

John Cornyn

AMENDMENT NO. _____ Calendar No. _____

Purpose: To restore American leadership in semiconductor manufacturing by increasing federal incentives in order to enable advanced research and development, secure the supply chain, and ensure long-term national security and economic competitiveness.

IN THE SENATE OF THE UNITED STATES—116th Cong., 2d Sess.

S. 4049

To	AMENDMENT N ^o : 2244	military
		military
By	<i>Cornyn</i>	depart-
		sonnel
To:		poses.
Re:	<i>S. 4049</i>	and
	<i>33</i>	
	Page(s)	
	<small>GPO: 2018 33-682 (mac)</small>	

AMENDMENT intended to be proposed by Mr. CORNYN, *Cotton, Schumer, Warner,*

Viz:

1 At the end of title X, add the following:

2 **Subtitle H—Semiconductor**
3 **Manufacturing Incentives**

4 **SEC. 1091. SEMICONDUCTOR INCENTIVE GRANTS.**

5 (a) DEFINITIONS.—In this section—

6 (1) the term “appropriate committees of Con-
7 gress” means—

Collins, Tillis, Blackburn,
Hawley, Daines, [unclear],
[unclear], [unclear]
King

1 (A) the Select Committee on Intelligence,
2 the Committee on Commerce, Science, and
3 Transportation, the Committee on Foreign Re-
4 lations, the Committee on Armed Services, the
5 Committee on Appropriations, the Committee
6 on Banking, Housing, and Urban Affairs, and
7 the Committee on Homeland Security and Gov-
8 ernmental Affairs of the Senate; and

9 (B) the Permanent Select Committee on
10 Intelligence, the Committee on Energy and
11 Commerce, the Committee on Foreign Affairs,
12 the Committee on Armed Services, the Com-
13 mittee on Science, Space, and Technology, the
14 Committee on Appropriations, the Committee
15 on Financial Services, and the Committee on
16 Homeland Security of the House of Representa-
17 tives;

18 (2) the term “covered entity” means a private
19 entity, a consortium of private entities, or a consor-
20 tium of public and private entities with a dem-
21 onstrated ability to construct, expand, or modernize
22 a facility relating to the fabrication, assembly, test-
23 ing, advanced packaging, or advanced research and
24 development of semiconductors;

25 (3) the term “covered incentive”—

1 (A) means an incentive offered by a gov-
2 ernmental entity to a covered entity for the pur-
3 poses of constructing within the jurisdiction of
4 the governmental entity, or expanding or mod-
5 ernizing an existing facility within that jurisdic-
6 tion, a facility described in paragraph (2); and

7 (B) includes any tax incentive (such as an
8 incentive or reduction with respect to employ-
9 ment or payroll taxes or a tax abatement with
10 respect to personal or real property), a work-
11 force-related incentive (including a grant agree-
12 ment relating to workforce training or voca-
13 tional education), any concession with respect
14 to real property, funding for research and devel-
15 opment with respect to semiconductors, and any
16 other incentive determined appropriate by the
17 Secretary, in consultation with the Secretary of
18 State;

19 (4) the term “foreign adversary” means any
20 foreign government or foreign nongovernment person
21 that is engaged in a long-term pattern, or is involved
22 in a serious instance, of conduct that is significantly
23 adverse to—

24 (A) the national security of the United
25 States or an ally of the United States; or

1 (B) the security and safety of United
2 States persons;

3 (5) the term “governmental entity” means a
4 State or local government;

5 (6) the term “Secretary” means the Secretary
6 of Commerce; and

7 (7) the term “semiconductor” has the meaning
8 given the term by the Secretary.

9 (b) GRANT PROGRAM.—

10 (1) IN GENERAL.—The Secretary shall establish
11 in the Department of Commerce a program that, in
12 accordance with the requirements of this section,
13 provides grants to covered entities.

14 (2) PROCEDURE.—

15 (A) IN GENERAL.—A covered entity shall
16 submit to the Secretary an application that de-
17 scribes the project for which the covered entity
18 is seeking a grant under this section.

19 (B) ELIGIBILITY.—In order for a covered
20 entity to qualify for a grant under this section,
21 the covered entity shall demonstrate to the Sec-
22 retary, in the application submitted by the cov-
23 ered entity under subparagraph (A), that—

24 (i) the covered entity has a docu-
25 mented interest in constructing, expanding,

1 or modernizing a facility described in sub-
2 section (a)(2); and

3 (ii) with respect to the project de-
4 scribed in clause (i), the covered entity
5 has—

6 (I) been offered a covered incen-
7 tive;

8 (II) made commitments to work-
9 er and community investment, includ-
10 ing through—

11 (aa) training and education
12 benefits paid by the covered enti-
13 ty; and

14 (bb) programs to expand
15 employment opportunity for eco-
16 nomically disadvantaged individ-
17 uals; and

18 (III) secured commitments from
19 regional educational and training enti-
20 ties and institutions of higher edu-
21 cation to provide workforce training,
22 including programming for training
23 and job placement of economically dis-
24 advantaged individuals.

1 (C) CONSIDERATIONS FOR REVIEW.—With
2 respect to the review by the Secretary of an ap-
3 plication submitted by a covered entity under
4 subparagraph (A)—

5 (i) the Secretary may not approve the
6 application unless the Secretary—

7 (I) confirms that the covered en-
8 tity has satisfied the eligibility criteria
9 under subparagraph (B); and

10 (II) determines that the project
11 to which the application relates is in
12 the interest of the United States; and

13 (ii) the Secretary may consider wheth-
14 er—

15 (I) the covered entity has pre-
16 viously received a grant made under
17 this subsection; and

18 (II) the governmental entity of-
19 fering the applicable covered incentive
20 has benefitted from a grant previously
21 made under this subsection.

22 (3) AMOUNT.—The amount of a grant made by
23 the Secretary to a covered entity under this sub-
24 section shall be in an amount that is not more than
25 \$3,000,000,000.

1 (4) USE OF FUNDS.—A covered entity that re-
2 ceives a grant under this subsection may only use
3 the grant amounts to—

4 (A) finance the construction, expansion, or
5 modernization of a facility described in sub-
6 section (a)(2), as documented in the application
7 submitted by the covered entity under para-
8 graph (2)(A), or for similar uses in state of
9 practice and legacy facilities, as determined
10 necessary by the Secretary for purposes relating
11 to the national security and economic competi-
12 tiveness of the United States;

13 (B) support workforce development for the
14 facility described in subparagraph (A); or

15 (C) support site development for the facil-
16 ity described in subparagraph (A).

17 (5) CLAWBACK.—The Secretary shall recover
18 the full amount of a grant provided to a covered en-
19 tity under this subsection if—

20 (A) as of the date that is 5 years after the
21 date on which the Secretary makes the grant,
22 the project to which the grant relates has not
23 been completed, except that the Secretary may
24 issue a waiver with respect to the requirement
25 under this subparagraph if the Secretary deter-

1 mines that issuing such a waiver is appropriate
2 and in the interests of the United States; or

3 (B) during the applicable term with re-
4 spect to the grant, the covered entity engages
5 in any joint research or technology licensing ef-
6 fort—

7 (i) with the Government of the Peo-
8 ple's Republic of China, the Government of
9 the Russian Federation, the Government of
10 Iran, the Government of North Korea, or
11 another foreign adversary; and

12 (ii) that relates to a sensitive tech-
13 nology or product, as determined by the
14 Secretary.

15 (e) CONSULTATION AND COORDINATION RE-
16 QUIRED.—In carrying out the program established under
17 subsection (b), the Secretary shall consult and coordinate
18 with the Secretary of State and the Secretary of Defense.

19 (d) GAO REVIEWS.—The Comptroller General of the
20 United States shall—

21 (1) not later than 2 years after the date of en-
22 actment of this Act, and biennially thereafter until
23 the date that is 10 years after that date of enact-
24 ment, conduct a review of the program established

1 under subsection (b), which shall include, at a min-
2 imum—

3 (A) a determination of the number of in-
4 stances in which grants were provided under
5 that subsection during the period covered by
6 the review in violation of a requirement of this
7 section;

8 (B) an evaluation of how—

9 (i) the program is being carried out,
10 including how recipients of grants are
11 being selected under the program; and

12 (ii) other Federal programs are lever-
13 aged for manufacturing, research, and
14 training to complement the grants awarded
15 under the program; and

16 (C) a description of the outcomes of
17 projects supported by grants made under the
18 program, including a description of—

19 (i) facilities described in subsection
20 (a)(2) that were constructed, expanded, or
21 modernized as a result of grants made
22 under the program;

23 (ii) research and development carried
24 out with grants made under the program;
25 and

1 (iii) workforce training programs car-
2 ried out with grants made under the pro-
3 gram, including efforts to hire individuals
4 from disadvantaged populations; and

5 (2) submit to the appropriate committees of
6 Congress the results of each review conducted under
7 paragraph (1).

8 **SEC. 1092. DEPARTMENT OF DEFENSE.**

9 (a) DEPARTMENT OF DEFENSE EFFORTS.—

10 (1) IN GENERAL.—The Secretary of Defense
11 shall, in consultation with the Secretary of Com-
12 merce, the Secretary of Homeland Security, and the
13 Director of National Intelligence, work with the pri-
14 vate sector through a public-private partnership, in-
15 cluding by incentivizing the formation of a consor-
16 tium of United States companies, to ensure the de-
17 velopment and production of advanced, measurably
18 secure microelectronics for use by the Department of
19 Defense, the intelligence community, critical infra-
20 structure sectors, and other national security appli-
21 cations. Such work may include providing incentives
22 for the creation, expansion, or modernization of one
23 or more commercially competitive and sustainable
24 microelectronics manufacturing or advanced research
25 and development facilities.

1 (2) RISK MITIGATION REQUIREMENTS.—A par-
2 ticipant in a consortium formed with incentives
3 under paragraph (1) shall—

4 (A) have the potential to perform fabrica-
5 tion, assembly, package, or test functions for
6 microelectronics deemed critical to national se-
7 curity as defined by export control regulatory
8 agencies in consultation with the National Secu-
9 rity Adviser and the Secretary of Defense;

10 (B) include management processes to iden-
11 tify and mitigate supply chain security risks;
12 and

13 (C) be able to produce microelectronics
14 consistent with applicable measurably secure
15 supply chain and operational security standards
16 established under section 224(b) of the Na-
17 tional Defense Authorization Act for Fiscal
18 Year 2020 (Public Law 116–92).

19 (3) NATIONAL SECURITY CONSIDERATIONS.—
20 The Secretary of Defense and the Director of Na-
21 tional Intelligence shall select participants for the
22 consortium formed with incentives under paragraph
23 (1). In selecting such participants, the Secretary and
24 the Director may jointly consider whether the
25 United States companies—

1 (A) have participated in previous programs
2 and projects of the Department of Defense, De-
3 partment of Energy, or the intelligence commu-
4 nity, including—

5 (i) the Trusted Integrated Circuit pro-
6 gram of the Intelligence Advanced Re-
7 search Projects Activity;

8 (ii) trusted and assured microelec-
9 tronics projects, as administered by the
10 Department of Defense;

11 (iii) the Electronics Resurgence Initia-
12 tive (ERI) program of the Defense Ad-
13 vanced Research Projects Agency; or

14 (iv) relevant semiconductor research
15 programs of Advanced Research Projects
16 Agency–Energy;

17 (B) have demonstrated an ongoing com-
18 mitment to performing contracts for the De-
19 partment of Defense and the intelligence com-
20 munity;

21 (C) are approved by the Defense Counter-
22 intelligence and Security Agency or the Office
23 of the Director of National Intelligence as pre-
24 senting an acceptable security risk, taking into
25 account supply chain assurance vulnerabilities,

1 counterintelligence risks, and any risks pre-
2 sented by companies whose owners are located
3 outside the United States; and

4 (D) are evaluated periodically for foreign
5 ownership, control, or influence by foreign ad-
6 versaries.

7 (4) NONTRADITIONAL DEFENSE CONTRACTORS
8 AND COMMERCIAL ENTITIES.—Arrangements en-
9 tered into to carry out paragraph (1) shall be in
10 such form as the Secretary of Defense determines
11 appropriate to encourage industry participation of
12 nontraditional defense contractors or commercial en-
13 tities and may include a contract, a grant, a cooper-
14 ative agreement, a commercial agreement, the use of
15 other transaction authority under section 2371 of
16 title 10, United States Code, or another such ar-
17 rangement.

18 (5) DISCHARGE.—The Secretary of Defense
19 shall carry out paragraph (1) jointly through the Of-
20 fice of the Under Secretary of Defense for Research
21 and Engineering and the Office of the Under Sec-
22 retary of Defense for Acquisition and Sustainment,
23 or such other component of the Department of De-
24 fense as the Secretary considers appropriate.

1 (6) OTHER INITIATIVES.—The Secretary of De-
2 fense shall dedicate initiatives within the Depart-
3 ment of Defense to advance radio frequency, mixed
4 signal, radiation tolerant, and radiation hardened
5 microelectronics that support national security and
6 dual-use applications.

7 (7) REPORTS.—

8 (A) REPORT BY SECRETARY OF DE-
9 FENSE.—Not later than 90 days after the date
10 of the enactment of this Act, the Secretary of
11 Defense shall submit to Congress a report on
12 the plans of the Secretary to carry out para-
13 graph (1).

14 (B) BIENNIAL REPORTS BY COMPTROLLER
15 GENERAL OF THE UNITED STATES.—Not later
16 than 1 year after the date on which the Sec-
17 retary submits the report required by subpara-
18 graph (A) and not less frequently than once
19 every 2 years thereafter for a period of 10
20 years, the Comptroller General of the United
21 States shall submit to Congress a report on the
22 activities carried out under this subsection.

23 (b) DEFENSE PRODUCTION ACT OF 1950 EF-
24 FORTS.—

1 (1) IN GENERAL.—Not later than 120 days
2 after the date of the enactment of this Act, the
3 President shall submit to Congress a report on a
4 plan for use by the Department of Defense of au-
5 thorities available in title III of the Defense Produc-
6 tion Act of 1950 (50 U.S.C. 4531 et seq.) to estab-
7 lish and enhance a domestic production capability
8 for microelectronics technologies and related tech-
9 nologies, subject to the availability of appropriations
10 for that purpose.

11 (2) CONSULTATION.—The President shall de-
12 velop the plan required by paragraph (1) in coordi-
13 nation with the Secretary of Defense, and in con-
14 sultation with the Secretary of State, the Secretary
15 of Commerce, and appropriate stakeholders in the
16 private sector.

17 ~~(c) DEPARTMENT OF DEFENSE REQUIREMENTS FOR~~
18 ~~SOURCING FROM DOMESTIC MICROELECTRONICS DESIGN~~
19 ~~AND FOUNDRY SERVICES.—~~

20 ~~(1) REQUIREMENTS REQUIRED.—Not later~~
21 ~~than 1 year after the date of the enactment of this~~
22 ~~Act, the Secretary of Defense, in coordination with~~
23 ~~the Secretary of Energy, the Secretary of Homeland~~
24 ~~Security, and the Director of National Intelligence,~~
25 ~~shall establish requirements, standards, and a~~

1 ~~a~~ ~~— timeline for enforcement of such requirements, to~~
2 ~~the extent possible, for domestic sourcing for micro-~~
3 ~~electronics design and foundry services, and for com-~~
4 ~~mmercial microelectronics products, by programs, con-~~
5 ~~tractors, subcontractors, and other recipients of~~
6 ~~funding from the Department of Defense, Depart-~~
7 ~~ment of Energy, Department of Homeland Security,~~
8 ~~and the Director of National Intelligence.~~

9 (2) ~~PROCESSES FOR WAIVERS.~~ ~~The require-~~
10 ~~ments established under paragraph (1) shall include~~
11 ~~processes to permit waivers for specific contracts or~~
12 ~~transactions for domestic sourcing requirements~~
13 ~~based on cost, availability, severity of technical and~~
14 ~~mission requirements, emergency requirements and~~
15 ~~operational needs, other legal or international treaty~~
16 ~~obligations, or other factors.~~

17 (3) ~~UPDATES.~~ ~~Not less frequently than once~~
18 ~~each year, the Secretary shall—~~

19 (A) ~~update the requirements and timelines~~
20 ~~established under paragraph (1) and the proc-~~
21 ~~esses under paragraph (2), and~~

22 (B) ~~submit to Congress a report on the up-~~
23 ~~dates made under subparagraph (A).~~

1 **SEC. 1093. DEPARTMENT OF COMMERCE STUDY ON STATUS**
2 **OF MICROELECTRONICS TECHNOLOGIES IN**
3 **THE UNITED STATES INDUSTRIAL BASE.**

4 (a) **IN GENERAL.**—Commencing not later than 120
5 days after the date of the enactment of this Act, the Sec-
6 retary of Commerce and the Secretary of Homeland Secu-
7 rity, in consultation with the Secretary of Defense and the
8 heads of other appropriate Federal departments and agen-
9 cies, shall undertake a review, which shall include a sur-
10 vey, using authorities in section 705 of the Defense Pro-
11 duction Act (50 U.S.C. 4555), to assess the capabilities
12 of the United States industrial base to support the na-
13 tional defense in light of the global nature of the supply
14 chain and significant interdependencies between the
15 United States industrial base and the industrial base of
16 foreign countries with respect to the manufacture, design,
17 and end use of microelectronics.

18 (b) **RESPONSE TO SURVEY.**—The Secretary shall en-
19 sure compliance with the survey from among all relevant
20 potential respondents, including the following:

21 (1) Corporations, partnerships, associations, or
22 any other organized groups domiciled and with sub-
23 stantial operations in the United States.

24 (2) Corporations, partnerships, associations, or
25 any other organized groups domiciled in the United
26 States with operations outside the United States.

1 (3) Foreign domiciled corporations, partner-
2 ships, associations, or any other organized groups
3 with substantial operations or business presence in,
4 or substantial revenues derived from, the United
5 States.

6 (4) Foreign domiciled corporations, partner-
7 ships, associations, or any other organized groups in
8 defense treaty or assistance countries where the pro-
9 duction of the entity concerned involves critical tech-
10 nologies covered by section 2.

11 (c) INFORMATION REQUESTED.—The information
12 sought from a responding entity pursuant to the survey
13 required by subsection (a) shall include, at minimum, in-
14 formation on the following with respect to the manufac-
15 ture, design, or end use of microelectronics by such entity:

16 (1) An identification of the geographic scope of
17 operations.

18 (2) Information on relevant cost structures.

19 (3) An identification of types of microelec-
20 tronics development, manufacture, assembly, test,
21 and packaging equipment in operation at such enti-
22 ty.

23 (4) An identification of all relevant intellectual
24 property, raw materials, and semi-finished goods and

1 components sourced domestically and abroad by
2 such entity.

3 (5) Specifications of the microelectronics manu-
4 factured or designed by such entity, descriptions of
5 the end-uses of such microelectronics, and a descrip-
6 tion of any technical support provided to end-users
7 of such microelectronics by such entity.

8 (6) Information on domestic and export market
9 sales by such entity.

10 (7) Information on the financial performance,
11 including income and expenditures, of such entity.

12 (8) A list of all foreign and domestic subsidies,
13 and any other financial incentives, received by such
14 entity in each market in which such entity operates.

15 (9) A list of information requests from the Peo-
16 ple's Republic of China to such entity, and a de-
17 scription of the nature of each request and the type
18 of information provided.

19 (10) Information on any joint ventures, tech-
20 nology licensing agreements, and cooperative re-
21 search or production arrangements of such entity.

22 (11) A description of efforts by such entity to
23 evaluate and control supply chain risks it faces.

24 (12) A list and description of any sales, licens-
25 ing agreements, or partnerships between such entity

1 and the People's Liberation Army or People's Armed
2 Police, including any business relationships with en-
3 tities through which such sales, licensing agree-
4 ments, or partnerships may occur.

5 (d) REPORT.—

6 (1) IN GENERAL.—The Secretary of Commerce
7 shall, in consultation with the Secretary of Defense,
8 the Secretary of Homeland Security, and the heads
9 of other appropriate Federal departments and agen-
10 cies, submit to Congress a report on the results of
11 the review required by subsection (a). The report
12 shall include the following:

13 (A) An assessment of the results of the
14 survey.

15 (B) A list of critical technology areas im-
16 pacted by potential disruptions in production of
17 microelectronics, and a detailed description and
18 assessment of the impact of such potential dis-
19 ruptions on such areas.

20 (C) A description and assessment of gaps
21 and vulnerabilities in the microelectronics sup-
22 ply chain and the national industrial supply
23 base.

24 (2) FORM.— The report required by paragraph
25 (1) may be submitted in classified form.

1 **SEC. 1094. FUNDING FOR DEVELOPMENT AND ADOPTION**
2 **OF MEASURABLY SECURE MICROELEC-**
3 **TRONICS AND MEASURABLY SECURE MICRO-**
4 **ELECTRONICS SUPPLY CHAINS.**

5 (a) **MULTILATERAL MICROELECTRONICS SECURITY**
6 **FUND.—**

7 (1) **ESTABLISHMENT OF FUND.—**There is es-
8 tablished in the Treasury of the United States a
9 trust fund, to be known as the “Multilateral Micro-
10 electronics Security Fund” (in this section referred
11 to as the “Fund”), consisting of such amounts as
12 may be appropriated to such Fund and any amounts
13 that may be credited to the Fund under paragraph
14 (2).

15 (2) **INVESTMENT OF AMOUNTS.—**

16 (A) **INVESTMENT OF AMOUNTS.—**The Sec-
17 retary of the Treasury shall invest such portion
18 of the Fund as is not required to meet current
19 withdrawals in interest-bearing obligations of
20 the United States or in obligations guaranteed
21 as to both principal and interest by the United
22 States.

23 (B) **INTEREST AND PROCEEDS.—**The in-
24 terest on, and the proceeds from the sale or re-
25 demption of, any obligations held in the Fund

1 shall be credited to and form a part of the
2 Fund.

3 (3) USE OF FUND.—

4 (A) IN GENERAL.—Subject to subpara-
5 graph (B), amounts in the Fund shall be avail-
6 able, as provided in advance in an appropria-
7 tions Act, to the Secretary of State—

8 (i) to provide funding through the
9 common funding mechanism described in
10 subsection (b)(1) to support the develop-
11 ment and adoption of measurably secure
12 microelectronics and measurably secure
13 microelectronics supply chains; and

14 (ii) to otherwise carry out this section.

15 (B) AVAILABILITY CONTINGENT ON INTER-
16 NATIONAL AGREEMENT.—Amounts in the Fund
17 shall be available to the Secretary of State on
18 and after the date on which the Secretary en-
19 ters into an agreement with the governments of
20 countries that are partners of the United States
21 to participate in the common funding mecha-
22 nism under paragraph (1) of subsection (b) and
23 the commitments described in paragraph (2) of
24 that subsection.

25 (4) AVAILABILITY OF AMOUNTS.—

1 (A) IN GENERAL.—Amounts in the Fund
2 shall remain available through the end of the
3 tenth fiscal year beginning after the date of the
4 enactment of this Act.

5 (B) REMAINDER TO TREASURY.—Any
6 amounts remaining in the Fund after the end
7 of the fiscal year described in subparagraph (A)
8 shall be deposited in the general fund of the
9 Treasury.

10 (b) COMMON FUNDING MECHANISM FOR DEVELOP-
11 MENT AND ADOPTION OF MEASURABLY SECURE MICRO-
12 ELECTRONICS AND MEASURABLY SECURE MICROELEC-
13 TRONICS SUPPLY CHAINS.—

14 (1) IN GENERAL.—The Secretary of State, in
15 consultation with the Secretary of Commerce, the
16 Secretary of Defense, the Secretary of Homeland Se-
17 curity, the Secretary of the Treasury, and the Direc-
18 tor of National Intelligence, shall seek to establish a
19 common funding mechanism, in coordination with
20 the governments of countries that are partners of
21 the United States, that uses amounts from the
22 Fund, and amounts committed by such governments,
23 to support the development and adoption of secure
24 microelectronics and secure microelectronics supply
25 chains, including for use in research and develop-

1 ment collaborations among countries participating in
2 the common funding mechanism.

3 (2) MUTUAL COMMITMENTS.—The Secretary of
4 State, in consultation with the United States Trade
5 Representative, the Secretary of the Treasury, and
6 the Secretary of Commerce, shall seek to negotiate
7 a set of mutual commitments with the governments
8 of countries that are partners of the United States
9 upon which to condition any expenditure of funds
10 pursuant to the common funding mechanism de-
11 scribed in paragraph (1). Such commitments shall,
12 at a minimum—

13 (A) establish transparency requirements
14 for any subsidies or other financial benefits (in-
15 cluding revenue foregone) provided to microelec-
16 tronics firms located in or outside such coun-
17 tries;

18 (B) establish consistent policies with re-
19 spect to countries that—

20 (i) are not participating in the com-
21 mon funding mechanism; and

22 (ii) do not meet transparency require-
23 ments established under subparagraph (A);

24 (C) promote harmonized treatment of
25 microelectronics and verification processes for

1 items being exported to a country considered a
2 national security risk by a country participating
3 in the common funding mechanism;

4 (D) establish consistent policies and com-
5 mon external policies to address nonmarket
6 economies as the behavior of such countries
7 pertains to microelectronics;

8 (E) align policies on supply chain integrity
9 and microelectronics security, including with re-
10 spect to protection and enforcement of intellec-
11 tual property rights; and

12 (F) promote harmonized foreign direct in-
13 vestment screening measures with respect to
14 microelectronics to align with national and mul-
15 tilateral security priorities.

16 (c) ANNUAL REPORT TO CONGRESS.—Not later than
17 one year after the date of the enactment of this Act, and
18 annually thereafter for each fiscal year during which
19 amounts in the Fund are available under subsection
20 (a)(4), the Secretary of State shall submit to Congress a
21 report on the status of the implementation of this section
22 that includes a description of—

23 (1) any commitments made by the governments
24 of countries that are partners of the United States
25 to providing funding for the common funding mecha-

1 nism described in subsection (b)(1) and the specific
2 amount so committed;

3 (2) the criteria established for expenditure of
4 funds through the common funding mechanism;

5 (3) how, and to whom, amounts have been ex-
6 pended from the Fund;

7 (4) amounts remaining in the Fund;

8 (5) the progress of the Secretary of State to-
9 ward entering into an agreement with the govern-
10 ments of countries that are partners of the United
11 States to participate in the common funding mecha-
12 nism and the commitments described in subsection
13 (b)(2); and

14 (6) any additional authorities needed to en-
15 hance the effectiveness of the Fund in achieving the
16 security goals of the United States.

17 **SEC. 1095. ADVANCED SEMICONDUCTOR RESEARCH AND**
18 **DESIGN.**

19 (a) **APPROPRIATE COMMITTEES OF CONGRESS.**— In
20 this section, the term “appropriate committees of Con-
21 gress” means—

22 (1) the Committee on Intelligence, the Com-
23 mittee on Commerce, Science, and Transportation,
24 the Committee on Foreign Relations, the Committee
25 on Armed Services, the Committee on Energy and

1 Natural Resources, the Committee on Appropria-
2 tions, the Committee on Banking, Housing, and
3 Urban Affairs, and the Committee on Homeland Se-
4 curity and Governmental Affairs of the Senate; and

5 (2) the Permanent Select Committee on Intel-
6 ligence, the Committee on Energy and Commerce,
7 the Committee on Foreign Affairs, the Committee
8 on Armed Services, the Committee on Science,
9 Space, and Technology, the Committee on Financial
10 Services, and the Committee on Homeland Security
11 of the House of Representatives.

12 (b) SENSE OF CONGRESS.—It is the sense of Con-
13 gress that the leadership of the United States in semicon-
14 ductor technology and innovation is critical to the eco-
15 nomic growth and national security of the United States.

16 (c) SUBCOMMITTEE ON SEMICONDUCTOR LEADER-
17 SHIP.—

18 (1) ESTABLISHMENT REQUIRED.—The Presi-
19 dent shall establish in the National Science and
20 Technology Council a subcommittee on matters re-
21 lating to leadership of the United States in semicon-
22 ductor technology and innovation.

23 (2) DUTIES.—The duties of the subcommittee
24 established under paragraph (1) are as follows:

1 (A) NATIONAL STRATEGY ON SEMICON-
2 DUCTOR RESEARCH.—

3 (i) DEVELOPMENT.—In coordination
4 with the Secretary of Defense, the Sec-
5 retary of Energy, the Secretary of State,
6 the Secretary of Commerce, the Secretary
7 of Homeland Security, the Director of the
8 National Science Foundation, and the Di-
9 rector of the National Institute of Stand-
10 ards and Technology and in consultation
11 with the semiconductor industry and aca-
12 demia, develop a national strategy on semi-
13 conductor research, development, manufac-
14 turing, and supply chain security, includ-
15 ing guidance for the funding of research,
16 and strengthening of the domestic micro-
17 electronics workforce.

18 (ii) REPORTING AND UPDATES.—Not
19 less frequently than once every 5 years, to
20 update the strategy developed under clause
21 (i) and to submit the revised strategy to
22 the appropriate committees of Congress.

23 (iii) IMPLEMENTATION.—In coordina-
24 tion with the Secretary of Defense, the
25 Secretary of Energy, the Secretary of

1 State, the Secretary of Commerce, the Sec-
2 retary of Homeland Security, the Director
3 of the National Science Foundation, and
4 the Director of the National Institute of
5 Standards and Technology, on an annual
6 basis coordinate and recommend each
7 agency's semiconductor related research
8 and development programs and budgets to
9 ensure consistency with the National Semi-
10 conductor Strategy.

11 (B) FOSTERING COORDINATION OF RE-
12 SEARCH AND DEVELOPMENT.—To foster the co-
13 ordination of semiconductor research and devel-
14 opment.

15 (3) SUNSET.—The subcommittee established
16 under paragraph (1) shall terminate on the date
17 that is 10 years after the date of enactment of this
18 Act.

19 (d) INDUSTRIAL ADVISORY COMMITTEE.—The Presi-
20 dent shall establish a standing subcommittee of the Presi-
21 dent's Council of Advisors on Science and Technology to
22 advise the United States Government on matters relating
23 to microelectronics policy.

24 (e) NATIONAL SEMICONDUCTOR TECHNOLOGY CEN-
25 TER.—

1 (1) ESTABLISHMENT.—The Secretary of Com-
2 merce shall establish a national semiconductor tech-
3 nology center to conduct research and prototyping of
4 advanced semiconductor technology to strengthen
5 the economic competitiveness and security of the do-
6 mestic supply chain, which will be operated as a
7 public private-sector consortium with participation
8 from the private sector, the Department of Defense,
9 the Department of Energy, the Department of
10 Homeland Security, the National Science Founda-
11 tion, and the National Institute of Standards and
12 Technology

13 (2) FUNCTIONS.—The functions of the center
14 established under paragraph (1) shall be as follows:

15 (A) To conduct advanced semiconductor
16 manufacturing, design research and prototyping
17 that strengthens the entire domestic ecosystem
18 and is aligned with the National Strategy on
19 Semiconductor Research.

20 (B) To establish a National Advanced
21 Packaging Manufacturing Program led by the
22 National Institute of Standards and Tech-
23 nology, in coordination with the Center, to
24 strengthen semiconductor advanced test, assem-
25 bly, and packaging capability in the domestic

1 ecosystem, and which shall coordinate with the
2 Manufacturing USA institute established under
3 paragraph (4).

4 (C) To establish an investment fund, in
5 partnership with the private sector, to support
6 startups in the domestic semiconductor eco-
7 system.

8 (D) To establish a Semiconductor Manu-
9 facturing Program through the Director of the
10 National Institute of Standards and Technology
11 to enable advances and breakthroughs in meas-
12 urement science, standards, material character-
13 ization, instrumentation, testing, and manufac-
14 turing capabilities that will accelerate the un-
15 derlying research and development for metrol-
16 ogy of next generation semiconductors and en-
17 sure the competitiveness and leadership of the
18 United States within this sector.

19 (E) To work with the Secretary of Labor,
20 the private sector, educational institutions, and
21 workforce training entities to develop workforce
22 training programs and apprenticeships in ad-
23 vanced microelectronic packaging capabilities.

24 (3) COMPONENTS.—The fund established under
25 paragraph (2)(C) shall cover the following:

1 (A) Advanced metrology and characteriza-
2 tion for manufacturing of microchips using 3
3 nanometer transistor processes or more ad-
4 vanced processes.

5 (B) Metrology for security and supply
6 chain verification.

7 (4) CREATION OF A MANUFACTURING USA IN-
8 STITUTE.—The fund established under paragraph
9 (2)(C) may also cover the creation of a Manufac-
10 turing USA institute described in section 34(d) of
11 the National Institute of Standards and Technology
12 Act (15 U.S.C. 278s(d)) that is focused on semicon-
13 ductor manufacturing. Such institute may emphasize
14 the following:

15 (A) Research to support the virtualization
16 and automation of maintenance of semicon-
17 ductor machinery.

18 (B) Development of new advanced test, as-
19 sembly and packaging capabilities.

20 (C) Developing and deploying educational
21 and skills training curricula needed to support
22 the industry sector and ensure the U.S. can
23 build and maintain a trusted and predictable
24 talent pipeline.

1 (f) DOMESTIC PRODUCTION REQUIREMENTS.—The
2 head of any executive agency receiving funding under this
3 section shall develop policies to require domestic produc-
4 tion, to the extent possible, for any intellectual property
5 resulting from microelectronics research and development
6 conducted as a result of these funds and domestic control
7 requirements to protect any such intellectual property
8 from foreign adversaries.

9 **SEC. 1096. PROHIBITION RELATING TO FOREIGN ADVER-**
10 **SARIES.**

11 None of the funds appropriated pursuant to an au-
12 thorization in this subtitle may be provided to an entity—

13 (1) under the foreign ownership, control, or in-
14 fluence of the Government of the People's Republic
15 of China or the Chinese Communist Party, or other
16 foreign adversary (as defined in section 1091(a)(4));
17 or

18 (2) determined to have beneficial ownership
19 from foreign individuals subject to the jurisdiction,
20 direction, or influence of foreign adversaries (as so
21 defined).