent on adopting a model municipal code that would streamline access to rights of way and municipal infrastructure such as utility poles and government buildings.

Policies governing access to utility poles can have a significant impact on the pace of broadband deployment to unserved and underserved markets. This means regulators and pole asset owners need to provide a consistent framework recognizing the variety of circumstances that affect local pole attachment use, streamlines the pole attachment process, and expedites broadband deployment to communities with rates, terms and conditions which are non-exclusive, non-discriminatory, reasonable, predictable and prompt.

Allow Electric Cooperatives to Take the Field

Federal agencies should continue expanding the eligibility of electric and telephone cooperatives to pursue NTIA, USDA and FCC broadband deployment program support, as cooperatives' existing infrastructure and access to rights of way can help promote low-cost connectivity solutions for rural communities. Congress also should fund robust new federal cost-share to spur investment in a nationwide middle-mile backbone along the nation's existing electricity grid.

Leverage CAI-Funded Connections to Communities

Federal programs often direct broadband infrastructure funding to community anchor institutions (CAIs), such as schools, libraries, health care and regional government. These institutions could help leverage additional public and private investments in surrounding rural areas if Congress would legislate a more holistic funding approach that supports infrastructure deployment "to and through" CAIs.

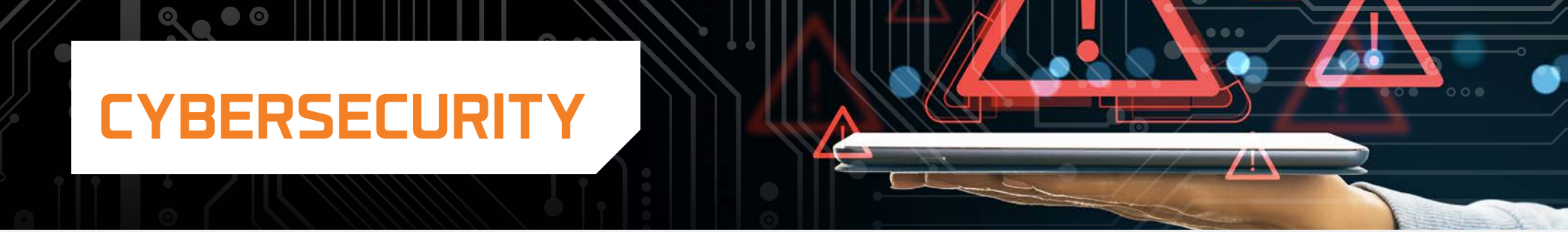
Promote Regional Internet Exchanges

Congress should take steps to encourage the growth of regional internet exchanges, as they would help promote cost-effective and reliable lower-latency broadband service in rural areas by serving as open interchanges and peering points available to all providers serving the area.

Other Action

Congress should update the Communications Act to better define definitions of services and modernize regulatory structures. Lawmakers also should reform the FCC's merger review process and provide funds necessary to implement the Broadband DATA Act. Additionally, Congress should fund research and test beds for innovative new wireless equipment and services.

CYBERSECURITY



PRINCIPLE

Technology facilitates virtually every facet of Americans' daily lives. We communicate, shop, travel and work through globally connected systems that are increasingly vulnerable to cyberattacks. This spike in cyberattacks, particularly nation state-sponsored attacks that simultaneously impact multiple systems, is prompting a growing body of federal policies to promote cyber readiness, modernize government infrastructure, and monitor and respond to cyber incidents. "Security-by-design" and "security-by-default" are just examples of the myriad federal approaches to cyber resilience.

Congress and federal regulatory agencies have adopted policies addressing reforms to critical infrastructure and defense industrial security, international engagement, and incident response and reporting. However, significant federal cyber personnel reductions and budget cuts, including to state, local and tribal grants, may delay implementation of these policies and impede implementation of vital cybersecurity programs in Arizona.

The Arizona Technology Council supports federal policies that promote public-private collaboration and incentivize a proactive, risk based approach to cybersecurity. Frameworks should help entities efficiently identify, manage and communicate risk to foster a more resilient cyber ecosystem.

POSITIONS

Implement Uniform, Simplified Cyber Incident Notification

The Cyber Incident Reporting for Critical Infrastructure Act of 2022 (CIRCIA) proposes the first-of-its-kind reporting mandate for America's critical infrastructure. Published in spring 2024, the draft rulemaking for CIRCIA proposes sweeping reporting requirements for private sector critical infrastructure entities, contractors and vendors, including many small and medium-sized businesses (SMBs) that may be ill-equipped to comply with this mandate. The Cybersecurity and Infrastructure Security Agency has paused the CIRCIA rulemaking process during its current downsizing and reorganization. As a result, the final CIRCIA rule initially expected in fall 2025 is no longer expected by the year's end. Meanwhile, a growing number of federal agencies are adopting redundant or sometimes conflicting reporting requirements for American businesses. The Securities and Exchange Commission, for instance, implemented its cyber incident reporting rule in December 2023, with definitions, reporting triggers and time frames that differ from CIRCIA's.

This patchwork of federal reporting mandates may undermine their very purpose: real-time, actionable cyber intelligence. The government, businesses and consumers should be provided with accurate, reliable information to promptly and effectively prevent or respond to a cyber threat. Indeed, the Department of Homeland Security identified more than 45 distinct federal cyber incident reporting requirements that are redundant or even conflict with one another. Many of these reporting mandates cannot be harmonized without congressional action.

Congress and the administration must streamline and harmonize the multiple federal reporting requirements, and structure systems and processes to rapidly disseminate timely actionable information. Ideally, this intelligence sharing should be automated to facilitate outcome-driven results. We encourage federal lawmakers to adopt clear, efficient and cost-effective policies that do not stifle innovation or unnecessarily burden the private sector, particularly SMBs.

Expand Cyber Education and Workforce

An estimated 700,000 cybersecurity jobs are unfilled across the U.S. despite a cyberattack occurring every 39 seconds on average. America's cyber future is dependent upon a highly skilled workforce and preparing this future workforce must begin in America's elementary schools. Close the cyber talent gap and support federal initiatives, including the National Cyber Workforce and Education Strategy, to equip our educators with the tools that inspire our future cybersecurity experts and to meet the demands of one of the fastest growing and most critical industries in the U.S.

Supply Chain Security

Support federal government efforts to enhance the security and reliability of software, firmware and hardware supply chains through open and transparent private sector partnerships that are mutually beneficial and ideally incentive-driven.

Develop Policies for Objective Assessment

Focus on coordinated, whole of government efforts to develop clearly defined policies and standards for objectively assessing supply chain risk and security.

Encourage Public and Private Sector Collaboration (nationally and at the state level) – Expand on the National Telecommunications and Information Administration's work with industry stakeholders to produce a Software Bill of Materials that promotes supply chain transparency and reduces risk. Key focus areas are:

- **Expand Task Force Action** – Support the Federal Acquisition Security Council/U.S. Department of Homeland Security's Information and Communications Technology Supply Chain Risk Management Task Force.
- **Put Policy in Action** – Craft and pass legislation that preserves national security while spurring innovation in a globalized economy.
- **Refine While Measuring Impact** – Work to transparently continue to refine and adopt the U.S. Department of Defense's Cybersecurity Maturity Model Certification while continuing to track, assess and spread awareness of its impact on Arizona's defense industrial base.

Internet of Things (IoT) Cybersecurity

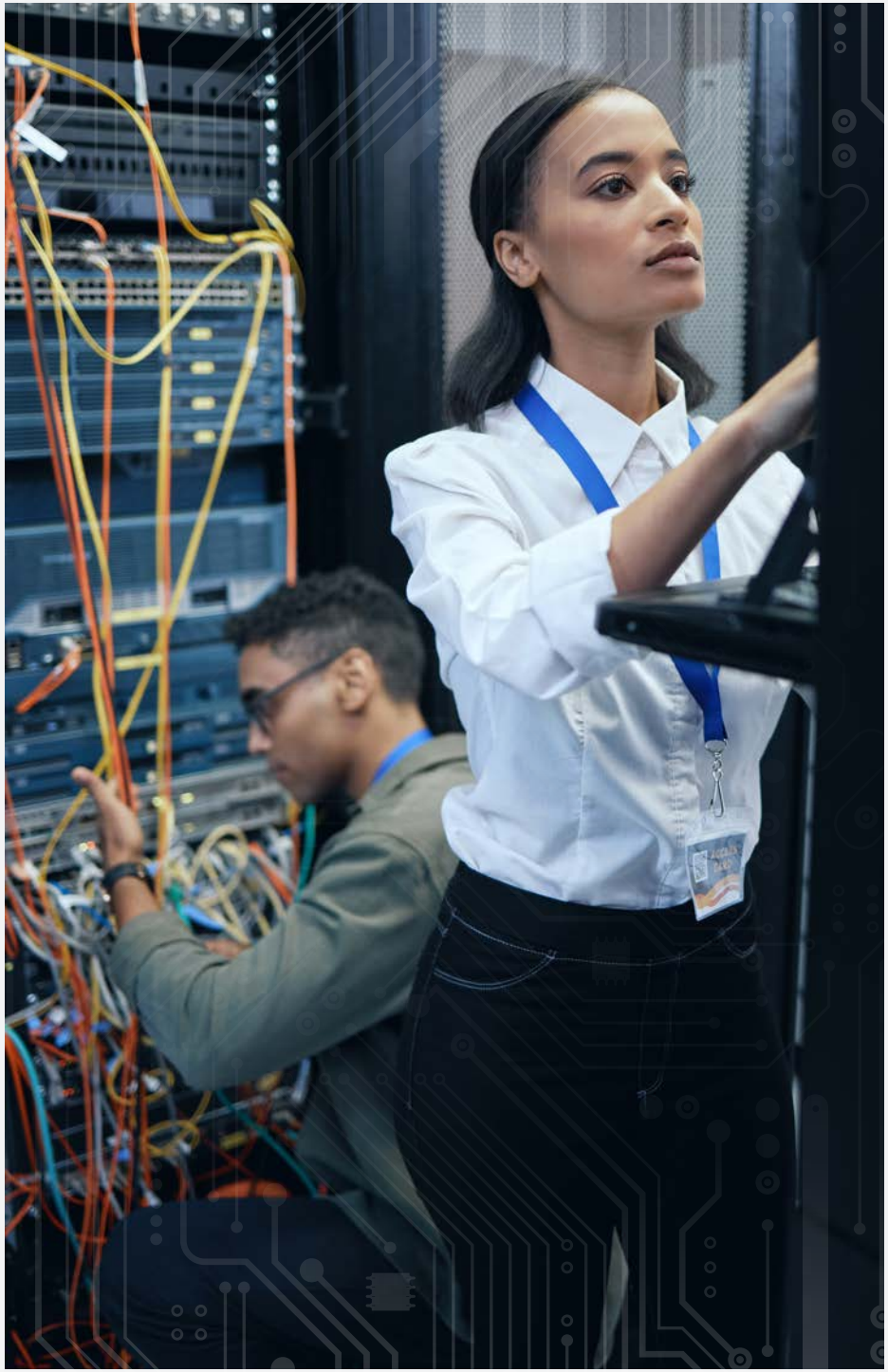
Increasingly, the threat landscape broadened by the exponentially growing IoT includes cyber compromises that result in physical consequences. This both raises the concern and response of government and the private sector, particularly when the consequences manifest themselves in potential life-threatening situations. Support the development of a flexible, stackable baseline of IoT security requirements to be built upon and tailored to fit individual ecosystem needs and evolve as technology progresses. This will happen through:

- Passage of the IoT Cybersecurity Improvement Act.
- Development of the National Institute of Standards and Technology (NIST) Core Cybersecurity Feature Baseline for Securable IoT Devices (NISTIR 8259) and C2 Consensus on IoT Security Baseline Capabilities.
- Coordination with the Federal Trade Commission to deem conformance with the NIST baseline presumptively reasonable.
- International harmonization of IoT security practices.

5G Security

The Council supports rapid deployment of 5G infrastructure utilizing trusted sources of supply, as well as maintaining a focus on security as 6G technology develops and is introduced into the infrastructure. Key focus areas are:

- Certified information systems auditor strategic risk management.
- Communications Security, Reliability and Interoperability Council guidance on network security and reliability.
- National Security Telecommunications Advisory Committee 5G and supply chain.



DIGITAL GOODS AND SERVICES

PRINCIPLE

The digital economy plays a strong role in the life and growth of Arizona industry. Given the importance of digital goods and services, support policy that fosters economic growth, removes barriers to innovation and does not lay undue technical burdens on companies. Where regulatory frameworks are introduced, support policy that is clear and non-contradictory across the multiple states and regions that companies serve. Digital services often include a communication component, and the First Amendment rights of digital services' users to speak should be upheld.

POSITIONS

Fair and Level Field

Any bills working to address competition issues under the aegis of antitrust, fairness, or open markets should balance the needs of existing companies against the needs of emerging companies.

Content Providers

Proposed laws seeking mandatory content filtering at the device or platform level must respect the First Amendment rights of users of digital services and not lay an undue technical burden on digital services providers. Proposed laws must respect existing laws regarding removal of digital services' liability for digital content provided by the platform. Similarly, mandatory content moderation laws must comply with existing laws regarding removal of liability for content and the upholding of digital service providers' ability to make content moderation decisions for themselves.

As online advertising is a core business model of many digital service providers, proposed regulations on such advertising must not hinder economic growth, lay an undue technical burden on providers or take away a platform's ability to moderate its content.

Data Privacy

Privacy on social media platforms is an area of concern for digital service providers. Proposed laws must acknowledge and balance the rights of privacy that the individual has but not lay an undue technical burden on digital service providers.

ENERGY

PRINCIPLE

The link between technology investment and energy is fundamental and unbreakable. To attract investment capital and retain and grow its technology business sector, the U.S. needs predictable and investable energy markets that ensure affordability, grid reliability and energy security while enabling companies to meet internal sustainability goals. Additionally, the country needs a secure and adequate water supply. Every key American technology cluster shares these needs. Policy and legislative choices that enable market forces to improve the status quo have historically been favored. There are several attractive policy options that would benefit businesses, job creation and economic productivity.

Transitioning to low-carbon technologies would provide the ideal landscape for companies and utilities to meet their sustainability goals. A growing number of companies are setting goals to source 100% renewable energy for their facilities and reduce their carbon footprint. Access to cost-effective, low-carbon or carbon-free energy resources is an important factor for companies as they consider where to make future investments.

POSITION

Clean Hydrogen Development

Support the development of clean regional hydrogen hubs and continued federal investments in hydrogen and fuel-cell technologies and their related research and development. Support upstream, midstream and downstream applications related to the development of a national hydrogen marketplace that helps achieve deep emissions reductions in energy-intensive, hard-to-decarbonize sectors, including shipping, aviation and industrial applications like steel manufacturing. Hydrogen energy and fuel cells can help reinforce clean-energy grids by providing long-term energy storage options and offering dependable, cost-effective backup power. Hydrogen energy and fuel cells can also enhance energy security in the transportation sector, reducing petroleum imports and supplying a dependable, domestically produced source of energy.

FEDERAL GOVERNMENT INVESTMENT IN RESEARCH AND DEVELOPMENT

PRINCIPLE

Innovation, agility, and imagination remain essential to sustaining U.S. leadership in the global economy. Federal research and development (R&D) has long been the backbone of American competitiveness, driving advances in public health, defense, aerospace and emerging technologies. Yet, with the new administration proposing deep cuts to National Institutes of Health (NIH), National Science Foundation (NSF) and other research agencies, the need for advocacy never has been greater. As other nations dramatically expand R&D investments, the United States risks losing ground without robust federal commitment. With strong research universities, bioscience sector, semiconductor leadership and space expertise, Arizona has much at stake in defending and strengthening the federal role in innovation.

POSITIONS

Defend and Expand Federal R&D Budgets

Support strong funding for NIH, NSF, Department of Energy, Defense Advanced Research Projects Agency (DARPA), NASA and National Institute of Standards and Technology. Cuts of up to 40% at NIH and over 50% at NSF threaten both near-term discovery and the long-term innovation pipeline. Arizona's research universities, medical institutions and small businesses rely on these grants to fuel breakthroughs, create jobs and strengthen national security.

Preserve Equity and Impact in Science Funding

Federal R&D must continue to support diverse research portfolios, including minority health, rural health care access and diseases with disproportionate impact. Arizona benefits directly from such funding, which advances both equity and innovation. Curtailing these programs undermines the ability to address health disparities and regional challenges.

Strengthen the Federal Research Ecosystem

Arizona advocates for sustained support of the national labs, federally funded research and development centers, and small-business innovation programs like Small Business Innovation Research and Small Business Technology Transfer. These programs are critical to translating basic science into commercialization and keeping the U.S. innovation ecosystem globally competitive.

Advance Arizona's Role in National Priorities

Arizona is well-positioned to lead in priority areas of federal investment, including semiconductor manufacturing, clean energy, space exploration, artificial intelligence and quantum technologies. Increased federal funding should be aligned to expand capacity in these areas, leveraging Arizona's unique ecosystem of universities, research centers and advanced manufacturers.

Guard Against Economic and Security Risks of Cuts

Even modest reductions in federal R&D have disproportionate ripple effects. Cuts to NIH and NSF jeopardize not only Arizona's research community but also economic security, health care innovation and U.S. global competitiveness. Protecting and expanding funding safeguards the innovation pipeline critical to both our state and nation.

Federal R&D investment is foundational to America's economic strength, public health and national security. At a moment when competitors are doubling down on innovation, the U.S. cannot afford to retreat. Arizona stands ready to demonstrate the return on these investments, but it will require Congress and the administration to reaffirm their commitment to science, discovery and the innovation that secures our future.

FEDERAL TAXES

PRINCIPLE

Tax policy should be a tool for stimulating innovation, economic growth and competitiveness, especially in strategically critical sectors like aerospace, manufacturing, semiconductors and clean energy. Support tax structures that encourage investment and reduce barriers for businesses of all sizes. Recent developments—including the passage of the One Big Beautiful Bill Act (OBBBA), which introduced key tax incentives for research and development (R&D) and semiconductor investment—underscore the importance of forward-looking, durable tax policy. Moreover, clean-energy tax credits remain essential in advancing sustainability and maintaining U.S. global competitiveness as long as they are preserved. Despite these gains, gaps remain in tax policy that need to be addressed to sustain momentum, reduce compliance burdens, and ensure equity across industries and regions.

POSITIONS

Promote Business Investment Through Stable Tax Policy

Advocate a simplified, predictable tax code that encourages long-term business investment. The OBBBA restored full expensing for capital investments and made the use of R&D expenses in the year they were incurred permanent—reversing earlier amortization of R&D. While this was a critical win, more needs to be done to simplify the broader tax code, reduce complexity for small and mid-sized businesses, and provide stability that prevents year-to-year swings in tax treatment. Advocacy should focus on ensuring these provisions cannot be easily repealed and that permanent treatment extends to emerging innovation sectors such as artificial intelligence and quantum.

Leverage Incentives for Semiconductor and Advanced Manufacturing

The OBBBA increased the Semiconductor CHIPS credit from 25% to 35% for new domestic facilities financed before 2026. This high-impact tax incentive is critical to reestablishing U.S. leadership in advanced chipmaking and strengthening supply chains. However, the incentive is temporary. Support extending and expanding these credits beyond 2026, providing certainty for long-term investments in Arizona's semiconductor ecosystem. Federal policy must also clarify eligibility for supply-chain participants—not only large fabs but also smaller specialty manufacturers that play critical roles in innovation.

Preserve and Expand Clean Energy Tax Credits for Economic and Climate Gains

Tax credits under the Inflation Reduction Act remain vital to expanding renewable energy infrastructure, reducing emissions and sustaining energy affordability. While there is political action to repeal or reduce` them, doing so would hurt job creation, undermine U.S. competitiveness and stall private-sector investment already underway. Advocate preservation of these credits and supports expanding them to include new clean-energy technologies such as advanced nuclear, long-duration energy storage, and hydrogen. In addition, policymakers should simplify credit applications to reduce compliance costs for smaller developers and ensure equitable access to these incentives across states and communities.

Ensure Fair, Simple and Predictable Tax Treatment Across Jurisdictions and Modalities

Interstate and digital economy taxation must minimize complexity. Sales tax policies should treat digital products on par with tangible goods and include small business exemptions. Legislation should simplify tax withholding and reporting for remote workers and nonresident employees to reduce administrative burdens. Advocate harmonization across states to prevent compliance "patchworks" that impose disproportionate costs on smaller firms. Advocacy should also focus on modernizing digital taxation rules to reflect today's hybrid workforce and ensure fairness without stifling digital innovation.

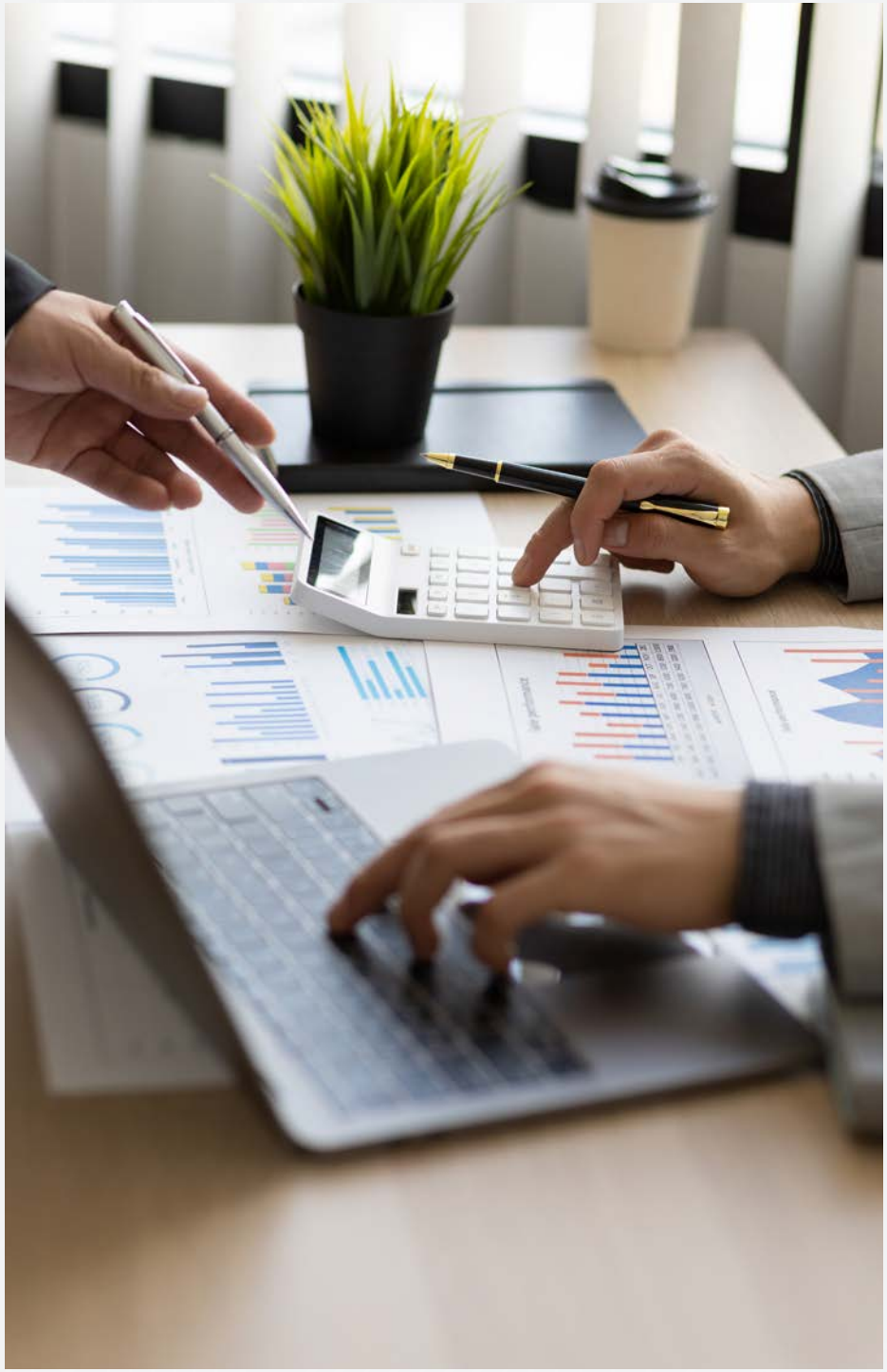
Protect and Strengthen Export Incentives to Boost Manufacturing Competitiveness

The OBBBA improved the Foreign-Derived Deduction Eligible Income (FDDEI), enabling companies with significant U.S.-based operations to pay a lower 14% tax on export profits versus 21% for domestic income. These incentives support onshore manufacturing and help the U.S. retain technology-intensive exporters. Support strengthening and extending FDDEI provisions while advocating broader export tax relief tools. Arizona companies—especially in aerospace and defense, energy, and semiconductors—depend on exports. Fair, predictable tax treatment is essential for global competitiveness.

Align Tax Policy to Support Innovation-Led State Economies

Anchored by semiconductors, advanced manufacturing, clean energy, health care and aerospace and defense, Arizona's economy is uniquely positioned to benefit from federal tax investments that spur innovation. Federal tax policy should explicitly support alignment with the state's strategic priorities, including supply chain resilience, clean energy deployment and advanced manufacturing hubs. Advocate Arizona's voice to be included in shaping future tax policy so incentives reflect regional priorities and help scale the state's tech ecosystem domestically and globally.

Tax policies are strategic levers that underpin innovation, resilience and global leadership. Advocate fixes that ensure incentives are long-term, equitable and accessible, including making semiconductor and clean energy credits permanent, clarifying digital taxation rules, expanding credits to cover new technologies, and harmonizing interstate policies to reduce compliance burdens. With the right reforms and continued advocacy, Arizona can accelerate growth, create high-value jobs and solidify itself as a national innovation leader.



FINANCIAL TECHNOLOGY (FINTECH)

PRINCIPLES

Distributed ledger technology (DLT), otherwise known as blockchain, is perhaps the most misunderstood emerging technology in the world today. Since its inception, secure DLT has been widely viewed through the lens of virtual currencies—particularly the hype surrounding the buying and trading of bitcoin and other digital coin offerings—at the expense of understanding the broader impact of fintech advances and the blockchain technology that powers it.

Blockchain has the potential to revolutionize many sectors of the U.S. economy if the proper legislative and regulatory measures are taken to enable and foster its development by correcting the ineffective and confusing patchwork of policies. Today's system of divergent laws and regulations is unsuitable for this diverse and quickly evolving industry in need of a comprehensive regulatory approach. The technology brings significant efficiencies to not only currency and financial transactions but also asset ledgers, global supply chains, Internet of Things (IoT) data collection and decentralized social networking.

POSITIONS

Federal policymakers should consider developing policies and regulatory structures for fintech and blockchain environments that encourage developers and market participants to continue innovating and providing solutions that will aid the public sector in achieving its mission and goals. To do so, policymakers should understand the promise, uses and questions that blockchain currently presents. Support:

Securities Law Clarification

The linchpin for tokenized projects in the U.S. is the application of federal securities law to token sales. Initial coin offerings (ICOs) have arisen as forms of crowdfunding for blockchain projects through the sale of digital tokens, many without adherence to federal securities law. However, if conducted properly, they are legitimate forms of crowdfunding. Additionally, not all initial token sales are ICOs but merely a means of getting new goods or services to market. Unfortunately, the U.S. Securities and Exchange Commission's (SEC) framework for investment contract analysis of digital assets does little to clarify the circumstances in which a token sale will be treated as a security offering and our antiquated securities laws simply do not fit the modern-day use of digital assets. In the continuing absence of the statutory clarity, the industry is in turmoil and many innovators have left U.S. markets to launch their projects overseas. Congress, the SEC and other financial regulators should work with stakeholders to create a responsible framework for regulating ICOs and non-security token sales that evolve existing securities and commodity regulatory statutes to facilitate the use of digital assets.

Multi-Agency Coordination and Regulatory Alignment

In accordance with the Government Accountability Office's 2023 report "Blockchain in Finance: Legislative and Regulatory Actions Are Needed to Ensure Comprehensive Oversight of Crypto Assets," the federal agencies involved in fintech regulation should jointly establish or adapt an existing formal coordination mechanism for collectively identifying risks posed by blockchain-related products and services and formulating a timely regulatory response. Those agencies include the Federal Reserve System, Federal Deposit Insurance Corporation, SEC, Comptroller of the Currency (OCC), National Credit Union Administration, Commodity Futures Trading Commission and Consumer Financial Protection Bureau.

Digital Currencies

Often associated with blockchain and DLT, digital currencies are entering a new and heightened era of importance exhibiting properties like traditional currencies but generally not having a classical physical form of fiat currency. The risks and benefits of establishing any centralized government digital currencies must be carefully weighed. Following the recent signing of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act establishing a federal framework for stablecoins, agencies are urged to implement it quickly to strengthen the role of the U.S. dollar.

Decentralized Finance (DeFi)

DeFi is a related and rapidly developing realm experiencing an organic and global wave of innovation that introduces advantageous alternatives to almost every form of legacy financial instrument. DeFi is supplanting more centralized fintech with institutional and retail investors likely to use whatever platform is offering the greatest variety of services and assets. Because DeFi innovation is driving powerful and fundamental shifts in the foundations of the global economy, it is important that federal policymakers continue to

prevent losing relevance and competitiveness by innovating with regulation and legislation that adjust to this new world of digital assets.

Decentralized Web (DWeb)

Due to content constraints and lack of trust with the current internet, the DWeb proposes the reorganization of the internet to remove centralized data hosting services, using instead a peer-to-peer infrastructure. Traditional platforms are being disrupted and disintermediated, opening the possibility of a world in which people can own their data and grant applications permission to use it on a limited basis rather than having that data scattered across hundreds of centralized databases. Decentralized identity as an open, standards-based identity framework using digital identifiers and verifiable credentials that are self-owned and independent and enable trusted data exchange should be enabled and adopted for end-user control, privacy and security reasons. The federal government itself and in concert with international organizations should work to adjust regulatory paradigms that encourage DWeb development and adoption, driving progress, opportunity and inclusion.

Non-Fungible Tokens (NFTs)

A new and dynamic method of creating property rights commonly known as NFTs has emerged and grown rapidly in popularity. NFTs are being applied to digital art, sports, real estate, documents and other forms of unique assets. They are created on blockchains and traded on various cryptocurrency exchanges, representing powerful versatility within the formerly static realm of asset ownership. While NFTs are still in their infancy, they represent an innovative alternative to traditional forms of property ownership and are challenging to regulate with legacy policies. Congress and federal regulators should evolve updated and innovative ways to blend NFTs into legacy approaches to property rights through a method that encourages entrepreneurial innovation while recognizing and fostering this new tokenization of assets.

Regulatory Clarity Regarding Custody

The SEC, OCC and state regulators each have differing custodial requirements for digital assets and often offer conflicting guidance that becomes subject to jurisdictional battles. Providing increasing clarity on how existing custody rules apply to digital assets while allowing the traditional, regulated financial system's interaction with digital assets will provide a safer arena for users navigating the digital asset ecosystem. Customers should have the choice to hold digital assets with exchanges, regulated banks or broker-dealers. Yet, traditional U.S. custodians are reluctant to offer digital asset services due to unclear regulatory approval requirements. Additionally, the SEC has made it financially unworkable to hold digital assets by requiring an equal asset on the custodian's balance sheet as a liability. Congress should require the SEC to rescind this requirement in favor of a notice and comment rulemaking, and regulators should provide clear custody guidance for incumbent and entrant providers.

Self-Custody

The freedom of self-custody through a self-hosted wallet plays an important role, allowing users to preserve financial privacy and securely store their assets without threat of loss from the security breakdown of a third-party custodian though with some higher degree of risk. Policymakers should ensure the option to self-custody is not infringed and federal agencies are kept from promulgating rules that would impair a person's ability to act as a self-custodian. Policymakers and industry should partner on educational outreach to ensure self-custody risks and benefits are thoroughly understood.

Regulatory Sandboxes

Following on the heels of Arizona's groundbreaking Fintech Regulatory Sandbox, proposals for sandboxes have been introduced or enacted in more than a dozen states. In addition, the Consumer Fraud Protection Bureau launched a sandbox for businesses subject to its regulations and the District of Columbia established the Financial Services Regulatory Sandbox and Innovation Council. Support additional federal blockchain and emerging technology regulatory sandboxes to reduce innovation barriers and create an agile environment for the testing and offering of fintech and blockchain applications. By fostering innovation, the United States can keep pace in dynamic international markets and develop many new use cases. Federal agencies should issue broad regulatory waivers for state sandbox participants and exemptions for transactions occurring within state regulatory sandboxes, exerting a light regulatory touch on nascent blockchain initiatives. Support adoption of an agencywide federal sandbox so innovators can take full advantage of this testing model nationally and internationally, ensuring legal and regulatory reciprocity between participating jurisdictions.

Federal Blockchain Stakeholders Working Group

Congress is strongly urged to pass legislation directing the Department of Commerce to establish a blockchain working group that recommends a consensus-based definition and regulatory framework for the technology. The working group should develop specific recommendations for the National Telecommunications and Information Administration and Federal Communications Commission to examine marketplace opportunities; support current and future security requirements, standards and interoperability; explore the potential impact of blockchain on spectrum policy; and promote the adoption of blockchain to promote efficiencies within the federal government.

Federal Government Records

Federal agencies and Congress should examine utilizing blockchain for the management and storage of government records for cost, efficiency and security considerations. Trials and pilots should be initiated to develop capabilities, gauge future direction and, when appropriate, inaugurate full-scale initiatives.

GLOBAL TRADE AND MARKET ACCESS

POLICY

After rebounding from the economic fallout of the pandemic, U.S. total trade (i.e., exports and imports of goods and services) declined modestly in 2023 and remained uneven through 2024 amid tightening financial conditions and geopolitical shocks. In 2025, the policy landscape shifted materially with new across the board and sector specific U.S. tariffs and a series of framework arrangements with key allies. The top U.S. trading relationships continue to be with the European Union, Canada, Mexico, China and Japan, with composition changing as supply chains regionalize and nearshoring accelerates.

Despite worldwide declines in some high tech categories, U.S. high tech exports have continued to grow, led by semiconductors, aerospace components, and information and communication technology (ICT) equipment. Shipments to allied markets in Europe rose by double digits while exports of smartphones, routers, boards and panels, gas turbine parts, and computers increased.

The U.S. historically has maintained low average import tariffs, with an average rate of approximately 2.5% in January 2025. As of August 2025, the U.S. average import tariff rate increased dramatically to approximately 18.6% to 20.1%, depending on measurement. According to the Budget Lab at Yale, the current average effective rate is approximately 17.3% to 19.4% after accounting for substitution effects.

For additional growth, market opportunities should be expanded worldwide, tariff and non tariff barriers reduced in areas such as digital trade), foreign direct investment encouraged, infrastructure supporting international trade strengthened, and U.S. technology advocated globally.

POSITIONS

Support trade policies and infrastructure investments that expand and open markets for the technology sector, prevent or eliminate trade barriers, promote U.S. foreign direct investment, and boost the global competitiveness of the industry. In addition, support uniformity of international data privacy and security laws to encourage innovation and policies that preserve the free flow of information across national boundaries.

Support Reauthorization of Trade Promotion Authority & Congressional Oversight Role

Encourage the U.S. Trade Representative (USTR) to actively negotiate new free trade agreements and encourage Congress to reauthorize Trade Promotion Authority (TPA). The most recent TPA expired in 2021. Support bipartisan efforts to reassert a formal congressional role over broad tariff actions to avoid unilateral measures that disrupt allied supply chains and raise costs for U.S. manufacturers and consumers.

Support Renewal of the United States-Mexico-Canada Agreement

Continue to support utilization of the United States-Mexico-Canada Agreement (USMCA) and strongly advocate its renewal during the 2026 joint review process under Article 34.7.

- The USMCA renewal process was expected to include a public comment period starting in October, a USTR report to Congress in January 2026 and a formal trilateral review on July 1, 2026, to decide whether to extend the agreement to 2042. If the parties do not agree, annual reviews will occur through 2036, creating uncertainty for North American supply chains. Support a timely and smooth renewal in 2026 to avoid triggering annual reviews and ensure long-term market stability for technology businesses.
- Advocate renewal negotiations incorporating modernization measures to further strengthen digital trade provisions, cross-border data flows, intellectual property (IP) protections, and predictable rules for technology goods and services. Support using the renewal process to reinforce North America's competitiveness, maintain tariff-free treatment for qualifying goods and safeguard collaborative innovation ecosystems.
- Effective March 18, 2025, the U.S. Customs and Border Protection (CBP) implemented an interim final rule to establish preferential and non-preferential origin procedures under USMCA. This includes enhanced requirements for textiles, apparel, automotive goods, and customs compliance (e.g., certifications and recordkeeping). For vehicles, CBP introduced a unique identifier and compliance with labor, steel and aluminum content certifications. Goods from Canada or Mexico that qualify for USMCA preference are now exempt from certain International Emergency Economic Powers Act (IEEPA)-based tariffs. Additionally, CBP has introduced tighter non-preferential country-of-origin (COO) rules, including stricter "substantial transformation" criteria and new digital photo documentation for COO markings on certain higher-risk imports. These rules

impose higher compliance burdens on importers. Congress should monitor CBP's implementation and enforcement related to USMCA marking rules.

- Leverage the USMCA agreement as a template for new trade agreements and a proven model for integrating digital trade, services and advanced manufacturing disciplines into future pacts.

Support Stability & Predictability in Evolving Trade Relations Between the U.S. and China

As of August 2025, the U.S. and China were in a fragile trade détente. After sharp IEEPA-based reciprocal tariff escalations and the imposition of IEEPA-based fentanyl tariffs earlier in the year, the parties agreed to a 90-day truce in May 2025, extended for another 90 days on August 12, 2025, preventing rates from jumping higher while talks continue. (Working levels during the truce were approximately 30% U.S. average and 10% People's Republic of China retaliation, varying by product.) Negotiations were ongoing through high-level consultations and working groups covering rare-earth and critical-mineral licensing, semiconductor/export-control issues, and targeted market-access matters. With no comprehensive deal yet, advocate stability and predictability between the U.S. and China, including the de escalation of tariff disputes while maintaining targeted national security safeguards.

There are numerous trade-related policy matters under negotiation between the U.S. and China that should be monitored, including:

- Section 301 Tariffs – Monitor the tariff increases on electric vehicles and batteries (including parts), solar wafers and polysilicon (to 50%), and certain tungsten products (to 25%), assessing downstream impacts on U.S. clean tech supply chains.
- Tariff Exclusions – Track the USTR's evolving tariff exclusions, which are temporary waivers allowing specific imports from China to avoid the extra Section 301 duties. These exclusions are granted when products are not readily available from other sources or when tariffs cause disproportionate harm to U.S. businesses. As of August 2025, USTR had extended 178 such exclusions—covering certain industrial components, solar manufacturing inputs and other specialized goods—through August 31, 2025.
- Litigation Risks – Check the status of ongoing Section 301 litigation at the U.S. Court of Appeals for the Federal Circuit as well as proceedings at the U.S. Court of International Trade, which struck down broad IEEPA-based tariffs but the ruling is stayed pending appeal. Both situations create operational uncertainty.
- Export controls – Monitor recent Bureau of Industry and Security rule expansions restricting exports of advanced chips, semiconductor equipment, and certain artificial intelligence (AI) model weights to China, which may affect technology and research and development operations.
- Critical Minerals & Rare Earths – China controls the export of certain minerals crucial to U.S. tech and clean-tech industries, including graphite, gallium, and germanium that affect battery and electronics supply chains. In mid-2025 China partially reopened rare-earth exports, but the rules are complex and access remains volatile. Monitor China's export licensing limits on rare earths and support actions to diversify supplies and reduce risk.

Forced Labor Prevention Enforcement

Forced labor prevention is a top U.S. trade enforcement priority for CBP, which detains and seizes imports suspected of having been produced, wholly or in part, with forced labor, convict labor, indentured labor or child labor. CBP issues withhold release orders to detain and seize the entry of suspected shipments into the United States. The Uyghur Forced Labor Prevention Act (UFLPA) also creates a rebuttable presumption that goods made in the Xinjiang Uyghur Autonomous Region of China or by an entity designated on the UFLPA Entity List were made with forced labor. Such shipments are detained and importers must provide clear and convincing evidence that the goods were not produced with forced labor in order to secure their release from CBP custody. CBP has detained numerous import shipments, including those containing electronics, autos, solar panels and accessories. Council members are encouraged to review the online forced labor prevention resources posted on the websites of CBP, the Department of Labor and the International Labour Organization, as well as implement the necessary compliance policies and procedures.

Outbound Investment Screening

Effective January 2, 2025, the U.S. Department of the Treasury's Outbound Investment Program restricts certain U.S. investments in Chinese companies involved in semiconductors, artificial intelligence, and quantum computing—sectors deemed critical to national security. The program requires either prohibitions (for the most sensitive technologies) or advance notifications (for less sensitive but still strategic investments) when U.S. entities engage in transactions with covered Chinese firms. While the rules are narrower than some early proposals, compliance is mandatory and penalties for violations can be severe. Council members should review current or planned investments for potential triggers, coordinate with legal counsel, and track ongoing regulatory updates, as the scope of covered technologies may expand over time.

Use of IEEPA for Trade Negotiations

In 2025, the IEEPA was invoked to impose sweeping import tariffs to address declared national security emergencies said to include countries' unfair trade practices that harm U.S. producers and the flow of illegal fentanyl into the United States. These tariffs are commonly referred to as the IEEPA-based fentanyl tariffs and the IEEPA-based reciprocal tariffs. The U.S. government encouraged countries interested in reducing the impact of IEEPA-related tariffs to take affirmative actions to stem the flow of fentanyl from their

territories into the U.S., as well as encourage countries to enter into non-binding, executive "framework" agreements to outline tariff ceilings or carve-outs, and serve as bridges to future, fuller agreements. The "framework" agreements are not congressionally approved free trade agreements and typically lack dispute settlement, detailed schedules, and statutory changes. As such, they are political commitments, not treaty obligations, and can be modified or withdrawn by executive order.

The following countries have recently entered into framework agreements with the U.S. and have agreed to reduce or remove certain tariff and non-tariff barriers imposed against U.S. products: European Union (EU) (July 28, 2025), United Kingdom (May 8, 2025), Japan (July 23, 2025), South Korea (July 31, 2025), Indonesia (July 22, 2025), Philippines (July 2025) and Vietnam (July 2, 2025). These framework agreements typically set new baseline tariff rates, introduce sector-specific provisions, and are designed to avoid higher punitive rates while maintaining strategic economic relationships

The Council recognizes fast, narrowly scoped executive understandings can help defuse acute trade frictions and provide short-term certainty for firms. However, durable, pro-growth outcomes for Arizona's technology ecosystem are best supported by transparent, rules-based agreements with congressional participation rather than from sustained reliance on emergency authorities.

- Support predictable rules over ad-hoc leverage – The Council understands the use of framework agreements provided they serve as time-limited bridges to formal, high-standard agreements (with robust digital trade, IP and services chapters). Support legislation that requires framework agreements to include explicit sunsets, milestones and a published conversion plan to a binding agreement (or termination) within a set time frame (e.g., 12 to 18 months).
- Discourage IEEPA from non-emergency bargaining – Routine or prolonged use of IEEPA to secure trade concessions is discouraged if no exigent national-security emergency exists. Emergency tools should be narrowly tailored, time-bound and reviewable. The Council supports legislation that limits the scope and duration of IEEPA-based tariffs, and requires periodic congressional reauthorization for any ongoing measures tied to trade talks.
- Support Congressional Trade Leadership – Support reinstating TPA to ensure Congress plays an active, informed role in shaping U.S. trade policy. This includes strengthening requirements for congressional notification and public transparency, and setting clear time limits on any emergency tariff measures used as negotiating leverage.
- Carve-outs for allies/supply chains – Where emergency measures are invoked, support clear exemptions or rapid review pathways for close allies and critical inputs (e.g., semiconductors, advanced packaging, critical minerals, medical supply chains) essential to Arizona's tech sector.

Monitor Evolving Trade Relationship with Taiwan

The U.S.-Taiwan Initiative on 21st-Century Trade launched in June 2022 and yielded its first agreement—on anti-corruption, customs, regulatory practices, services and subject matter experts—which entered into force on December 10, 2024. A second phase is now in negotiation, addressing labor, environment and agriculture. As of August 7, 2025, the U.S. imposed a 20% reciprocal tariff on most imports from Taiwan (historically between 2% to 3%). This tariff is stacked on top of existing most favored nation (MFN) duties. Taiwan's semiconductor exports—crucial to the global tech supply chain—remain under separate negotiation and may be exempt from the 20% rate depending on outcomes. While the administration announced a sweeping 100% tariff on semiconductors, Taiwanese firms investing in U.S. operations (e.g., TSMC's Arizona fabs) are currently exempted from this steep levy. Taiwan is continuing negotiations with the U.S., seeking "tariff stacking relief" and more favorable terms under both the reciprocal tariff framework and broader trade discussions. Given the importance of TSMC to the Arizona economy, support continued advances under the initiative, as well as advocate outcomes that preserve ICT supply chain resilience and avoid broad tariffs on strategically important components.

Advocate a Strong, Strategic Relationship with the United Kingdom

The United Kingdom (U.K.) remains one of the United States' most important and strategic allies, with deep economic, security and technology ties. Support the continued implementation of the strategic roadmap developed under The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-U.K. Economic Partnership, including cooperation on the AI Safety Memorandum of Understanding (collaboration on testing through the U.S. and U.K. AI Safety Institutes) and the U.K.-U.S. Data Bridge (facilitates secure, interoperable data flows between the two nations). In addition, the Council supports recent developments, including the U.S.-U.K. Strategic Dialogue on Biological Security (strategic collaboration on bio surveillance, microbial forensics and global biosecurity), and the U.S.-U.K. Sanctions Dialogue (collaboration on export controls, sanctions coordination and shared regulatory enforcement).

Prior to 2025, tariffs on most U.K. imports averaged approximately 2% to 3% under World Trade Organization (WTO) MFN rates. Following the reciprocal tariff announcement in April 2025, a 10% blanket tariff was imposed on U.K. good. Higher rates applied to certain sectors, most notably 25% on automobiles and steel/aluminum products.

On May 8, 2025, the U.S. and the U.K. announced the U.S.-U.K. Economic Prosperity Deal, a new executive framework agreement implemented in mid-June 2025. While not a comprehensive trade agreement, the framework provided targeted sector-specific relief, including:

- Automobiles – A tariff-rate quota allowing the first 100,000 U.K. made vehicles at a reduced 10% tariff (7.5% Section 232 + 2.5% normal duty), with volumes above the quota subject to the 25% Section 232 rate.

- Aerospace – Duty-free import for U.K.-origin civil aircraft components under WTO provisions.
- Steel & Aluminum – Tariff-rate quotas contingent on U.K. compliance with supply-chain security and ownership requirements. Excess volumes are subject to 25% tariffs.
- Agricultural Products – Expanded quota-based, tariff-free access for U.S. beef and ethanol exports to the U.K.
- Pharmaceuticals – Commitments to explore preferential treatment based on Section 232 investigations and U.K. compliance with supply and security standards.
- Digital Trade & IP – A joint, non-binding commitment to pursue high-standard negotiations on digital trade, IP protection, labor, environment and streamlined customs/procurement access.
- Steel – Steel tariff terms remain unresolved, and no tariffs are permanently removed.

Support continued efforts to expand the May 2025 framework agreement into a comprehensive U.S./U.K. free trade agreement that includes strong provisions for technology cooperation and supply chain resilience, preserves and strengthens the strategic partnership between the United States and the U.K., ensures mutual market access, and meaningfully reduces both tariff and non-tariff barriers in a manner that benefits industries and consumers in both nations.

Support U.K.-Arizona Commercial Ties

The Council supports state level cooperation between the U.K. and Arizona (e.g., memorandums of understanding, sectoral initiatives) to expand trade and investment in technology and services, procurement access, and mutual recognition of professional qualifications.

Support U.S.-Canada Trade and Policy Engagement

Support maintaining and strengthening the U.S.-Canada trade relationship, one of the most integrated and strategically important in the world, and de-escalation of current trade disputes. As of mid-2025, U.S. Section 232 tariffs on Canadian steel and aluminum have been escalated to 50%. Additionally, 25% tariffs now apply to autos, light trucks and parts while energy and potash face 10% tariffs. These tariffs persist despite USMCA's preferential treatment for compliant goods. Following the imposition of new U.S. tariffs, Canada announced retaliatory tariffs of up to 25% on targeted U.S. goods. Both governments should be encouraged to de escalate tariff measures, prioritize negotiated solutions, and advance bilateral cooperation in areas such as critical minerals, clean energy and supply chain resilience.

Support the Australia United Kingdom United States (AUKUS) Partnership

Support the 2024-2025 reforms easing export controls among AUKUS partners under the Export Administration Regulations and the International Traffic in Arms Regulations, which have enabled license-free defense and dual-use collaboration while ensuring safeguards for sensitive technology. These reforms are helping to streamline industrial interoperability across the U.S., U.K. and Australia.

Key exemptions, particularly for submarine propulsion and other advanced military systems, remain constrained under the Excluded Technology List (ETL), limiting full-scale cooperation. Continued government and industry dialogue is encouraged to refine the ETL, expand license-free access where appropriate, improve clarity on sensitive categories and support industry participation in trust-building pathways (e.g., AUKUS Open General License) to bolster trilateral defense innovation.

As of mid 2025, the Department of Defense initiated a strategic review of AUKUS under an America First policy lens. Concerns have been raised that U.S. tariffs on critical inputs such as steel and aluminum could increase costs for AUKUS-related defense manufacturing, particularly submarines, and strain supply chain cohesion. Support maintenance of AUKUS objectives and protection of allied supply chain resilience.

Monitor Russia

Monitor and update Council members on the evolving sanctions and export controls imposed against Russia and Belarus by the United States and its allies.

Support the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA) – Support reform efforts under TIFA, especially in customs modernization, SPS alignment, digital infrastructure, IP protection and women's economic inclusion. Importantly:

- Advocate U.S. strategic engagement with key regional infrastructure, including the China-Kyrgyzstan-Uzbekistan railway and the Trans Caspian Corridor, to enhance supply chain resilience while ensuring participation supports U.S. and allied economic and security interests.
- Welcome border stabilization agreements (e.g., border treaty among Tajikistan, Kyrgyzstan and Uzbekistan) as opportunities to improve trade logistics and regional connectivity.
- Monitor U.S. diplomatic engagement through C5+1 initiatives, especially regarding critical minerals, and encourage policy shifts that maintain investment and trade support for the region amidst evolving U.S. priorities.

Monitor U.S.-India Tariff Escalation

In August 2025, the United States raised tariffs on Indian imports by an additional 25%, pushing total duties to approximately 50% on select sectors—including textiles, electronics, pharmaceuticals, solar components and home goods—as a punitive response to India's continued Russian oil purchases. These tariff rates now affect more than half of Indian exports to the U.S. and trade negotiations are strained. Monitor how this development may ripple through bilateral engagement, advocate sector-specific approaches and

support rules-based solutions that protect national-security objectives without derailing opportunities for strategic collaboration.

Support the U.S.-India Initiative on Critical and Emerging Technology (iCET)

Support iCET as the primary channel to deepen cooperation in semiconductors and ICT, AI, space, defense codevelopment and critical minerals while preventing leakage of sensitive or dual-use technologies and reducing frictions in strategic trade. Maintain momentum in 2025 across iCET working groups (e.g., ICT infrastructure, AI, semiconductors, space) and related dialogues, and back leaders' commitments to accelerate defense-tech collaboration, including opening negotiations on a Reciprocal Defense Procurement agreement and leveraging the 2024 U.S.-India Security of Supply Arrangement to strengthen defense supply-chain reliability.

Promote Digital Trade

Oppose discriminatory digital services taxes (DSTs) and support a digital economy committed to cross border data flows and interoperable privacy standards. Work with allies to counter digital authoritarianism and to establish international standards for emerging technologies, including AI governance:

- WTO e-commerce moratorium – WTO members extended the moratorium on customs duties for electronic transmissions through March 31, 2026. Advocate making the moratorium permanent to avoid new online tariffs on software, media and other digital goods.
- Digital Services Taxes (DSTs) & Pillar One – The Organisation for Economic Co-operation and Development Pillar One negotiations, aimed at replacing unilateral DSTs with a global framework for taxing large multinationals, included a voluntary standstill agreement under which 138 jurisdictions agreed not to impose new DSTs while talks continued. That standstill was extended into 2024 but has since lapsed due to missed deadlines and stalled negotiations. Recently, as part of trade negotiations with the U.S., Canada fully rescinded its DST. However, most countries with existing DSTs (e.g., U.K., France) have kept them in place. Supports effort to advance an international digital tax framework, including support for the standstill and rollback of unilateral DSTs until a multilateral tax agreement is reached that prevents double-taxation of U.S. tech exporters.
- Global CBPR Interoperable Privacy – Support the Global Cross-Border Privacy Rules (CBPR) Forum, which in May 2025 launched Global CBPR and Privacy Recognition for Processors certifications to streamline trusted data transfers across jurisdictions. .
- Regional frameworks – Monitor the Indo Pacific Economic Framework for Prosperity (IPEF). Partners have not concluded the trade pillar covering digital rules, so urge high-standard data-flow commitments in any future text.
- Bilateral data bridges – Continue supporting data-transfer arrangements with close allies (e.g., U.K.-U.S. Data Bridge, EU-U.S. Data Privacy Framework) to ensure lawful, reliable cross-border data flows.

Monitor Emerging and Foundational Technologies

Advocate timely, narrowly tailored export controls on emerging and foundational technologies under the Export Control Reform Act while avoiding overbreadth that could unintentionally hinder allied collaboration and innovation.

Monitor Carbon Border Measures

Monitor and engage on proposed carbon border adjustments, including the EU's Carbon Border Adjustment Mechanism, which entered its transitional reporting phase in October 2023 and will move to its definitive regime with financial obligations on January 1, 2026. Encourage any U.S. approaches that promote decarbonization, remain WTO-consistent, incorporate clear and transparent product-level emissions methodologies, and provide exemptions or favorable treatment for allies with comparable climate standards. Track emerging U.S. legislative proposals (e.g., PROVE IT Act, Clean Competition Act) and assess potential implications for Arizona's technology sector.

Support the Industrial Deep Decarbonization Initiative (IDDI) under the Clean Energy Ministerial, including standardized carbon assessments, procurement targets and targeted investments. Since its launch in June 2021, IDDI has mobilized multiple governments and private sector actors to drive green public procurement of low-carbon steel and cement, and advance unified emissions accounting. While federal industrial decarbonization funding has recently been significantly reduced—including cancellation of $3.7 billion in DOE clean energy project grants and freezing key components of the Inflation Reduction Act, such as grants and subsidies that underpin initiatives like IDDI—continue supporting IDDI's demand-side strategy, advocate restoration of U.S. funding, and promote public procurement commitments and industrial standards since U.S. leadership remains vital to scaling low-carbon industrial materials.

Expand New U.S.-EU Trade Framework Agreement

Europe remains one of the United States' most trusted and crucial security and technology allies. Supports the transatlantic economic relationship. On July 28, 2025, in response to new IEEPA tariffs, the U.S. and EU entered into a new trade framework agreement that reshapes tariff conditions across key sectors. Before the agreement, U.S. tariffs on most EU goods averaged 1.5%, reflecting decades of WTO-based MFN treatment. With the agreement, a new baseline tariff of 15% applies broadly to EU imports, with exceptions for specific sectors. Steel and aluminum tariffs are at 50% although the framework agreement contemplates the possibility of replacing that tariff with quota-based access in the future.

Support expanding the July 2025 U.S.-EU framework agreement into a comprehensive free trade agreement that preserves and strengthens the strategic partnership between the U.S. and the European Union, ensures mutual market access, and meaningfully reduces both tariff and non-tariff barriers in a manner that benefits industries and consumers on both sides of the Atlantic.

Support U.S.-EU Trade and Technology Council (TTC)

Support high level U.S.-EU coordination on trade and technology via the TTC, especially as a driver of transatlantic competitiveness, aligned standards (including AI and semiconductors), regulatory convergence, green technology and secure supply chains. Following the July 2025 U.S.-EU trade framework agreement, the TTC's role is more relevant than ever. Support aligning TTC deliverables with recent developments, particularly the July 2025 U.S.-EU trade framework agreement, and emphasizes collaboration in sectors like aerospace, critical minerals and steel. Encourage reducing friction between the U.S. and EU, and supporting closer coordination on tariffs, market access, and sector specific relief to preserve transatlantic integration amid rising trade tensions and industrial policy shifts. Support pragmatic trans Atlantic arrangements on steel and aluminum that advance decarbonization and competitiveness while preventing overcapacity and minimizing tariffs between allies.

Support Trade Agreements and Special Trade Programs

In light of significant shifts in U.S. industrial policy, evolving views on supply chain resilience and the limited effectiveness of the WTO dispute settlement system to date, advocate high standard bilateral and regional agreements and frameworks with robust technology chapters. Priority partners include the U.K., Japan, Taiwan, Kenya, the European Union, Uruguay, Brazil and India.

Support IPEF Engagement Amid Shifting Priorities

The Council supports continued U.S. engagement with the IPEF —especially the agreements already in force, including Supply Chain, Clean Economy and Fair Economy—while acknowledging that the Trade Pillar remains paused and the current administration appears to be signaling it will not proactively advance IPEF. Accordingly:

- Encourage effective use of the Supply Chain Council, Crisis Response Network, and Labor Rights Advisory Board to build supply chain resilience and early warning mechanisms among Indo-Pacific partners.
- Advocate complementary U.S. trade programs such as renewing the Generalized System of Preferences and passing an updated Miscellaneous Tariff Bill to reduce costs for U.S. manufacturers, even if a full IPEF trade agreement is not forthcoming.
- Promote digital and innovation-friendly principles in future trade frameworks (e.g., data flows, IP protection, open architectures, encryption, prohibiting digital duties) as a long-term vision for rule-based cooperation, even if formal IPEF trade outcomes remain unlikely in the near term.

Support Strategic Critical Minerals Agreements

Support full, continued execution of the 2023 U.S.-Japan Critical Minerals Agreement, a bilateral framework that secures access to essential EV battery and semiconductor inputs like lithium, cobalt, graphite, manganese and nickel. The agreement enhances supply chain reliability by eliminating export restrictions, embedding environmental and labor safeguards, promoting recycling and traceability, and qualifying Japan as a trusted partner under U.S. clean energy incentives, which helps diversify supply chains away from high risk suppliers. In parallel, support the 2025 Quad Critical Minerals Partnership, which brings together the U.S., Japan, Australia, and India. The aim is to boost investment in exploration, processing, and recycling capacity; set common sustainability and traceability standards; and strengthen collective resilience to market shocks and geopolitical disruptions. Together, these initiatives are vital to securing the materials needed for clean energy, advanced manufacturing and defense applications while reducing strategic dependence on non allied producers.

Monitor the U.S.-Japan Strategic Trade & Investment Agreement

This framework agreement announced in July 2025 emerged in response to IEEPA-initiated tariff escalations, including a proposed 25% reciprocal tariff set to take effect in August. Previous Japanese import tariffs averaged 2% to 3%. In this context, the negotiated 15% baseline U.S. tariff on most Japanese goods and 15% on autos can be seen as a calibrated compromise to soften expected tariff escalation while solidifying strategic supply-chain and investment commitments. Japan, in turn, pledged up to $550 billion in U.S. investments across sectors like defense, semiconductors, clean energy and advanced manufacturing. Advocate sector carve-outs and regulatory alignment, especially in autos, semiconductors and critical supplies, to maintain resilient U.S.-Japan supply chains.

The strategic importance of Japan and strongly supports expanding the July 2025 U.S.-Japan framework agreement into a comprehensive free trade agreement that preserves and strengthens the strategic partnership between the United States and Japan, ensures mutual market access, and meaningfully reduces both tariff and non-tariff barriers in a manner that benefits industries and consumers in both nations.

Advocate Trade Remedies

Advocate rules-based trade remedies (e.g., Sections 201, 232, 301; anti dumping/countervailing duties) with transparent processes, time limited measures and targeted scope. Monitor implementation status, exemptions and exclusions; update impacted members; and oppose blanket tariffs on allied economies that undermine supply chain resilience.

Monitor Import/Export Enforcement

Monitor and update Council members on elevated enforcement of U.S. import, export and sanctions laws and regulations by U.S. government agencies, including new interagency enforcement task forces and voluntary disclosure policies.

Monitor Anti boycott Compliance

Monitor and update members on U.S. anti boycott compliance and reporting requirements, including increased enforcement and penalties for violations.

Support Export-Import Bank

Continue to support and reauthorize Export-Import Bank of the United States (EXIM) as an essential financial tool for small and medium sized businesses. Encourage pragmatic flexibility under the China and Transformational Exports Program, continued support for the Make More in America Initiative, and even handed treatment of energy related projects consistent with congressional direction.

Encourage Foreign Direct Investment in U.S.

Promote a trade and regulatory environment that attracts foreign direct investment into the United States, particularly in areas that generate high wage job creation in Arizona.

Support U.S. and Foreign Commercial Service

Advocate robust support for the U.S. and Foreign Commercial Service, and oppose efforts to eliminate or defund export and investment promotion operations or to move core functions from the Department of Commerce.

Support State and Defense Departments

Support the U.S. State and Defense departments and strategic foreign operations promoted by the State Department, Millennium Challenge Corporation and U.S. International Development Finance Corporation.

Advocate International Organizations

Support international and multilateral organizations that underpin global cooperation in trade and security, including WTO, World Customs Organization, NATO, United Nations, Wassenaar Arrangement, Nuclear Suppliers Group, Australia Group and Missile Technology Control Regime.

Reduce Tariff and Non Tariff Barriers to Trade

Promote policies that reduce tariff and non tariff barriers, especially on technology products and inputs sourced from allied economies.

Monitor Import and Export Classifications

Monitor new opinions and amendments by the World Customs Organization's Harmonized System Committee with respect to the Explanatory Notes and Harmonized System of tariff classification. Monitor amendments to export laws and regulations relative to commodity jurisdiction and classification, and update impacted members.

Address Supply Chain Disruption

Advocate measures against exorbitant detention and demurrage fees, and open access to instruments of international traffic and shipping containers.

- Support secure and resilient supply chains in critical areas, including agricultural transportation, semiconductor manufacturing and advanced packaging, large capacity batteries, critical minerals and materials, and pharmaceuticals and active pharmaceutical ingredients.
- Support early warning systems and information sharing to coordinate responses to disruptions and economic coercion, building on existing mechanisms with the European Union and the IPEF. The U.S. and IPEF partners reached a binding Supply Chain Agreement (in force) and advanced work on clean economy and fair economy cooperation.

Promote Market Access

Oppose prohibitive regulatory requirements as market access conditions, including cybersecurity mandates and forced source code disclosure. Oppose barriers to trade such as tariffs on technology products, customs classification restrictions on digitally enabled goods and services, unilateral digital tax measures, and prohibitive regulatory requirements.

Support Development of Physical and Digital Infrastructure and Staffing that Enhance Market Access

Support federal investment in Arizona's trade enabling infrastructure, including roadways, ports of entry, airports, railways, and warehousing and logistics facilities.

- Advocate adequate staffing to support trade while ensuring national security, including increased staffing of U.S. Customs and Border Protection personnel at ports of entry.
- Encourage federal investment in digital infrastructure, automation, AI and cybersecurity that increases the efficacy, reliability and security of physical trade infrastructure.

IMMIGRATION REFORM

PRINCIPLE

The U.S. is falling behind in the global competition for talent due to an outdated and broken immigration system. Failure to modernize immigration policy threatens the nation's productivity, innovation and long-term competitiveness, particularly in technology, advanced manufacturing, aerospace, clean energy and other sectors where Arizona leads.

A strong, forward-looking immigration system should not only attract the best and brightest global talent but also create equitable opportunities for those already contributing to our economy, including DACA recipients, commonly referred to as "Dreamers, based on never-passed proposals in Congress called the DREAM Act that would have provided similar protections for young immigrants."

Recent comments by President Donald Trump on the importance of immigrant workers in agriculture and hospitality highlight how deeply interconnected immigration is across sectors of the economy. Broad access to work permits for long-term immigrants would help stabilize the workforce, fill critical gaps, and fuel growth in industries from technology and manufacturing to health care and beyond.

The recently reintroduced bill for the Dignity Act—which would address Dreamers and DACA recipients while providing a framework for broader, bipartisan immigration reform—represents a meaningful step forward. Modernizing our immigration system coupled with investments in workforce development, housing, broadband, and civic participation is essential to unlocking the full potential of immigrant and Latino communities that are central to Arizona's economic future.

POSITIONS

Support high-skilled immigration reform

To allow businesses to meet their workforce needs, support reforms to the U.S. immigration system that better align with the needs of the American economy. The Council supports comprehensive immigration reform that addresses not only skills-based immigration and border security but also provides solutions for undocumented immigrants and those under temporary protected status.

Specifically, support:

- Increasing the number of skilled immigrants, particularly in high-demand fields like STEM, addressing labor shortages that facilitate the entry of necessary workers to support the U.S. innovation economy.
- Reducing processing times and backlogs, as well as streamlining legal processes, for skilled and temporary workers while maintaining border security.
- Increasing green cards for high-skilled STEM graduates.
- Creating new visas for entrepreneurs.
- Adopting market-based visa caps.

Visa Modernization and Talent Retention

Doubling or eliminating caps on EB-1 and EB-2 visas would help address acute shortages in advanced manufacturing and technology fields. Expanding green cards for high-skilled STEM graduates by removing per-country limits and broadening exemptions would allow Arizona companies to recruit and retain the global talent they need to remain competitive. Creating new visa categories for U.S.-educated students and entrepreneurs would foster innovation and business creation while using market-based H-1B visa caps paired with strong worker protections would keep the system flexible and fair.

Support for Dreamers and DACA Recipients

Dreamers and DACA recipients are essential to Arizona's economy, with nearly a third working in advanced manufacturing and technology. Protecting and expanding the DACA program is critical, as is providing a pathway to permanent residency and citizenship to ensure stability for these workers, their families and the employers that rely on their contributions.

Broadband and Digital Equity

Sustaining and expanding the Affordable Connectivity Program —with targeted outreach to all immigrants, especially Latino households, as well as Spanish-language support—is critical to closing the digital divide. Investments in digital skills training, broadband-enabled telehealth, and device access for underserved rural and urban communities will help bridge gaps in opportunity. Multilingual and culturally inclusive strategies are necessary to ensure every community is equipped for success in an increasingly digital economy.

Workforce Development and AI

Expanding upskilling and reskilling pathways for Latino and immigrant workers is vital for high-growth sectors that drive Arizona's economy. Increased federal investment in community colleges and Latino-serving institutions will help meet local workforce needs while promoting equitable AI development through guardrails that prevent bias in hiring, credit and housing systems will ensure fairness for all.

Housing and Homeownership

Addressing Arizona's housing challenges requires zoning reform and public-private solutions that expand affordable housing options. Federal resources for first-time homebuyers should be increased, with alternative credit scoring models that better reflect the realities of immigrant households. Funding homebuyer readiness and financial literacy programs through trusted, community-based nonprofits will help more families achieve long-term stability and wealth-building opportunities.

Civic Participation and Inclusive Governance

Civic technology efforts should be advanced to increase Latino citizen voter registration and engagement, particularly among younger populations. Latino representation must be included on federal and state digital policy boards and task forces. Additionally, requiring equity and impact assessments for all emerging technology legislation will help ensure accessible policy outcomes.

Immigration and Workforce Needs

Federal visa programs must be modernized to meet the workforce needs not only of high-skill STEM fields but also skilled trades that are critical to Arizona's economy. Reforms should be paired with strong worker protections to prevent exploitation and safeguard wages. At the same time, expanding domestic talent pipelines through investments in STEM education, lifelong learning, and retraining programs will ensure that both native-born and immigrant workers are prepared to thrive in a modern economy.

INTERNET OF THINGS

PRINCIPLE

The Internet of Things (IoT) is a series of smart devices connected to one another and to analytics and hosting platforms via the internet. As IoT continues to grow, challenges and opportunities will arise. Central to the continued growth of IoT are policy principles that are transparent on privacy issues, highlight security in the IoT lifecycle and stress open standards. Policymakers and regulators are urged to tread lightly in this space still in early development so innovation and the accompanying societal benefits will continue to flourish.

POSITIONS

Support Regulatory and Legislative Moderation

Support a federal strategy for IoT that harmonizes guidelines for devices across all agencies and industries. To accomplish this, Congress must pass legislation that will direct one agency to lead the discussion. The Developing Innovation and Growing the Internet of Things (DIGIT) Act, for example, would place the Department of Commerce in this role. However, Congress should avoid broad legislation regulating IoT, particularly regarding privacy and data security practices. With federal and state privacy and data security laws already on the books, the passing of IoT-specific legislation will only serve to stifle innovation in a nascent industry. Instead, multistakeholder groups involving actors from government and industry should work together to develop guidelines and industry best practices in this space based on existing privacy and data security laws and frameworks. Support both the National Telecommunications and Information Administration IoT security multistakeholder process, as well as the National Institute of Standards and Technology's IoT Cybersecurity Framework.

Deploy Broadband Infrastructure

Support deployment of a robust broadband infrastructure to support the IoT. To accomplish this, support is needed from federal, state and local governments to facilitate broadband deployment.

Make Spectrum Available

To support the growth in IoT devices, the federal government needs to make more spectrum available for both licensed and unlicensed use without placing technology-specific restrictions on how it can be used.

Create Regulatory Sandboxes

To incentivize more IoT innovation and experimentation, companies need to be assured that the risk/reward balance is favorable. To help manage risk, drive economic development and develop a strong regulatory regime, the federal government is urged to consider creating an IoT regulatory sandbox. A sandbox would provide a set of pre-approved, published rules that allow companies to test their products and business models. The rules would help limit exposure and provide innovative best practices and steps for testing them.

Lead with Privacy and Data Security

Congress should avoid broad IoT-specific legislation regarding companies' privacy and data security practices. Several federal and state privacy and data security laws and guidelines are already on the books, providing a sufficient framework to regulate IoTy. That said, industry can and should lead with respect to design by security and risk mitigation to provide businesses, government and citizens with maximum trust in IoT.

Set Agreed-Upon Standards

Support a multi-stakeholder approach to set voluntary IoT standards for interoperability. We are concerned that without agreed-upon standards, we could encounter a problematic piecemeal regulatory approach that stifles innovation.

Facilitate Research and Development

Support a federal government position that emphasizes research and development in the form of federal grants to help facilitate public-private partnerships. In particular, funding should focus on cyber-related IoT.

Establish a Governance Model

A key component of the federal IoT ecosystem is a well-structured governance model. Following the Senate's DIGIT Act, support a governance structure led by the Department of Commerce that incorporates all federal-agency stakeholders.

OPTICS AND PHOTONICS

PRINCIPLE

The optics and photonics industry encompasses the science of light and light-based technologies. Lasers, detectors, imaging systems and other light-based technologies are critical to every aspect of modern society, including health care, advanced manufacturing, communications, energy, defense capabilities, transportation and scientific research. Since 2012, the global photonics components industry has grown at a rate of more than twice the global gross domestic product. Federal investment in optics and photonics is key to enhancing our country's competitiveness and national security while driving forward the development of some of our nation's most productive and rapidly evolving technology industries.

POSITIONS

National Quantum Initiative

Quantum information technology has emerged as one of the key components for future computing and communications development. Support the reauthorization of the National Quantum Initiative, a whole-of-government approach to ensure U.S. leadership in quantum information science. Reauthorization opens the opportunity to improve upon the original framework and demonstrates Congress continues to support U.S. investment in quantum.

CHIPS and Science Act

Monitor and engage with new program and funding opportunities through the CHIPS and Science Act of 2022. The law is key to bolstering domestic semiconductor manufacturing, making more than $50 billion in funding available for semiconductor manufacturing and related R&D.

- Optics and photonics technology is inextricably linked to the semiconductor industry. Optics are used in almost every step of semiconductor chip manufacturing from pattern writing to defect detection. Photonics components are increasingly being integrated into silicon chips to improve performance, particularly in applications related to data centers and high-speed communications.

Rare Earth Element and Critical Material Supply Chain

Support policies and funding for research and development of alternate materials, as well as development of domestic supply chains and related financial controls.

- China's export ban on critical materials such as germanium and gallium has significantly impacted U.S. optics manufacturers, especially in defense applications. These materials are essential for electro-optical infrared sensors, fiber optics, semiconductors and other technologies central to national security. Since 2023, companies have faced surging prices, limited availability and extreme lead times.
- Efforts to source materials from alternative countries are limited due to processing capabilities and geopolitical factors. Short-term solutions include recycling and redesigning systems with limited alternate materials, but these require time and investment. The situation underscores the urgent need for the U.S. to develop domestic supply chains and alternative materials to reduce reliance on foreign-controlled critical materials.

Congressional Optics & Photonics Caucus

Join and participate in the Congressional Optics & Photonics Caucus. This bipartisan and bicameral group was formed in 2020 to advocate policies that advance the industry, discuss solutions to workforce development challenges, and highlight the growth and critical uses of light-based technologies.

STEM Workforce

Support policies to exempt STEM students from green card caps. Legal, highly skilled STEM immigration is crucial to remaining globally competitive in the optics and photonics industry.

- Significant talent shortages are projected across all optics and photonics-related areas. In integrated photonics and light detection and ranging, demand for photonics technicians is expected to reach 2,200 new openings annually through 2030, outpacing current training capacity. Advanced materials fields from meta-optics coatings to rugged sensor components also face workforce challenges. Broader U.S. advanced manufacturing by 2030 may experience 2.1 million unfilled jobs, many tied to optics and materials.

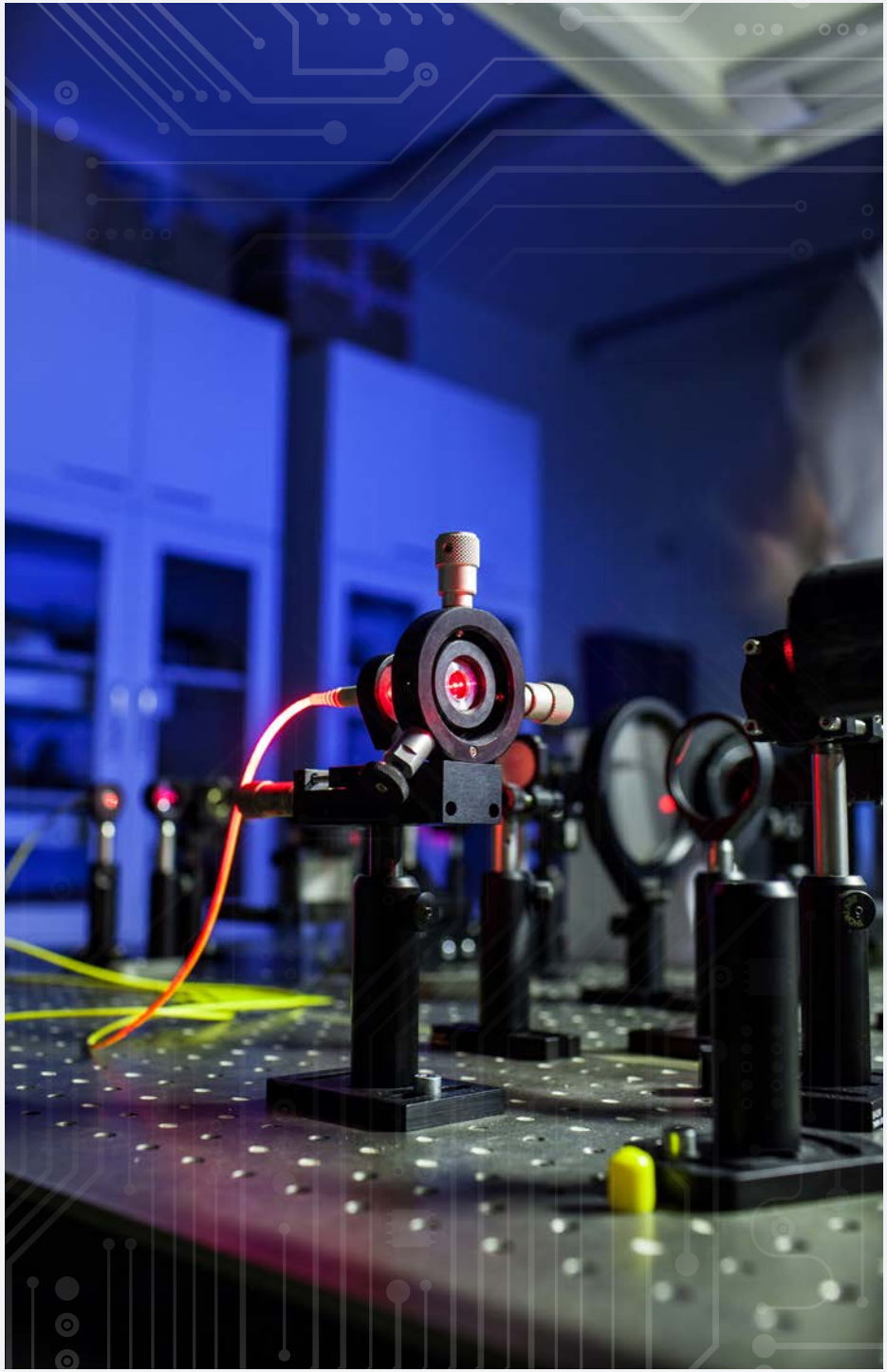
American Institute for Manufacturing (AIM) Photonics

Support AIM Photonics, an industry-driven, public-private partnership whose mission is to advance domestic integrated photonic circuit manufacturing technology though access to state-of-the-art facilities, workforce development, and innovation in related technologies, processes, and materials.

- This technology is both essential to national security and positioned to provide a compelling return on investment to the economy. As a stable ongoing program, this partnership does not currently require policy attention.

American Center for Optics Manufacturing (AmeriCOM)

Work collaboratively with and support funding for AmeriCOM, a Department of Defense-funded initiative focused on improving national optics manufacturing to enhance national security and global competitiveness.



PRIVACY/DATA BREACH NOTIFICATION

PRINCIPLE

Economic expansion in technology rests on innovative business models that leverage trusted, secure and accessible internet platforms. Data policies should promote responsible use of consumer data, so technology experiences are reliable, safe and predictably navigated. Because digital commerce is interstate by nature, the economy and technology innovation benefit from predictable, uniform national expectations for securing personal data and notifying individuals when security is breached.

The U.S. still lacks a single national consumer breach-notification standard. Businesses must navigate a complex and changing web of state and territorial notification laws—roughly 20 comprehensive state privacy frameworks—alongside global regimes such as the European Union's General Data Protection Regulation (GDPR). This fragmentation increases compliance cost and complexity, and can slow clear, timely communication to individuals after an incident. The urgent need for a consistent, uniform and consumer-focused federal framework is highlighted by recent federal activity, such as new cyber-incident disclosure rules for public companies and upcoming requirements for critical infrastructure sectors.

POSITIONS

Advocate uniform federal legislation related to data privacy and breach notification with the following elements:

Preemption of State Law

A comprehensive federal privacy and breach-notification law should expressly preempt state requirements to reduce compliance burdens, especially for small and mid-sized businesses, and to create clear, uniform rules nationwide. Without strong preemption, the growing patchwork will persist and undercut effectiveness.

Take Other Laws into Account

Entities already governed by sector-specific federal laws, such as Health Insurance Portability and Accountability Act, Gramm-Leach-Bliley Act and Fair Credit Reporting Act, should be deemed to satisfy overlapping security and notification obligations to avoid duplicative or conflicting compliance requirements.

No Fixed Data Security Requirements

Legislation should avoid hard coding specific technical controls. Instead, it should reference consensus, risk-based frameworks that can evolve over time, ensuring businesses remain agile and protected without being locked into outdated standards.

Narrow and Plainly Understandable Definition of Personal Information

Excluding data that is publicly available, personal information should be clearly and plainly defined to prevent overnotification and consumer fatigue. Notification should focus on sensitive data that presents a real risk if exposed.

Safe Harbor Designation

Organizations that make a good-faith effort to adopt industry best practices or comply with stringent international standards, such as GDPR, should be granted a safe harbor from monetary penalties in the event of a breach.

Advance a Comprehensive Federal Privacy Law

Congress should prioritize passing a bipartisan, comprehensive federal privacy law such as the American Privacy Rights Act or similar legislation. This framework should define permissible data collection and uses, establish clear consumer rights, protect children's data, encourage adoption of modern security standards, and provide scaled obligations or targeted relief for small and mid-sized businesses.

Update or Replace the Electronic Communications Privacy Act (ECPA)

Passed in 1986, ECPA no longer reflects modern technology or access practices. It should be updated or replaced to create clear, modern national standards for government access to digital communications while maintaining appropriate due-process protections.

Support the Genomic Data Protection Act (GDPA)

Genomic data is uniquely sensitive. Introduced in 2025, GDPA would create a national standard for the protection of consumer genomic data and allow individuals to access and delete their personal DNA, RNA and related information. Establishing uniform protections will ensure clarity for businesses and security for individuals as innovation in genomic technologies accelerates.

No Civil Agency Exceptions in Federal Privacy Legislation

Federal laws should not create warrant workarounds for civil agencies that lack such authority. Access to digital information should remain grounded in proper legal process to protect individual privacy.

No Broad Emergency Exception

Legislation should avoid overly broad emergency provisions that could be misused. Existing narrow emergency processes should be preserved to ensure balance between urgent access and privacy protections.

No Private Right of Action for Good-Faith, Compliant Businesses

Businesses that act responsibly, follow best practices and comply with federal standards but still suffer a criminal data breach should not face private lawsuits. Enforcement should target willful negligence or malicious actors.

Reasonable, Scaled Financial Penalties

Penalties should be proportionate to the size of the company, the sensitivity of the data involved and the degree of negligence, ensuring small businesses are not driven out of operation by excessive fines.

Notification Triggered by Real Risk of Harm

Notifications should be required only when a breach presents a meaningful risk of harm, ensuring consumers receive actionable alerts without being overwhelmed by unnecessary notices.

No Overly Burdensome Notification Mechanics

Legislation should provide flexibility in how organizations notify and support impacted consumers after a breach. Avoiding prescriptive requirements allows businesses to focus resources on swift and effective communication and remediation.

Encryption/Transformative-Protection Safe Harbor

Companies that encrypt or otherwise render data unusable or unreadable should be exempt from notification obligations. This exemption should remain technology-neutral to encourage continued investment in advanced data-protection measures.

Coordinate with Existing Federal Cyber Rules

New federal breach-notification laws should align with other reporting frameworks, such as those for public companies or critical infrastructure sectors, to reduce duplicative reporting and allow businesses to prioritize timely and clear consumer communication.

SMART CITIES AND COMMUNITIES

PRINCIPLE

While cities and communities are making progress toward improving living standards and advancing social and environmental sustainability, many efforts remain limited by narrow project scope, fragmented governance and outdated systems. Cities and regions can accelerate and scale their impact by adopting an integrated smart-city approach that pairs modern technologies with regional planning, governance, privacy and security protections, and workforce investments. Federal coordination and sustained investment are essential to enable durable, equitable and resilient smart communities that deliver measurable benefits to residents and businesses.

POSITIONS

Federal Investment and Coordination

Federal investment and interagency coordination are critical to drive economic growth, innovation, job creation and broader adoption of smart technologies. Recent federal funding streams and program structures have created new opportunities for planning, demonstration projects and scaled deployments. Support federal coordination of smart-city activity and competitive demonstration and planning grants that help cities, especially small and mid-sized jurisdictions, develop integrated, multisector smart city strategies and prototype transformative solutions.

State-Led Smart Community Planning Funds

Many communities have piecemeal projects but lack long-term, integrated plans that align transportation, water, energy, broadband, public safety and social services. Support state-led planning funds to help municipalities and regions develop durable, equitable smart community plans that prioritize interoperability, privacy, resilience and measurable outcomes. Planning funds should explicitly support community engagement, digital equity strategies, and alignment with statewide broadband and climate resilience investments.

Regional Approach and Shared Infrastructure Integration

Smart community solutions are most effective when conceived at the regional scale and jurisdictions share infrastructure, data platforms and procurement. Support the formation and sustained funding of regional innovation consortia that bring together public agencies, academia, industry and community organizations to coordinate projects, share best practices and pursue joint procurement. These consortia should strengthen ties between Greater Phoenix, Southern Arizona, Northern Arizona, and tribal nations to ensure statewide cohesion and shared benefits.

Innovation Sandboxes, Proof-of-Concepts and Regional Procurement

Local governments often cannot move at the speed of innovation due to procurement rules and risk aversion. Support the creation of geographically bounded innovation sandboxes and streamlined procurement pilots that enable safe, short-term demonstrations with real infrastructure and data. These sandboxes should be paired with cooperative procurement

vehicles so multiple jurisdictions can scale successful solutions without duplicative contracting, which would lower costs and accelerate adoption.

Broadband, Private Networks and Edge Infrastructure

High-capacity broadband and localized edge compute capacity are foundational to smart community services. Support leveraging federal broadband funding and state Broadband Equity, Access and Deployment allocations to prioritize last-mile connectivity for smart infrastructure, support deployments of private and neutral-host 5G/local wireless networks where appropriate, and encourage edge computing nodes that reduce latency for real-time services, such as traffic control, public safety analytics and industrial automation.

Regional Data Governance, Interoperability and Open Standards

Smart communities depend on secure, interoperable data exchange. Advocate regional shared data standards, governance frameworks and trusted data exchange platforms that enable cross-jurisdictional analytics while protecting privacy and civil liberties. These frameworks should be technology neutral; include clear roles for public, academic and vetted private-sector participants; and ensure transparent data stewardship, equitable access and documented use cases that deliver public value.

Resilience, Environmental and Water Infrastructure Integration

Smart technologies must integrate with climate and resilience investments, including water systems, energy grids, flood management and heat mitigation. Support aligning smart community funding with federal and state resilience programs so sensors, predictive analytics and automated control systems directly reduce risk, support regulatory goals (e.g., lead pipe replacement and water security), and improve emergency response and recovery outcomes.

Cybersecurity, Privacy and Trust

The proliferation of connected sensors and distributed compute increases the attack surface for local governments and utilities. Support mandatory baseline cybersecurity practices for publicly funded smart infrastructure, incident reporting frameworks proportionate to risk, privacy-by-design for citizen data, and safe-harbor incentives for jurisdictions that adopt modern security frameworks and privacy governance. Trust and transparency are core to public acceptance and program longevity.

Workforce Development and Economic Opportunity

Smart community expansion creates durable, local job opportunities. Support targeted workforce development investments in apprenticeships, community college partnerships and retraining programs for roles such as IoT infrastructure technicians, electric vehicle (EV) and grid technicians, cybersecurity professionals, data analysts, artificial intelligence (AI)/machine learning specialists, digital twin engineers, and regional systems integrators. Funding programs should prioritize local hiring pipelines and collaboration with Latino-citizen-serving institutions and community colleges to maximize inclusive economic impact.

Equity, Accessibility and Digital Inclusion

Smart community benefits must be equitably distributed. The Council supports investment in digital inclusion programs—affordable connectivity, device access, multilingual services, accessibility standards and community outreach—so all residents can access health, mobility, employment and civic services enabled by smart infrastructure.

Open Innovation and Private-Public Partnership Models

Support public-private partnership models that balance public interest with private investment, including time-limited concession models, data-use agreements that protect privacy and municipal control, and innovation procurement pathways that allow vendors to demonstrate value while preserving civic governance and oversight.

Maximizing Potential and Job Sectors

Smart cities can empower residents with better services across transportation, energy, water, public safety and permitting. Advocate the job growth potential in key sectors: infrastructure deployment and systems integration; cybersecurity and secure operations; analytics and AI model development; edge and cloud operations; digital twin and simulation engineering; EV infrastructure and grid modernization; and community engagement and data stewardship roles. Strategic investments in training and certification pathways will convert smart-city projects into long-term, high-quality employment.

Metrics, Evaluation and Accountability

To ensure public funds and private investment deliver measurable benefits, support adoption of standardized performance metrics, transparent reporting and independent evaluation for smart community projects. Funding should be contingent on clear outcome measures, such as reductions in response times, energy use, water loss, greenhouse gas emissions, mobility delays and demonstrated improvements in equity outcomes.

TECHNOLOGY TRANSFER

PRINCIPLE

The Bayh-Dole Act enacted in 1980 transformed the translation of federally funded innovation into real-world applications, empowering universities, nonprofits, and small businesses to own and license inventions born from public research. This public-private research and development framework has yielded massive societal and economic returns: new pharmaceuticals, breakthrough technologies, startups, jobs and U.S. leadership in global innovation.

Today, under a supportive federal administration, Bayh-Dole remains foundational—and the focus has shifted from questioning the law's validity to reinforcing and modernizing it. The law continues to incentivize the development of discoveries into commercially available products that benefit all Americans. The current task is to preserve Bayh-Dole's effectiveness and ensure its mechanisms—like march-in rights—are preserved as narrow safety valves, not broad instruments of pricing control or regulatory overreach.

POSITIONS

Defend the Bayh-Dole Framework

Support Bayh-Dole as the bedrock of technology transfer and innovation. While mechanisms such as march-in rights exist as safeguards, they should remain rarely used, narrowly applied, and not repurposed as tools for pricing intervention or cost control. The law's longstanding structure must remain intact and respected.

Preserve March-in Rights as Last-Resort Safeguards

March-in authority should remain a narrowly circumscribed, rarely invoked provision reserved for clear-cut national security, health emergencies or evidence of intentional non-commercialization. It must not be expanded to include price-setting, fairness judgments or other amorphous criteria.

Avoid Incorporating "Reasonable Pricing" as a Trigger

Allowing "reasonable pricing" to serve as a march-in criterion risks destabilizing the innovation ecosystem. Neither the statute nor its legislative intent includes pricing as a trigger. Introducing subjective pricing criteria would introduce uncertainty, deter investment and damage confidence in public-private research partnerships, particularly for small innovators and early-stage ventures.

Protect Small Business and Small Business Innovation Research/ Small Business Technology Transfer Ecosystem

Bayh-Dole is integral to U.S. small business innovation programs. Any changes that permit large entities to invoke march-in over pricing concerns would threaten small businesses that already bear the development risk. Oppose any reinterpretation that enables wealthier competitors to undermine or overtake emerging innovators via march-in petitions.

Maintain Incentives for Entrepreneurs and Investors

Stability in patent ownership and commercialization rights is vital for attracting risk capital and entrepreneurial partnerships. Expanding march-in authority into price regulation would chill investment, hamper risk-taking and erode confidence in federally funded innovation. Ensure Bayh-Dole continues to offer predictable incentives that encourage commercialization in the U.S. private sector.

Modernize, Don't Undermine

While Bayh-Dole remains effective, modernization efforts are welcome—where appropriate—if they clarify, streamline or improve tech transfer without raising barriers. For instance, support for shared intellectual property (IP) licensing platforms, inter-institutional transfer and commercialization best practices may enhance outcomes without altering core statutory rights.

Enhance Transparency and Reporting

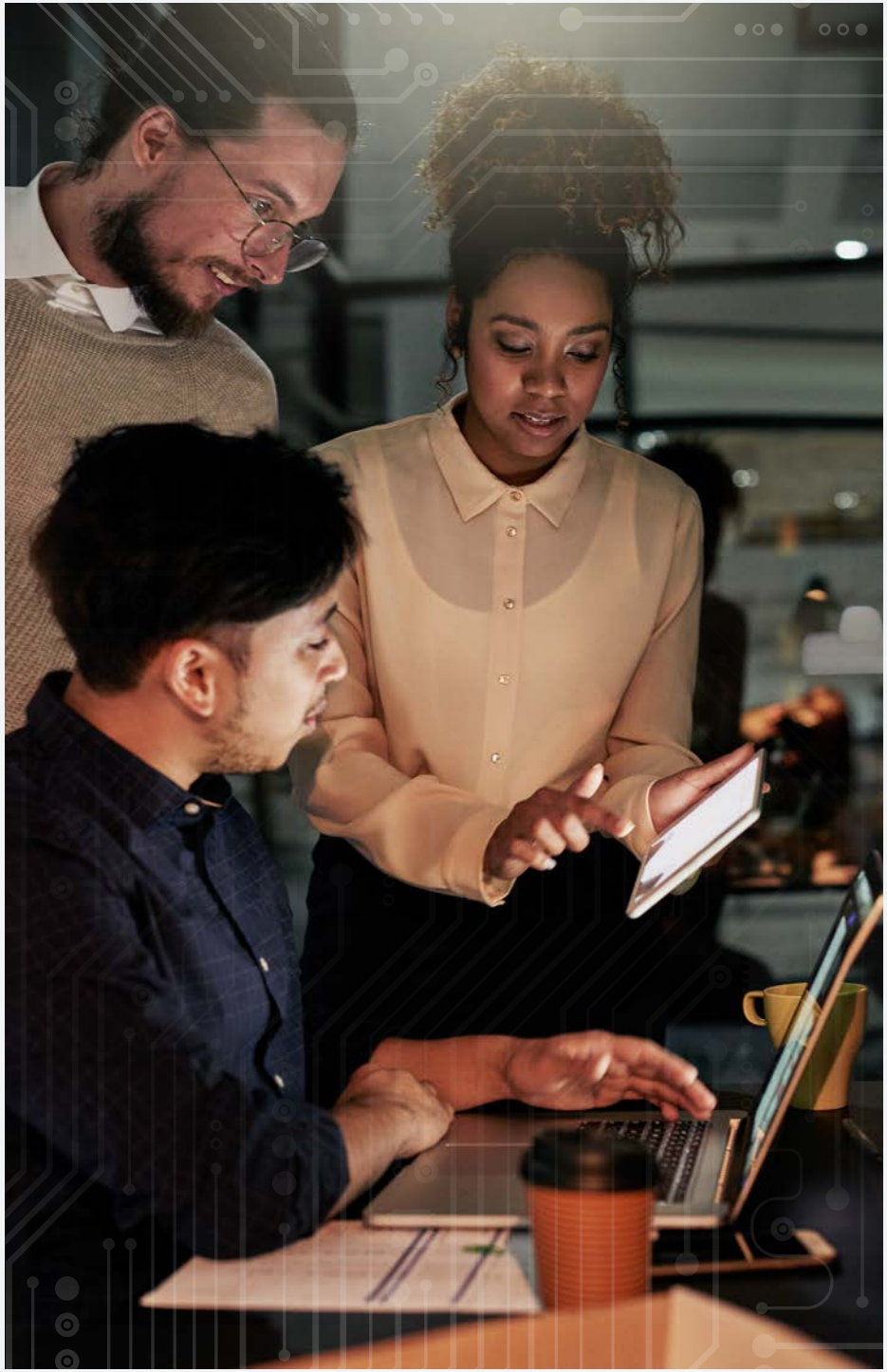
To maintain public trust and oversight, institutions should be encouraged to produce clear, standardized annual reports that detail Bayh-Dole invention disclosures, license agreements, startup formation and commercialization outcomes without exposing confidential competitive IP or undermining university-industry partnerships.

Facilitate Equitable Access

Through fair licensing practices, Bayh-Dole should continue to ensure access to innovations for underserved communities, including nonprofits, community health systems and rural providers. Licensing terms can be structured to support diverse distribution and accessibility while maintaining commercial viability.

Support U.S. Manufacturing in License Terms – Licensing agreements under Bayh-Dole should continue to promote domestic manufacturing and production so U.S. invention translates into U.S. jobs and value chains.

Strengthen Tech Transfer Capacity – Federal and state efforts that expand tech transfer offices, regional innovation hubs and commercialization training will enhance the pipeline of federally funded inventions reaching market. Support programs that build institutional and regional capacity to maximize benefits from Bayh-Dole.



ADVANCED AIR MOBILITY VEHICLES

PRINCIPLE

Unmanned aerial vehicles (UAVs), or drones, and urban air mobility (UAM) vehicles present enormous opportunities, from delivering cargo and supporting emergency response to expanding public transit in more sustainable and efficient ways. Rapid innovation in both UAV and UAM sectors is outpacing existing regulations, which remain inadequate for many enterprise and consumer-level applications. Part 107 of Federal Aviation Administration (FAA) rules established in 2016 still limit UAV operations to visual line-of-sight and away from people. While meaningful, these restrictions curtail broader use. Additionally, the FAA recently modernized certification and operational standards for powered-lift electric vertical take-off and landing (eVTOL) and UAM aircraft to accommodate performance-based, next-generation operations.

Regulation Highlights

- The FAA released an advisory circular in July 2025 establishing a formal, performance-based certification pathway for powered-lift aircraft, including eVTOLs, with guidelines on takeoff weight, passenger limits, airworthiness and operational flexibility under §21.17(b).
- A notice of proposed rulemaking published in August 2025 describes Part 108, a performance-driven rule set to normalize beyond visual line of sight (BVLOS) drone operations. This framework enables expanded, scalable UAV use cases, such as package delivery, agriculture, aerial surveying and public safety. They include low-altitude operations up to 400 feet AGL, with requirements for automated data services, oversight roles and industry consensus standards.
- FAA also developed design and safety guidance for advanced air mobility (AAM) infrastructure, releasing updated vertiport standards and an operational blueprint to support eVTOL integration into the national airspace system.

POSITIONS

Advocate modern, flexible and forward-looking policies that unlock the full potential of UAV and UAM technologies while ensuring safety and scalability, including:

- Allowing UAV operations beyond visual line-of-sight and over populated areas under a structured, performance-based regulatory framework.
- Continued development of low-altitude airspace infrastructure and automated traffic management systems.
- Expanded access to communications networks and unlicensed spectrum needed for safe UAV integration.
- Enabling the full spectrum of UAV's cargo and passenger capabilities spanning from humanitarian aid to urban transport applications.

Enable Beyond Visual Line of Sight adoption

Urge the FAA and Congress to finalize and adopt Part 108 enabling BVLOS operations and build on the powered-lift certification progress to support broader implementation of AAM systems.

Ultimately, government policy should encourage, not hinder UAV and UAM innovation. Risk-based, performance-driven regulatory approaches will accelerate the safe integration of these technologies into the national airspace system.

AAM Interoperability Sandbox

Arizona is uniquely positioned to lead the nation in AAM integration, thanks to its robust aerospace sector, innovative technology ecosystem and supportive regulatory environment. Building on the proven success of the Arizona FinTech Sandbox, the proposed Arizona AAM Interoperability Sandbox offers a dynamic framework for testing, refining and scaling AAM technologies, including eVTOL aircraft, drones for cargo and emergency response, and future air taxi services. This initiative is designed to leverage mature AAM technologies, create immediate revenue opportunities and deliver tangible benefits to communities across the state.

The sandbox would feature direct collaboration with the FAA to ensure streamlined authorization processes, faster regulatory alignment and the seamless integration of AAM into the National Airspace System. It prioritizes geographically strategic areas, from underserved tribal lands and rural communities to urban-suburban transition zones, ensuring equitable access to advanced transportation services. Partnerships with Arizona's universities, Fort Huachuca and industry leaders would further strengthen innovation, workforce development, and dual-use capabilities that blend commercial and defense needs.

With its focus on economic development, public service enhancement and regulatory leadership, the sandbox would attract significant investment, create high-wage jobs and generate real-world data to guide national policy. This initiative not only aligns with Arizona's tradition of pioneering technology adoption but also positions the state as a national model for integrating next-generation aviation into everyday life.

WORKFORCE

PRINCIPLE

A 2023 analysis by the nonprofit Jobs for the Future revealed 92 million U.S. workers do not have access to quality jobs and face systemic barriers to advancement. At the same time, the world of work has never seen such rapid changes in emerging and declining skills. The incredible pace at which artificial intelligence (AI) and generative AI are impacting work requires approaches to education, training and workforce development that move faster than ever and attempt to eliminate dead ends at work and school, as well as in life. Focusing on foundational digital literacy skills for every citizen is imperative. Also critical are ongoing updating and upskilling for those required to use information technology, cybersecurity and AI in their jobs.

Focus to promote and expand lifelong skills in STEM and STEM-related jobs must continue to fuel the U.S. innovation economy. Paramount to ensuring a thriving citizenry and economy should be policy and practice that acknowledge and reflect the opportunity to train for and advance a career that emphasize skills-first hiring, and provides a family-sustaining wage .

POSITIONS

Expand Pathways that Support Economic Opportunity

- Invest in our Nation's Workforce System – Reauthorize, modernize and increase funding for the nation's workforce system under the Workforce Innovation and Opportunity Act to meet the needs of workers and businesses while providing high-quality, affordable alternatives to four-year degrees.
- Preserve Funding for Essential Programs that Support Workers and Business – Increase or at least maintain funding for essential workforce programs under the Department of Labor, including apprenticeship, Strengthening Community College Training Grants, Job Corps, the Workforce Data Quality Initiative and skills training grants provided via H-1B funds.
- Broaden Employer Partnerships in Workforce training – Support incentives to employers and intermediaries to scale quality apprenticeship programs, including support for Leveraging and Energizing America's Apprenticeship Programs.

Advance Opportunities for Adult Learners

- Expand Pell Grant program – Including eligibility for students enrolled in high-quality, shorter-term education and training programs will provide greater access and affordability for students enrolled in these programs. Support additional investments in the Pell grant program to preserve student eligibility and award levels. Support enactment of Workforce Pell.
- Support and Modernize Campus-Based Aid Program – Increase or maintain Federal Supplemental Educational Opportunity Grants and Federal Work Study, important tools for helping lower-income students meet their postsecondary goals.

Connect Youth and Adults to College and Careers

- Strengthen Career and Technical Education – Increase or at least maintain funding for Perkins Career and Technical Education state and national grant programs needed to build a highly skilled workforce.
- Continue Support for the Youth Apprenticeship Readiness Grants (YARG) – Continue to invest in the YARG program, helping to expand apprenticeships and pre-apprenticeships to in-school and out-of-school youth.
- Modernize Career Navigation Services – Provide resources to states or regions to modernize their career navigation services, including development of tools and platforms that would work across education and workforce systems, integration of real-time labor market information and tools, and career navigational systems to provide a better picture of job and skill demands.
- Encourage Market Innovation in Student Loans – Support legislative measures to modernize outdated regulatory and tax treatment, and create more space for innovation while strengthening consumer protections. Specifically, support proposals for the Federal Cybersecurity Workforce Expansion Act, the Digital Skills for Today's Workforce Act, and the 21st Century Skills Key to Individual's Life-Long Success (SKILLS) Act.

ARIZONA TECHNOLOGY COUNCIL

a place to connect and grow

About The Arizona Technology Council

The Arizona Technology Council is the driving force behind making our state the fastest- growing technology hub in the nation, connecting and empowering Arizona's technology community. As Arizona's premier trade association for science and technology companies, the Council is recognized as having a diverse professional business community. The Council offers numerous events, educational forums and business conferences that bring together visionaries, leaders and innovators to make an impact on the technology industry. Council members work toward furthering the advancement of technology in Arizona through leadership, education, legislation and social action. These interactions contribute to the Council's culture of growing member businesses and transforming technology in Arizona. For more information about membership or attending an event, please visit aztechcouncil.org

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