

116TH CONGRESS
2D SESSION

H. R. 6916

To prohibit the listing of certain firms on national securities exchanges, to provide for expensing of costs directly connected with moving manufacturing from China to the United States, to establish a counterintelligence vetting task force, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2020

Mr. WALKER introduced the following bill; which was referred to the Committee on Homeland Security, and in addition to the Committees on Ways and Means, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit the listing of certain firms on national securities exchanges, to provide for expensing of costs directly connected with moving manufacturing from China to the United States, to establish a counterintelligence vetting task force, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Cage the Paper Tiger
5 Act of 2020”.

1 **SEC. 2. PROHIBITION AGAINST THE LISTING OF CERTAIN**
2 **FIRMS ON NATIONAL SECURITIES EX-**
3 **CHANGES.**

4 (a) IN GENERAL.—Section 6(b) of the Securities Ex-
5 change Act of 1934 (15 U.S.C. 78f(b)) is amended by add-
6 ing at the end the following:

7 “(11)(A) The rules of the exchange prohibit the
8 initial listing, after the date of enactment of this
9 paragraph, of any security of an issuer if the reg-
10 istration statement filed with the Commission for
11 such security includes an audit report prepared by
12 a covered foreign public accounting firm.

13 “(B) Nothing in subparagraph (A) may be con-
14 strued to prevent an exchange from listing a security
15 on the exchange on or after the date of enactment
16 of this paragraph if that security was listed on the
17 exchange or a national securities exchange before
18 the date of enactment of this paragraph.

19 “(C) In this paragraph—

20 “(i) the term ‘audit report’ has the mean-
21 ing given the term in section 2(a) of the Sar-
22 banes-Oxley Act of 2002 (15 U.S.C. 7201(a));

23 “(ii) the term ‘covered foreign public ac-
24 counting firm’ means a foreign public account-
25 ing firm that the Public Company Accounting
26 Oversight Board is unable to inspect or inves-

1 tigate under the Sarbanes-Oxley Act of 2002
2 (15 U.S.C. 7201 et seq.) because of a position
3 taken by an authority outside of the United
4 States; and

5 “(iii) the term ‘foreign public accounting
6 firm’ has the meaning given the term in section
7 106(g) of the Sarbanes-Oxley Act of 2002 (15
8 U.S.C. 7216(g)).”.

9 (b) RULES.—

10 (1) PROPOSALS.—Not later than 90 days after
11 the date of enactment of this Act, each national se-
12 curities exchange shall file with the Commission any
13 proposed change to the rules of the exchange that is
14 required as a result of the amendments made by this
15 section.

16 (2) ADOPTION.—Not later than 1 year after the
17 date of enactment of this Act, each national securi-
18 ties exchange shall have each proposed change de-
19 scribed in paragraph (1) approved by the Commis-
20 sion.

1 **SEC. 3. EXPENSING OF COSTS DIRECTLY CONNECTED WITH**
2 **MOVING MANUFACTURING FROM CHINA TO**
3 **THE UNITED STATES.**

4 (a) IN GENERAL.—Part VI of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 179E the following new section:

7 **“SEC. 179F. ELECTION TO EXPENSE CERTAIN ASSETS DI-**
8 **RECTLY CONNECTED TO MOVING MANUFAC-**
9 **TURING FROM CHINA TO THE UNITED**
10 **STATES.**

11 “(a) IN GENERAL.—A specified taxpayer may elect
12 to treat amounts paid or incurred for repatriation prop-
13 erty as an expense which is not chargeable to capital ac-
14 count. Any cost so treated shall be allowed as a deduction
15 for the taxable year in which such repatriation property
16 is placed in service.

17 “(b) SPECIFIED TAXPAYER.—For purposes of this
18 section, the term ‘specified taxpayer’ means any taxpayer
19 engaged in the trade or business of manufacturing any
20 product if—

21 “(1) as of the date of the enactment of this sec-
22 tion, such taxpayer manufactured such product in
23 China, and

24 “(2) as of the date which is 3 years after the
25 date that the repatriation property is placed in serv-
26 ice—

1 “(A) such taxpayer does not manufacture
2 such product in China, and

3 “(B) the quantity of such product manu-
4 factured in the United States by such taxpayer
5 has increased (relative to such quantity deter-
6 mined as of the date of the enactment of this
7 section) by an amount not less than the quan-
8 tity of such product manufactured in China as
9 of the date of the enactment of this section.

10 “(c) REPATRIATION PROPERTY.—For purposes of
11 this section, the term ‘repatriation property’ means any
12 property (including any real property) if—

13 “(1) such property is used by the taxpayer in
14 the United States to manufacture the product re-
15 ferred to in subsection (b),

16 “(2) the acquisition of such property by the
17 taxpayer is directly connected to replacing the pro-
18 ductive capacity lost by the taxpayer by reason of
19 ceasing manufacturing of such product in China (as
20 described in subsection (b)(2)(A)), and

21 “(3) such property is of a character which is
22 subject to the allowance for depreciation provided in
23 section 167.

24 “(d) APPLICATION OF CERTAIN RULES.—Rules simi-
25 lar to the rules of subsection (c), and paragraphs (4) and

1 (10) of subsection (d), of section 179 shall apply for pur-
2 poses of this section.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for part VI of subchapter B of chapter 1 of such Code
5 is amended by inserting after the item relating to section
6 179E the following new item:

“Sec. 179F. Election to expense certain assets directly connected to moving
manufacturing from China to the United States.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 the date of the enactment of this Act, in taxable years
10 ending after such date.

11 **SEC. 4. DEPARTMENT OF HOMELAND SECURITY COUNTER-**
12 **INTELLIGENCE VETTING TASK FORCE.**

13 (a) ESTABLISHMENT.—Not later than 180 days after
14 the date of the enactment of this Act, the Secretary of
15 Homeland Security shall assign personnel of the Depart-
16 ment of Homeland Security to participate in a counter-
17 intelligence vetting task force to make recommendations
18 to improve counterintelligence vetting for appropriate de-
19 partmental programs.

20 (b) PERSONNEL.—In carrying out subsection (a), the
21 Secretary of Homeland Security may assign personnel
22 from any component of the Department of Homeland Se-
23 curity the Secretary determines necessary to participate
24 in the task force established pursuant to such subsection.

1 (c) COORDINATION.—In carrying out subsection (a),
2 the Secretary of Homeland Security may request partici-
3 pation in the task force established pursuant to such sub-
4 section from other appropriate Federal agencies.

5 (d) REPORT.—Not later than one year after the date
6 of the enactment of this Act, the Secretary of Homeland
7 Security shall submit to the Committee on Homeland Se-
8 curity of the House of Representatives and the Committee
9 on Homeland Security and Governmental Affairs of the
10 Senate a report on the recommendations made by the task
11 force established pursuant to subsection (a).

12 **SEC. 5. COUNTERINTELLIGENCE TRAINING AND VETTING.**

13 (a) IN GENERAL.—Not later than 180 days after the
14 date of the enactment of this Act, in carrying out the pro-
15 gram administered pursuant to section 442(a)(4) of the
16 Homeland Security Act (6 U.S.C. 252(a)(4)), the Sec-
17 retary of Homeland Security shall develop a counterintel-
18 ligence awareness training program and require participa-
19 tion in such program from appropriate faculty, as deter-
20 mined by the Secretary in consultation with the Homeland
21 Security Academic Advisory Council (established pursuant
22 to section 871 of the Homeland Security Act of 2002 (6
23 U.S.C. 451)), from approved institutions of higher edu-
24 cation, other approved educational institutions, and des-
25 ignated exchange visitor programs in the United States.

1 (b) PROGRAM ENHANCEMENTS.—Not later than one
2 year after the date of enactment of this Act, the Secretary
3 of Homeland Security shall make the following enhance-
4 ments to the program administered pursuant to section
5 442(a)(4) of the Homeland Security Act (6 U.S.C.
6 252(a)(4)):

7 (1) Identify degrees and fields of study deter-
8 mined to be sensitive for homeland security and
9 counterintelligence purposes.

10 (2) Update the information to be collected to
11 include any changes to the degree programs, if ap-
12 plicable, and fields of study.

13 (3) Make any other enhancements determined
14 appropriate by the Secretary to improve counter-
15 intelligence vetting capabilities.

16 (c) CONSULTATION.—In carrying out the identifica-
17 tion required pursuant to subsection (b)(1), the Secretary
18 of Homeland Security shall consult with the Secretary of
19 State to ensure the degrees and field of study determined
20 to be sensitive for homeland security and counterintel-
21 ligence purposes referred to in such subsection are aligned,
22 to the greatest extent practicable, between the Department
23 of Homeland Security and the Department of State.

24 (d) DEFINITIONS.—

1 (b) NOTIFICATION.—Not later than September 1,
2 2020, the Secretary of Homeland Security shall notify the
3 Committee on Homeland Security of the House of Rep-
4 resentatives and the Committee on Homeland Security
5 and Governmental Affairs of the Senate if the Secretary
6 determines to not extend the existence of the Homeland
7 Security Academic Advisory Council.

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