AMENDMENT TO RULES COMMITTEE PRINT 117–54

OFFERED BY MS. HOULAHAN OF PENNSYLVANIA

Add at the end of subtitle B of title II, add the following new section:

SEC. 2. DEPARTMENT OF DEFENSE ADVANCED TECHNOLOGY INVESTMENT INCENTIVE PILOT PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Subject to the availability of appropriations for this purpose, the Secretary of Defense, acting through the Under Secretary of Defense for Acquisition and Sustainment, shall carry out a pilot program to accelerate the development of advanced technology for national security by creating incentives for trusted private capital in domestic small businesses or nontraditional businesses that are developing technology that the Secretary considers necessary to support the modernization of the Department of Defense and national security priorities.

(2) PURPOSES.—The purposes of the pilot program required by this subsection are as follows:
(A) To promote the global superiority of the United States in advanced technologies of importance to national security, which are not adequately supported by private sector investment.

(B) To accelerate the transition and deployment of advanced technologies into the Armed Forces.

(C) To support Department spending through a loan guarantee to accelerate development of advanced technology as described in paragraph (1).

(b) PUBLIC-PRIVATE PARTNERSHIP.—

(1) IN GENERAL.—In carrying out subsection (a), the Secretary shall enter into a public-private partnership with one or more for-profit persons using criteria that the Secretary shall establish for purposes of this subsection.

(2) CRITERIA.—The criteria established under paragraph (1) for entering into a public-private partnership with a person shall include the following:

(A) The person shall be independent.

(B) The person shall be free from foreign oversight, control, influence, or beneficial ownership.
(C) The person shall have commercial private capital fund experience with technology development in the defense and commercial sectors.

(D) The person shall be eligible for access to classified information (as defined in the procedures established pursuant to section 801(a) of the National Security Act of 1947 (50 U.S.C. 3161(a))).

(3) OPERATING AGREEMENT.—The Secretary and a person with whom the Secretary enters a partnership under paragraph (1) shall enter into an operating agreement that sets forth the roles, responsibilities, authorities, reporting requirements, and governance framework for the partnership and its operations.

(c) INVESTMENT OF EQUITY.—

(1) Pursuant to a public-private partnership entered into under subsection (c), a person with whom the Secretary has entered the partnership shall invest equity in domestic small businesses or nontraditional businesses consistent with subsection (a).

(2) Investments under paragraph (1) shall be selected based on their technical merit, economic
considerations, and ability to support modernization
goals of the Department.

(d) BRIEFINGS AND REPORTS.—

(1) INITIAL BRIEFING AND REPORT.—Not later
than one year after the date of the enactment of this
Act, the Secretary shall provide to the congressional
defense committees a briefing on the implementation
of this section and a report on the feasibility of im-
plementing loan guarantees to enhance the effective-
ness of the pilot program under subsection (a), in-
cluding—

(A) a detailed description of how loan
guarantees would be vetted, approved, and
managed, including mechanisms to protect the
government’s interests; and

(B) how such loan guarantees would be co-
ordinated with other government invest mecha-
nisms or other private sector financing.

(2) FINAL BRIEFING.—Not later than five years
after the date of the enactment of this Act, the Sec-
retary shall provide to the congressional defense
committees a briefing on the outcomes of the pilot
program under subsection (a) and the feasibility and
advisability of making it permanent.
(e) TERMINATION.—The authority to carry out the pilot program under subsection (a) shall terminate on the date that is five years after the date of the enactment of this Act.

(f) DEFINITIONS.—In this section:

(1) The term “domestic business” has the meaning given the term “U.S. business” in section 800.252 of title 31, Code of Federal Regulations, or successor regulation.

(2) The term “domestic small businesses or nontraditional businesses” means—

(A) a small businesses that is a domestic business; or

(B) a nontraditional business that is a domestic business.

(3) The term “free from foreign oversight, control, influence, or beneficial ownership”, with respect to a person, means a person who has not raised and managed capital from a person or entity that is not trusted and is otherwise free from foreign oversight, control, influence, or beneficial ownership.

(4) The term “independent”, with respect to a person, means a person who lacks a conflict of interest accomplished by not having entity or manager affiliation or ownership with an existing fund.
(5) The term “nontraditional business” has the meaning given the term “nontraditional defense contractors” in section 3014 of title 10, United States Code.

(6) The term “small business” has the meaning given the term “small business concern” in section 3 of the Small Business Act (15 U.S.C. 632).