

118TH CONGRESS
2D SESSION

H. R. 8826

To prohibit covered entities that receive financial assistance relating to semiconductors from purchasing certain semiconductor manufacturing equipment from foreign entities of concern or subsidiaries of foreign entities of concern, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2024

Ms. LOFGREN (for herself and Mr. LUCAS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Science, Space, and Technology, 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 covered entities that receive financial assistance relating to semiconductors from purchasing certain semiconductor manufacturing equipment from foreign entities of concern or subsidiaries of foreign entities of concern, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Chip Equipment Qual-
3 ity, Usefulness, and Integrity Protection Act of 2024” or
4 the “Chip EQUIP Act”.

5 **SEC. 2. DEFINITIONS.**

6 (a) IN GENERAL.—Section 9901 of the William M.
7 (Mac) Thornberry National Defense Authorization Act for
8 Fiscal Year 2021 (15 U.S.C. 4651) is amended—

9 (1) by redesignating paragraphs (2), (3), (4),
10 (5), (6), (7), (8), (9), (10), (11), (12), and (13) as
11 paragraphs (3), (4), (6), (7), (8), (9), (10), (11),
12 (12), (13), (14), and (15), respectively;

13 (2) by inserting after paragraph (1) the fol-
14 lowing new paragraph:

15 “(2) The term ‘completed, fully assembled’
16 means the state in which all (or substantially all)
17 necessary parts, chambers, subsystems, and sub-
18 components have been put together, resulting in a
19 ready-to-use or ready-to-install item to be directly
20 purchased from an entity.”;

21 (3) in subparagraph (A) of paragraph (4), as so
22 redesignated, by striking “paragraph (2)” and in-
23 serting “paragraph (3)”; and

24 (4) by inserting after such redesignated para-
25 graph (4) the following new paragraph:

26 “(5) The term ‘ineligible equipment’—

1 “(A) means completed, fully assembled
2 semiconductor manufacturing equipment that is
3 manufactured or assembled by a foreign entity
4 of concern or subsidiary of an entity of concern
5 and used in the fabrication, assembly, testing,
6 advanced packaging, production, or research
7 and development of semiconductors;

8 “(B) includes—

9 “(i) deposition equipment;

10 “(ii) etching equipment;

11 “(iii) lithography equipment;

12 “(iv) inspection and measuring equip-
13 ment;

14 “(v) wafer slicing equipment;

15 “(vi) wafer dicing equipment;

16 “(vii) wire bonders;

17 “(viii) ion implantation equipment;

18 “(ix) chemical mechanical polishing;

19 and

20 “(x) diffusion or oxidation furnaces;

21 and

22 “(C) does not include any part, chamber,
23 subsystem, or subcomponent that enables or is
24 incorporated into such equipment.”.

1 (b) INELIGIBLE USE OF FUNDS.—Section 9902 of
2 the William M. (Mac) Thornberry National Defense Au-
3 thorization Act for Fiscal Year 2021 (15 U.S.C. 4652)
4 is amended by adding at the end the following new sub-
5 section:

6 “(j) INELIGIBLE USE OF FUNDS.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 the Secretary shall include in the terms of each
9 agreement with a covered entity for the award of
10 Federal financial assistance under this section prohi-
11 bitions with respect to a project relating to the pro-
12 curement, installation, or use of ineligible equip-
13 ment.

14 “(2) WAIVER.—The Secretary may waive the
15 prohibitions under paragraph (1) if—

16 “(A) the ineligible equipment to be pur-
17 chased by the applicable covered entity is not
18 produced in the United States or allied or part-
19 ner countries in sufficient and reasonably avail-
20 able quantities or of a satisfactory quality to
21 support established or expected production ca-
22 pabilities; or

23 “(B)(i) the use of the ineligible equipment
24 complies with the requirements set forth in the
25 Export Administration Regulations (as such

1 term is defined in section 1742 of the Export
2 Control Reform Act of 2018 (50 U.S.C. 4801));
3 and

4 “(ii) the Secretary, in consultation with the
5 Director of National Intelligence or the Sec-
6 retary of Defense, determines such waiver is in
7 the national security interest of the United
8 States.

9 “(3) FOREIGN ENTITIES OF CONCERN.—Noth-
10 ing in this subsection may be construed to waive the
11 application of section 9907.”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) INTERNAL REVENUE CODE OF 1986.—The
14 Internal Revenue Code of 1986 is amended—

15 (A) in paragraph (1) of section 48D(c), by
16 striking “section 9901(6) of the William M.
17 (Mac) Thornberry National Defense Authoriza-
18 tion Act for Fiscal Year 2021” and inserting
19 “section 9901 of the William M. (Mac) Thorn-
20 berry National Defense Authorization Act for
21 Fiscal Year 2021 (15 U.S.C. 4651)”; and

22 (B) in clause (i) of section 50(a)(6)(D), by
23 striking “section 9901(7) of the William M.
24 (Mac) Thornberry National Defense Authoriza-
25 tion Act for Fiscal Year 2021” and inserting

1 “section 9901 of the William M. (Mac) Thorn-
2 berry National Defense Authorization Act for
3 Fiscal Year 2021 (15 U.S.C. 4651)”.

4 (2) NDAA.—Paragraph (5) of section 5949(j)
5 of division E of James M. Inhofe National Defense
6 Authorization Act for Fiscal Year 2023 (41 U.S.C.
7 4713 note; Public Law 117–263) is amended by
8 striking “paragraph (7) of section 9901 of the Wil-
9 liam M. (Mac) Thornberry National Defense Author-
10 ization Act for Fiscal Year 2021 (15 U.S.C. 4651),
11 as added by section 103(a)(4) of the CHIPS Act of
12 2022 (division A of Public Law 117–167)” and in-
13 sserting “section 9901 of the William M. (Mac)
14 Thornberry National Defense Authorization Act for
15 Fiscal Year 2021 (15 U.S.C. 4651)”.

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