March 13, 2026

The Honorable Brian Babin
Chairman
Committee on Science, Space, and Technology
United States House of Representatives
Washington, District of Columbia 20515

The Honorable Zoe Lofgren
Ranking Member
Committee on Science, Space, and Technology
United States House of Representatives
Washington, District of Columbia 20515

The Honorable Rich McCormick
Chairman
Committee on Science, Space, and Technology
Subcommittee on Investigations and Oversight
United States House of Representatives
Washington, District of Columbia 20515

The Honorable Emilia Sykes
Ranking Member
Committee on Science, Space, and Technology
Subcommittee on Investigations and Oversight
United States House of Representatives
Washington, District of Columbia 20515

RE: Follow-up Views on "Powering America's AI Future: Assessing Policy Options to Increase Data Center Infrastructure"

Dear Chairman Babin, Ranking Member Lofgren, Chairman McCormick, and Ranking Member Sykes,

ACT | The App Association (ACT) appreciates the Committee's attention to the important issues discussed at the hearing, "Powering America's AI Future: Assessing Policy Options to Increase Data Center Infrastructure." We write to share ACT's views on the importance of data center infrastructure to America's artificial intelligence (AI) future. ACT is committed to supporting policy actions needed to sustain and enhance America's leadership in AI, while ensuring that unnecessarily burdensome or outdated regulatory frameworks do not hamper innovation for our members.

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Small businesses are leading the way on AI. As some of the leading consumers, developers, and adapters of AI tools, ACT members have a major stake in how policymakers view AI markets. ACT represents an ecosystem valued at approximately $1.8 trillion domestically, supporting 6.1 million American jobs.[1] ACT members are innovators that create the software bringing your smart devices to life. They also make connected devices that are revolutionizing healthcare, agriculture, public safety, financial services, and virtually all other industries. The continued success of this ecosystem, however, depends on the availability of robust, reliable, and affordable digital infrastructure.

For most Americans, AI is a quiet partner in daily life and a powerful engine for the public good.[2] It is the tool that helps doctors detect tumors invisible to the human eye, giving patients a better chance at recovery. It is the technology that allows conservationists to monitor endangered species in real time, accelerating wildlife protection efforts. And it is the program that helps farmers boost crop yields while using fewer pesticides, making agriculture more sustainable and productive.

These are the tangible, real-world benefits of what we recognize as "narrow AI," which are specialized systems already deployed by small and medium-sized innovators across the country. This same technology is at work detecting financial fraud, strengthening cybersecurity, and powering accessibility tools that create new opportunities for people with disabilities. Ensuring that federal policy supports the continued deployment of these proven, beneficial tools is essential to maintaining U.S. competitiveness and improving the lives of all Americans.

The Small Business Stake in Data Center Infrastructure

To date, much of the conversation around data centers has focused on the AI ambitions of the world's largest technology companies. This focus, while understandable, overlooks a fundamental truth that small businesses are the primary consumers of the AI tools and cloud services that data center infrastructure enables. To understand the stakes of this hearing for small businesses, we only need to look back at the dramatic changes brought by the advent of cloud computing, a revolution powered by the last generation of data center infrastructure. Before the cloud, a small software company needed to spend millions of dollars on servers and IT staff just to get an idea off the ground.[3] Today, thanks to the economy of scale data centers provide, that same company can access world-class

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[1] https://actonline.org/wp-content/uploads/APP-Economy-Report-FINAL-1.pdf.
[2] Kedharnath Sankararman, "Serving the Public Good with Nuanced AI Policymaking," October 1, 2024, https://actonline.org/2024/10/01/serving-the-public-good-with-nuanced-ai-policymaking/.
[3] *See* Morgan Reed, President, ACT | The App Association, Testimony before the U.S. Senate Committee on Commerce, Science, and Transportation, Subcommittee on Communications, Technology, Innovation, and the Internet, "There's an App for That: Trends in Mobile Technologies," May 2018.

computing power for a few hundred dollars a month, freeing up precious capital to hire, innovate, and grow.[4]

This offloading of overhead to cloud providers democratized access to the core inputs necessary to solve problems leveraging technology, allowing small businesses to compete on a more level playing field.[5] Today, we stand at the precipice of a similar transformation driven by AI. For small businesses, AI is a suite of practical tools they need to compete. These tools for data analytics, customer service, logistics, and product design are not built in-house. They are accessed through the cloud and powered by the immense computational capabilities of data centers. Without a clear path to expanding our nation's data center infrastructure, we risk putting these transformative tools out of reach for the very businesses that are best positioned to use them to create jobs and drive economic growth.

Permitting and Regulatory Barriers to Small Business Competitiveness

Our members build AI-powered applications that run on data centers. In addition, some of them are active contributors to the research and innovation needed to make this ecosystem more sustainable.[6] Their ability to innovate, however, is directly tied to the speed and predictability of infrastructure deployment. When the underlying infrastructure is stalled, so is the innovation that depends on it. Unfortunately, the current federal permitting regime for critical infrastructure creates significant delays and uncertainty. Environmental impact statements under National Environmental Policy Act (NEPA) typically take about two to three years to complete, and a small number of projects experience significantly longer timelines.[7] This regulatory friction creates a ripple effect of uncertainty that chills investment across the entire technology ecosystem.[8] Further, states and localities across the United States are increasingly delaying and obstructing the construction of cloud infrastructure and data

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[4] ACT | The App Association, Comments to NTIA on "Bolstering Data Center Growth, Resilience, and Security" (Docket No. 240823-0225), November 4, 2024.

[5] Nicholas Bloom and Nicola Pierri, "Research: Cloud Computing Is Helping Smaller, Newer Firms Compete," Harvard Business Review, August 31, 2018.

[6] Giuseppe Tomei, CEO of ACT member company proxim AI, recently co-authored peer-reviewed research exploring a model for distributed AI training across smaller, renewable-powered micro-datacenters. *See* G. Tomei, A. Mayer, G. Alcini, and S. Salsano, "Green Distributed AI Training: Orchestrating Compute Across Renewable-Powered Micro Datacenters," 2026 IEEE Network Operations and Management Symposium (NOMS), May 2026, available at https://www.researchgate.net/publication/397824661_Green_Distributed_AI_Training_Orchestrating_Compute_Across_Renewable-Powered_Micro_Datacenters.

[7] Council on Environmental Quality, "Environmental Impact Statement Timelines (2010-2024)," January 13, 2025. (Finding the average completion time for an Environmental Impact Statement was 4.5 years from 2010-2018).

[8] McKinsey & Company, "Unlocking US Federal Permitting: A Sustainable Growth Imperative," July 28, 2025. (Finding that, on average, each dollar of infrastructure investment takes four to five years to move through the federal permitting process).

centers by imposing moratoriums, tightening zoning restrictions, denying permits, and threatening litigation. These actions are stalling or cancelling tens of billions of dollars in critical infrastructure projects.

When compliance roadblocks mount and timelines become harder to predict, investors view the policy environment as an added risk, causing capital investment to pause or disappear altogether for startups and independent developers. This is not only a challenge for small tech companies, but also a competitive challenge for the United States. An investment environment characterized by regulatory uncertainty weakens the broader innovation pipeline that the United States relies on to lead in emerging technologies and undermines national and economic security priorities, particularly as other nations like China rapidly expand their data center capacity through more centralized and streamlined approval processes.[9]

A Policy Framework for Enabling Small Business Innovation

To ensure that the United States remains the global leader in innovation, and to empower our nation's small businesses to compete in the AI era, we urge the Subcommittee to consider a policy framework that prioritizes the conditions for innovation. ACT strongly supports comprehensive, technology-neutral permitting reform that creates a more efficient, predictable, and transparent federal process for data centers and the energy infrastructure needed to power them. Streamlining reviews, reducing duplication, and setting clear deadlines will provide the certainty needed to unlock private investment and accelerate deployment.

Furthermore, ensuring access to reliable, abundant, and affordable power is a primary concern for our members. We support an all-of-the-above energy strategy that embraces innovation across all sources, including advanced nuclear, natural gas, and renewables, and allows data center operators to choose the best solutions to meet their 24/7 energy needs. As data center energy demand grows, it is also crucial that the costs are not disproportionately borne by other ratepayers. To capture those benefits, we support policies and partnerships that advance grid modernization and new energy resources, ensuring that the expansion of AI data centers drives American innovation while keeping electricity costs affordable for families and communities. Accordingly, we are concerned that premature state-level moratoriums on data center construction are a direct threat to small business innovation, as they would freeze our members out of the AI ecosystem and cede our competitive advantage.

[9] S&P Global, "Geopolitics of data centers: An AI showdown that will reshape the world," December 2, 2025.

Conclusion

ACT appreciates the Committee's leadership in examining the future of U.S. AI policy and the critical role of digital infrastructure. Data center infrastructure is the modern equivalent of the roads, bridges, and power lines that enabled the 20th-century economy. The policy choices made by this Congress will help determine whether small businesses have access to the AI tools they need to innovate, create jobs, and compete globally. Congress has a vital role to play in ensuring that federal efforts emphasize coordination, risk-based governance, robust research funding, infrastructure development, and global engagement while avoiding fragmentation that could slow innovation and disadvantage small businesses.

We stand ready to work with the Committee to advance policies that enable responsible AI development and deployment, strengthen U.S. competitiveness, and ensure that innovators of all sizes can contribute to and benefit from America's AI future.

Sincerely,

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