S. 3301 BLACKBURN — ANS

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Marsha Blackburn

AMENDMENT NO._____ Calendar No._____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.

S. 3301

To prohibit purchases of certain semiconductor manufacturing equipment from foreign entities of concern or subsidiaries of foreign entities of concern, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mrs. BLACKBURN

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Chip Equipment Quality, Usefulness, and Integrity Protection Act of 2026" or the "Chip EQUIP Act".

SEC. 2. PURCHASES OF SEMICONDUCTOR MANUFACTURING EQUIPMENT.

(a) DEFINITIONS.—Section 9901 of the William M. (Mac) Thornberry National Defense Authorization Act for

Fiscal Year 2021 (15 U.S.C. 4651) is amended by adding at the end the following:

"(14) The term 'completed, fully assembled', with respect to semiconductor manufacturing equipment, means the state in which all (or substantially all) necessary parts, chambers, subsystems, and subcomponents have been put together, resulting in such equipment that is—

"(A) ready-to-use or ready-to-install; and

"(B) ready to be purchased directly from an entity.

"(15) The term 'ineligible semiconductor manufacturing equipment'—

"(A) means completed, fully assembled equipment that is manufactured, assembled, or refurbished by a foreign entity of concern, or a subsidiary or affiliate thereof, and designed for use in the fabrication, assembly, testing, advanced packaging, production, or research and development of semiconductors;

"(B) includes—

"(i) deposition equipment;

"(ii) etching equipment;

"(iii) lithography equipment;

"(iv) inspection, measuring, and test equipment;

"(v) wafer slicing equipment;

"(vi) wafer dicing equipment;

"(vii) wire bonders;

"(viii) ion implantation equipment;

"(ix) chemical mechanical polishing;

"(x) diffusion or oxidation furnaces;

"(xi) thermal processing equipment; and

"(xii) automated material handling systems; and

"(C) does not include any part, chamber, subsystem, or subcomponent that enables or is incorporated into such equipment.".

(b) INELIGIBLE USE OF FUNDS.—Section 9909 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 4659) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) INELIGIBLE USE OF FUNDS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the Secretary shall include in the terms of each agreement with a covered entity for the award of Federal financial assistance under section 9902, or with the recipient of an award made under section 9906, prohibitions with respect to a project relating to the procurement, installation, or use of ineligible semiconductor manufacturing equipment, to be effective for 10 years beginning on the date on which the agreement is signed.

"(2) WAIVER.—The Secretary may waive the prohibitions referred to in paragraph (1) if—

"(A) the ineligible semiconductor manufacturing equipment to be purchased by the applicable covered entity is not produced in the United States or an allied or partner country in sufficient and reasonably available quantities or of a satisfactory quality to support established or expected production capabilities;

"(B) the ineligible semiconductor manufacturing equipment at issue was manufactured and assembled by an entity that is not a foreign entity of concern, or a subsidiary or affiliate thereof, and was refurbished by a foreign entity

of concern, or a subsidiary or affiliate thereof; or

"(C)(i) the use of the ineligible semiconductor manufacturing equipment complies with the requirements set forth in the Export Administration Regulations (as such term is defined in section 1742 of the Export Control Reform Act of 2018 (50 U.S.C. 4801)); and

"(ii) the Secretary, in consultation with the Director of National Intelligence or the Secretary of Defense, determines such waiver is in the national security interest of the United States.

"(3) PRIOR AGREEMENTS.—

"(A) IN GENERAL.—The prohibitions referred to in paragraph (1) shall not apply to any ineligible semiconductor manufacturing equipment that—

"(i) has been installed by the applicable covered entity prior to the date of enactment of the Chip EQUIP Act; or

"(ii) is allowed to be procured, installed, or used by the applicable covered entity under the terms of an agreement that was entered into before the date of

enactment of the Chip EQUIP Act between the Secretary and the covered entity.

"(B) LIMITATION.—Nothing in clause (ii) of subparagraph (A) shall be construed to authorize the procurement, installation, or use of ineligible semiconductor manufacturing equipment that is not allowed under the terms of an agreement entered into prior to the date of enactment of the Chip EQUIP Act.

"(4) FOREIGN ENTITIES OF CONCERN.—Nothing in this subsection may be construed to waive the application of section 9907.".

Amend the title so as to read "A bill to prohibit purchases of certain semiconductor manufacturing equipment from foreign entities of concern or subsidiaries or affiliates of foreign entities of concern, and for other purposes.".