

AMENDMENT TO RULES COMMITTEE PRINT 117-

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OFFERED BY MS. HOULAHAN OF PENNSYLVANIA

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

1 **SEC. 2___ . DEPARTMENT OF DEFENSE ADVANCED TECH-**
2 **NOLOGY INVESTMENT INCENTIVE PILOT**
3 **PROGRAM.**

4 (a) ESTABLISHMENT.—

5 (1) IN GENERAL.—Subject to the availability of
6 appropriations for this purpose, the Secretary of De-
7 fense shall carry out a pilot program to accelerate
8 the development of advanced technology for national
9 security by creating incentives for trusted private
10 capital in domestic small businesses or nontradi-
11 tional businesses that are developing technology that
12 the Secretary considers necessary to support the
13 modernization of the Department of Defense and
14 national security priorities.

15 (2) PURPOSES.—The purposes of the pilot pro-
16 gram required by this subsection are as follows:

17 (A) To promote the global superiority of
18 the United States in advanced technologies of

1 importance to national security, which are not
2 adequately supported by private sector invest-
3 ment.

4 (B) To accelerate the transition and de-
5 ployment of advanced technologies into the
6 Armed Forces.

7 (C) To support Department spending
8 through a loan guarantee to accelerate develop-
9 ment of advanced technology as described in
10 paragraph (1).

11 (b) PUBLIC-PRIVATE PARTNERSHIP.—

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

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

20 (A) The person shall be independent.

21 (B) The person shall be free from foreign
22 oversight, control, influence, or beneficial own-
23 ership.

24 (C) The person shall have commercial pri-
25 vate capital fund experience with technology de-

1 velopment in the defense and commercial sec-
2 tors.

3 (D) The person shall be eligible for access
4 to classified information (as defined in the pro-
5 cedures established pursuant to section 801(a)
6 of the National Security Act of 1947 (50
7 U.S.C. 3161(a))).

8 (3) OPERATING AGREEMENT.—The Secretary
9 and a person with whom the Secretary enters a part-
10 nership under paragraph (1) shall enter into an op-
11 erating agreement that sets forth the roles, respon-
12 sibilities, authorities, reporting requirements, and
13 governance framework for the partnership and its
14 operations.

15 (c) INVESTMENT OF EQUITY.—

16 (1) Pursuant to a public-private partnership en-
17 tered into under subsection (c), a person with whom
18 the Secretary has entered the partnership shall in-
19 vest equity in domestic small businesses or nontradi-
20 tional businesses consistent with subsection (a).

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

25 (d) BRIEFINGS AND REPORTS.—

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

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

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

16 (2) FINAL BRIEFING.—Not later than five years
17 after the date of the enactment of this Act, the Sec-
18 retary shall provide to the congressional defense
19 committees a briefing on the outcomes of the pilot
20 program under subsection (a) and the feasibility and
21 advisability of making it permanent.

22 (e) TERMINATION.—The authority to carry out the
23 pilot program under subsection (a) shall terminate on the
24 date that is five years after the date of the enactment of
25 this Act.

1 (f) DEFINITIONS.—In this section:

2 (1) The term “domestic business” has the
3 meaning given the term “U.S. business” in section
4 800.252 of title 31, Code of Federal Regulations, or
5 successor regulation.

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

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

10 (B) a nontraditional business that is a do-
11 mestic business.

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

18 (4) The term “independent”, with respect to a
19 person, means a person who lacks a conflict of inter-
20 est accomplished by not having entity or manager
21 affiliation or ownership with an existing fund.

22 (5) The term “nontraditional business” has the
23 meaning given the term “nontraditional defense con-
24 tractors” in section 3014 of title 10, United States
25 Code.

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

