

**AMENDMENT TO RULES COMMITTEE PRINT 119–****8****OFFERED BY MR. MESSMER OF INDIANA**

At the appropriate place in subtitle F of title VIII,  
insert the following:

**1 SEC. 8 \_\_\_\_ . MODIFICATIONS TO DEFENSE INDUSTRIAL BASE**  
**2 FUND.**

**3 (a) IN GENERAL.**—Section 4817 of title 10, United  
**4 States Code, is amended by adding at the end the fol-**  
**5 lowing new subsections:**

**6 “(g) ELIGIBLE USES OF AUTHORITIES.**—(1) The  
**7 Secretary may use the authorities provided by this section**  
**8 with respect to upstream, mid-stream, and downstream**  
**9 supply chains, including material, material production,**  
**10 components, subassemblies, and finished products, testing**  
**11 and qualification, infrastructure, facility construction and**  
**12 improvement, and equipment needed directly for the fol-**  
**13 lowing:**

**14 “(A) Castings and forgings.**

**15 “(B) Kinetic capabilities, including sensors, tar-**  
**16 geting systems, and delivery platforms.**

**17 “(C) Microelectronics.**

1           “(D) Machine tools, including but not limited to  
2           subtractive, additive, convergent, stamping, forging,  
3           abrasives, metrology, and other production equip-  
4           ment.

5           “(E) Critical minerals, materials, and chemi-  
6           cals.

7           “(F) Workforce for the defense industrial base.

8           “(G) Advanced manufacturing capacity, includ-  
9           ing echelon manufacturing forward in the Indo-Pa-  
10          cific Command theater.

11          “(H) Unmanned vehicles, including subsurface,  
12          surface, land, air one-way, attritables, and launch  
13          and recovery platforms.

14          “(I) Manned aircraft.

15          “(J) Ground systems.

16          “(K) Power sources.

17          “(L) Ship and submarine, including assembly  
18          and automation technologies and capabilities, new or  
19          modernized infrastructure for new construction or  
20          maintenance and sustainment and battle damage re-  
21          pair.

22          “(M) Other materiel solutions required to sup-  
23          port Indo-Pacific Command operational plans as re-  
24          quired.

25          “(N) Defense space systems.

1       “(2) The Secretary may not use the authorities pro-  
2 vided by this section for any activity in a covered country.

3       “(3) The Secretary may not use the authorities pro-  
4 vided by this section for a purpose not described in para-  
5 graph (1) unless, not less than 30 days before doing so,  
6 the Secretary—

7           “(A) determines that—

8               “(i) the use of the authority for that pur-  
9 pose is essential to the national security inter-  
10 ests of the United States; and

11               “(ii) without the use of the authority for  
12 that purpose, United States industry cannot  
13 reasonably be expected to provide the capability  
14 needed in a timely manner; and

15           “(B) submits to the congressional defense com-  
16 mittees a report on the determination that includes  
17 appropriate explanatory material.

18       “(h) GRANTS AND OTHER INCENTIVES FOR DOMES-  
19 TIC INDUSTRIAL BASE CAPABILITIES.—To create, main-  
20 tain, protect, expand, or restore domestic industrial base  
21 capabilities essential for the national security interests of  
22 the United States, the Secretary may make provision  
23 for—

24           “(1) use of contracts, grants, or other trans-  
25 action authorities, including cooperative agreements;

1           “(2) incentives for the private sector to develop  
2           capabilities in areas of national security interest;

3           “(3) during the 5-year period beginning on the  
4           date of the enactment of this subsection, making  
5           awards to third party entities to support investments  
6           in small- and medium-sized entities working in areas  
7           of national security interest, including debt and eq-  
8           uity investments, that would benefit missions of the  
9           Department of Defense; and

10          “(4) subsidies to offset market manipulation or  
11          ensure allied and domestic viability of grants made  
12          from other market uncertainties.

13          “(i) DEFENSE INDUSTRIAL BASE PURCHASE COM-  
14          MITMENT PROGRAM.—(1) To create, maintain, protect,  
15          expand, or restore industrial base capabilities essential for  
16          the national security interests of the United States, the  
17          Secretary may make provision for purchase commitments  
18          for—

19               “(A) Federal Government use or resale of an  
20               industrial resource or a critical technology item;

21               “(B) the encouragement of exploration, develop-  
22               ment, and mining of strategic and critical materials;

23               “(C) development of other materials and com-  
24               ponents;

1           “(D) the development of production capabilities;  
2           and

3           “(E) the increased use of emerging technologies  
4           in defense program applications and the rapid tran-  
5           sition of emerging technologies—

6                   “(i) from Federal Government-sponsored  
7                   research and development to commercial appli-  
8                   cations; and

9                   “(ii) from commercial research and devel-  
10                  opment to national defense applications.

11          “(2)(A) Except as provided by subparagraph (B),  
12          purchase commitments under paragraph (1) may be made  
13          without regard to the limitations of existing law (other  
14          than section 1341 of title 31), for such quantities, and  
15          on such terms and conditions, including advance pay-  
16          ments, and for such periods, but not extending beyond a  
17          date that is not more than 10 years from the date on  
18          which such purchase was initially made, as the Secretary  
19          deems necessary.

20                 “(B) Purchases commitments under paragraph  
21          (1) involving higher than established ceiling prices  
22          (or if no such established ceiling prices exist, cur-  
23          rently prevailing market prices) or that result in an  
24          anticipated loss on resale shall not be made, unless  
25          it is determined that supply of the materials could

1 not be effectively increased or provisioned at lower  
2 prices or on terms more favorable to the Federal  
3 Government, or that such purchases are necessary to  
4 assure the availability to the United States of over-  
5 seas supplies.

6 “(3)(A) The Secretary may take the actions described  
7 in subparagraph (B), if the Secretary finds that—

8 “(i) under generally fair and equitable ceil-  
9 ing prices, for any raw or nonprocessed mate-  
10 rial or component, there will result a decrease  
11 in supplies from high-cost sources of such mate-  
12 rial and that the continuation of such supplies  
13 is necessary to carry out the objectives of this  
14 section; or

15 “(ii) an increase in cost of transportation  
16 is temporary in character and threatens to im-  
17 pair maximum production or supply in any area  
18 at stable prices of any materials.

19 “(B) Upon a finding under subparagraph (A),  
20 the Secretary may make provision for subsidy pay-  
21 ments on any such produced material from other  
22 than covered countries, in such amounts and in such  
23 manner (including purchase commitments of such  
24 material or component and its resale at a loss, and  
25 on such terms and conditions, as the Secretary de-

1       termines to be necessary to ensure that supplies  
2       from such high-cost sources are continued, or that  
3       maximum production or supply in such area at sta-  
4       ble prices of such materials is maintained, as the  
5       case may be.

6       “(4) If the Secretary determines that such action will  
7       aid the national security interests of the United States,  
8       the Secretary is authorized—

9               “(A) to procure and install additional equip-  
10       ment, facilities, processes or improvements to plants,  
11       factories, and other industrial facilities owned by the  
12       Federal Government;

13              “(B) to procure and install equipment including  
14       owned by the Federal Government in plants, fac-  
15       tories, and other industrial facilities owned by pri-  
16       vate persons;

17              “(C) to provide for constructing new facilities,  
18       the modification, or expansion of privately owned fa-  
19       cilities, including the modification or improvement of  
20       production processes, when taking actions under this  
21       subsection or subsection (h);

22              “(D) to sell or otherwise transfer equipment  
23       owned by the Federal Government and installed  
24       under this subsection to the owners of such plants,  
25       factories, or other industrial facilities;

1           “(E) to construct facilities for the purposes de-  
2       scribed in section subsection (g)(1); and

3           “(F) to apply contracts, grants, or other trans-  
4       actions authorities.

5       “(5)(A) Metals, minerals, materials, and components  
6       acquired pursuant to this subsection which, in the judg-  
7       ment of the Secretary, are excess to the needs of programs  
8       under this section, shall be transferred to the National De-  
9       fense Stockpile established by the Strategic and Critical  
10      Materials Stock Piling Act (50 U.S.C. 98 et seq.), or other  
11      national reserves if available, when the Secretary deems  
12      such action to be in the public interest.

13           “(B) Transfers made pursuant to this para-  
14      graph shall be made without charge against or reim-  
15      bursement from funds appropriated for the purposes  
16      of the Strategic and Critical Materials Stock Piling  
17      Act (50 U.S.C. 98 et seq.), or other national re-  
18      serves if available, except that costs incident to such  
19      transfer, other than acquisition costs, shall be paid  
20      or reimbursed from such funds.

21       “(6) When, in the judgment of the Secretary, it will  
22      aid the national security interests of the United States,  
23      the Secretary may make provision for the development and  
24      qualification a of substitutes for strategic and critical ma-



1 terials, components, critical technology items, and other  
2 industrial resources.

3 “(j) STRENGTHENING DOMESTIC PRODUCTIVE CA-  
4 PACITY.—(1) The Secretary may provide appropriate in-  
5 centives to develop, maintain, modernize, restore, and ex-  
6 pand the productive capacities of sources for strategic and  
7 critical materials, components, critical technology items,  
8 and industrial resources essential for the execution of the  
9 national security strategy of the United States.

10 “(2)(A) The Secretary shall take appropriate actions  
11 to ensure that strategic and critical materials, compo-  
12 nents, critical technology items, and industrial resources  
13 are available from reliable sources when needed to meet  
14 defense requirements during peacetime, graduated mobili-  
15 zation, and national emergency.

16 “(B) For purposes of this paragraph, appro-  
17 priate action may include—

18 “(i) restricting contract solicitations to re-  
19 liable sources;

20 “(ii) stockpiling or placing into reserve  
21 strategic and critical materials, components,  
22 and critical technology items;

23 “(iii) planning for necessary long-lead  
24 times for acquiring such materials, components,  
25 and items; or

1                   “(iv) developing and qualifying substitutes  
2                   for such materials, components, and items.

3           “(k) FUNDING.—Subsections (g), (h), (i), and (j)  
4 may only be carried out using amounts appropriated on  
5 or after the date of the enactment of this subsection.

6           “(l) ANNUAL REPORT.—(1) Not later than one year  
7 after the date of the enactment of the National Defense  
8 Authorization Act for Fiscal Year 2026, and annually  
9 thereafter, the Secretary shall submit to the congressional  
10 defense committee a report evaluating investments made  
11 and any other activities carried out using amounts in the  
12 Fund during the year preceding submission of the report.

13           “(2) Each report required by paragraph (1) shall in-  
14 clude—

15                   “(A) measures of effectiveness of the invest-  
16 ments and activities described in that paragraph in  
17 meeting the needs of the Department of Defense and  
18 the defense industrial base;

19                   “(B) an evaluation of the return on investment  
20 of all ongoing investments from the Fund; and

21                   “(C) a description of efforts to coordinate ac-  
22 tivities carried out using amounts in the Fund with  
23 activities to support the defense industrial base car-  
24 ried out under other authorities.

1 “(3) In preparing a report required by paragraph (1),  
2 the Secretary shall take into account the advice of the de-  
3 fense industry and such other individuals as the Secretary  
4 considers relevant.

5 “(m) COORDINATION WITH OTHER DEFENSE IN-  
6 DUSTRIAL BASE ACTIVITIES.—Not later than 90 days  
7 after the date of the enactment of the National Defense  
8 Authorization Act for Fiscal Year 2026, the Secretary  
9 shall submit to the congressional defense committees a re-  
10 port detailing how activities carried out under this section  
11 will be coordinated with—

12 “(1) activities carried out using amounts in the  
13 Defense Production Act Fund under section 304 of  
14 the Defense Production Act of 1950 (50 U.S.C.  
15 4534);

16 “(2) activities of the Office of Strategic Capital;  
17 and

18 “(3) any other efforts designed to enhance the  
19 defense industrial base.

20 “(n) DEFINITIONS.—In this section:

21 “(1) The term ‘chokepoint’ means a situation in  
22 which—

23 “(A) components of the munitions supply  
24 chains, including all elements of the munitions  
25 supply chain such as chemicals, casings, or

1 other materials, are produced by only one reli-  
2 able source; or

3 “(B) the increased production of a compo-  
4 nent would significantly increase total output of  
5 munitions.

6 “(2) The term ‘covered country’ means—

7 “(A) the Russian Federation;

8 “(B) the Democratic People’s Republic of  
9 Korea;

10 “(C) the Islamic Republic of Iran; and

11 “(D) the People’s Republic of China.

12 “(3) The term ‘reliable source’ means a citizen  
13 or business entity organized under the laws of—

14 “(A) the United States or any territory or  
15 possession of the United States;

16 “(B) a country of the national technology  
17 and industrial base, as defined in section 4801;  
18 or

19 “(C) a qualifying country, as defined in  
20 section 225.003 of the Defense Federal Acquisi-  
21 tion Regulation Supplement or any successor  
22 document.

23 “(5) The term ‘strategic and critical materials’  
24 has the meaning given that term in section 12(1) of

1 the Strategic and Critical Materials Stock Piling Act  
2 (50 U.S.C. 98h–3(1)).”.

3 (b) MODIFICATIONS TO THE OFFICE OF STRATEGIC  
4 CAPITAL.—Section 149 of title 10, United States Code,  
5 is amended—

6 (1) in subsection (e)—

7 (A) in paragraph (3)(A)(ii)(l)(bb), by in-  
8 serting “or with regard to loans that include an  
9 equity feature, the Director reasonably believes  
10 the rate of return on the portfolio of such loans  
11 will exceed the rate of return on investment of  
12 a loan at the yield on marketable securities of  
13 a similar maturity to the maturity of the loan  
14 on the date of execution of the loan agreement”  
15 before the period at the end;

16 (B) in paragraph (3), by adding at the end  
17 the following new subparagraph:

18 “(D)(i) The Director may support an eligi-  
19 ble investment selected pursuant to this sub-  
20 section with funds, or use other mechanisms for  
21 the purpose of purchasing, and may make and  
22 fund commitments to purchase, invest in, make  
23 pledges in respect of, or otherwise acquire, eq-  
24 uity of the eligible entity, receiving support for  
25 the eligible investment, or any of its parent or

1 subsidiary companies, including as a limited  
2 partner or other investor in investment funds,  
3 upon such terms and conditions as the Director  
4 may determine.

5 “(ii) The Director shall develop criteria,  
6 taking into consideration the national security  
7 and economic interests of the United States,  
8 pursuant to which the Director may hold, sell,  
9 or otherwise liquidate support for an investment  
10 described under clause (i).

11 “(iii) Solely for the purposes of purchasing  
12 equity securities under this subparagraph, the  
13 Director shall be treated as a qualified pur-  
14 chaser (as defined in section 2(a)(51) of the In-  
15 vestment Company Act of 1940 (15 U.S.C.  
16 80a–2(a)(51))) and as an accredited investor  
17 under section 2 of the Securities Act of 1933  
18 (15 U.S.C. 77d).”; and

19 (C) in paragraph (8), by striking “after”  
20 and all that follows through the period at the  
21 end and inserting the following: “after the for-  
22 mal approval of the use of any capital assist-  
23 ance under this subsection.”; and

24 (2) by amending subsection (f)(1) to read as  
25 follows:

1           “(1) The term ‘capital assistance’ means a loan,  
2           loan guarantee, or technical assistance, or the pur-  
3           chase of or investment in equity, (including options,  
4           warrants, or other financing in a security with sub-  
5           ordination or nonamortization characteristics as the  
6           Director determines to be substantially similar to eq-  
7           uity financing).”.

