

# AI and IoT Legislative Update: Second Quarter 2019

July 17, 2019

Artificial Intelligence and Internet of Things

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Federal and state policymakers continued to focus on artificial intelligence (“AI”) and the Internet of Things (“IoT”) in the second quarter of 2019, including by introducing both substantive measures that would regulate the use of the technology and by supporting funding bills aimed at increasing investment. In our second AI & IoT Quarterly Legislative Update, we detail the notable legislative events from this quarter on AI, IoT, cybersecurity as it relates to AI and IoT, and connected and autonomous vehicles (“CAVs”).

## Artificial Intelligence

In the second quarter of 2019, members in both the House and Senate introduced legislation focused on issues at the core of President Trump’s February 11, 2019, Executive Order, “Maintaining American Leadership in Artificial Intelligence” (the “AI Executive Order”). In particular:

- Senator Martin Heinrich introduced the Artificial Intelligence Initiative Act ([S.1558](#)), which would establish a coordinated federal initiative to accelerate research and development on AI.
- Representative Dan Lipinski introduced the Growing Artificial Intelligence Through Research Act (“GrAITR Act”) ([H.R. 2202](#)), which would direct the President to establish and implement the “National Artificial Intelligence Initiative,” to create a comprehensive research and development strategy and increase coordination among federal agencies.
- Representative Jerry McNerney introduced the AI in Government Act of 2019 ([H.R.2575](#)), which would create an “AI Center of Excellence” to advise and promote the efforts of the federal government in developing innovative uses of AI, and require the Director of the Office of Management and Budget to issue guidance to federal agencies on developing AI governance plans.

Like the AI Executive Order, these bills address AI research and development, the development of AI technical standards, the needs of an AI workforce, and governance frameworks for AI technologies. (You can find more information on the AI Executive Order in our prior [blog post](#).)

## Internet of Things

Federal lawmakers have also introduced a number of measures to encourage development of smart cities, which collect, use and analyze data collected through IoT technologies to efficiently manage assets and resources. For example, the Smart Cities and Communities Act of 2019, was introduced in the House by Representative Suzan DelBene ([H.R. 2636](#)) and in the Senate by Senator Maria Cantwell ([S.1398](#)), to promote the advancement of smart cities

technologies. The legislation would establish a council of federal agencies to prioritize activities that demonstrate the value of smart cities, and establish a grant program to facilitate the adoption of smart city technologies, including in small- and medium-sized cities. Other smart city proposals focus on specific types of technologies used in smart cities, including:

- *smart transportation*, addressed in the Smart Technologies Advancing Reliable Transportation Act ([H.R. 3156](#)) introduced by Representative Yvette Clarke; the Less Traffic with Smart Stop Lights Act of 2019 ([H.R. 3261](#)), introduced by Representative Tony Cardenas, and the Moving and Fostering Innovation to Revolutionize Smarter Transportation Act ([S. 1939](#)), introduced by Senator Catherine Cortez Masto, and ([H.R. 3388](#)) introduced by Representative Mark DelSaulnier
- *smart utilities*, addressed in the Distributed Energy Demonstration Act of 2019 ([S. 1742](#)), introduced by Senator Ron Wyden; and
- *smart buildings*, addressed in the Smart Building Acceleration Act, [H.R. 2044](#), introduced by Representative Peter Welch.

Legislators are also focused on the state of the IoT industry broadly, with Representative Robert Latta in May re-introducing the SMART IoT Act, which passed the House last year. The new bill ([H.R. 2644](#)) would direct the Secretary of Commerce to conduct a study and submit to Congress a report on the state of internet-connected devices industry in the United States.

At the state level, legislators are showing increased interest in smart home devices, particularly those that collect voice recordings. Both California ([A.B. 1395](#)) and New York ([A.B. 8113](#)) have introduced proposals that would prohibit manufacturers from using voice recordings for an advertising purpose and from sharing or selling voice recordings with a third party. The California measure was [amended](#) on June 26 to narrow its scope, from applying to any “connected device with a voice recognition feature” to only those “speaker or voice command devices” with an “integrated virtual assistant connected to a cloud computing storage service that uses hands-free verbal activation.” The amended California measure would also impose a cumbersome consent requirement, mandating disclosure of a specific 114-word statement set out in the statute that is to be provided during installation of the device, separate from the terms of use.

### **Cybersecurity - Relating to AI and IoT**

Last month, committees in both chambers considered and advanced amended versions of the IoT Cybersecurity Improvement Act ([S. 734](#), [H.R. 1668](#)), which was introduced in the Senate by Senators Mark Warner and Cory Gardner and in the House by Representative Robin Kelly. The bills seek to strengthen cybersecurity requirements for IoT devices purchased by the federal government, with the goal of affecting IoT cybersecurity standards more broadly, as detailed in our prior [blog post](#).

The Senate amendment removes the definition of “covered devices” subject to the Act and instead refers to “Internet of Things devices,” without defining them. It also requires OMB only to issue “principles” for federal agencies on the use of IoT devices, rather than policies, principles, standards, or guidance. The Senate amendment would also authorize agencies to waive compliance with those principles when use of an IoT device is (1) “necessary for national security or for research purposes”; (2) “appropriate to the function of the covered device”; (3) “secured using alternative and effective methods”; or (4) “of substantially higher quality or affordability than a product that meets such policies, principles, standards, or guidelines.”

In addition, several measures introduced in the second quarter focus on supply chain and infrastructure cybersecurity. They include:

- The Leading Infrastructure for Tomorrow's America Act ([H.R. 2741](#)), a wide-ranging bill introduced by Representative Frank Pallone, which incorporates cybersecurity requirements throughout, aims to “rebuild and modernize the Nation’s infrastructure to expand access to broadband and Next Generation 9–1–1, rehabilitate drinking water infrastructure, modernize the electric grid and energy supply infrastructure, redevelop brownfields, strengthen health care infrastructure, create jobs, and protect public health and the environment,” among other things.
- The SUPPLY CHAIN Act ([S. 1457](#)), introduced by Senator Marsha Blackburn and co-sponsored by Senators John Cornyn and Marco Rubio, aims to coordinate federal agencies to secure the American communications equipment supply chain.
- The U.S.-China Economic and Security Review Act of 2019 ([H.R. 2565](#), [S. 987](#)), a bipartisan measure introduced in the House by Representatives Brad Sherman and Mike Gallagher and in the Senate by Senators Christopher Coons, Tim Kaine, and Mitt Romney. The bill aims to address IoT supply chain vulnerabilities associated with China by requiring the Chief Information Officers Council to submit an annual report to Congress.

### **Connected and Autonomous Vehicles**

Federal lawmakers have yet to reintroduce two comprehensive bills that died in the previous Congress: the Safely Ensuring Lives Future Deployment and Research in Vehicle Evolution (“SELF DRIVE”) Act ([H.R. 3388](#)) and American Vision for Safer Transportation through Advancement of Revolutionary Technologies (“AV START”) Act ([S. 1885](#)). Rather, new legislation has focused on CAV-related grant programs. The Preparing Localities for an Autonomous and Connected Environment (“PLACE”) Act ([H.R. 2542](#)), introduced by Representative Earl Blumenauer, would direct the Secretary of Transportation to make grants to study secondary influences of CAVs on communities (e.g., influences on land use, urban design, transportation, real estate, and municipal budgets). Another measure introduced by Representative Mark DeSaulnier ([H.R. 3388](#)), would direct the Secretary of Transportation to establish the Strengthening Mobility and Revolutionizing Transportation (“SMART”) Challenge Grant Program, to encourage technological innovation, including with respect to CAVs, in communities nationwide.

In the absence of comprehensive federal legislation on CAVs, states continue to introduce measures to foster innovation in the CAV industry and protect consumers and communities. In the second quarter of this year, Washington State enacted a law governing delivery robots on sidewalks ([H.B. 1325](#)), which goes into effect September 1, 2019. California legislators continue to consider a number of CAV bills, including a new measure that would establish a working group on autonomous passenger vehicle policy development ([S.B. 59](#)) and another to require transit operators to ensure certain automated transit vehicles are staffed by employees ([S.B. 336](#)). California’s Department of Motor Vehicles is also considering a [proposed rule](#) to allow the testing and deployment of certain autonomous motor trucks. And in Florida, the state legislature recently enacted a law ([H.B. 311](#)) to allow CAVs without human operators, effective July 1, 2019.

*This is the second installment in Covington’s quarterly update on AI and IoT legislative developments.*

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