

The Drones for First Responders Act – Bad Policy that Puts Public Safety at Risk

The "Drones for First Responders (DFR) Act," would effectively impose a new regressive tax on small businesses and hobbyists while harming public safety and risking lives - all to support a handful of domestic drone manufacturers. The DFR Act implements an escalating tax leading to an eventual ban on drones manufactured in China through the implementation of parts restrictions based on where the drone is assembled, not on security best practices. The resulting policy will ultimately increase taxes on Americans, create new limits on market choice, reduce the use of drones in life-saving operations, and cost American jobs.

- Despite its name, the DFR Act would limit the drones first responders will be able to use, which they currently pick based on what best suits their needs. The bill targets drones used by public safety agencies across the country, from police in upstate New York to volunteer fire departments in Texas to search and rescue teams in the mountains of Utah. These agencies and countless others use drones manufactured in China to provide situational awareness, support SWAT operations, map crime scenes, identify hotspots in wildfires, and find missing people. Yet this bill will limit choices for many first responders by imposing higher costs and eventually by banning the import of the best and most popular drones altogether, which will put lives at risk.
- The DFR Act seeks to steer first responders to drones that would limit their capabilities. Public safety agencies will buy the best products they can afford. This bill would raise the price of many of the best and most popular products, which would put certain drones out of reach for many communities. Domestically manufactured drones do not just cost taxpayers more, they are generally not comparable in terms of reliability, sensors, night-time flight capabilities, payloads, ease of operations, collision avoidance, and flight safety. The consequences of forcing first responders into alternatives that are not operationally equivalent can be seen firsthand in Florida, with equipment failures ranging from being unable to launch to setting on fire in a patrol car. These are the results when protectionism drives bad public policy, forcing public safety agencies to accept lesser tools that don't work versus using those best suited for their missions.
- The DFR Act places a regressive tax on all drone users, harming small businesses and hobbyists along with nearly every aspect of the U.S. drone industry. The DFR Act abandons the free market and attempts to reshape the industry by implementing new taxes on small businesses and hobbyists to fund a corporate bailout of a small number of U.S. drone manufacturers that have not been able to meet the demands of the market. This is done through the imposition of a new 30% tax on drones manufactured and shipped from China, which will then increase annually until reaching \$100 plus 50% tax four years after enactment. These taxes will disproportionally impact small businesses and hobbyists. The small business impact will be staggering and measured in the loss of hundreds of thousands of U.S. jobs and tens of billions in economic activity. In 2023, an independent survey of commercial drone service providers showed that nearly 70% of the industry would shutter without access to drones manufactured in China due to cost and operational capability gaps in the market.

• The DFR Act uses national security as a cover for protectionism and sets an unrealistic 5-year timeline for the US industry to match the production and capability needs of US drone users. The so-called critical components listed in the bill that are used to justify an outright import ban on drones manufactured in China starting in 2030 are only restricted if they are included in an assembled product shipped from China. To be clear, this means that the very same Chinese-made components that would not be allowed in imported drones <u>are</u> permissible if they are sent to the United States separately and assembled afterward. It could mean that, by 2030, the exact same camera or gimbal could be found on a domestically assembled drone – but would be deemed unacceptable and unable to enter the country as part of a fully assembled drone.

This discrepancy demonstrates that the component restrictions in the DFR Act are not based on any actual security vulnerability but rather designed solely to restrict market access. In doing so, the bill's supporters show their true intentions, which are bailouts for uncompetitive drone manufacturers by taxing small businesses and hobbyists.

The bill's proponents also offer no factual basis for the assumption that domestic manufacturing and assembly capacity can ramp up to or achieve a price point that will be able to meet market demand by the time the ban on imports with "critical components" is implemented.

- The promise of grant funds to offset increased costs may go unfulfilled. The DFR Act attempts to partially rectify the added costs it imposes by providing a grant program for first responders, critical infrastructure providers, farmers, and ranchers to purchase drones manufactured in the U.S. or other allied countries. However, the funding is predicated on import taxes levied on drones that the DFR Act effectively bans in 2030, leaving users with higher prices and less capable drones.
- The DFR Act simply ignores the operational security features already in place on the most popular drones on the market (DJI). The DFR Act leads to an eventual import ban that is, in part, based on perceived data security concerns, while simply disregarding security practices and features already available to consumers, including:
 - The ability to bypass the DJI flight app by using third-party software, including apps from American companies. These third-party options can be downloaded onto the iPad or Android device, allowing the user to avoid interacting with DJI software at all.
 - "Local Data Mode," which severs the connection between their flight app and the internet. When Local Data Mode is on, the app will close all data services and will not send any network requests. When users capture photos and videos, the data is stored locally.
 - An "opt-in" approach to sharing photos, videos, or flight logs if users do not want to share that data with DJI, they don't have to. By default, flight logs, photos, videos and mobile data across consumer and enterprise drones are not synced with DJI. If an agency does wish to store their flight log data, it is kept in U.S.-based servers such as AWS. Operators can also choose to grant or revoke data permissions at any time.
- There are ways to support American manufacturers and innovation without imposing anticompetitive market conditions. If Congress wants to support the American drone industry, it should do so without resorting to regressive taxes that harm small businesses and totally abandon American free market principles, leading to higher costs on American businesses and consumers. Instead of targeting drones manufactured in China with punitive measures, the goal should be more thoughtful measures to support domestic manufacturing in a way that does not restrict consumer choice and harm public safety.