

**ACT | The App Association
Policy Principles for AI**

(Washington, DC) – Shaping the future of artificial intelligence (AI) has become a priority for policymakers around the world, with nearly 40 AI-related laws enacted globally, more than 80 pending legislative proposals at the state level, and multiple bills at the federal level. To understand and shape rules for this complex and evolving technology, the voice of small businesses, including members of ACT| The App Association, must be at the table.

When we initially released these principles in 2021 we knew that a future where data would drive ever more powerful computers was a reality. We also note that if policymakers were to enact an overwhelming regulatory framework governing the use or development of AI based on what we know about it today, it will likely be fundamentally out of date in the next five to 10 years. With the direct exposure to consumers of generative AI tools like ChatGPT, AI in general jumped to the forefront of the global consciousness. This updated set of recommendations reflects new developments in privacy and data security laws around the world and new learnings about the benefits, risks, and challenges presented by evolving AI tools in use cases from healthcare and education to software development and cybersecurity.

A successful policy approach to AI will align with the following principles:

1. **Understand the Technology:** App Association members have been using AI for decades and even with the more advanced technologies in use today, humans are always responsible for its output. Government intervention designed for some of these AI tools is likely a poor fit for other kinds, especially when they are used in different industries and existing regulatory verticals. Although there is no consensus definition that encompasses the various types of AI in use today, basic taxonomies are nonetheless helpful for anybody seeking an understanding of the technology. Policymakers should understand that AI refers to a wide range of tools, which may be broken down in numerous ways, including as follows:
 - **Machine learning (ML).** ML has generally been the most widely-adopted and versatile subset of AI tools. Examples of its use include clinical decision support (CDS) for clinicians to better diagnose health conditions and develop a treatment plan, real-time GPS navigation, inventory management to improve on-shelf availability, and digital tutoring.
 - **Deep Learning (DL).** Unlike machine learning, deep learning tools teach themselves new ways of learning from and producing outputs based on the data they analyze. Some current examples of how deep learning is used include drug discovery that avoids some of the enormous costs of human clinical trials, self-driving vehicles, and computer vision (now relying more on deep learning than statistical models).
 - **Generative AI.** ChatGPT and DALL-E are examples of generative AI, which refers to a set of ML tools that draw on foundation models (FMs). These technologies can generate content like text compositions, images, videos, or other materials that mimic the style and other attributes of the source material. Unlike reactive DL and ML, generative AI can produce materials that can sometimes appear indistinguishable from genuine versions of them. Some examples of generative AI uses include software coding, product descriptions, and media editing.

2. **Understand How Current Law Applies to the Use of AI:** A wide range of federal, local, and state laws prohibit harmful conduct regardless of whether the use of AI is involved. For example, the Federal Trade Commission (FTC) Act prohibits a wide range of unfair or deceptive acts or practices, and states also have versions of these prohibitions in their statute books. The use of AI does not shield companies from these prohibitions. However, federal and state agencies alike must approach the applicability of these laws in AI contexts thoughtfully and with great sensitivity to the novel or evolving risks AI systems present. Congress and other policymakers must first understand how existing frameworks apply to activities involving AI to avoid creating sweeping new authorities or agencies that awkwardly or inconsistently overlap with current policy frameworks.

3. **Quality Assurance and Oversight:** Policy frameworks should utilize risk-based approaches to ensure that the use of AI aligns with any relevant recognized standards of safety, efficacy, and equity. Small software and device companies benefit from understanding the distribution of risk and liability in building, testing, and using AI tools. Risk management frameworks addressing liability should ensure the appropriate distribution and mitigation of risk and liability across the value chain and appropriately assess how it may apply to distinct categories such as developers, deployers, and users of AI. Specifically, those in the value chain with the ability to minimize risks based on their knowledge and ability to mitigate should have appropriate incentives to do so. Some recommended areas of focus include:
 - Ensuring AI is safe, efficacious, and equitable.
 - Encouraging AI developers to consistently utilize rigorous procedures and enabling them to document their methods and results.
 - Encouraging those developing, offering, or testing AI systems intended for consumer use to provide truthful and easy-to-understand representations regarding intended use and risks that would be reasonably understood by those intended, as well as expected, to use the AI solution.
4. **Thoughtful Design:** Policy frameworks should encourage design of AI systems that are informed by real-world workflows, human-centered design and usability principles, and end-user needs. AI systems should facilitate a transition to changes in the delivery of goods and services, including increases in efficiency, that benefit consumers and businesses. The design, development, and success of AI should leverage collaboration and dialogue among users, AI technology developers, and other stakeholders to have all perspectives reflected in AI solutions.
5. **Access and Affordability:** Policy frameworks should enable products and services that involve AI systems to be accessible and affordable. Significant resources may be required to scale systems. Policymakers should also ensure that developers can build accessibility features into their AI-driven offerings and avoid policies that limit their accessibility options.
6. **Research and Transparency:** Policy frameworks should support and facilitate research and development of AI by prioritizing and providing sufficient funding while also maximizing innovators' and researchers' ability to collect and process data from a wide range of sources. Research on the costs and benefits of transparency in AI should also be a priority and involve collaboration among all affected stakeholders to develop a better understanding of how and under which circumstances transparency mandates would help address risks arising from the use of AI systems.

7. **Modernized Privacy and Security Frameworks:** The many new AI-driven uses for data, including sensitive personal information, raise privacy questions. They also offer the potential for more powerful and granular privacy controls for consumers. Accordingly, any policy framework should address the topics of privacy, consent, and modern technological capabilities as a part of the policy development process. Policy frameworks must be scalable and assure that an individual's data is properly protected, while also allowing the flow of information and responsible evolution of AI. A balanced framework should avoid undue barriers to data processing and collection while imposing reasonable data minimization, consent, and consumer rights frameworks.
8. **Bias:** The potential for harmful bias (whether racial, political, geographic, etc.), as well as errors, will remain one of the more pressing issues with AI systems that utilize machine learning techniques in particular. Stakeholders throughout the chain, including AI deployers, developers, and consumers, should develop and measure adherence to diversity, equity, and inclusion best practices to identify, address, and mitigate the risks of harmful bias that may affect marginalized and underrepresented groups. Regulatory agencies should examine data provenance and bias issues present in the development and uses of AI solutions to ensure that bias in datasets does not result in harm to users or consumers of products or services involving AI, including through unlawful discrimination.
9. **Ethics:** The success of AI depends on ethical use. A policy framework must promote many of the existing and emerging ethical norms for broader adherence by AI technologists, innovators, computer scientists, and those who use such systems. Relevant ethical considerations include:
 - Applying ethics to each phase of an AI system's life, from design to development to use.
 - Maintaining consistency with international conventions on human rights.
 - Prioritizing inclusivity such that AI solutions benefit consumers and are developed using data from across socioeconomic, age, gender, geographic origin, and other groupings.
 - Reflecting that AI tools may reveal extremely sensitive and private information about a user and ensure that laws require the protection of such information.
10. **Education:** Policy frameworks should support education for the advancement of AI, promote examples that demonstrate the success of AI, and encourage stakeholder engagements to keep frameworks responsive to emerging opportunities and challenges.
 - AI users and consumers should be educated as to the use of AI in the service(s) they are using. Policy frameworks should encourage or provide education for AI users and consumers as to how copyright law applies to generative AI and in other contexts involving AI tools, including intellectual property (IP) licensing best practices.
 - Academic education should include curriculum that will advance the understanding of and ability to use AI solutions, including with a focus on understanding and applying ethical frameworks to AI use and development.

- 11. Intellectual Property:** The protection of IP rights is critical to the evolution of AI. In developing approaches and frameworks for AI governance, policymakers should be mindful of how current legal protections apply in circumstances involving AI and ensure that compliance measures and requirements do not undercut IP or trade secrets.

About ACT | The App Association: The App Association is a global trade association for small and medium-sized technology companies. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology.