

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8926

To direct the Assistant Secretary of Commerce for Communications and Information to establish a grant program to modernize the technology of State and local governments, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2026

Mrs. FOUSHEE introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To direct the Assistant Secretary of Commerce for Communications and Information to establish a grant program to modernize the technology of State and local governments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State and Local Public  
5 Sector Innovation Act”.

1 **SEC. 2. STATE AND LOCAL GOVERNMENT TECHNOLOGY**  
2 **MODERNIZATION GRANT PROGRAM.**

3 (a) **ESTABLISHMENT.**—Not later than 1 year after  
4 the date of the enactment of this Act, the Assistant Sec-  
5 retary shall establish a grant program to modernize the  
6 technology utilized by State and local governments in  
7 order to improve the security and efficacy of public serv-  
8 ices.

9 (b) **GRANT AUTHORITY.**—Each fiscal year, the As-  
10 sistant Secretary shall distribute among the States the  
11 total amount made available for grants under the Program  
12 with respect to such fiscal year in the following manner:

13 (1) 50 percent of such total amount shall be  
14 distributed in a manner that provides to each State  
15 the portion of such 50 percent amount that bears  
16 the same ratio to such 50 percent amount as the  
17 ratio that—

18 (A) the population of such State; bears to

19 (B) the total population of all States.

20 (2) 50 percent of such total amount shall be  
21 distributed among the States according to the needs  
22 of each State with respect to modernizing the tech-  
23 nology of government entities in such State, as de-  
24 termined by the Assistant Secretary in accordance  
25 with subsection (e)(1).

1 (c) RECIPIENTS OF GRANT FUNDS.—Each grant  
2 made to a State under the Program shall be provided to  
3 the State technology department of such State for use in  
4 accordance with subsection (d).

5 (d) GRANT USES.—

6 (1) IN GENERAL.—A State technology depart-  
7 ment that receives grant funds under the Program  
8 may use such grant funds to assist any government  
9 entity of such State, or any government entity of a  
10 political subdivision of such State, to modernize the  
11 technology utilized by such government entity in  
12 order to improve the security and efficacy of public  
13 services, including through any of the following ac-  
14 tions:

15 (A) Purchasing or updating technology and  
16 related infrastructure, including technology and  
17 infrastructure related to artificial intelligence.

18 (B) Conducting testing to determine needs  
19 with respect to technology modernization.

20 (C) Updating permitting processes as nec-  
21 essary to facilitate technology modernization.

22 (D) Establishing or upgrading cybersecu-  
23 rity systems and processes.

24 (E) Hiring and maintaining staff as nec-  
25 essary to support technology modernization.

1 (F) Training staff as necessary to support  
2 technology modernization.

3 (G) Transitioning technology to meet  
4 standards with respect to post-quantum cryp-  
5 tography.

6 (H) Complying with the covered mandates.

7 (2) LOCAL FOCUS.—The Assistant Secretary  
8 shall require, as a condition of a grant under the  
9 Program, that at least 70 percent of the amount  
10 provided for a State under such grant be provided  
11 directly to political subdivisions of such State for use  
12 in accordance with paragraph (1).

13 (3) SET ASIDE FOR COVERED MANDATES.—If  
14 the Assistant Secretary determines pursuant to sub-  
15 section (e)(2) that a State is not complying with the  
16 covered mandates, the Assistant Secretary may re-  
17 quire, as a condition of a grant under the Program,  
18 that such State set aside up to 15 percent of the  
19 amount provided under such grant for actions nec-  
20 essary to comply with the covered mandates.

21 (e) SURVEY.—

22 (1) NEED DETERMINATIONS.—To determine  
23 the relative needs of States for purposes of sub-  
24 section (b)(2), the Assistant Secretary shall com-  
25 plete, not later than 1 year after the date of the en-

1 actment of this Act, a survey to collect from the  
2 State technology department of each State informa-  
3 tion with respect to—

4 (A) the technology utilized and data stored  
5 by government entities in such State;

6 (B) the modernization readiness, interoper-  
7 ability, and regulatory compliance, with respect  
8 to technology, of government entities in such  
9 State; and

10 (C) any technology modernization planning  
11 of such State.

12 (2) COVERED MANDATES DETERMINATION.—

13 For purposes of subsection (d)(3), the Assistant Sec-  
14 retary shall collect from each State, though the sur-  
15 vey completed under paragraph (1) of this sub-  
16 section, information necessary to determine whether  
17 such State is complying with the covered mandates.

18 (f) TECHNICAL ASSISTANCE.—The Assistant Sec-  
19 retary shall make available to government entities assisted  
20 with grant funds under the Program technical assistance,  
21 including technical assistance with respect to—

22 (1) data security best practices;

23 (2) privacy best practices;

24 (3) cyber threat monitoring and awareness; and

1           (4) compliance with the covered mandates, in-  
2           cluding related best practices and timelines.

3           (g) GUIDANCE.—The Assistant Secretary shall pub-  
4           lish guidance with respect to the Program, including guid-  
5           ance—

6           (1) on the use of grant funds made available  
7           under the Program;

8           (2) for utilizing consensus-based technical  
9           standards in carrying out the Program; and

10          (3) to ensure that any artificial intelligence sys-  
11          tem of a government entity assisted with grant  
12          funds made available under the Program, if used for  
13          an interaction with a member of the public, includes  
14          a notification that artificial intelligence is being  
15          used.

16          (h) CONSULTATION.—In carrying out the Program,  
17          the Assistant Secretary shall consult with representatives  
18          of the following:

19               (1) Academia.

20               (2) Scientific societies.

21               (3) Industry.

22               (4) Civil society organizations.

23               (5) State and local government information  
24               technology experts.

1           (6) Other stakeholder groups the Assistant Sec-  
2           retary determines appropriate.

3           (i) BRIEFING.—Not later than 4 years after the date  
4 of the enactment of this Act, the Assistant Secretary shall  
5 provide to the appropriate congressional committees a  
6 briefing on the Program, which shall include—

7           (1) data on the impact of the Program on State  
8           and local government technology;

9           (2) a description of any obstacles encountered  
10          in implementing the Program and how such obsta-  
11          cles were addressed;

12          (3) recommendations on any additional re-  
13          sources necessary to support the Program; and

14          (4) an analysis of whether the Program should  
15          be authorized for additional fiscal years.

16          (j) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to carry out the Program  
18 \$500,000,000 for each of fiscal years 2027 through 2030.

19          (k) DEFINITIONS.—In this section:

20           (1) APPROPRIATE CONGRESSIONAL COMMIT-  
21           TEES.—The term “appropriate congressional com-  
22           mittees” means—

23           (A) in the House of Representatives—

24           (i) the Committee on Energy and  
25           Commerce; and

1 (ii) the Committee on Science, Space,  
2 and Technology; and

3 (B) in the Senate, the Committee on Com-  
4 merce, Science, and Transportation.

5 (2) ARTIFICIAL INTELLIGENCE.—The term “ar-  
6 tificial intelligence” has the meaning given such  
7 term in section 5002 of the National Artificial Intel-  
8 ligence Initiative Act of 2020 (15 U.S.C. 9401).

9 (3) ASSISTANT SECRETARY.—The term “Assist-  
10 ant Secretary” means the Assistant Secretary of  
11 Commerce for Communications and Information.

12 (4) COVERED MANDATES.—The term “covered  
13 mandates” means, with respect to a State, that such  
14 State, as determined by the Assistant Secretary—

15 (A) has a Chief Data Officer or an indi-  
16 vidual serving in a substantially similar posi-  
17 tion;

18 (B) has, and is implementing, a data pri-  
19 vacy, inventory and classification system;

20 (C) has, and is implementing, data life-  
21 cycle policies; and

22 (D) is complying with the most recent cy-  
23 bersecurity and risk management frameworks  
24 of the National Institute of Standards and  
25 Technology of the Department of Commerce.

1           (5) POST-QUANTUM CRYPTOGRAPHY.—The  
2 term “post-quantum cryptography” means cryp-  
3 tographic algorithms and methods that are assessed  
4 not to be specifically vulnerable to attack by a quan-  
5 tum, or classical, computer.

6           (6) PROGRAM.—The term “Program” means  
7 the grant program established under subsection (a).

8           (7) STATE.—The term “State” means each of  
9 the several States, the District of Columbia, each  
10 territory or possession of the United States, and  
11 each federally recognized Indian Tribe.

12           (8) STATE TECHNOLOGY DEPARTMENT.—The  
13 term “State technology department” means the de-  
14 partment or agency of a State that the Governor or  
15 chief executive of such State designates, for pur-  
16 poses of the Program, as the primary department or  
17 agency of such State with respect to technology pro-  
18 vision and services.

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