

"(iii) An individual may not violate an out-of-service order issued under regulations prescribed under clause (i) or (ii)."; and

(2) in paragraph (2)(C), by striking "\$25,000" and inserting "\$200,000".

Subtitle D—Industrial Policy

SEC. 841. FINDINGS.

Congress finds the following:

(1) The United States has allowed essential industrial capacity, supply chains, production infrastructure, and skilled workforce pipelines to weaken through offshoring, consolidation, underinvestment, financial extraction, and dependence on fragile private markets.

(2) Concentrated control over strategic industrial sectors has reduced domestic resilience, weakened regional production capacity, limited new entry, increased dependence on foreign and domestic chokepoints, and reduced the ability of the United States to respond to emergencies, shortages, and national needs.

(3) A durable industrial policy requires public investment, long-term demand signals, workforce development, domestic production commitments, anti-offshoring safeguards, industrial deconcentration, public ownership where appropriate, and public interest conditions on the use of public money.

(4) Public money used to rebuild industrial capacity should support high-wage employment, registered apprenticeship, credential attainment, worker retention, cooperative and public ownership, small and medium-sized producers, regional industrial capacity, and long-term productive use of domestic facilities.

(5) Maritime industrial capacity is a critical example of the broader industrial reconstruction challenge. Decades of neglect have weakened the shipbuilding capacity, maritime workforce, commercial fleet, and maritime logistics position of the United States.

(6) The People's Republic of China has made shipbuilding and maritime logistics a strategic priority, while the United States has become dependent on too few oceangoing vessels of the United States, too few domestic shipbuilders, and too little domestic capacity to build, repair, crew, and operate vessels needed for commerce, emergencies, and national security.

(7) Demand signals, including cargo preference requirements, domestic use commitments, reserve purchasing, forward purchase commitments, public procurement, and strategic fleet requirements, can help rebuild domestic production capacity by creating predictable markets for goods and services produced in the United States.

(8) Industrial reconstruction should rebuild domestic capacity in shipbuilding, maritime logistics, ports, rail equipment, machine tools, steel, critical minerals processing, semiconductors, telecommunications equipment, grid equipment, transformers, energy storage, pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, modular housing, construction materials, agricultural processing, food system infrastructure, and other strategic industrial sectors.

(9) Strategic public production and public manufacturing can address market failures, supply shortages, concentrated control, emergency needs, unaffordable essential medicines, and public interest production gaps by allowing the United States to own, finance, lease, operate, or support productive assets under enforceable public interest safeguards.

(10) Strategic reserves, export controls, ocean innovation clusters, public research infrastructure, artificial intelligence resources, credential modernization, and workforce frameworks are necessary parts of industrial policy because modern production depends on secure technology supply chains, regional industrial networks, computing capacity, and workers trained for critical and emerging technologies.

SEC. 842. AMERICAN INDUSTRIAL RECONSTRUCTION TRUST FUND.

(a) Trust fund established.—

(1) In general.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 9512. American Industrial Reconstruction Trust Fund.

"(a) Creation of trust fund.—There is established in the Treasury of the United States a trust fund to be known as the 'American Industrial Reconstruction Trust Fund', consisting of such amounts as may be—

"(1) appropriated to such Trust Fund as provided in this section;

"(2) credited to such Trust Fund as provided in section 9602(b); or

"(3) transferred, credited, deposited, or otherwise made available to such Trust Fund under the POPULIST Act or any other provision of law.

"(b) Transfers to trust fund.—There are hereby appropriated to the Trust Fund amounts equivalent to—

"(1) the taxes received in the Treasury under—

"(A) section 1352;

"(B) [section 60301 of title 46](#), United States Code;

"(C) [section 60302 of title 46](#), United States Code; and

"(D) [section 60303 of title 46](#), United States Code;

"(2) the amount received in the Treasury and attributable to revenue collected from duties imposed—

"(A) under section 466 of the Tariff Act of 1930 ([19 U.S.C. 1466](#));

"(B) on and after July 6, 2018, with respect to articles of the People's Republic of China pursuant to section 301 of the Trade Act of 1974 ([19 U.S.C. 2411](#)), notice of which was published in the Federal Register on June 20, 2018 ([83 Fed. Reg. 28710](#)); and

"(C) under [section 60502 of title 46](#), United States Code;

"(3) covered maritime penalties received in the Treasury;

"(4) covered maritime forfeiture revenue received in the Treasury; and

"(5) 99 percent of the taxes received in the Treasury under section 4491.

"(c) Covered maritime penalties.—For purposes of subsection (b)(3), the term 'covered maritime penalties' means any penalties, fines, or other amounts paid with respect to a vessel pursuant to—

"(1) section 436 of the Tariff Act of 1930 ([19 U.S.C. 1436](#));

"(2) section 453 of the Tariff Act of 1930 ([19 U.S.C. 1453](#));

"(3) section 454 of the Tariff Act of 1930 ([19 U.S.C. 1454](#));

"(4) section 464 of the Tariff Act of 1930 ([19 U.S.C. 1464](#));

"(5) section 497 of the Tariff Act of 1930 ([19 U.S.C. 1497](#));

"(6) section 584 of the Tariff Act of 1930 ([19 U.S.C. 1584](#));

"(7) section 592 of the Tariff Act of 1930 ([19 U.S.C. 1592](#));

"(8) section 593A of the Tariff Act of 1930 ([19 U.S.C. 1593a](#));

"(9) section 7 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; [19 U.S.C. 1706a](#));

"(10) [section 2107 of title 46](#), United States Code;

"(11) [section 2302 of title 46](#), United States Code;

"(12) [section 3318 of title 46](#), United States Code;

"(13) [section 3718 of title 46](#), United States Code;

"(14) [section 4106 of title 46](#), United States Code;

"(15) [section 5116 of title 46](#), United States Code;

"(16) [section 11303 of title 46](#), United States Code;

"(17) [section 11501 of title 46](#), United States Code;

"(18) [section 12151 of title 46](#), United States Code;

"(19) [section 12507 of title 46](#), United States Code;

"(20) [section 14701 of title 46](#), United States Code;

"(21) [section 30707 of title 46](#), United States Code, with respect to the portion of the fine that goes to the United States Government under subsection (c) of such section 30707;

"(22) [section 31309 of title 46](#), United States Code;

- "(23) [section 31330 of title 46](#), United States Code;
- "(24) [section 41107 of title 46](#), United States Code;
- "(25) [section 41108 of title 46](#), United States Code;
- "(26) [section 42108 of title 46](#), United States Code;
- "(27) [section 44104 of title 46](#), United States Code;
- "(28) [section 70052 of title 46](#), United States Code;
- "(29) [section 70119 of title 46](#), United States Code;
- "(30) [section 70506 of title 46](#), United States Code; and
- "(31) [section 80509 of title 46](#), United States Code.

"(d) Covered maritime forfeiture revenue.—For purposes of subsection (b)(4), the term 'covered maritime forfeiture revenue' means any revenue generated in connection with the seizure and forfeiture of a maritime vessel under—

- "(1) section 3 of the Act of August 5, 1935 (49 Stat. 518, chapter 438; [19 U.S.C. 1703](#));
- "(2) [section 70052 of title 46](#), United States Code; and
- "(3) [section 70507 of title 46](#), United States Code.

"(e) Expenditures from trust fund.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided by appropriation Acts, for making expenditures before October 1, 2037, to carry out industrial reconstruction, maritime security, supply chain resilience, public production, and workforce modernization programs authorized under the POPULIST Act, including—

"(1) grants, credit subsidies, loan guarantees, first-loss reserves, interest rate subsidies, and other financial assistance under section 843 of the POPULIST Act;

"(2) capitalization support, credit support, risk-sharing, interest rate buy-downs, and other support for loans, blended financing, or other financing provided by the National Infrastructure Bank under sections 641 through 648 of the POPULIST Act for covered industrial reconstruction projects;

"(3) administration, oversight, audits, data systems, and public reporting for programs carried out under sections 843 through 846 of the POPULIST Act;

"(4) implementation, monitoring, and enforcement of demand-signal requirements under section 844 of the POPULIST Act;

"(5) workforce development, training, apprenticeship, credential modernization, retention, and placement activities under section 845 of the POPULIST Act;

"(6) acquisition, construction, modernization, equipping, maintenance, leasing, operation, or support of strategic public production assets, Government-owned contractor-operated facilities,

cooperative-operated facilities, or other public production facilities under section 848 of the POPULIST Act; and

"(7) such other industrial reconstruction purposes as Congress may authorize by law.

"Notwithstanding the limitation in the matter preceding paragraph (1), amounts in the Trust Fund shall remain available after September 30, 2037, as provided by appropriation Acts, solely to make payments under an operating agreement or renewal entered into under chapter 536 of title 46, United States Code, before October 1, 2037, including a termination payment required under section 53603(e)(3) of such title.

"(f) No duplication of National Infrastructure Bank authority.—Nothing in this section shall be construed to establish an independent infrastructure bank or to limit the authority of the National Infrastructure Bank under sections 641 through 648 of the POPULIST Act.

"(g) Public reporting.—The Secretary shall publish, not less frequently than once each fiscal year, a report describing receipts, obligations, outlays, balances, and supported activities of the Trust Fund, disaggregated by program, sector, project category, and recipient type."

(2) Clerical amendment.—The table of sections for subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 9512. American Industrial Reconstruction Trust Fund."

(b) GAO review.—Not later than July 1, 2031, and every 4 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating the operation of the American Industrial Reconstruction Trust Fund, including—

- (1) the sufficiency, stability, and sectoral distribution of receipts credited to the Trust Fund;
- (2) the use of Trust Fund amounts to support projects financed by the National Infrastructure Bank;
- (3) the effect of Trust Fund expenditures on domestic industrial capacity, maritime capacity, supply chain resilience, employment, wages, and regional economic development;
- (4) the extent to which Trust Fund expenditures support new entrants, small businesses, cooperative enterprises, public entities, and deconcentration of industrial capacity; and
- (5) recommendations for improving the administration and effectiveness of the Trust Fund.

SEC. 843. INDUSTRIAL RECONSTRUCTION FINANCIAL ASSISTANCE PROGRAM.

(a) Definitions.—In this section:

- (1) Covered entity.—The term "covered entity" means—
 - (A) a domestic firm;
 - (B) a cooperative;
 - (C) a nonprofit organization;

(D) a labor-management partnership;

(E) a State, political subdivision of a State, public authority, public corporation, public utility, special purpose district, or other public entity;

(F) an Indian Tribe;

(G) a consortium of entities described in subparagraphs (A) through (F); or

(H) a domestic operator, contractor, lessee, or cooperative operator of a strategic public production asset under section 848.

(2) Covered industrial reconstruction project.—The term "covered industrial reconstruction project" means a project located in the United States to construct, expand, modernize, retool, repair, restore, or operate domestic industrial capacity, supply chain capacity, production infrastructure, logistics capacity, or strategic public production capacity in a strategic industrial sector.

(3) Foreign entity of concern.—The term "foreign entity of concern" means an entity that is owned by, controlled by, subject to the jurisdiction or direction of, or materially influenced by a foreign country of concern, as determined by the Secretary by rule.

(4) Secretary.—The term "Secretary" means the Secretary of Commerce.

(5) Strategic industrial sector.—The term "strategic industrial sector" means shipbuilding, maritime logistics, ports, rail equipment, machine tools, steel, critical minerals processing, semiconductors, telecommunications equipment, grid equipment, transformers, energy storage, pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, modular housing, construction materials, agricultural processing, food system infrastructure, or any other sector the Secretary determines is necessary to support national resilience, supply chain independence, industrial deconcentration, public health, housing, food security, energy security, or national defense.

(b) Establishment.—The Secretary shall establish an Industrial Reconstruction Financial Assistance Program to provide Federal financial assistance to covered entities for covered industrial reconstruction projects in accordance with this section.

(c) Purpose.—The purpose of the program established under subsection (b) is to—

(1) expand domestic industrial capacity;

(2) restore supply chain resilience;

(3) support the construction, modernization, and retooling of domestic production facilities;

(4) reduce dependence on concentrated foreign or domestic suppliers;

(5) support new entrants, small businesses, cooperatives, public entities, and regional industrial capacity;

(6) support projects financed by the National Infrastructure Bank under sections 641 through 648; and

(7) support strategic public production assets under section 848.

(d) Forms of assistance.—The Secretary may provide financial assistance under this section in the form of—

(1) grants;

(2) direct payments;

(3) credit subsidies;

(4) loan guarantees;

(5) first-loss reserves;

(6) interest rate subsidies;

(7) cost-gap payments;

(8) technical assistance;

(9) support for blended financing with the National Infrastructure Bank; and

(10) such other financial assistance as the Secretary determines appropriate to carry out this section.

(e) Coordination with National Infrastructure Bank.—

(1) In general.—To the maximum extent practicable, long-term repayable financing for a covered industrial reconstruction project shall be provided through the National Infrastructure Bank under sections 641 through 648.

(2) Use of assistance.—Financial assistance under this section may be used to support financing by the National Infrastructure Bank through credit subsidies, first-loss reserves, loan guarantees, interest rate subsidies, risk-sharing arrangements, technical assistance, or other support that improves the feasibility, affordability, or public benefit of financing for a covered industrial reconstruction project.

(3) Rule of construction.—Nothing in this section shall be construed to establish an independent infrastructure bank or to limit the authority of the National Infrastructure Bank under sections 641 through 648.

(f) Applications.—A covered entity seeking financial assistance under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(g) Eligibility.—To be eligible for financial assistance under this section, a covered entity shall—

(1) carry out the covered industrial reconstruction project in the United States;

(2) demonstrate the ability, experience, financial resources, labor commitments, and other qualifications necessary to carry out the covered industrial reconstruction project;

(3) make commitments to worker and community investment, including through workforce training, registered apprenticeship, job placement, credential attainment, or other workforce development programs carried out under or coordinated with section 845;

(4) provide a plan for long-term operation, maintenance, and productive use of the covered industrial reconstruction project;

(5) agree to such domestic location, domestic production, domestic use, and supply chain resilience commitments as the Secretary determines appropriate;

(6) agree to comply with subsection (o), subsection (p), and any applicable labor, public interest, anti-offshoring, anti-privatization, and anti-concentration conditions imposed under this section or section 848; and

(7) agree to provide records and information requested by the Secretary to evaluate the application and monitor compliance.

(h) Award criteria.—In reviewing an application under this section, the Secretary shall consider—

(1) the extent to which the covered industrial reconstruction project will expand domestic industrial capacity in a strategic industrial sector;

(2) the extent to which the covered industrial reconstruction project will reduce reliance on foreign entities of concern or concentrated suppliers;

(3) the extent to which the covered industrial reconstruction project will promote industrial deconcentration, new entry, cooperative ownership, public ownership, or regional competition;

(4) the extent to which the covered industrial reconstruction project will support national defense, public health, housing, food security, energy security, transportation resilience, or other national resilience needs;

(5) the extent to which the covered industrial reconstruction project will create or retain high-wage jobs and expand training pathways for workers;

(6) the extent to which the covered industrial reconstruction project will use equipment, materials, supplies, and components produced in the United States;

(7) the extent to which the covered industrial reconstruction project will use new, emerging, efficient, resilient, or productivity-enhancing technologies;

(8) the extent to which the covered entity has received, or is eligible to receive, complementary support from a State, political subdivision of a State, public authority, cooperative, public bank, or other public or community institution;

(9) the extent to which the covered industrial reconstruction project can be financed in whole or in part through the National Infrastructure Bank;

(10) the extent to which the covered industrial reconstruction project will support a strategic public production asset under section 848; and

(11) such other criteria as the Secretary determines appropriate.

(i) Award sizing.—

(1) Cost-gap methodology.—For a covered industrial reconstruction project involving the domestic production of covered goods, the Secretary may determine the amount of financial assistance based on the difference between—

(A) the cost of producing, constructing, assembling, or manufacturing the covered goods in the United States under fair and reasonable domestic plans, specifications, labor standards, and public interest conditions; and

(B) the fair and reasonable estimated cost of producing, constructing, assembling, or manufacturing comparable goods in a foreign production center that the Secretary determines provides a fair and representative example for comparison.

(2) Exclusion of security features.—In applying paragraph (1), the Secretary may exclude the cost of security, resilience, interoperability, military, emergency, or public interest features required by the United States if such features would not be included in the foreign cost comparison.

(3) Other projects.—For a covered industrial reconstruction project that does not involve the production of covered goods, the Secretary shall determine the appropriate amount and form of financial assistance based on—

(A) the public benefit of the project;

(B) the need for Federal assistance;

(C) the availability of National Infrastructure Bank financing;

(D) the amount necessary to make the project feasible while avoiding unnecessary windfalls; and

(E) the extent to which the project advances the purposes described in subsection (c).

(j) Use of funds.—A covered entity that receives financial assistance under this section may use the financial assistance only to—

(1) support site development, construction, expansion, modernization, repair, retooling, repowering, or operation of a covered industrial reconstruction project;

(2) purchase, install, repair, modernize, or maintain capital equipment;

(3) support domestic component, subcomponent, materials, supplier, or logistics capacity;

(4) pay reasonable costs related to specialized workforce, essential materials, complex equipment maintenance, or industrial transition needs, as determined by the Secretary;

(5) support workforce development, registered apprenticeship, credential attainment, training, and job placement directly related to the covered industrial reconstruction project;

(6) support a strategic public production asset under section 848;

(7) support modernization grants for small industrial facilities, including small shipyards, supplier facilities, fabrication shops, machine-tool facilities, repair facilities, and other small or medium-sized facilities in a strategic industrial sector; or

(8) support financing provided by the National Infrastructure Bank for a covered industrial reconstruction project.

(k) Prohibition on foreign facilities and foreign entities of concern.—No funds made available under this section may—

(1) be used to construct, modify, improve, equip, or operate a facility outside of the United States;

(2) be provided to a foreign entity of concern; or

(3) be used to support, subsidize, or materially benefit a foreign entity of concern.

(l) Clawback.—

(1) Target dates and performance milestones.—Before making an award under this section, the Secretary shall determine target dates and performance milestones by which the covered industrial reconstruction project shall be completed or by which specified production, capacity, workforce, domestic use, or public interest commitments shall be achieved.

(2) Progressive recovery.—Subject to paragraph (3), if a covered entity does not meet target dates or performance milestones established under paragraph (1), violates section 251 of this Act, violates a domestic location or domestic production commitment, materially reduces domestic capacity supported by the award, or strategically offshores production supported by the award, the Secretary shall progressively recover up to the full amount of the award.

(3) Waiver.—The Secretary may waive elements of the progressive recovery required under paragraph (2) only after—

(A) making a formal determination that circumstances beyond the ability of the covered entity to foresee or control are responsible for the failure; and

(B) submitting notice to the appropriate committees of Congress not later than 15 days after the date on which the waiver is provided.

(m) Emergency procedures.—

(1) In general.—During the period described in paragraph (2), the Secretary may waive selection criteria or procedures under this section as the Secretary determines necessary to provide financial assistance more quickly for covered industrial reconstruction projects that—

(A) reduce unemployment;

(B) address critical supply chain shortages;

(C) address critical public health, housing, food system, energy, transportation, industrial, or national defense needs;

(D) restore, expand, or protect domestic production capacity in a strategic industrial sector; or

(E) support a strategic public production asset under section 848.

(2) Period described.—The period referred to in paragraph (1) is the period beginning on the date of enactment of this Act and ending on the later of—

(A) July 1, 2029; and

(B) the date on which the Secretary has provided a total of \$500,000,000,000 in financial assistance under this section.

(n) Oversight and reporting.—

(1) Public database.—The Secretary shall maintain a publicly accessible database describing each award under this section, including the recipient, amount, form of assistance, project location, project sector, performance milestones, labor commitments, domestic production commitments, and any financing provided by the National Infrastructure Bank.

(2) Annual report.—Not later than 90 days after the end of each fiscal year, the Secretary shall submit to Congress and make publicly available a report describing the operation of the program under this section during the preceding fiscal year.

(3) GAO review.—Not later than July 1, 2031, and every 2 years thereafter for 10 years, the Comptroller General of the United States shall conduct a review of the program under this section and submit the results of each review to Congress.

(o) National Environmental Policy Act.—The provision by the Secretary of Federal financial assistance for a project described in this section shall not be considered to be a major Federal action under the National Environmental Policy Act of 1969 ([42 U.S.C. 4321 et seq.](#)) or an undertaking for the purposes of division A of [subtitle III of title 54](#), United States Code.

(p) Buy America.—Section 70914 of the Infrastructure Investment and Jobs Act ([41 U.S.C. 8301 note](#); [Public Law 117–58](#)) shall apply to funds obligated by the Secretary under this section.

(q) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 844. DEMAND SIGNALS FOR DOMESTIC PRODUCTION.

(a) Definitions.—In this section:

(1) American Industrial Reconstruction Trust Fund.—The term "American Industrial Reconstruction Trust Fund" means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

(2) Maritime Administrator.—The term "Maritime Administrator" means the Maritime Administrator of the Maritime Administration.

(3) Vessel of the United States.—The term "vessel of the United States" has the meaning given such term in [section 116 of title 46](#), United States Code.

(b) United States Government cargo.—

(1) Applicable percentage.—[Section 55305\(a\) of title 46](#), United States Code, is amended by striking "at least 50" and inserting "100".

(2) Effective date.—The amendment made by paragraph (1) shall take effect on January 1, 2027.

(3) Clarification.—[Section 55305\(d\) of title 46](#), United States Code, is amended—

(A) in paragraph (1), by inserting "a consultation with the Maritime Administrator" after "following"; and

(B) in paragraph (3)(B), by inserting "the Maritime Administrator and" after "to".

(c) Cargo preference implementation regulations.—

(1) Regulations and guidance.—Not later than 180 days after the date of enactment of this Act, the Maritime Administrator, notwithstanding any other provision of law, regulation, or administrative order, shall—

(A) promulgate regulations under [subchapter III of chapter 5 of title 5](#), United States Code, to fully implement and ensure compliance with sections [55305](#), [55314](#), [55315](#), and 55316 of title 46, United States Code;

(B) issue interagency guidance to other Federal departments and agencies on how to administer the programs that are subject to such sections in accordance with those sections, as applicable; and

(C) publish such guidance in the Federal Register and on the website of the Maritime Administration.

(2) Consultation.—The Maritime Administrator may consult with the Food Aid Consultative Group established by section 205 of the Food for Peace Act ([7 U.S.C. 1725](#)) in carrying out this subsection.

(3) Repeal of earlier regulatory deadline.—Subsection (a) of section 3502 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 ([46 U.S.C. 55305 note](#); [Public Law 117–263](#)) is repealed.

(d) Cargo preference oversight and audit.—[Section 55301 of title 46](#), United States Code, is amended—

(1) in subsection (a)(2), by striking "section 55305" and inserting "sections 55305, 55314, 55315, and 55316"; and

(2) by adding at the end the following:

"(d) Notification of violation.—The Maritime Administrator shall—

"(1) upon receiving any credible information, as determined by the Maritime Administrator, that a Federal department or agency that administers a program covered by a report required under subsection (a) was not in compliance with the requirements of section 55305, 55314, 55315, or 55316 of this title, as applicable, notify the appropriate committees of Congress, as defined in [section 55314\(a\) of this title](#), not later than 14 days after receiving such information; and

"(2) upon receiving any credible information, as determined by the Maritime Administrator, that a Federal department or agency that administers a program covered by a report required under subsection (a) was not in compliance with the requirements of [section 2631 of title 10](#), United States Code, notify the Committee on Commerce, Science, and Transportation and the Committee on Armed Services of the Senate and the Committee on Transportation and Infrastructure and the Committee on Armed Services of the House of Representatives not later than 14 days after receiving such information."

(e) Financing the transportation of agricultural products.—

(1) In general.—[Subchapter II of chapter 553 of title 46](#), United States Code, is amended by inserting after section 55315 the following:

"Sec. 55316. Financing the transportation of agricultural products.

"(a) Financing of increased costs.—The Secretary of Transportation shall finance any increased ocean freight costs incurred in any fiscal year that result from the application of section 55305 of this title to the agricultural export programs specified in section 55314(b) of this title.

"(b) Reimbursement of increased costs.—

"(1) In general.—The Secretary of Transportation shall reimburse each administering authority for any fiscal year in an amount, if any, equal to the excess of—

"(A) the total cost of ocean freight and ocean freight differential for which obligations are incurred by the administering authority on exports of agricultural products under the agricultural export programs specified in section 55314(b) of this title; over

"(B) 20 percent of the value of the agricultural products and the cost of the ocean freight and ocean freight differential on which obligations are incurred by the administering authority during that fiscal year.

"(2) Agricultural products shipped from inventory.—For purposes of this subsection, agricultural products shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 412(d) of the Food for Peace Act ([7 U.S.C. 1736f\(d\)](#)).

"(c) Interagency agreement.—

"(1) In general.—Not later than April 30, 2027, the Secretary of Transportation shall enter into an interagency agreement with each administering authority entitled to reimbursement under subsection (b)(1).

"(2) Contents.—Each interagency agreement shall include—

"(A) an explanation of the process the administering authority shall follow to receive a reimbursement from the Secretary of Transportation under this section;

"(B) a standard methodology for calculating the reimbursement an administering authority is entitled to under this section; and

"(C) deadlines—

"(i) by which an administering authority shall submit a reimbursement request in order to receive reimbursement; and

"(ii) by which the Secretary of Transportation shall approve a properly filed reimbursement request, which date shall not be more than 90 days after the date on which the reimbursement request is submitted.

"(3) Congressional notification.—The Secretary of Transportation shall notify the appropriate committees of Congress—

"(A) when each interagency agreement required under this subsection is finalized; and

"(B) any time that an interagency agreement required under this subsection is updated.

"(d) Authorization of appropriations.—Each fiscal year, there is authorized to be appropriated, out of the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs incurred under this section, including administrative expenses."

(2) Clerical amendment.—The table of sections for [subchapter II of chapter 553 of title 46](#), United States Code, is amended by inserting after the item relating to section 55315 the following:

"55316. Financing the transportation of agricultural products."

(f) Transportation requirements for certain agricultural export programs.—

(1) In general.—[Section 55314 of title 46](#), United States Code, is amended to read as follows:

"Sec. 55314. Transportation requirements for certain agricultural export programs.

"(a) Definitions.—In this section and section 55316:

"(1) Administering authority.—The term 'administering authority' means—

"(A) the Secretary of Agriculture;

"(B) the Commodity Credit Corporation;

"(C) the Secretary of Peacebuilding, with respect to any agricultural export program specified in subsection (b) that is administered through the Basic Relief, Economic Assistance, and Development program under chapter 114 of title 22; and

"(D) the head of any other Federal agency, or any other Federal entity, administering an agricultural export program specified in subsection (b).

"(2) Agricultural product.—The term 'agricultural product' means any food product, including an agricultural commodity, as defined in section 402 of the Food for Peace Act ([7 U.S.C. 1732](#)), a specialty crop, as defined in section 3 of the Specialty Crops Competitiveness Act of 2004 ([7 U.S.C. 1621 note](#)), or a processed food product, exported from the United States.

"(3) Appropriate committees of Congress.—The term 'appropriate committees of Congress' means—

"(A) the Committee on Commerce, Science, and Transportation of the Senate;

"(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(C) the Committee on Energy and Natural Resources of the Senate;

"(D) the Committee on Transportation and Infrastructure of the House of Representatives;

"(E) the Committee on Agriculture of the House of Representatives; and

"(F) the Committee on Energy and Commerce of the House of Representatives.

"(4) BREAD program.—The term 'BREAD program' means the Basic Relief, Economic Assistance, and Development program established under section 10702 of title 22.

"(b) Applicable export activity.—The activities specified in this subsection are export activities, except inspection or weighing activities, other activities carried out for health or safety, or technical assistance provided in the handling of commercial transactions, of an administering authority—

"(1) carried out under titles I, II, or III of the Food for Peace Act ([7 U.S.C. 1691 et seq.](#));

"(2) carried out under section 416 of the Agricultural Act of 1949 ([7 U.S.C. 1431](#));

"(3) carried out under the Bill Emerson Humanitarian Trust Act ([7 U.S.C. 1736f–1](#));

"(4) carried out under the Food for Progress Act of 1985 ([7 U.S.C. 1736o](#));

"(5) carried out under the McGovern-Dole International Food for Education and Child Nutrition Program under section 3107 of the Farm Security and Rural Investment Act of 2002 ([7 U.S.C. 1736o–1](#));

"(6) under which agricultural products are—

"(A) donated through foreign governments or private or public agencies, including intergovernmental organizations; or

"(B) sold for foreign currencies or for dollars on credit terms of more than 10 years;

"(7) under which agricultural products are made available for emergency food relief at less than prevailing world market prices;

"(8) under which a cash grant is made directly or through an intermediary to a foreign purchaser to enable the purchaser to obtain United States agricultural products in an amount greater than the difference between the prevailing world market price and the United States market price, free along side vessel at a United States port; or

"(9) under which agricultural products owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, except export activities described in [section 55313\(5\) of this title](#).

"(c) Applicability.—The requirements under [section 55305 of this title](#) shall apply with respect to the activities specified in subsection (b).

"(d) Submission to Congress.—Each administering authority shall, by October 15 of each year, submit to the appropriate committees of Congress—

"(1) a written notice of any waiver of the requirements of this section issued during the preceding fiscal year; and

"(2) the reasons for granting such waiver and how such waiver meets the requirements of this section and [section 55305\(d\)](#)."

(2) Clerical amendment.—The table of sections for [subchapter II of chapter 553 of title 46](#), United States Code, is amended by striking the item relating to section 55314 and inserting the following:

"55314. Transportation requirements for certain agricultural export programs."

(g) Clarifying amendments.—

(1) Agricultural commodities emergency assistance clarification.—Section 202(a) of the Food for Peace Act ([7 U.S.C. 1722\(a\)](#)) is amended by striking "Notwithstanding" and inserting "Subject to the requirements of sections [55305](#) and [55314](#) of title 46, United States Code, and notwithstanding".

(2) Administrative provisions clarification.—Section 407(b)(2)(A) of the Food for Peace Act ([7 U.S.C. 1736a\(b\)\(2\)\(A\)](#)) is amended by striking "Notwithstanding" and inserting "Subject to the requirements of sections [55305](#) and [55314](#) of title 46, United States Code, and notwithstanding".

(3) Emergency Food Security Program clarification.—Section 491(c)(1) of the Foreign Assistance Act of 1961 ([22 U.S.C. 2292\(c\)\(1\)](#)) is amended by inserting "and the requirements of sections [55305](#) and [55314](#) of title 46, United States Code" after "section 492".

(h) Importation on American ships.—

(1) In general.—[Chapter 605 of title 46](#), United States Code, is amended by adding at the end the following:

"Sec. 60508. Importation on American ships.

"(a) In general.—Notwithstanding any other provision of law, not less than the covered percentage, as described in subsection (b), of covered goods by tonnage imported into the United States from a foreign port shall be imported on a vessel that is—

"(1) a vessel of the United States;

"(2) crewed by United States mariners; and

"(3) built in the United States.

"(b) Percentage.—A covered percentage under this section is the following:

"(1) 1 percent in calendar year 2031.

"(2) 2 percent in calendar year 2032.

"(3) 3 percent in calendar year 2033.

"(4) 4 percent in calendar year 2034.

"(5) 5 percent in calendar year 2035.

"(6) 6 percent in calendar year 2036.

"(7) 7 percent in calendar year 2037.

"(8) 8 percent in calendar year 2038.

"(9) 9 percent in calendar year 2039.

"(10) 10 percent in calendar year 2040 and each calendar year thereafter.

"(c) Application.—The requirement under subsection (a) shall be applied to any shipper importing goods into the United States that originates from a foreign port or place.

"(d) Fine for failure to comply.—

"(1) In general.—On an annual basis, the Maritime Administrator shall issue a fine to any entity failing to comply with the requirements under this section.

"(2) Amount.—The amount of a fine under this section shall be in an amount set by the Maritime Administrator that is greater than the difference in cost between—

"(A) the cost of employing a vessel of the United States that is built in the United States and crewed by United States mariners; and

"(B) the cost of employing a foreign vessel, flying a flag of convenience, manufactured outside of the United States.

"(3) Use of amounts.—Any amount collected under this subsection shall be deposited in the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986.

"(e) Rulemaking required.—Not later than July 1, 2030, the Maritime Administrator, in coordination with the Secretary of Homeland Security and the Chairman of the Federal Maritime Commission, shall promulgate a final rule that establishes a system that—

"(1) identifies persons and goods that are subject to the requirements of this section;

"(2) establishes requirements for such persons and goods that meet the applicable percentages established under subsection (b);

"(3) establishes clear enforcement mechanisms to ensure compliance with this section; and

"(4) determines the amount of a fine issued under subsection (d).

"(f) Definitions.—In this section:

"(1) Covered goods.—The term 'covered goods' means goods manufactured in the People's Republic of China.

"(2) Shipper.—The term 'shipper' has the meaning given such term in section 40102 of this title."

(2) Clerical amendment.—The table of sections for [chapter 605 of title 46](#), United States Code, is amended by adding at the end the following:

"60508. Importation on American ships."

(i) Energizing American shipbuilding.—

(1) National policy on strategic energy asset export transportation.—

(A) Requirement for transportation of exports of natural gas on vessels documented under laws of the United States.—Section 3 of the Natural Gas Act ([15 U.S.C. 717b](#)) is amended by adding at the end the following:

"(g) Transportation of exports of natural gas on vessels documented under laws of the United States.—

"(1) Condition for approval.—Except as provided in paragraph (7), with respect to an application to export natural gas under subsection (a), the Commission shall include in the order issued for that application the condition that the person transport the natural gas on a vessel that meets the requirements described in paragraph (3).

"(2) Purpose.—The purpose of the requirement under paragraph (1) is to ensure that, of all natural gas exported by vessel in a calendar year, the following percentage is exported by a vessel that meets the requirements described in paragraph (3):

"(A) In each of calendar years 2027 through 2033, not less than 2 percent.

"(B) In each of calendar years 2034 and 2035, not less than 3 percent.

"(C) In each of calendar years 2036 and 2037, not less than 4 percent.

"(D) In each of calendar years 2038 and 2039, not less than 6 percent.

"(E) In each of calendar years 2040 and 2041, not less than 7 percent.

"(F) In each of calendar years 2042 and 2043, not less than 9 percent.

"(G) In each of calendar years 2044 and 2045, not less than 11 percent.

"(H) In each of calendar years 2046 and 2047, not less than 13 percent.

"(I) In calendar year 2048 and each calendar year thereafter, not less than 15 percent.

"(3) Requirements for vessels.—A vessel meets the requirements described in this paragraph—

"(A) with respect to each of calendar years 2027 through 2031—

"(i) if—

"(I) the vessel is documented under the laws of the United States; and

"(II) with respect to any retrofit work necessary for the vessel to export natural gas—

"(aa) such work is done in a shipyard in the United States; and

"(bb) any component of the vessel listed in paragraph (4) that is installed during the course of such work is manufactured in the United States; or

"(ii) if—

"(I) the vessel is built in the United States;

"(II) the vessel is documented under the laws of the United States;

"(III) all major components of the hull or superstructure of the vessel are manufactured, including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products, in the United States; and

"(IV) the components of the vessel listed in paragraph (4) are manufactured in the United States; and

"(B) with respect to calendar year 2032 and each calendar year thereafter, if the vessel meets the requirements of subparagraph (A)(ii).

"(4) Components.—The components of a vessel listed in this paragraph are the following:

"(A) Air circuit breakers.

"(B) Welded shipboard anchor and mooring chain.

"(C) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

"(D) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

"(E) Auxiliary equipment for shipboard services, including pumps.

"(F) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

"(G) Shipboard cranes.

"(H) Spreaders for shipboard cranes.

"(I) Rotating electrical equipment, including electrical alternators and motors.

"(J) Compressors, pumps, and heat exchangers used in managing and re-liquefying boil-off gas from liquefied natural gas.

"(5) Waiver authority.—The Commission may waive the requirement under clause (i)(II)(bb) or (ii)(IV), as applicable, of paragraph (3)(A) with respect to a component of a vessel if the Maritime Administrator determines that—

"(A) application of the requirement would—

"(i) result in an increase of 25 percent or more in the cost of the component of the vessel; or

"(ii) cause unreasonable delays to be incurred in building or retrofitting the vessel; or

"(B) such component is not manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality.

"(6) Opportunities for credentialed merchant mariners.—Except as provided in paragraph (7), the Commission shall include, in any order issued under subsection (a) that authorizes a person to export natural gas, a condition that the person provide opportunities for individuals with a merchant mariner credential, as defined in [section 2101 of title 46](#), United States Code, to receive experience and training necessary to become credentialed in working on a vessel transporting natural gas.

"(7) Exception.—The Commission may not include in any order issued under subsection (a) authorizing a person to export natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas a condition described in paragraph (1), or a condition described in paragraph (6), if the United States Trade Representative certifies to the Commission, in writing, that such condition would violate obligations of the United States under such free trade agreement.

"(8) Use of Federal information.—In carrying out paragraph (1), the Commission—

"(A) shall use information made available by—

"(i) the Energy Information Administration; or

"(ii) any other Federal agency or entity the Commission determines appropriate; and

"(B) may use information made available by a private entity only if applicable information described in subparagraph (A) is not available."

(B) Conforming amendment.—Section 3(c) of the Natural Gas Act ([15 U.S.C. 717b\(c\)](#)) is amended by striking "or the exportation of natural gas" and inserting "or, subject to subsection (g), the exportation of natural gas".

(2) Crude oil.—Section 101 of title I of division O of the Consolidated Appropriations Act, 2016 ([42 U.S.C. 6212a](#)) is amended—

(A) in subsection (b), by striking "subsections (c) and (d)" and inserting "subsections (c), (d), and (f)"; and

(B) by adding at the end the following:

"(f) Transportation of exports of crude oil on vessels documented under laws of the United States.—

"(1) In general.—Except as provided in paragraph (6), as a condition to export crude oil, the President shall require that a person exporting crude oil transport the crude oil on a vessel that meets the requirements described in paragraph (3).

"(2) Purpose.—The purpose of the requirement under paragraph (1) is to ensure that, of all crude oil exported by vessel in a calendar year, the following percentage is exported by a vessel that meets the requirements described in paragraph (3):

"(A) In each of calendar years 2027 through 2033, not less than 3 percent.

"(B) In each of calendar years 2034 through 2036, not less than 6 percent.

"(C) In each of calendar years 2037 through 2039, not less than 8 percent.

"(D) In calendar year 2040 and each calendar year thereafter, not less than 10 percent.

"(3) Requirements for vessels.—A vessel meets the requirements described in this paragraph—

"(A) with respect to each of calendar years 2027 through 2030—

"(i) if—

"(I) the vessel is documented under the laws of the United States; and

"(II) with respect to any retrofit work necessary for the vessel to export crude oil—

"(aa) such work is done in a shipyard in the United States; and

"(bb) any component of the vessel listed in paragraph (4) that is installed during the course of such work is manufactured in the United States; or

"(ii) if—

"(I) the vessel is built in the United States;

"(II) the vessel is documented under the laws of the United States;

"(III) all major components of the hull or superstructure of the vessel are manufactured, including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products, in the United States; and

"(IV) the components of the vessel listed in paragraph (4) are manufactured in the United States; and

"(B) with respect to calendar year 2031 and each calendar year thereafter, if the vessel meets the requirements of subparagraph (A)(ii).

"(4) Components.—The components of a vessel listed in this paragraph are the following:

"(A) Air circuit breakers.

"(B) Welded shipboard anchor and mooring chain.

"(C) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

"(D) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

"(E) Auxiliary equipment for shipboard services, including pumps.

"(F) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

"(G) Shipboard cranes.

"(H) Spreaders for shipboard cranes.

"(I) Rotating electrical equipment, including electrical alternators and motors.

"(5) Waiver authority.—The President may waive the requirement under clause (i)(II)(bb) or clause (ii)(IV), as applicable, of paragraph (3)(A) with respect to a component of a vessel if the Maritime Administrator determines that—

"(A) application of the requirement would—

"(i) result in an increase of 25 percent or more in the cost of the component of the vessel; or

"(ii) cause unreasonable delays to be incurred in building or retrofitting the vessel; or

"(B) such component is not manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality.

"(6) Exception.—The President may not, under paragraph (1), condition the export of crude oil to a nation with which there is in effect a free trade agreement requiring national treatment

for trade in crude oil if the United States Trade Representative certifies to the President, in writing, that such condition would violate obligations of the United States under such free trade agreement.

"(7) Opportunities for credentialed merchant mariners.—The Maritime Administrator shall ensure that each exporter of crude oil by vessel provides opportunities for individuals with a merchant mariner credential, as defined in [section 2101 of title 46](#), United States Code, to receive experience and training necessary to become credentialed in working on such vessels.

"(8) Use of Federal information.—In carrying out paragraph (1), the President—

"(A) shall use information made available by—

"(i) the Energy Information Administration; or

"(ii) any other Federal agency or entity the President determines appropriate; and

"(B) may use information made available by a private entity only if applicable information described in subparagraph (A) is not available."

(3) Energy Information Administration information.—The Secretary of Energy, acting through the Administrator of the Energy Information Administration, shall collect, and make readily available to the public on the internet website of the Energy Information Administration, information on exports by vessel of natural gas and crude oil, including—

(A) forecasts for, and data on, those exports for calendar year 2027 and each calendar year thereafter; and

(B) forecasts for those exports for multi-year periods after December 31, 2026, as determined appropriate by the Secretary of Energy.

(j) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 845. INDUSTRIAL WORKFORCE AND CREDENTIAL MODERNIZATION.

(a) Definitions.—In this section:

(1) American Industrial Reconstruction Trust Fund.—The term "American Industrial Reconstruction Trust Fund" means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

(2) Covered industrial reconstruction project.—The term "covered industrial reconstruction project" has the meaning given such term in section 843(a).

(3) Critical industrial skill.—The term "critical industrial skill" means a skill, license, credential, endorsement, certification, apprenticeship classification, technical qualification, or work experience necessary to construct, operate, maintain, repair, modernize, expand, or restore domestic industrial capacity in a strategic industrial sector.

(4) Secretary.—The term "Secretary" means the Secretary of Labor.

(5) Strategic industrial sector.—The term "strategic industrial sector" has the meaning given such term in section 843(a).

(b) Establishment and purpose.—

(1) Establishment.—The Secretary, in consultation with the Secretary of Commerce, the Secretary of Transportation, the Secretary of Education, the Maritime Administrator, and the heads of such other Federal agencies as the Secretary determines appropriate, shall establish an Industrial Workforce and Credential Modernization Program to build and retain the skilled workforce needed for domestic capacity expansion under section 843, demand-signal compliance under section 844, and strategic public production under section 848.

(2) Purpose.—The purpose of the program established under paragraph (1) is to—

- (A) expand the supply of workers with critical industrial skills;
- (B) support credential attainment, credential modernization, and training capacity in strategic industrial sectors;
- (C) retain workers in critical industrial roles through structured training, work rotation, placement, and reemployment protections;
- (D) coordinate workforce pipelines with covered industrial reconstruction projects, strategic public production assets, and projects financed by the National Infrastructure Bank;
- (E) reduce bottlenecks in credentialing, licensing, training, and placement for critical industrial work; and
- (F) integrate industrial workforce placements with the American Union Employment program under section 812 and avoid establishing a separate parallel employment guarantee.

(c) Coordination with American Union Employment.—

(1) Specialized track.—Programs carried out under this section shall operate as a specialized industrial placement, training, credentialing, and retention track within, or in coordination with, American Union Employment.

(2) No separate employment promise.—Nothing in this section shall be construed to create an employment promise apart from American Union Employment.

(3) Coordination.—The Secretary shall align recruitment, eligibility, placement, wage, training, and retention policies under this section with American Union Employment.

(d) Strategic Industrial Workforce Retention Program.—

(1) Establishment.—The Secretary shall establish a Strategic Industrial Workforce Retention Program to help workers with critical industrial skills maintain, upgrade, and use those skills in strategic industrial sectors.

(2) Implementation.—The Secretary shall—

(A) appoint a board of directors to oversee the Strategic Industrial Workforce Retention Program;

(B) appoint and facilitate a working group to recommend policies, procedures, and a prioritization matrix for the Strategic Industrial Workforce Retention Program, which shall be composed of representatives from major stakeholders, including labor organizations, worker cooperatives, credentialed workers, employers in strategic industrial sectors, public authorities, apprenticeship programs, covered industrial reconstruction projects, strategic public production assets, and other likely employers of members of the Strategic Industrial Workforce Retention Program; and

(C) submit to Congress an annual evaluation of the Strategic Industrial Workforce Retention Program.

(3) Membership.—

(A) In general.—The Secretary shall establish enrollment pathways for workers with critical industrial skills, including workers who—

(i) hold an industrial license, credential, endorsement, certification, apprenticeship classification, technical qualification, or other qualification identified by the Secretary;

(ii) work outside the occupation or sector for which the worker holds such qualification and need periodic work, training, or recertification to maintain or upgrade such qualification;

(iii) are employed in a strategic industrial sector and seek to rotate into training, public production, covered industrial reconstruction projects, or other assignments necessary to maintain readiness;

(iv) are veterans, displaced workers, workers in communities with high unemployment or low labor-force participation, or workers transitioning from declining industries into strategic industrial sectors; or

(v) are otherwise determined by the Secretary to be eligible.

(B) Structure.—The Secretary may establish structured work-rotation schedules for members of the Strategic Industrial Workforce Retention Program, including an 8–3–1 schedule or a comparable schedule adapted to the relevant strategic industrial sector.

(C) 8–3–1 schedule.—For purposes of subparagraph (B), an 8–3–1 schedule may include—

(i) 8 months of regular employment;

(ii) 3 months of training, industrial service, work rotation, public production service, sea service, apprenticeship-related work, or other qualifying assignment designed to maintain or upgrade critical industrial skills; and

(iii) 1 month of leave, transition time, or vacation, which may be in addition to vacation provided by a regular employer.

(4) Employer obligations.—

(A) In general.—The employer of a member of the Strategic Industrial Workforce Retention Program participating in a training, service, work-rotation, public production, or qualifying assignment approved by the Secretary shall grant the member—

(i) an unpaid leave of absence for the duration of the member's approved participation; and

(ii) the same or an equivalent position with the employer when the member returns from such participation.

(B) Additional protections.—The Secretary shall prescribe rules to provide reemployment, seniority, benefit, anti-retaliation, and enforcement protections for members of the Strategic Industrial Workforce Retention Program that are not less protective than the protections and obligations under [chapter 43 of title 38](#), United States Code.

(5) Job-call and placement office.—The Secretary shall maintain a job-call and placement office that—

(A) maintains records of each member's qualifications, credentials, availability, training status, and work-rotation needs;

(B) coordinates assignments among employers, labor organizations, apprenticeship programs, State and local workforce boards, public authorities, strategic public production assets, covered industrial reconstruction projects, and American Union Employment;

(C) prioritizes assignments based on readiness, credential maintenance, sectoral shortages, regional needs, and demand generated under sections 843, 844, and 848;

(D) dispatches members to fill available jobs, training slots, apprenticeships, public production assignments, or other qualifying assignments; and

(E) coordinates with employers and labor organizations to ensure that members receive opportunities to maintain or upgrade critical industrial skills.

(6) Good standing.—A member of the Strategic Industrial Workforce Retention Program may not fail to accept an assignment approved by the Secretary and remain in good standing with the program unless the Secretary provides a hardship exemption.

(7) Enforcement.—Subject to paragraph (8), a member found by the Secretary to be in noncompliance with the requirements of the Strategic Industrial Workforce Retention Program may—

(A) have membership in the program terminated; and

(B) lose protections provided under this subsection.

(8) Hardship exception.—The requirements of paragraph (7) shall not apply in a case in which the Secretary determines that a hardship prevents the member from meeting the requirements of the program.

(e) Training and credential capacity grants.—

(1) In general.—The Secretary may award grants, contracts, or cooperative agreements to eligible entities to expand training, apprenticeship, credential attainment, curriculum development, instructor capacity, equipment, facilities, and placement services for critical industrial skills.

(2) Eligible entities.—An eligible entity under paragraph (1) may include—

- (A) an institution of higher education;
- (B) a community college;
- (C) a career and technical education provider;
- (D) a labor organization;
- (E) a registered apprenticeship program;
- (F) a worker cooperative;
- (G) a public authority;
- (H) a State or local workforce board;
- (I) a nonprofit organization;
- (J) a covered industrial reconstruction project;
- (K) a strategic public production asset; or
- (L) a consortium of entities described in subparagraphs (A) through (K).

(3) Priority.—In making awards under paragraph (1), the Secretary shall give priority to projects that—

- (A) support covered industrial reconstruction projects under section 843;
- (B) support compliance with demand-signal requirements under section 844;
- (C) support strategic public production assets under section 848;
- (D) address documented labor shortages in a strategic industrial sector;
- (E) expand access to training in communities with high unemployment, low labor-force participation, high poverty, or limited access to industrial employment opportunities; or
- (F) support credential portability, accelerated credential attainment, or standardized credential pathways.

(f) Merchant mariner credentialing modernization.—

(1) In general.—In this subsection, the term "Secretary" means the Secretary of the department in which the Coast Guard is operating. The Secretary shall carry out necessary system and process changes to carry out the activities described in paragraphs (2) through (5).

(2) Licensing, certification, and documentation database.—The Secretary shall replace the merchant mariner licensing, certification, and documentation database so that the database allows for—

(A) the electronic submission of merchant mariner credential applications, including sea service, professional qualifications, course completion data, safety and suitability, and medical records, and course approval requests;

(B) direct submission of sea service information from employers and course completion data from training providers and other stakeholders to provide data securely and directly so that documentation does not need to be submitted later by the merchant mariner; and

(C) the electronic processing and evaluation of information for the issuance of credentials and course approvals, including the capability for the Secretary to complete remote evaluation of the information submitted.

(3) System for data exchange.—The Secretary shall implement a system that provides for the exchange of data with government agencies and industry stakeholders, and provides the Maritime Administration and other agencies, as appropriate, anonymized and aggregated data showing the following:

(A) The total amount of sea service for individuals with a valid merchant mariner credential.

(B) The number of credentialed mariners by individual rating and the capability to filter data by endorsements.

(C) Demographic information, including age, gender, ethnicity, and address or location.

(D) National Maritime Center processing times.

(E) The number of Coast Guard approved training providers, and, for each such training provider, the number of courses taken by individuals who have, or who are applying for, a merchant mariner credential from that training provider.

(4) Public-facing portal.—The Secretary shall implement a system that includes a public-facing portal in the .gov domain instead of the .mil domain to accept merchant mariner applicant information, including credential applications, course completion data, and course approval requests, that complies with the requirements for cybersecurity and privacy information of electronic systems in the .gov domain.

(5) Examination processes.—The Secretary shall upgrade the examination processes for merchant mariner examinations by—

(A) implementing an examination regime that provides for electronic and third-party administration of examinations;

(B) reassessing the content of tests through the development of job task analysis for all credentials; and

(C) implementing a robust system to analyze examination data.

(6) Reports.—The Secretary shall submit—

(A) an annual report to the Committee on Commerce, Science, and Transportation, the Committee on Appropriations, and the Committee on Armed Services of the Senate, and the Committee on Transportation and Infrastructure, the Committee on Appropriations, and the Committee on Armed Services of the House of Representatives, on the progress of the system and process changes required under this subsection; and

(B) a final report to those committees 1 year after full operating capability of the complete system, comprised of all 4 systems required under this subsection.

(7) Authorization of Trust Fund expenditures.—There is authorized to be appropriated out of the American Industrial Reconstruction Trust Fund to carry out this subsection \$20,000,000 for fiscal year 2027, to remain available until expended.

(g) Technical amendments relating to references to seamen.—

(1) Merchant mariner credentials.—The heading for [part E of subtitle II of title 46](#), United States Code, is amended by striking "MERCHANT SEAMEN LICENSES, CERTIFICATES, AND DOCUMENTS" and inserting "MERCHANT MARINER CREDENTIALS".

(2) Able seafarers—unlimited.—

(A) In general.—The section heading for [section 7307 of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7307 by striking "seamen" and inserting "seafarers".

(3) Able seafarers—limited.—

(A) In general.—The section heading for [section 7308 of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7308 by striking "seamen" and inserting "seafarers".

(4) Able seafarers—special.—

(A) In general.—The section heading for [section 7309 of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7309 by striking "seamen" and inserting "seafarers".

(5) Able seafarers—offshore supply vessels.—

(A) In general.—The section heading for [section 7310 of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7310 by striking "seamen" and inserting "seafarers".

(6) Able seafarers—sail.—

(A) In general.—The section heading for [section 7311 of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7311 by striking "seamen" and inserting "seafarers".

(7) Able seafarers—fishing industry.—

(A) In general.—The section heading for [section 7311a of title 46](#), United States Code, is amended by striking "seamen" and inserting "seafarers".

(B) Clerical amendment.—The table of sections for [chapter 73 of title 46](#), United States Code, is further amended in the item relating to section 7311a by striking "seamen" and inserting "seafarers".

(8) Parts E and F.—Parts E and F of [subtitle II of title 46](#), United States Code, are amended—

(A) by striking "seaman" and inserting "seafarer" each place it appears; and

(B) by striking "seamen" and inserting "seafarers" each place it appears.

(9) Clerical amendment.—The table of sections for [subtitle II of title 46](#), United States Code, is amended in the item relating to part E by striking "MERCHANT SEAMEN LICENSES, CERTIFICATES, AND DOCUMENTS" and inserting "MERCHANT MARINER CREDENTIALS".

(h) Reactivation of expired merchant mariner credentials.—

(1) In general.—Chapter 75 of [subtitle II of title 46](#), United States Code, is amended by adding at the end the following:

"Sec. 7513. Authority for reactivation of merchant mariner credentials.

"(a) Licenses and certificates of registry.—Notwithstanding sections 7106 and 7107, the Secretary of the department in which the Coast Guard is operating may renew, for a period of not more than 2 years, an expired license or certificate of registry issued to an individual under chapter 71 if the Secretary determines that the renewal is necessary in response to a national emergency declared by Congress or declared under section 201 of the National Emergencies Act ([50 U.S.C. 1621](#)).

"(b) Merchant mariner documents.—Notwithstanding section 7302(g), the Secretary may renew, for a period of not more than 2 years, an expired merchant mariner document issued to an individual under chapter 73 if the Secretary determines that the renewal is necessary in response to a national emergency declared by Congress or declared under section 201 of the National Emergencies Act ([50 U.S.C. 1621](#)).

"(c) Manner of renewal.—A renewal under this section may be granted to an individual merchant mariner or to a specifically identified group of merchant mariners."

(2) Clerical amendment.—The table of sections for [chapter 75 of title 46](#), United States Code, is amended by adding at the end the following:

"7513. Authority for reactivation of merchant mariner credentials."

(i) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section.

SEC. 846. STRATEGIC COMMERCIAL FLEET AND INDUSTRIAL COORDINATION.

(a) Strategic Commercial Fleet.—

(1) In general.—[Part C of subtitle V of title 46](#), United States Code, is amended by inserting after chapter 535 the following:

"CHAPTER 536—STRATEGIC COMMERCIAL FLEET

"SEC. 53601. Definitions.

"SEC. 53602. Establishment of Strategic Commercial Fleet.

"SEC. 53603. Operating agreements.

"SEC. 53604. Payments and financial support.

"SEC. 53605. National security requirements.

"SEC. 53606. Regulations and reporting.

"Sec. 53601. Definitions.

"In this chapter:

"(1) Administrator.—The term 'Administrator' means the Maritime Administrator.

"(2) American Industrial Reconstruction Trust Fund.—The term 'American Industrial Reconstruction Trust Fund' means the trust fund established under section 9512 of the Internal Revenue Code of 1986.

"(3) Appropriate committees of Congress.—The term 'appropriate committees of Congress' means—

"(A) the Committee on Armed Services, the Committee on Commerce, Science, and Transportation, and the Committee on Appropriations of the Senate; and

"(B) the Committee on Armed Services, the Committee on Transportation and Infrastructure, and the Committee on Appropriations of the House of Representatives.

"(4) Coastwise trade.—The term 'coastwise trade' means commerce or trade that is subject to the requirements of section 55102.

"(5) Covered entity.—The term 'covered entity' means—

"(A) any person that owns or operates, or proposes to own or operate, a vessel that is eligible under section 53602(d) or will satisfy the requirements of that subsection before entry into an operating agreement; or

"(B) a bid team consisting of—

"(i) an entity eligible under subparagraph (A);

"(ii) a shipyard in the United States with the ability, experience, financial resources, and other qualifications necessary for—

"(I) the construction of a vessel eligible for inclusion in the Strategic Commercial Fleet; or

"(II) the repair of such a vessel; and

"(iii) another legal entity that is not a foreign entity of concern.

"(6) Fleet.—The term 'Fleet' means the Strategic Commercial Fleet established under section 53602.

"(7) Foreign commerce.—The term 'foreign commerce' means—

"(A) commerce or trade between the United States, its territories or possessions, or the District of Columbia, and a foreign country; and

"(B) commerce or trade between foreign countries.

"(8) Foreign country of concern.—The term 'foreign country of concern' means—

"(A) a country that is a covered nation, as defined in [section 4872\(d\) of title 10](#); and

"(B) any country that the Administrator, in consultation with the Secretary of Defense, the Secretary of State, the Secretary of Commerce, the Director of National Intelligence, and the Chair of the Federal Maritime Commission, determines to be engaged in conduct that is detrimental to the national security, economic security, maritime security, supply-chain resilience, or foreign policy of the United States.

"(9) Foreign entity of concern.—The term 'foreign entity of concern' has the meaning given such term in section 843(a) of the POPULIST Act.

"(10) United States built vessel.—The term 'United States built vessel' means a vessel that is constructed in the United States and, if reconstructed, reconstructed in the United States.

"(11) United States citizen trust.—The term 'United States citizen trust' has the meaning given such term in section 53201.

"Sec. 53602. Establishment of Strategic Commercial Fleet.

"(a) In general.—The Administrator, in consultation with the Secretary of Defense, shall establish a fleet, to be known as the 'Strategic Commercial Fleet', of active, commercially operated, militarily useful vessels to meet national defense and other security requirements and maintain a United States presence in international commercial shipping.

"(b) Number of vessels.—

"(1) In general.—The Administrator shall select eligible vessels described in subsection (d) for the Fleet through an annual competitive selection process.

"(2) Consultation.—In establishing annual target numbers for the Fleet under paragraph (1), the Administrator shall consult with—

"(A) the Secretary of Defense, with respect to national defense, military usefulness, sealift, logistics, and emergency preparedness needs; and

"(B) the Secretary of Commerce, with respect to domestic industrial capacity, shipbuilding capacity, supply chain resilience, and strategic industrial policy.

"(3) Minimum selections.—Through the annual selection process under paragraph (1), the Administrator shall—

"(A) seek to select for inclusion in the Fleet not fewer than 10 vessels in the 12-month period that begins on the date that is 2 years after the date of enactment of this section;

"(B) seek to increase the number of vessels selected for inclusion in the Fleet annually such that not later than 5 years after such date of enactment, not fewer than 20 vessels are selected for such inclusion annually; and

"(C) ensure that the total number of vessels included in the Fleet does not exceed 250 vessels at any point in time.

"(c) Solicitation; entry into Fleet.—

"(1) Solicitation.—

"(A) In general.—Not later than 1 year after the date of enactment of this section, and not less frequently than once each fiscal year thereafter, the Administrator shall publish in the Federal Register a notice soliciting applications from covered entities to enter into an operating agreement under section 53603 for inclusion of eligible vessels in the Fleet.

"(B) Requirements.—Each notice under subparagraph (A) shall—

"(i) identify the number and type of vessels that the Administrator seeks to include in the Fleet;

"(ii) describe the selection criteria, application requirements, and anticipated payment structure for the solicitation; and

"(iii) allow applicants not less than 30 days to submit an application for entry into the Fleet.

"(C) Guidance.—A notice under subparagraph (A) may include guidance on proposed annual operating support payments, annual capital support payments, and other support payments for each vessel type solicited to ensure that covered entities submit applications that are priced competitively and meet the needs of the Fleet.

"(2) Eligible applications.—The Administrator shall solicit and accept applications from covered entities for newly constructed United States built vessels to be operated as vessels of the United States in foreign commerce.

"(3) Application contents.—An application under paragraph (2) shall include—

"(A) a description of the vessel proposed for inclusion in the Fleet;

"(B) evidence that the vessel satisfies, or will satisfy before entry into an operating agreement, the eligibility requirements under subsection (d);

"(C) evidence that the vessel satisfies, or will satisfy during the term of the operating agreement, the citizenship, ownership, charter, or operation requirements under subsection (e);

"(D) proposed milestones for construction, documentation, entry into service, operation, repair, repower, reconditioning, training, and other required activities;

"(E) a proposed annual operating support payment, which may cover the difference in operating costs, including costs associated with vessel repair, associated with operating the vessel as a vessel of the United States as compared to a fair and reasonable estimate of the cost of operating that type of vessel under the laws of a foreign country;

"(F) a proposed annual capital support payment, which may cover the difference in capital costs associated with constructing the vessel in the United States as compared to a fair and reasonable estimate of the cost of constructing that type of vessel in a foreign shipyard;

"(G) any other support payments needed to make the vessel commercially viable in foreign commerce; and

"(H) such other information as the Administrator may require.

"(4) Bid team.—In the case of a covered entity that is a bid team described in section 53601(5)(B), the bid team shall jointly submit an application under this subsection for inclusion in the Fleet.

"(5) Acceptance into Fleet.—

"(A) In general.—The Administrator shall evaluate eligible applications submitted under this subsection and select applications that meet the requirements of this chapter for acceptance in the Fleet.

"(B) Citizenship preference.—In selecting applications to meet the requirements of this chapter, the Administrator shall ensure, to the extent sufficient qualified applications are received under this subsection, that not less than 25 percent of vessels selected for the

Fleet are owned or operated by a covered entity that is, or a bid team led by, a citizen of the United States under section 50501.

"(C) Priority.—In evaluating eligible applications for selection in the Fleet and subject to subparagraph (B), the Administrator shall give priority to—

"(i) applications that represent the best value to the Federal Government;

"(ii) applications for vessels, or for vessels providing services, that the Administrator, in consultation with the Secretary of Defense, determines have capabilities critical to the national and economic security of the United States;

"(iii) applications that use equipment, materials, and supplies produced in the United States;

"(iv) applications that use, to the maximum extent practicable, subcontractors and suppliers based in the United States;

"(v) applications that commit to repair, repower, and recondition a vessel under this chapter in a shipyard in the United States;

"(vi) applications that strengthen domestic shipbuilding, repair, supplier, and maritime logistics capacity;

"(vii) applications that reduce dependence on foreign entities of concern or concentrated foreign suppliers; and

"(viii) applications that include commitments to worker and community investment, including—

"(I) programs to expand employment opportunity for economically disadvantaged individuals; or

"(II) commitments from regional educational and training entities and institutions of higher education, as defined in section 102 of the Higher Education Act of 1965 ([20 U.S.C. 1002](#)), to provide workforce training, including programming for training and job placement of economically disadvantaged individuals.

"(6) Timing.—

"(A) Newly constructed vessel.—Not later than 36 months after entering into an operating agreement under section 53603 with a covered entity for inclusion of a newly constructed United States built vessel described in paragraph (2), such vessel shall be placed into service as part of the Fleet.

"(B) Delayed admission.—The Administrator may delay the entry of a vessel selected to participate in the Fleet for—

"(i) a delay in the construction of such vessel;

"(ii) difficulty of the owner or operator of such vessel in recruiting United States mariners as required under section 53603(b)(1)(A); or

"(iii) another reason the Administrator determines to be consistent with the purposes of this chapter.

"(d) Vessel eligibility.—A vessel is eligible to be included in the Fleet if—

"(1) the vessel—

"(A) is a vessel of the United States; or

"(B) is not a vessel of the United States, but—

"(i) the owner of the vessel has demonstrated an intent to have the vessel documented under chapter 121 if the vessel is included in the Fleet; and

"(ii) by the time an operating agreement is entered into under section 53603, the vessel is documented under chapter 121;

"(2) the vessel is a United States built vessel;

"(3) the vessel is—

"(A) a bulk carrier vessel;

"(B) a tanker vessel;

"(C) a roll-on/roll-off vessel;

"(D) a liquefied natural gas tanker vessel;

"(E) a container vessel;

"(F) a multi-purpose vessel;

"(G) a cable vessel, as defined in section 53201;

"(H) a heavy-lift vessel; or

"(I) any other type of vessel determined appropriate by the Administrator, in consultation with the Secretary of Defense and the Secretary of Commerce;

"(4) the vessel is operated, or will be operated, in providing transportation in foreign commerce;

"(5) the vessel meets the requirements of paragraph (1), (2), (3), or (4) of subsection (e);

"(6) the vessel—

"(A) is suitable for use by the United States for national defense or military purposes in time of war or national emergency, as determined by the Secretary of Defense;

"(B) is commercially viable, as determined by the Administrator; and

"(C) has dedicated space for the training of—

"(i) cadets of the Merchant Marine Academy consistent with the requirements of section 51307(b);

"(ii) students of a State maritime academy, consistent with the requirements of section 51507; or

"(iii) participants in another workforce training program identified by the Administrator; and

"(7) the vessel will, for the period of an operating agreement under section 53603 that applies to the vessel, meet any other requirement determined appropriate by the Administrator.

"(e) Requirements regarding citizenship of owners, charterers, and operators.—

"(1) Vessel owned and operated by section 50501 citizens.—A vessel meets the requirements of this paragraph if, during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be owned and operated by 1 or more persons that are citizens of the United States under section 50501.

"(2) Vessel owned by section 50501 citizen or United States citizen trust and chartered to documentation citizen.—A vessel meets the requirements of this paragraph if—

"(A) during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be—

"(i) owned by a person that is a citizen of the United States under section 50501 or by a United States citizen trust; and

"(ii) demise chartered to a person—

"(I) that is eligible to document the vessel under chapter 121;

"(II) the chairman of the board of directors, chief executive officer, and a majority of the members of the board of directors of which are citizens of the United States under section 50501, and are appointed and subjected to removal only upon approval by the Administrator; and

"(III) that certifies to the Administrator that there are no treaties, statutes, regulations, or other laws that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter;

"(B) in the case of a vessel that will be demise chartered to a person that is owned or controlled by another person that is not a citizen of the United States under section 50501, the other person enters into an agreement with the Administrator not to influence the operation of the vessel in a manner that will adversely affect the interests of the United States; and

"(C) the Administrator and the Secretary of Defense notify the appropriate committees of Congress that they concur with the certification required under subparagraph (A)(ii)(III) and have reviewed and agree that there are no other legal, operational, or other impediments that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter.

"(3) Vessel owned and operated by defense contractor.—A vessel meets the requirements of this paragraph if—

"(A) during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be owned and operated by a person that—

"(i) is eligible to document a vessel under chapter 121;

"(ii) operates or manages other United States—documented vessels for the Secretary of Defense, or charters other vessels to the Secretary of Defense;

"(iii) has entered into a special security agreement for purposes of this paragraph with the Secretary of Defense;

"(iv) makes the certification described in paragraph (2)(A)(ii)(III); and

"(v) in the case of a vessel described in paragraph (2)(B), enters into an agreement referred to in that paragraph; and

"(B) the Administrator and the Secretary of Defense notify the appropriate committees of Congress that they concur with the certification required under subparagraph (A)(iv), and have reviewed and agree that there are no other legal, operational, or other impediments that would prohibit the covered entity for the vessel from performing its obligations under an operating agreement under this chapter.

"(4) Vessel owned by documentation citizen and chartered to section 50501 citizen.—A vessel meets the requirements of this paragraph if, during the period of an operating agreement under this chapter that applies to the vessel, the vessel will be—

"(A) owned by a person eligible to document the vessel under chapter 121; and

"(B) demise chartered to a person that is a citizen of the United States under section 50501.

"Sec. 53603. Operating agreements.

"(a) Operating agreement required.—A vessel may not be included in the Fleet unless the Administrator and the covered entity for the vessel enter into an operating agreement under this section.

"(b) Requirements.—

"(1) General requirements.—An operating agreement required under subsection (a) shall require the vessel subject to such agreement to meet the following requirements:

"(A) During the period in which the vessel is operating under the agreement—

"(i) the vessel will be crewed by only United States mariners;

"(ii) the vessel shall be operated within the Fleet exclusively in foreign commerce and not in coastwise trade; and

"(iii) the covered entity will have in effect an emergency preparedness agreement described in section 53605 for the period of such agreement.

"(B) Nothing in this paragraph shall be construed to make a vessel permanently ineligible for a coastwise endorsement under section 12112 or to otherwise permanently prohibit the vessel from participating in the coastwise trade after the vessel is no longer operating under an operating agreement under this chapter.

"(2) Vessel repair requirements.—

"(A) In general.—Subject to subparagraphs (B) and (C), the operating agreement required under subsection (a) shall—

"(i) require that the vessel subject to such agreement undergo a set percentage, agreed to between the Administrator and the covered entity, of repair work, excluding necessary repairs as described in paragraph (1) of section 466(d) of the Tariff Act of 1930 ([19 U.S.C. 1466\(d\)\(1\)](#)), at a shipyard in the United States; and

"(ii) prohibit the vessel subject to such agreement from receiving repairs at a shipyard in a foreign country of concern.

"(B) Waiver.—Notwithstanding any other provision of law, the Secretary of Transportation may modify or waive any requirement of subparagraph (A) only if the Secretary, in consultation with the Secretary of Defense, determines that waiving such requirement is in the national security interest of the United States.

"(C) Notice.—A determination under subparagraph (B) shall be made publicly available in writing and submitted to the appropriate committees of Congress.

"(c) Milestones and payments.—The operating agreement shall—

"(1) establish milestones, deadlines, and performance requirements for construction, documentation, entry into service, operation, repair, repower, reconditioning, training, emergency preparedness, and other required activities;

"(2) prescribe the payment schedule for operating support payments, capital support payments, and other support payments under section 53604; and

"(3) require that payments be tied, to the maximum extent practicable, to achievement of milestones and performance requirements.

"(d) Incentives.—

"(1) State-of-the-art technology incentives.—An operating agreement required under subsection (a) may include incentives to support the testing or adoption of state-of-the-art technology relevant in advancing the military, economic, and industrial security of the United States, including artificial intelligence, advanced shipbuilding techniques, automation, modern propulsion systems, environmental performance, crew safety, military features, and other technologies identified by the Administrator, in consultation with the Secretary of Defense and the Secretary of Commerce.

"(2) Performance incentives.—The operating agreement may include incentive payments for covered entities that exceed milestones or performance requirements established under subsection (c).

"(e) Term of operating agreement.—

"(1) In general.—An operating agreement to participate in the Fleet shall be for a period of 7 years.

"(2) Renewal of agreement.—

"(A) In general.—A covered entity for a vessel participating in the Fleet under an operating agreement under this section may apply to renew such operating agreement.

"(B) Renewal limitation.—An operating agreement under this section may be renewed not more than 2 times.

"(3) Termination payment.—

"(A) No-fault termination during contract.—Subject to subparagraph (C), a covered entity for a vessel operating under an operating agreement under this section shall receive a termination payment if capital support payments provided to the covered entity under the operating agreement are terminated during a contract term.

"(B) No-fault nonrenewal.—Subject to subparagraph (C), a covered entity for a vessel operating under an operating agreement under this section shall receive a termination payment if the operating agreement is not selected to be renewed under paragraph (2).

"(C) Material lack of compliance.—In any case in which the Administrator determines under subsection (f) that a covered entity for a vessel operating under an operating agreement under this section materially fails to comply with the terms of the operating agreement and, due to such failure to comply, the operating agreement is terminated or not selected for renewal, the Administrator may determine that the covered entity is not entitled to a termination payment and subparagraph (A) or (B), as applicable, shall not apply.

"(D) Termination payment defined.—In this paragraph, the term 'termination payment' means a payment in an amount equal to 90 percent of the product of—

"(i) the percentage of the remaining useful life of the vessel, calculated using 21 years as the maximum useful life of the vessel; multiplied by

"(ii) (I) the difference between—

"(aa) the cost of constructing the vessel in the United States; and

"(bb) the fair and reasonable estimate, determined by the Administrator, of the cost of constructing that type of vessel in a foreign shipyard;

"(II) reduced by the amount of such cost difference that the covered entity has recovered through capital support payments, milestone payments, or other payments received under an operating agreement under this section that were intended to offset the capital cost of constructing the vessel in the United States.

"(f) Termination by Administrator for lack of program participant compliance.—If a covered entity for a vessel operating under an operating agreement under this section materially fails to comply with the terms of the operating agreement—

"(1) the Administrator shall notify the covered entity and provide a reasonable opportunity to comply with the operating agreement; and

"(2) if the covered entity fails to achieve such compliance, the Administrator—

"(A) shall terminate the operating agreement;

"(B) shall not renew the operating agreement under subsection (e)(2); and

"(C) may take steps to recover an amount equal to the payments and incentives provided to the covered entity under this chapter.

"(g) Release of vessels from obligations.—

"(1) In general.—A vessel covered by an operating agreement under this chapter is released from any further obligation under the operating agreement if—

"(A) the Administrator terminated or did not renew the operating agreement under subsection (f);

"(B) the covered entity elects not to renew its operating agreement with the Administrator;

"(C) the vessel is ineligible for renewal under subsection (e)(2); or

"(D) funds are not appropriated or otherwise made available to the Administrator for payments under the operating agreement under this chapter for any fiscal year by the 60th day of that fiscal year.

"(2) No permanent coastwise bar.—Release of a vessel from obligations under paragraph (1) shall not make the vessel permanently ineligible for a coastwise endorsement under section 12112 or otherwise permanently prohibit the vessel from participating in coastwise trade.

"(3) Authority to transfer vessel.—

"(A) In general.—After a vessel is released from obligations under paragraph (1), the covered entity may transfer and register such vessel under a foreign registry that—

"(i) is acceptable to the Administrator and the Secretary of Defense, and allows the requisitioning of the vessel for title or use, notwithstanding section 56101; and

"(ii) is not a foreign country of concern.

"(B) Emergency acquisition of vessels.—If chapter 563 is applicable to a vessel after registration in a foreign registry described in subparagraph (A), the vessel shall remain subject to any authority of the United States under chapter 563.

"Sec. 53604. Payments and financial support.

"(a) In general.—Subject to the availability of amounts made available from the American Industrial Reconstruction Trust Fund, as provided in section 9512 of the Internal Revenue Code of 1986, the Administrator shall make payments to covered entities under operating agreements entered into under section 53603.

"(b) Types of payments.—Payments under subsection (a) may include—

"(1) annual operating support payments, which may cover the difference in operating costs, including costs associated with vessel repair, associated with operating the vessel as a vessel of the United States as compared to a fair and reasonable estimate of the cost of operating that type of vessel under the laws of a foreign country;

"(2) annual capital support payments, which may cover the difference in capital costs associated with constructing the vessel in the United States as compared to a fair and reasonable estimate of the cost of constructing that type of vessel in a foreign shipyard;

"(3) milestone payments;

"(4) performance incentive payments under section 53603(d); and

"(5) any other support payments needed to make a vessel commercially viable in foreign commerce and advance the national security, economic security, and industrial capacity of the United States.

"(c) Limitations.—

"(1) In general.—Notwithstanding any other provision of this chapter, the Administrator shall not make an operating support payment, performance incentive payment, or other support payment under this chapter for a vessel with respect to any day for which—

"(A) the vessel is not operated or maintained in accordance with an operating agreement under this chapter;

"(B) the vessel is under a charter to the United States Government;

"(C) except as provided under paragraph (2), the vessel is engaged in transporting military or other preference cargoes under section 55302(a), 55304, 55305, or 55314, [section 2631 of title 10](#), or any other cargo preference law of the United States; or

"(D) the vessel participates in coastwise trade in violation of the operating agreement and section 53603(b)(1)(A)(ii).

"(2) Preference cargoes.—The Administrator may waive the requirement of paragraph (1)(C) to the extent, in the manner, and on the terms the Administrator prescribes, only if—

"(A) the Administrator, acting in the Administrator's capacity as Director of the National Shipping Authority, determines the nonavailability of qualified vessels of the United States that are not enrolled in the Strategic Commercial Fleet;

"(B) the Administrator ensures reasonable notice has been provided to the owners and operators of qualified vessels of the United States that are not enrolled in the Strategic Commercial Fleet before making the waiver determination; and

"(C) by not later than 7 days after issuing a waiver under this paragraph, the Administrator notifies the appropriate committees of Congress and posts such waiver on a public website of the Maritime Administration.

"(d) Payment conditions.—The Administrator may condition a payment under this section on—

"(1) achievement of milestones or performance requirements under section 53603(c);

"(2) compliance with domestic construction, domestic repair, domestic supplier, crewing, training, emergency preparedness, and public interest requirements under the operating agreement;

"(3) continued operation of the vessel in foreign commerce while the vessel is operating under the agreement;

"(4) compliance with any applicable anti-offshoring, anti-privatization, anti-concentration, labor, domestic production, public money, or stock buyback condition under the POPULIST Act; and

"(5) such other conditions as the Administrator determines appropriate.

"(e) No duplication.—The Administrator shall ensure that payments under this section do not duplicate financial assistance provided under section 843 of the POPULIST Act or financing provided by the National Infrastructure Bank under sections 641 through 648 of such Act.

"(f) National Environmental Policy Act.—The provision by the Administrator of a payment under this section shall not be considered to be a major Federal action under the National Environmental Policy Act of 1969 ([42 U.S.C. 4321 et seq.](#)) or an undertaking for the purposes of division A of [subtitle III of title 54](#).

"(g) Buy America.—Section 54101(d)(2) shall apply to funds obligated by the Administrator under this section.

"Sec. 53605. National security requirements.

"(a) Emergency preparedness agreement required.—The Administrator, in coordination with the Secretary of Defense, shall establish an emergency preparedness program under this section under which the program participant for an operating agreement under this chapter shall agree, as a condition of the operating agreement, to enter into an emergency preparedness agreement with the Administrator. The Administrator shall negotiate and enter into an emergency preparedness agreement with each program participant as promptly as practicable after the program participant has entered into the operating agreement.

"(b) Use of existing program.—The Administrator may use an existing emergency preparedness program, as of the date of enactment of this section, to satisfy the requirements of subsection (a).

"(c) Terms of agreement.—The terms of an emergency preparedness agreement under this section shall—

"(1) provide that upon request by the Secretary of Defense during time of war or national emergency, or whenever determined by the Secretary of Defense to be necessary for national

security or contingency operation (as that term is defined in [section 101 of title 10](#)), the program participant shall make available commercial transportation resources (including services) described in subsection (e) to the Secretary of Defense;

"(2) include such additional terms as may be established by the Administrator and the Secretary of Defense; and

"(3) allow for the modification or addition of terms upon agreement by the Administrator and the program participant and the approval by the Secretary of Defense.

"(d) Participation after expiration of operating agreement.—The Administrator may not require, through an emergency preparedness agreement or an operating agreement, that a program participant covered by an operating agreement continue to participate in an emergency preparedness agreement after the operating agreement has expired according to its terms or is otherwise no longer in effect. After the expiration of an emergency preparedness agreement, a program participant may voluntarily continue to participate in the agreement.

"(e) Resources made available.—The commercial transportation resources to be made available under an emergency preparedness agreement shall include vessels or capacity in vessels, terminal facilities, management services, and other related services, or any agreed portion of such nonvessel resources for activation as the Secretary of Defense may determine to be necessary, seeking to minimize disruption of the program participant's service to commercial customers.

"(f) Compensation.—

"(1) In general.—The Administrator shall include in each emergency preparedness agreement provisions approved by the Secretary of Defense under which the Secretary of Defense shall pay fair and reasonable compensation for all commercial transportation resources provided pursuant to this section.

"(2) Specific requirements.—Compensation under this subsection—

"(A) shall not be less than the program participant's commercial market charges for like transportation resources;

"(B) shall be fair and reasonable considering all circumstances;

"(C) shall be provided from the time that a vessel or resource is required by the Secretary of Defense until the time it is redelivered to the program participant and is available to reenter commercial service; and

"(D) shall be in addition to and shall not in any way reflect amounts payable under section 53604.

"(g) Temporary replacement vessels.—Notwithstanding section 55302(a), 55304, 55305, or 55314, [section 2631 of title 10](#), or any other cargo preference law of the United States—

"(1) a program participant may operate or employ in foreign commerce a foreign vessel, or capacity in a foreign vessel, as a temporary replacement for a vessel of the United States or vessel of the United States capacity that is activated by the Secretary of Defense under an

emergency preparedness agreement or a primary Department of Defense sealift-approved readiness program; and

"(2) such replacement vessel or vessel capacity shall be eligible during the replacement period to transport preference cargoes subject to sections 55302(a), 55304, 55305, and 55314 and [section 2631 of title 10](#) to the same extent as the eligibility of the vessel or vessel capacity replaced.

"(h) Redelivery and liability of the United States for damages.—

"(1) In general.—All commercial transportation resources activated under an emergency preparedness agreement shall, upon termination of the period of activation, be redelivered to the program participant in the same good order and condition as when received, less ordinary wear and tear, or the Secretary of Defense shall fully compensate the program participant for any necessary repair or replacement.

"(2) Limitation on United States liability.—Except as may be expressly agreed in an emergency preparedness agreement, or as otherwise provided by law, the Government shall not be liable for disruption of a program participant's commercial business or other consequential damages to the program participant arising from the activation of commercial transportation resources under an emergency preparedness agreement.

"Sec. 53606. Regulations and reporting.

"(a) Regulations.—The Administrator and the Secretary of Defense may prescribe such regulations as may be necessary to carry out the responsibilities of the Administrator and the Secretary of Defense under this chapter.

"(b) Consultation.—In prescribing regulations and implementing this chapter, the Administrator shall consult with the Secretary of Commerce on matters relating to domestic industrial capacity, shipbuilding capacity, supply chain resilience, and strategic industrial sectors.

"(c) Annual report.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Administrator shall submit to the appropriate committees of Congress and make publicly available a report describing—

"(1) the number, type, and status of vessels in the Fleet;

"(2) operating agreements entered into, renewed, terminated, or not renewed under this chapter;

"(3) payments made under section 53604;

"(4) progress toward domestic construction, repair, supplier, workforce, training, and emergency preparedness commitments;

"(5) use of amounts made available from the American Industrial Reconstruction Trust Fund;

"(6) the effect of the Fleet on domestic shipbuilding capacity, ship repair capacity, maritime employment, merchant mariner availability, international commercial shipping, and national defense preparedness; and

"(7) recommendations for improving the Fleet and related domestic maritime industrial policy."

(2) Clerical amendment.—The table of chapters for [subtitle V of title 46](#), United States Code, is amended by inserting after the item relating to chapter 535 the following:

"536. Strategic Commercial Fleet.....53601".

(3) Confirming amendments.—[Section 51307\(b\) of title 46](#), United States Code, is amended—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A)—

(I) by striking ", or the" and inserting ", the"; and

(II) by inserting ", or the Strategic Commercial Fleet under chapter 536" before "to—"; and

(ii) in subparagraph (A), by striking "or Tanker Security Fleet vessel" and inserting "Tanker Security Fleet vessel, or Strategic Commercial Fleet vessel"; and

(B) in paragraph (2), by striking "or 534" and inserting "534, or 536".

(b) Priority for vessels of the United States at United States ports.—

(1) In general.—[Part D of subtitle V of title 46](#), United States Code, is amended by inserting after chapter 553 the following:

"CHAPTER 555—PRIORITY FOR VESSELS OF THE UNITED STATES

"SEC. 55501. Priority for vessels of the United States.

"Sec. 55501. Priority for vessels of the United States.

"(a) In general.—A vessel of the United States shall be given priority at any port in the United States, ahead of a waiting vessel of a foreign country.

"(b) Exception.—Notwithstanding subsection (a), if the Secretary of Transportation finds that it is in the national interest, the Secretary may eliminate the priority under subsection (a) at any port.

"(c) Notice to Congress.—Not later than 30 days after an action eliminating priority under subsection (b), the Secretary of Transportation shall submit to the appropriate committees of Congress, as defined in section 53601, a report on such action."

(2) Clerical amendment.—The table of chapters for [subtitle V of title 46](#), United States Code, is amended by inserting after the item relating to chapter 553 the following:

"555. Priority for vessels of the United States.....55501".

(c) Ship America Office.—

(1) In general.—[Chapter 553 of title 46](#), United States Code, as amended by this Act, is further amended by adding at the end the following:

"SUBCHAPTER IV—SHIP AMERICA OFFICE

"SEC. 55341. Establishment of Ship America Office.

"Sec. 55341. Establishment of Ship America Office.

"(a) Establishment.—The Maritime Administrator shall establish within the Maritime Administration an office to be known as the 'Ship America Office'. The Maritime Administrator shall appoint the head of the Ship America Office, who shall be known as the 'Ship America Associate Administrator'.

"(b) Duties.—The Ship America Associate Administrator shall—

"(1) provide assistance to private sector entities, Federal financial assistance recipients, Federal agencies, Federal contractors, and owners and operators of oceangoing vessels of the United States to facilitate the movement of commercial and government cargo on vessels of the United States in international commerce;

"(2) maximize compliance across Federal agencies with this chapter, [section 2631 of title 10](#), and any other cargo preference law of the United States;

"(3) provide training and assistance to Federal employees in all Federal agencies responsible for shipping preference cargo on the legal obligations under this chapter, [section 2631 of title 10](#), and any other cargo preference law of the United States;

"(4) support the efforts of the executive branch to develop and sustain a fleet of vessels of the United States and a maritime industrial base sufficient to meet the needs of Federal agencies, supply chain resilience, industrial reconstruction, and national security;

"(5) where practicable, make accessible and regularly update publicly available contact information for oceangoing vessels of the United States for purposes of moving international commerce;

"(6) publish and regularly update centralized information on the commercial benefits available to private sector entities for moving commercial cargo on oceangoing vessels of the United States;

"(7) coordinate with the Administrator responsible for the Strategic Commercial Fleet under chapter 536 to align cargo preference, port priority, operating agreements, and demand-signal requirements with the expansion of vessels of the United States in international commerce; and

"(8) prepare the reports required under subsection (c).

"(c) Reports required.—Not later than 1 year after the date of enactment of this section, and biennially thereafter, the Maritime Administrator, acting through the Ship America Associate Administrator, shall report to the appropriate committees of Congress, as defined in section 53601, on—

"(1) the opportunities and challenges faced by commercial entities to move cargo on oceangoing vessels of the United States; and

"(2) recommendations to increase international commerce moving on vessels of the United States.".

(2) Clerical amendment.—The table of sections for [chapter 553 of title 46](#), United States Code, is amended by adding at the end the following:

"Subchapter IV—Ship America Office

"55341. Establishment of Ship America Office.".

(d) Defense Production Act maritime industrial-base plan.—

(1) Plan required.—Not later than 180 days after the date of enactment of this section, the President shall submit to the appropriate committees of Congress a report on a plan of action for any use of authorities available under title III of the Defense Production Act of 1950 ([50 U.S.C. 4531 et seq.](#))—

(A) to establish or enhance domestic production capacity for the construction of militarily useful commercial maritime vessels that can be operated in foreign commerce or the domestic commerce of the United States;

(B) to establish, improve, or enhance the defense shipyard industrial base;

(C) to establish, improve, or enhance maritime port infrastructure of the United States, including containers and ship-to-shore cranes that are built in the United States and owned by citizens of the United States;

(D) to expand domestic supplier capacity for components, materials, equipment, and systems necessary for vessels of the United States, shipyards in the United States, and maritime port infrastructure; and

(E) to coordinate Defense Production Act authorities with financial assistance under section 843, demand-signal requirements under section 844, workforce and credential modernization under section 845, and the Strategic Commercial Fleet under chapter 536 of title 46, United States Code.

(2) Consultation.—The President shall develop the plan of action required under paragraph (1) in consultation with—

(A) the Secretary of Transportation;

(B) the Secretary of Defense;

(C) the Secretary of Commerce;

(D) the Maritime Administrator;

(E) the Commandant of the Coast Guard;

(F) an advisory committee established under section 708(d) of the Defense Production Act of 1950 ([50 U.S.C. 4558\(d\)](#)); and

(G) such stakeholders in the private sector as the President considers appropriate.

(e) Authorization of Trust Fund expenditures.—Amounts in the American Industrial Reconstruction Trust Fund shall be available, as provided in section 9512 of the Internal Revenue Code of 1986, to carry out this section and chapters 536 and 555 of title 46, United States Code.

SEC. 847. OCEAN INNOVATION CLUSTERS.

(a) Definitions.—In this section:

(1) Blue economy.—The term "blue economy" means the value and impact of sustainable industries related to the Great Lakes, oceans, bays, estuaries, and coasts on the economy of the United States, including living resources, marine construction, marine transportation, offshore energy development and siting including for renewable energy, offshore mineral production, ship and boat building, tourism, recreation, subsistence, commercial, recreational, and charter fishing, seafood processing, and other fishery-related businesses, kelp and shellfish aquaculture, coastal resilience, and other industries the Secretary of Commerce considers appropriate.

(2) Director of Sea Grant.—The term "Director of Sea Grant" means the Director of the National Sea Grant College Program appointed under section 204(d)(1) of the National Sea Grant College Program Act ([33 U.S.C. 1123\(d\)\(1\)](#)).

(3) Ocean innovation center for cross-sector collaboration.—The term "ocean innovation center for cross-sector collaboration" means a physical space for collaboration developed and managed in accordance with subsection (b)(9).

(4) Ocean innovation cluster.—The term "ocean innovation cluster" means an eligible entity designated by the Secretary of Commerce under subsection (b).

(5) Tribal government.—The term "Tribal government" has the meaning given the term "Indian Tribe" in section 4 of the Indian Self-Determination and Education Assistance Act ([25 U.S.C. 5304](#)).

(b) Ocean innovation clusters.—

(1) Designation.—Not later than July 4, 2027, the Secretary of Commerce, in consultation with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development, shall designate not fewer than 7 eligible entities as ocean innovation clusters.

(2) Eligible entities.—For purposes of this subsection, an eligible entity is an entity—

(A) that is composed, in a concentrated geographic region, of 1 or more—

(i) business organizations;

(ii) academic institutions, including institutions serving coastal, rural, remote, or economically distressed regions;

(iii) nonprofit organizations; or

(iv) Federal, State, local, or Tribal governmental entities, agencies, or instrumentalities;

(B) that is led by a nonprofit organization; and

(C) that works to deliver services in the concentrated geographic region where the entity is located, enhance collaboration, promote innovation, and contribute to the equitable and sustainable growth of the blue economy across all sectors.

(3) Priority.—In designating entities as ocean innovation clusters under paragraph (1), the Secretary of Commerce shall prioritize entities with a history of supporting cross-sector growth and development of the blue economy.

(4) Geographic diversity.—The Secretary of Commerce shall designate not fewer than 1 ocean innovation cluster under paragraph (1) in—

(A) each of the regions covered by the 5 regional offices of the National Marine Fisheries Service;

(B) the Great Lakes region; and

(C) the Gulf of Mexico region.

(5) Considerations.—In designating an eligible entity as an ocean innovation cluster under paragraph (1), the Secretary of Commerce shall consider the following:

(A) The economic development potential of the coastal community or region in which the entity is located.

(B) The ability of the entity to incorporate and bring growth and opportunity to broad geographic areas, including urban, rural, and underserved areas.

(C) Whether the entity serves an ocean-dependent population consisting of groups with different socioeconomic and educational attainment levels.

(D) The ability of the entity to cultivate and leverage partnerships with private industry, academia, nongovernmental organizations, Federal, State, local, and Tribal governments to collaborate on shared outcomes.

(E) The relative potential for the designation of the entity as an ocean innovation cluster to reverse a decline, or accelerate growth, in ocean sector jobs.

(F) The ability of the entity to carry out projects that support economic and climate resilience through economic diversification and long-term recovery from natural disasters.

(G) The extent, rural and underserved nature, and economic underutilization of the coastline and ocean area that projects carried out by the entity could affect.

(6) Partnership management.—

(A) Partnership liaisons.—

(i) Designation.—The Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall each designate 1 partnership manager from within their respective agencies to serve as a partnership liaison between each ocean innovation cluster and Sea Grant, the National Oceanic and Atmospheric Administration, and the Economic Development Administration, respectively.

(ii) Function.—Each partnership liaison designated under clause (i) shall ensure that ocean innovation clusters—

(I) have direct communication with the agency of the liaison; and

(II) allow for collaboration and alignment with Federal objectives in each region regarding the blue economy.

(B) Interagency coordination.—

(i) Secretary of Commerce.—The Secretary of Commerce shall coordinate with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, the Assistant Secretary of Commerce for Economic Development, the Department of Energy, the Maritime Administration of the Department of Transportation, the Environmental Protection Agency, the Bureau of Ocean Energy Management of the Department of the Interior, the Department of Agriculture, the Coast Guard, and such other Federal agencies, including bureaus of the Department of Commerce, as the Secretary of Commerce considers appropriate to increase technical knowledge exchange and opportunities for cross-sector collaboration with those agencies.

(ii) Secretary of Energy.—With respect to matters relating to the nexus of the blue economy and the responsibilities and expertise of the Department of Energy, the Secretary of Energy—

(I) shall provide advice and recommendations to the Secretary of Commerce in order to increase technical knowledge exchange and opportunities for cross-sector collaboration; and

(II) may provide such advice and recommendations without any formal request from the Department of Commerce.

(7) Development of economic impact metrics of ocean innovation clusters.—The Administrator of the National Oceanic and Atmospheric Administration, the Director of the Bureau of Economic Analysis of the Department of Commerce, and the heads of other relevant Federal agencies shall use and refine the Marine Economy Satellite Account to measure the value to and impact of ocean innovation clusters on the blue economy.

(8) Areas of focus.—The Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall coordinate with each ocean innovation cluster in the following areas of focus:

(A) Increasing pathways for new entrants into the blue economy for individuals and entities.

(B) Intellectual property management.

(C) Enhancing the sustainability of seafood supply chains, including with respect to food, transportation, processing, health and beauty products, animal feed, medical biotechnology, bioplastics, biofuels, and other value-added products, to strive for full use of harvested natural resources.

(D) Providing significant and sustainable economic opportunity through advanced research, cross-sector science, and technology development.

(E) Contributing new knowledge, processes, technology, and support for stakeholders in the blue economy, especially to advance sustainability in specific sectors.

(F) Working with Federal, State, local, and Tribal agencies to clearly communicate laws, regulations, and agency practices affecting industry needs, planning, or growth opportunities.

(G) Creating investable opportunities through the development of economies of scale to enhance growth opportunities, job creation, sustainability, and expansion for small businesses within the blue economy.

(H) Workforce development and training, business planning, identifying existing and needed technology and economic infrastructure, and coordinated research and development among small businesses, government, and industry.

(I) Research, development, and implementation of ocean energy, bioprospecting, and other innovative and sustainable ocean resource development endeavors.

(9) Ocean innovation centers for cross-sector collaboration.—

(A) In general.—In order to foster collaboration and innovation and strengthen regional ocean sector economies while creating employment opportunities, the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development shall collaborate with cross-sector partners to jointly develop or designate at least 1 physical space for collaboration as an ocean innovation center for cross-sector collaboration within each of the 7 regions with an ocean innovation cluster.

(B) Management.—An ocean innovation cluster or a group of ocean innovation clusters shall manage the ocean innovation center for cross-sector collaboration of the region in which the cluster or clusters is located.

(C) Functions.—Each ocean innovation center for cross-sector collaboration shall—

(i) serve as a hub for partners within ocean innovation clusters to work toward the areas of focus described in paragraph (8);

(ii) support a community of entrepreneurs focused on strengthening vibrant marine-dependent communities and the blue economy;

(iii) create workspaces and laboratories designed to promote collaboration, including through shared meeting rooms, access to technology, common spaces, and offices;

(iv) strengthen relationships among industry sectors through shared scientific, staffing, and business resources;

(v) develop the critical networks with cross-sector partners that entrepreneurs need to grow effectively; and

(vi) develop the next generation of blue economy workers by providing internships, apprenticeships, or training, as appropriate, including for underserved communities and local trade schools.

(c) Grants for ocean innovation clusters.—The Stevenson-Wydler Technology Innovation Act of 1980 ([15 U.S.C. 3701 et seq.](#)) is amended by adding at the end the following:

"Sec. 31. Grants for ocean innovation clusters.

"(a) In general.—The Secretary, in consultation with the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development, may award grants, on a competitive basis, to ocean innovation clusters for the purposes described in subsection (b).

"(b) Purposes.—The Secretary may award grants under subsection (a) for the operation and administration of 1 or more ocean innovation clusters under section 847 of the POPULIST Act, with the goal that ocean innovation clusters will become membership-based, self-sustaining entities.

"(c) Input.—In awarding a grant under subsection (a), the Secretary shall provide an opportunity for input from the Director of Sea Grant, the Assistant Secretary of Commerce for Oceans and Atmosphere, and the Assistant Secretary of Commerce for Economic Development.

"(d) Term of grants.—

"(1) In general.—The term of a grant awarded under subsection (a) shall be 2 years.

"(2) Renewal.—The Secretary may renew a grant awarded under subsection (a) for additional periods of such duration as the Secretary determines to be appropriate and necessary for the ocean innovation cluster that received the grant to provide regional economic benefits.

"(e) Limitations on grant amounts.—A grant awarded under subsection (a) may not exceed \$10,000,000.

"(f) Authorization of appropriations.—There is authorized to be appropriated to the Secretary to award grants under subsection (a) \$25,000,000 for each of fiscal years 2027 through 2031.

"(g) Definitions.—In this section:

"(1) Director of Sea Grant.—The term 'Director of Sea Grant' means the Director of the National Sea Grant College Program appointed under section 204(d)(1) of the National Sea Grant College Program Act ([33 U.S.C. 1123\(d\)\(1\)](#)).

"(2) Ocean innovation cluster.—The term 'ocean innovation cluster' has the meaning given that term in section 847(a)(4) of the POPULIST Act."

SEC. 848. STRATEGIC PUBLIC PRODUCTION CORPORATION.

(a) Definitions.—In this section:

(1) Corporation.—The term "Corporation" means the Strategic Public Production Corporation established under subsection (b).

(2) Operating partner.—The term "operating partner" means a domestic entity selected under subsection (f) to operate, maintain, manage, produce from, or provide services through a strategic public production asset.

(3) Public production agreement.—The term "public production agreement" means a contract, lease, cooperative agreement, management agreement, operating agreement, or other agreement under which an operating partner operates, maintains, manages, produces from, or provides services through a strategic public production asset.

(4) Secretary.—The term "Secretary" means the Secretary of Commerce.

(5) Sponsor agency.—The term "sponsor agency" means a Federal agency that requests, supports, purchases from, contracts with, or coordinates with the Corporation with respect to a strategic public production asset.

(6) Strategic industrial sector.—The term "strategic industrial sector" has the meaning given such term in section 843(a).

(7) Strategic public production asset.—The term "strategic public production asset" means a facility, plant, shipyard, drydock, logistics asset, production line, capital equipment, tooling, industrial site, intellectual property right, license, inventory, or other productive asset that is owned, controlled, financed, constructed, acquired, modernized, leased, or supported by the Corporation under this section.

(b) Establishment.—

(1) In general.—There is established in the Department of Commerce a Strategic Public Production Corporation.

(2) Status.—The Corporation shall be a wholly owned Government corporation and this section shall serve as the charter for the Corporation. The Corporation shall be subject to [chapter 91 of title 31](#), United States Code, except as otherwise provided in this section.

(3) Administration.—The Corporation shall be administered by the Secretary, acting through an Administrator appointed by the Secretary.

(4) Legal existence.—The Corporation shall have perpetual succession unless dissolved by Act of Congress and may exercise the powers granted under this section in its own corporate name.

(c) Purpose.—The purpose of the Corporation is to restore, expand, modernize, and maintain domestic production capacity in strategic industrial sectors by allowing the United States to own strategic public production assets and to operate such assets through operating partners, or directly on an emergency, transitional, or other limited basis as the Secretary determines necessary to protect the public interest, under public interest conditions.

(d) Authorities.—The Corporation may—

(1) acquire, construct, own, lease, improve, repair, modernize, equip, maintain, and dispose of strategic public production assets;

(2) enter into public production agreements, including leases, licenses, management agreements, operating agreements, cooperative agreements, contracts, other similar transactions, payment arrangements, and related arrangements with operating partners;

(3) purchase, license, hold, or make available intellectual property, technical data, machinery, tooling, designs, software, and production know-how necessary to operate strategic public production assets directly or through operating partners;

(4) enter into purchase commitments, advance purchase commitments, pool orders, offtake agreements, standby production agreements, surge capacity agreements, and other arrangements to ensure predictable demand for production from strategic public production assets;

(5) lease strategic public production assets on such terms and conditions as the Secretary determines appropriate to promote national resilience, industrial deconcentration, national defense, public health, housing, food security, energy security, transportation resilience, or the public interest;

(6) coordinate with the National Infrastructure Bank established under section 642 to finance strategic public production assets;

(7) receive grants, credit support, first loss support, interest rate subsidies, operating support, or other assistance from the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986; and

(8) take such other actions as the Secretary determines necessary to carry out this section.

(e) Eligible strategic public production assets.—The Corporation may support a strategic public production asset in any strategic industrial sector, including—

(1) shipbuilding, ship repair, drydock, port, maritime logistics, and marine component production;

(2) modular housing, building materials, public construction materials, and housing supply infrastructure;

(3) pharmaceuticals, active pharmaceutical ingredients, medical countermeasures, medical devices, and public health supply chain capacity;

(4) electrical grid equipment, transformers, transmission components, distribution equipment, switchgear, energy storage, batteries, and other critical energy infrastructure equipment;

(5) rail equipment, transit equipment, port equipment, transportation equipment, and other critical transportation infrastructure equipment;

(6) machine tools, industrial machinery, robotics, precision manufacturing, and capital equipment;

(7) steel, aluminum, critical minerals processing, rare earth element processing, industrial chemicals, and other foundational inputs;

(8) food processing, regional food storage, cold-chain logistics, agricultural processing equipment, fertilizer, farm inputs, grocery distribution, and food-access retail infrastructure in underserved food markets; and

(9) such other sectors as the Secretary determines are necessary to support national resilience, industrial deconcentration, public health, housing, food security, energy security, transportation resilience, or national defense.

(f) Selection of operating partners.—

(1) In general.—The Corporation shall select operating partners through a competitive and transparent process, except that the Secretary may use expedited procedures if necessary to respond to an emergency, supply chain failure, public health need, national defense need, or severe industrial capacity shortage.

(2) Eligible operators.—An operating partner may be—

(A) a worker cooperative;

(B) a consumer cooperative;

(C) a nonprofit organization;

(D) a State, local, Tribal, or territorial governmental entity, agency, instrumentality, public authority, public corporation, cooperative, or special purpose district;

(E) a domestic firm;

(F) a labor-management partnership;

(G) a consortium of entities described in subparagraphs (A) through (F); or

(H) another domestic entity that the Secretary determines is capable of operating a strategic public production asset in the public interest.

(3) Selection criteria.—In selecting an operating partner, the Corporation shall consider—

(A) technical capacity;

(B) operational experience;

(C) ability to prevent undue concentration of production capacity;

(D) workforce commitments;

(E) compliance history;

(F) ability to support domestic production and domestic supply chain resilience;

(G) commitment to open-book accounting, public interest pricing, and public reporting;

(H) ability to operate the strategic public production asset without excessive reliance on foreign entities of concern, as defined in section 843(a); and

(I) such other criteria as the Secretary determines appropriate.

(g) Public ownership and anti-windfall rules.—

(1) Public ownership.—A strategic public production asset acquired, constructed, owned, or controlled by the Corporation shall remain owned or controlled by the United States until Congress by future legislation authorizes another disposition.

(2) Privately owned assets.—The modernization, financing, repair, equipping, or other support of an asset that is not owned or controlled by the United States shall not, by itself, transfer ownership or control of the asset to the United States. Such support shall be provided under an agreement containing such security, repayment, recapture, equity, profit sharing, continued operation, domestic production, and other public interest terms as the Secretary determines appropriate to the form and amount of support provided.

(3) Availability to operating partners.—The Corporation may lease, license, operate, or otherwise make available a strategic public production asset to an operating partner only under a public production agreement that protects public ownership, prevents unreasonable private windfalls, and preserves the ability of the Corporation or a successor operating partner to continue production.

(h) Terms of public production agreements.—A public production agreement shall include—

(1) a description of the strategic public production asset;

(2) the term of the agreement;

(3) production, maintenance, safety, workforce, and public interest obligations;

(4) remedies for breach, nonperformance, offshoring, misuse, or failure to meet commitments;

(5) open-book accounting requirements;

(6) pricing, cost, fee, profit, or reasonable return rules;

(7) restrictions on offshoring, outsourcing, asset stripping, self-dealing, and excessive subcontracting;

(8) consideration for use of the strategic public production asset, which may be in cash, in kind, below fair market rental value, or satisfied in whole or in part through maintenance, repair, workforce, production, price discipline, public access, or public interest obligations;

(9) labor, apprenticeship, credentialing, and job quality commitments coordinated with section 845;

(10) domestic-content requirements, including requirements under [chapter 83 of title 41](#), United States Code, section 70914 of [Public Law 117–58](#), and any applicable statutory, regulatory, or agreement-specific thresholds;

(11) conflict-of-interest rules;

(12) data, intellectual property, technical documentation, and access rights necessary to allow the Corporation or a successor operating partner to continue production;

(13) audit, inspection, reporting, and compliance rights for the Corporation, the Inspector General of the Department of Commerce, and the Comptroller General of the United States;

(14) such other terms as the Secretary determines necessary to protect the public interest; and

(15) a prohibition on electioneering by the operating partner as a legal entity, provided that such prohibition shall not be construed to restrict the ability of a natural person to engage in electioneering in such person's individual capacity.

(i) Priority for deconcentration and public benefit operation.—In carrying out this section, the Corporation shall give priority to projects and operating partners that—

(1) reduce dependence on concentrated suppliers;

(2) create new domestic entrants in strategic industrial sectors;

(3) support worker cooperatives, public authorities, nonprofit operators, small businesses, and regional production networks;

(4) increase domestic productive capacity in communities with high unemployment, low labor-force participation, or limited access to industrial employment opportunities;

(5) produce durable, repairable, reusable, strategically necessary, or long-lived productive goods, inputs, equipment, or services, and avoid business models dependent on planned obsolescence or unnecessary disposable consumer goods; or

(6) produce goods or services needed by Federal, State, local, or Tribal governments.

(j) Financing.—

(1) National Infrastructure Bank.—The Corporation may request, receive, or coordinate financing from the National Infrastructure Bank for the acquisition, construction, modernization, repair, equipping, or maintenance of a strategic public production asset.

(2) Trust Fund.—Amounts in the American Industrial Reconstruction Trust Fund may be made available, as provided in appropriation Acts and section 9512 of the Internal Revenue Code of 1986, to carry out this section.

(3) Sponsor agency support.—A sponsor agency may support a strategic public production asset through an interagency agreement, transfer of funds, purchase commitment, offtake agreement, technical assistance, use agreement, or other arrangement with the Corporation.

(4) Lease revenues.—Amounts received by the Corporation from leases, licenses, operating agreements, or other public production agreements may be retained and used, to the extent provided in advance in appropriation Acts, for administration, maintenance, repair, modernization, environmental restoration, or other costs of strategic public production assets.

(5) Appropriations limitation.—No authority to enter into contracts, leases, cooperative agreements, other similar transactions, or payment arrangements under this section shall be effective except to such extent or in such amounts as are provided in advance in appropriation Acts.

(k) Coordination with related programs.—The Corporation shall coordinate activities under this section with financial assistance under section 843, demand-signal requirements under section 844, and workforce development, credentialing, placement, and retention activities under section 845.

(l) Labor and public interest safeguards.—The Corporation and each operating partner shall ensure that each strategic public production asset is used in compliance with the applicable public production agreement and any domestic production, domestic location, domestic use, labor, workforce, or public interest safeguard imposed by the Secretary under this section.

(m) Oversight and reporting.—

(1) Public database.—The Corporation shall maintain a publicly accessible database of strategic public production assets, public production agreements, operating partners, sponsor agencies, Federal financial assistance, National Infrastructure Bank financing, production commitments, and performance milestones under this section.

(2) Annual report.—Not later than December 31 of each year, the Secretary shall submit to Congress and make publicly available a report describing the activities of the Corporation during the preceding fiscal year.

(3) GAO review.—Not later than July 1, 2029, and every 2 years thereafter, the Comptroller General of the United States shall submit to Congress a report evaluating the activities of the Corporation, including whether the Corporation has increased domestic production capacity, reduced supply chain concentration, prevented private windfalls, and protected the public interest.

(n) Preservation of other authorities.—This section adds to, and does not displace, the authority of the National Infrastructure Bank under sections 641 through 648 or the authority of any Federal agency to acquire, construct, own, lease, operate, or contract for the operation of a Government-owned facility under any other provision of law.

(o) Government Corporation Control Act.—[Section 9101\(3\) of title 31](#), United States Code, is amended by adding at the end the following:

"(Q) the Strategic Public Production Corporation."

SEC. 849. PUBLIC MANUFACTURING OF ESSENTIAL MEDICINES.

(a) Public manufacturing of pharmaceuticals.—Part A of title III of the Public Health Service Act ([42 U.S.C. 241 et seq.](#)) is amended by adding at the end the following:

"Sec. 310C. Public manufacturing of essential medicines.

"(a) Definitions.—In this section:

"(1) Active pharmaceutical ingredient.—The term 'active pharmaceutical ingredient' means any substance or mixture of substances intended to be used in the manufacture of a drug and that, when used in the manufacture of the drug, becomes an active ingredient of the drug.

"(2) Applicable drug.—The term 'applicable drug' means a drug, as defined in section 201 of the Federal Food, Drug, and Cosmetic Act, biological product, as defined in section 351 of this Act, or combination product, as described in section 503(g) of the Federal Food, Drug, and Cosmetic Act, that—

"(A) is an eligible off-patent pharmaceutical product or a federally authorized pharmaceutical product; and

"(B) is subject to a market failure.

"(3) Associated device.—The term 'associated device' means a device, delivery system, packaging system, container, component, accessory, or other article necessary or useful for the administration, delivery, storage, dispensing, or use of an applicable drug.

"(4) Banned individual.—The term 'banned individual' means—

"(A) an individual who is or was a registered drug industry lobbyist; or

"(B) an individual who—

"(i) is or was a senior executive of a drug manufacturer or drug wholesaler;

"(ii) served as such a senior executive on any date on which wrongful conduct that is the subject of a settlement, decree, or enforcement action described in clause (iii) occurred; and

"(iii) is or was a senior executive of a drug manufacturer or drug wholesaler that is or was—

"(I) operating under a Federal settlement, including a Federal consent decree; or

"(II) the subject of an enforcement action in a court of the United States or by a Federal agency.

"(5) Registered drug industry lobbyist.—The term 'registered drug industry lobbyist' means an individual who, under Federal or State law, is or was registered as a lobbyist or identified as a lobbyist in a registration or disclosure report for a drug manufacturer, drug wholesaler, or trade association principally representing drug manufacturers or drug wholesalers.

"(6) Senior executive.—The term 'senior executive' means an officer or employee with substantial responsibility for policymaking, management, or control of a drug manufacturer or drug wholesaler, including a president, chief executive officer, chief operating officer, chief financial officer, general counsel, division president, or individual serving in an equivalent position.

"(7) Eligible off-patent pharmaceutical product.—The term 'eligible off-patent pharmaceutical product' means a drug, biological product, or combination product for which an approved application under section 505 or 515 of the Federal Food, Drug, and Cosmetic Act or section 351 of this Act, or clearance under section 510(k) of the Federal Food, Drug, and Cosmetic Act, is in effect, and—

"(A) with respect to a drug included in the list described in section 505(j)(7) of the Federal Food, Drug, and Cosmetic Act, each patent included with respect to such drug in such list has expired, or each patent that claims a biological product has expired; and

"(B) any period of regulatory exclusivity granted under—

"(i) clause (ii), (iii), or (iv) of section 505(c)(3)(E) of the Federal Food, Drug, and Cosmetic Act, section 505(j)(5)(B)(iv) of such Act, clause (ii), (iii), or (iv) of section 505(j)(5)(F) of such Act, section 527 of such Act, and any extension of such a period granted under section 505A or 505E of such Act, has expired; or

"(ii) paragraph (6) or (7) of section 351(k) of this Act, and any extension of such a period granted under paragraph (2) or (3) of section 351(m) of this Act, has expired.

"(8) Federally authorized pharmaceutical product.—The term 'federally authorized pharmaceutical product' means a drug, biological product, or combination product for which the Office determines that public manufacturing, use, licensing, or authorization is permitted under—

"(A) [section 1498 of title 28](#), United States Code;

"(B) [section 202 of title 35](#), United States Code;

"(C) [section 203 of title 35](#), United States Code;

"(D) [section 209 of title 35](#), United States Code; or

"(E) any other licensing, patent use, march-in, government use, compulsory license, production, or public interest authority of the Federal Government.

"(9) Foreign entity of concern.—The term 'foreign entity of concern' has the meaning given such term in section 843(a) of the POPULIST Act.

"(10) Office.—The term 'Office' means the Office of Drug Manufacturing established under subsection (b).

"(11) Market failure.—The term 'market failure' means a determination by the Office that public manufacturing of a drug, biological product, combination product, active pharmaceutical ingredient, associated device, or pharmaceutical input is necessary or appropriate to materially increase competition, reduce costs, improve patient access, expand supply, or reduce dependence on concentrated suppliers because—

"(A) the product is not being marketed in the United States;

"(B) the product is being marketed in the United States by 3 or fewer manufacturers;

"(C) the product is included in the drug shortage list under section 506E of the Federal Food, Drug, and Cosmetic Act;

"(D) the product has experienced a price increase that the Office determines is excessive, persistent, or unsupported by manufacturing or supply chain costs;

"(E) the product has a wholesale acquisition cost, average manufacturer price, net cost to Federal or State health programs, or patient out-of-pocket cost that the Office determines is a barrier to patient access;

"(F) the product is listed by the World Health Organization as an essential medicine and the Office determines that public manufacturing would improve access, affordability, supply reliability, or market competition;

"(G) the product depends on a single manufacturing facility, single active pharmaceutical ingredient source, single supplier, fragile supply chain, foreign entity of concern, or other supply chain vulnerability; or

"(H) the product is necessary to respond to a public health emergency, national emergency, shortage, or medical countermeasure need.

"(12) Public health emergency.—The term 'public health emergency' means—

"(A) a public health emergency declared under section 319 of this Act ([42 U.S.C. 247d](#));

"(B) a national emergency declared under the National Emergencies Act ([50 U.S.C. 1601 et seq.](#)) that affects, or may affect, public health, health care access, drug supply, medical countermeasures, or pharmaceutical supply chains; or

"(C) an emergency or major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ([42 U.S.C. 5121 et seq.](#)) that affects, or may affect, public health, health care access, drug supply, medical countermeasures, or pharmaceutical supply chains.

"(13) Pharmaceutical input.—The term 'pharmaceutical input' means an excipient, intermediate, raw material, reagent, container, closure, packaging material, delivery component, manufacturing component, or other input necessary or useful for the manufacture, storage, delivery, or use of an applicable drug, active pharmaceutical ingredient, or associated device.

"(14) Public manufacturing.—The term 'public manufacturing' means manufacturing, preparation, packaging, labeling, acquisition, distribution, or sale carried out—

"(A) directly by the Office;

"(B) through a strategic public production asset under section 848 of the POPULIST Act;

"(C) through a contract, public production agreement, license, cooperative agreement, interagency agreement, or similar arrangement under the direction of the Office; or

"(D) through an entity manufacturing for or on behalf of the Office under public interest conditions established under this section.

"(15) Secretary.—The term 'Secretary' means the Secretary of Health and Human Services.

"(b) Establishment and purpose.—

"(1) Establishment.—There is established within the Department of Health and Human Services an office to be known as the Office of Drug Manufacturing.

"(2) Purpose.—The purpose of the Office is—

"(A) to increase competition, lower prices, and address shortages in the market for applicable drugs;

"(B) to reduce the cost of applicable drugs to Federal and State health programs, the public, and consumers;

"(C) to increase patient access to affordable drugs and associated devices;

"(D) to expand domestic public manufacturing capacity for applicable drugs, active pharmaceutical ingredients, associated devices, and other essential pharmaceutical inputs; and

"(E) to reduce dependence on concentrated suppliers, foreign entities of concern, single-facility supply chains, or fragile supply chains for applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs.

"(c) Personnel and barred employment.—

"(1) Director.—

"(A) In general.—The Office shall be headed by a Director, who shall be appointed by the President and shall not be a banned individual.

"(B) Compensation.—The Director shall be compensated at the rate prescribed for level III of the Executive Schedule.

"(2) Employees.—The Director, in consultation with the Secretary, may fix the number of, and appoint and direct, all employees of the Office, provided that no such employee may be a banned individual.

"(d) Duties and authorities of the Office.—The Office shall—

"(1) identify applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs for public manufacturing under this section;

"(2) submit, or contract for the submission of, applications, notifications, and requests for authorization described in subsection (e);

"(3) acquire, license, or otherwise secure rights to manufacture and market applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs, including through the authorities described in subsection (e);

"(4) carry out public manufacturing of applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs;

"(5) determine a fair price for each applicable drug and active pharmaceutical ingredient publicly manufactured under this section;

"(6) sell applicable drugs and active pharmaceutical ingredients publicly manufactured under this section at a fair price;

"(7) establish public interest terms for contracts, licenses, public production agreements, cooperative agreements, interagency agreements, and other arrangements entered into under this section;

"(8) coordinate distribution and coverage activities necessary to ensure patient access to applicable drugs publicly manufactured under this section; and

"(9) coordinate with the Strategic Public Production Corporation established under section 848 of the POPULIST Act, the National Infrastructure Bank established under section 642 of the POPULIST Act, and programs established under sections 843 and 845 of the POPULIST Act to expand domestic pharmaceutical manufacturing capacity.

"(e) Applications, authorizations, and rights to manufacture.—

"(1) Off-patent pharmaceutical products.—For each eligible off-patent pharmaceutical product that the Office determines should be publicly manufactured under this section, the Office may—

"(A) submit an application under section 505(b)(2), 505(j), or 515 of the Federal Food, Drug, and Cosmetic Act, section 351(a) or 351(k) of this Act, or a notification under section 510(k) of the Federal Food, Drug, and Cosmetic Act;

"(B) enter into a contract with another entity to submit an application or notification described in subparagraph (A);

"(C) request an emergency use authorization under section 564 of the Federal Food, Drug, and Cosmetic Act;

"(D) enter into a contract with another entity to request an emergency use authorization described in subparagraph (C); or

"(E) acquire from the holder of an approved or cleared application, notification, or license the rights necessary to manufacture the product.

"(2) Federally authorized pharmaceutical products.—For each federally authorized pharmaceutical product that the Office determines should be publicly manufactured under this section, the Office may use the authorizations described in subparagraphs (A) through (E) of subsection (a)(8).

"(3) Food and Drug Administration review.—The Food and Drug Administration shall consider an application, notification, or request submitted by or on behalf of the Office under this subsection in the same manner in which the Administration considers applications, notifications, or requests submitted by other manufacturers.

"(4) No special deference.—Nothing in this section shall be construed to require the Food and Drug Administration to give special deference to any determination made, or application, notification, or request submitted, by the Office.

"(f) Active pharmaceutical ingredients.—The Office may publicly manufacture an active pharmaceutical ingredient if—

"(1) the active pharmaceutical ingredient is subject to a market failure;

"(2) the active pharmaceutical ingredient is necessary or useful for the public manufacturing of an applicable drug;

"(3) public manufacturing of the active pharmaceutical ingredient would improve the ability of the Office or another entity to manufacture an applicable drug;

"(4) public manufacturing of the active pharmaceutical ingredient would improve market entry, supply reliability, affordability, or competition; or

"(5) public manufacturing of the active pharmaceutical ingredient is necessary to respond to a public health emergency, national emergency, shortage, or medical countermeasure need.

"(g) Fair pricing, sales, and distribution.—

"(1) Transparency.—The Office shall make publicly available all prices paid and charged for applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs under this section.

"(2) Fair price.—In determining the fair price at which the Office sells an applicable drug to a wholesaler or direct purchaser, the Office shall consider—

"(A) the impact of price on patient access to the applicable drug;

"(B) the cost of the applicable drug to Federal or State health care programs;

"(C) the cost to the Federal Government of manufacturing, acquiring, licensing, or contracting for the applicable drug;

"(D) the administrative costs of operating the Office;

"(E) the impact of price on market competition for the applicable drug;

"(F) the impact of formulary design on patient access to the applicable drug; and

"(G) the cost to acquire the applicable drug at the National Average Drug Acquisition Cost.

"(3) Active pharmaceutical ingredient price.—In determining the price at which to sell an active pharmaceutical ingredient publicly manufactured under this section, the Office shall consider—

"(A) the cost to manufacture the ingredient;

"(B) the administrative costs of the Office with respect to the ingredient;

"(C) the impact of such price on market competition for the ingredient; and

"(D) the effect of such price on the affordability, availability, and public manufacturing of applicable drugs.

"(4) Sales.—The Office shall sell an applicable drug publicly manufactured under this section at a fair price to wholesalers, direct purchasers, public programs, pharmacies, health care providers, or other entities as the Office determines appropriate to ensure patient access and market stability.

"(5) Use of proceeds.—Amounts received by the Office from sales under this subsection may be used for the activities of the Office, to the extent provided in appropriation Acts.

"(6) Nonexclusive licenses and public interest transfers.—For any applicable drug publicly manufactured under this section, the Office may make available a nonexclusive license, approved application, technical package, manufacturing package, or other right or information necessary to manufacture and market the applicable drug to another person if—

"(A) the person commits to manufacture and market the applicable drug at or below the fair price, adjusted by the consumer price index for all urban consumers, as published by the Bureau of Labor Statistics;

"(B) the transfer would increase competition, expand supply, reduce shortages, or improve patient access;

"(C) the transfer would not undermine public manufacturing capacity or the ability of the Office to resume production if needed; and

"(D) the agreement includes termination, reversion, or step-in rights if the person fails to market the applicable drug within 6 months, raises the price above the permitted level, materially violates the agreement, or fails to maintain supply.

"(h) Priority manufacturing and initial mandatory products.—

"(1) Priority.—The Office shall prioritize public manufacturing of applicable drugs that would have the greatest impact on—

"(A) increasing competition and addressing drug shortages in the pharmaceutical market;

"(B) improving public health;

"(C) lowering drug costs to patients;

"(D) reducing the cost of prescription drugs to Federal and State health programs;

"(E) addressing public health emergencies; or

"(F) reducing dependence on concentrated suppliers, foreign entities of concern, single-facility supply chains, or fragile supply chains for applicable drugs, active pharmaceutical ingredients, associated devices, or pharmaceutical inputs.

"(2) Manufacturing levels.—Not later than September 30, 2027, the Office shall begin public manufacturing of not fewer than 10 applicable drugs. Not later than January 1, 2029, the Office shall publicly manufacture not fewer than 25 applicable drugs.

"(3) Deemed market failure.—For purposes of this section, insulin products, asthma and chronic obstructive pulmonary disease inhalers, epinephrine auto-injectors, naloxone, and antibiotics described in paragraph (4) shall be deemed to be subject to a market failure on the date of enactment of the POPULIST Act, and for the 3-year period beginning on that date.

"(4) Initial mandatory products.—Not later than September 30, 2027, the Office shall begin public manufacturing of—

"(A) at least 1 insulin product of each dosage form, including vial, pump, or pen dosage forms, and of each different type of insulin, including rapid-acting, short-acting, intermediate-acting, long-acting, ultra-long acting, and premixed;

"(B) at least 1 asthma or chronic obstructive pulmonary disease inhaler;

"(C) an epinephrine auto-injector;

"(D) naloxone, including naloxone indicated for community use; and

"(E) not fewer than 3 discrete antibiotics, in consultation with the Centers for Disease Control and Prevention and the Food and Drug Administration to ensure the appropriate use of manufactured antibiotics.

"(i) Federal purchasing coordination.—

"(1) In general.—The Office may enter into interagency agreements, purchase commitments, preferred-source arrangements, minimum purchase commitments, or other demand-coordination arrangements with the Department of Veterans Affairs, the Department of Defense, the Public Health Service, the Coast Guard, and other Federal agencies for applicable drugs publicly manufactured under this section.

"(2) Limitations.—An arrangement under paragraph (1) shall be subject to—

"(A) clinical appropriateness;

"(B) product availability;

"(C) agency mission needs;

"(D) applicable procurement law;

"(E) patient access and continuity of care; and

"(F) the availability of appropriations.

"(j) Patient access and advisory council.—

"(1) Patient access.—The Office shall carry out appropriate activities to ensure the distribution and coverage of all applicable drugs that the Office is publicly manufacturing under this section.

"(2) Advisory council.—The Office shall establish an advisory council to inform the Office on the identification of applicable drugs, market landscape, and supply chain considerations to ensure delivery of applicable drugs to consumers.

"(3) Membership.—The advisory council established under paragraph (2) shall include representatives from community and retail pharmacies, pharmacy benefit managers, drug wholesalers, hospitals, health plans, independent patient groups, clinicians, consumer advocacy organizations, public health experts, domestic manufacturers, labor organizations, and public production experts.

"(k) Coordination with industrial reconstruction programs.—

"(1) Strategic public production assets.—The Office may coordinate with the Strategic Public Production Corporation established under section 848 of the POPULIST Act to acquire, construct, modernize, equip, maintain, or operate strategic public production assets for the manufacture of applicable drugs, active pharmaceutical ingredients, associated devices, and pharmaceutical inputs under this section.

"(2) National Infrastructure Bank.—The Office may coordinate with the National Infrastructure Bank established under section 642 of the POPULIST Act to finance facilities, equipment, supply chain infrastructure, and other long-term capital assets necessary to carry out this section.

"(3) Industrial reconstruction financial assistance.—A project carried out under this section may receive financial assistance under section 843 of the POPULIST Act.

"(4) Workforce coordination.—The Office shall coordinate with the Secretary of Labor and programs established under section 845 of the POPULIST Act to support workforce development, credentialing, training, apprenticeship, placement, and retention for pharmaceutical manufacturing, active pharmaceutical ingredient production, quality control, regulatory affairs, and related public manufacturing needs.

"(5) Trust Fund.—Amounts in the American Industrial Reconstruction Trust Fund established under section 9512 of the Internal Revenue Code of 1986 may be made available, as provided in appropriation Acts and such section, to carry out this section.

"(l) Public interest safeguards.—

"(1) In general.—The Office, and any entity manufacturing applicable drugs, active pharmaceutical ingredients, associated devices, or pharmaceutical inputs under contract, license, public production agreement, cooperative agreement, interagency agreement, or similar arrangement with the Office, shall comply with—

"(A) domestic-content requirements, including requirements under [chapter 83 of title 41](#), United States Code, section 70914 of [Public Law 117–58](#), and any domestic-content requirements applicable to the relevant project, facility, contract, or supply chain;

"(B) domestic production, domestic location, and domestic use commitments imposed by the Office;

"(C) open-book accounting, public interest pricing, and public reporting requirements imposed by the Office; and

"(D) such additional public interest safeguards as the Office determines necessary.

"(2) Electioneering prohibited.—A contract, license, public production agreement, cooperative agreement, interagency agreement, or similar arrangement entered into under this section shall include a prohibition on political intervention, as defined in section 4956 of the Internal Revenue Code of 1986, by the contracting entity, provided that such prohibition shall not be construed to restrict the political activity of any natural person acting in such person's individual capacity and without use of the contracting entity's resources.

"(m) Reports.—Not later than December 31 of each year, the Director shall prepare and submit to the President, the Committee on Health, Education, Labor, and Pensions of the Senate, and the Committee on Energy and Commerce of the House of Representatives an annual report that includes—

"(1) an assessment of the major problems faced by patients in accessing affordable applicable drugs;

"(2) a description of the status of all applicable drugs for which public manufacturing has been authorized under this section, including applicable drugs being manufactured, applicable drugs for which the Office has submitted an application to the Food and Drug Administration but has not yet received approval, and applicable drugs for which the Office has received approval from the Food and Drug Administration but are not being manufactured;

"(3) in the case of antibiotics publicly manufactured under this section, an assessment from the Centers for Disease Control and Prevention and the Food and Drug Administration on the impact of the manufacturing of antibiotics on antimicrobial resistance;

"(4) an accounting of funds received from the sale of all applicable drugs for which public manufacturing has been authorized under this section and the use of such funds;

"(5) an analysis of how public manufacturing of applicable drugs meeting the conditions described in subsection (h) would impact, or has already impacted, competition, access to such drugs, the costs of such drugs, the costs of prescription drugs to Federal and State health programs, and public health; and

"(6) a description of the challenges faced by the Office in carrying out this section.

"(n) Appropriations.—

"(1) Startup appropriation.—There is appropriated to the Office, out of any money in the Treasury not otherwise appropriated—

"(A) \$10,000,000,000; and

"(B) in addition to amounts otherwise made available under subsection (k)(5), \$5,000,000,000 for each of fiscal years 2028 through 2031.

"(2) Availability.—Amounts appropriated under this subsection shall remain available until expended."

SEC. 850. STRATEGIC MICROELECTRONICS RESERVE AND EXPORT CONTROLS.

(a) Strategic Microelectronics Reserve.—[Chapter 72A of title 15](#), United States Code, is amended by inserting after section 4652 the following:

"Sec. 4652A. Strategic Microelectronics Reserve.

"(a) Definitions.—In this section:

"(1) Domestic semiconductor.—The term 'domestic semiconductor' means a semiconductor, semiconductor device, microelectronic component, or other semiconductor product that—

"(A) is fabricated in the United States; or

"(B) is assembled in the United States from semiconductor die fabricated in the United States.

"(2) Reserve.—The term 'Reserve' means the Strategic Microelectronics Reserve established under subsection (b).

"(3) Reserve semiconductor.—The term 'reserve semiconductor' means a domestic semiconductor designated by the Secretary under subsection (c) for inclusion in the Reserve.

"(4) Secretary.—The term 'Secretary' means the Secretary of Commerce.

"(5) Supplier.—The term 'supplier' means a person that sells, agrees to sell, or offers to supply a reserve semiconductor to the Reserve under this section.

"(b) Establishment.—The Secretary shall establish and maintain within the Department of Commerce a Strategic Microelectronics Reserve to—

"(1) maintain a rotating reserve of reserve semiconductors;

"(2) strengthen domestic semiconductor production through predictable demand;

"(3) reduce the risk of supply disruptions affecting critical sectors of the economy and national security; and

"(4) support the availability of reserve semiconductors for Federal agencies, contractors, private buyers, emergency needs, and shortfalls in designated industries.

"(c) Priority assessment and reserve plan.—

"(1) In general.—Not later than July 1, 2027, the Secretary shall conduct a priority assessment and develop a reserve plan for the Reserve.

"(2) Required elements.—The priority assessment and reserve plan shall—

"(A) identify categories of domestic semiconductors that are critical to transportation, medical devices, communications, energy systems, industrial equipment, defense systems, and other sectors the Secretary determines appropriate;

"(B) assess supply chain vulnerabilities, domestic production capacity, inventory practices, and risks of shortage, disruption, bottleneck, or foreign dependency relating to such semiconductors;

"(C) designate categories of domestic semiconductors for inclusion in the Reserve and determine target inventory levels, product mix, rotation schedules, and acquisition priorities for the Reserve, provided that the product mix shall prioritize semiconductors fabricated in the United States over those assembled from semiconductor die fabricated in the United States;

"(D) identify categories of domestic semiconductors for which multi-year purchase commitments, forward purchase agreements, framework agreements, or similar arrangements are appropriate to sustain, establish, modernize, expand, or restore domestic production capacity;

"(E) identify categories of buyers, uses, and transactions for which sales, transfers, or other dispositions from the Reserve should be prioritized; and

"(F) identify such other measures as the Secretary determines necessary to carry out this section.

"(3) Consultation.—In carrying out this subsection, the Secretary shall consult with the Secretary of Defense, the Secretary of Energy, the Secretary of Transportation, the Secretary of Health and Human Services, the Secretary of Homeland Security, and the heads of such other Federal agencies as the Secretary determines appropriate.

"(4) Updates.—The Secretary shall update the priority assessment and reserve plan not less frequently than once every 2 years.

"(d) Strategic Microelectronics Reserve Fund.—

"(1) Establishment.—There is established in the Treasury of the United States a fund to be known as the 'Strategic Microelectronics Reserve Fund' (referred to in this section as the 'Fund').

"(2) Appropriation.—There is appropriated to the Fund, out of any money in the Treasury not otherwise appropriated, \$3,000,000,000, to remain available until expended, to carry out this section.

"(3) Credits.—There shall be credited to the Fund amounts received from sales or other dispositions of reserve semiconductors under this section.

"(4) Use.—Amounts in the Fund shall be available to the Secretary, without further appropriation, to acquire, store, manage, and otherwise administer the Reserve, including contracting, storage, and related administrative costs.

"(e) Purchase commitments and forward purchase agreements.—

"(1) Authority.—The Secretary may enter into multi-year purchase commitments, forward purchase agreements, framework agreements, and similar arrangements with suppliers and buyers to advance the purposes of this section.

"(2) Terms.—An arrangement under paragraph (1) may include terms relating to delivery schedules, quality standards, production benchmarks, pricing mechanisms, duration, options to renew, options to increase or decrease volumes, and such other terms as the Secretary determines appropriate to carry out this section.

"(3) Published pricing criteria.—

"(A) In general.—The Secretary shall establish and make publicly available the prices, price schedules, price formulas, or other objective pricing criteria the Secretary will use in purchasing reserve semiconductors under this subsection.

"(B) Uniform application.—For reserve semiconductors of the same category and technical specifications, the Secretary shall apply the same prices, price schedules, price formulas, or other objective pricing criteria to all suppliers, on a delivered basis to a location designated by the Secretary.

"(C) Differentiation.—The Secretary may vary prices or pricing criteria only on the basis of technical specifications and such other objective factors as the Secretary determines appropriate.

"(4) Financial viability.—In establishing pricing and other terms under this subsection, the Secretary shall promote the long-term financial viability and replenishment capacity of the Reserve while supporting domestic production capacity, predictable demand, and regular inventory rotation.

"(f) Inventory management, rotation, sale, and availability.—

"(1) Inventory management and rotation.—The Secretary shall manage and regularly rotate inventory in the Reserve to minimize obsolescence, deterioration, and avoidable waste, and to maintain the usability, relevance, and financial viability of the Reserve.

"(2) Sale and availability.—The Secretary may sell, transfer, exchange, or otherwise make available reserve semiconductors from the Reserve if such sale, transfer, exchange, or other availability would advance the purposes of this section.

"(3) Applicable law.—A sale, transfer, exchange, or other disposition under paragraph (2) shall be subject to applicable export controls, sanctions, and other provisions of law.

"(4) Published sale pricing.—

"(A) In general.—The Secretary shall establish and make publicly available the prices, price schedules, price formulas, or other objective pricing criteria the Secretary will use in selling, transferring, exchanging, or otherwise making reserve semiconductors available under this subsection.

"(B) Uniform application.—For reserve semiconductors of the same category and technical specifications, the Secretary shall apply the same prices, price schedules, price formulas, or other objective pricing criteria to all buyers.

"(C) Differentiation.—The Secretary may vary prices or pricing criteria only on the basis of technical specifications and such other objective factors as the Secretary determines appropriate.

"(5) Financial viability.—In establishing pricing and other terms under this subsection, the Secretary shall promote the long-term financial viability and replenishment capacity of the Reserve while supporting domestic production capacity, predictable demand, and regular inventory rotation.

"(6) End-use and anti-diversion conditions.—The Secretary may require a buyer receiving reserve semiconductors under this subsection to certify the intended use of such semiconductors and may prohibit resale, transfer, hoarding, speculative purchase, or diversion of such semiconductors in a manner inconsistent with the purposes of this section.

"(g) Federal contracting.—The head of a Federal agency may require or authorize, as a term of a contract or subcontract, that semiconductors used in carrying out the contract or subcontract be purchased from the Reserve if the Secretary and the head of such agency determine that such purchase is feasible, available in the quantities and specifications required, and would advance the purposes of this section.

"(h) Public interest safeguards.—

"(1) Standardized and transparent terms.—To the maximum extent practicable, the Secretary shall use standardized and transparent terms for arrangements under subsection (e) and for pricing and dispositions under subsection (f).

"(2) Prohibited terms.—The Secretary may not enter into an arrangement under subsection (e) on terms that—

"(A) require exclusive dealing by a supplier beyond the quantity or duration reasonably necessary to carry out the arrangement;

"(B) materially impede domestic market entry, multi-sourcing, or sale to non-Federal customers; or

"(C) otherwise undermine the development of a resilient and competitive domestic semiconductor supply base.

"(i) Rules and procedures.—The Secretary may prescribe such rules, procedures, and standard forms as are necessary to carry out this section."

(b) Control of exports of advanced integrated circuits.—Part I of the Export Control Reform Act of 2018 ([50 U.S.C. 4811 et seq.](#)) is amended by inserting after section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits.

"(a) Definitions.—In this section:

"(1) Approved United States person.—The term 'approved United States person' means any United States person designated as an approved United States person pursuant to the regulations prescribed under subsection (d)(2).

"(2) Advanced integrated circuit or product.—

"(A) In general.—Subject to subparagraph (B), the term 'advanced integrated circuit or product' means an integrated circuit, computer, or other product containing such a circuit that—

"(i) (I) is classified under Export Control Classification Number 3A090 or 4A090 or a ".z" Export Control Classification Number on January 1, 2026; or

"(II) is functionally equivalent or substantially similar to a circuit, computer, or product described in subclause (I); and

"(ii) is designed or marketed for data centers.

"(B) Authority to update definition.—Beginning on January 1, 2027, to keep pace with technological advancements in computing, the Under Secretary of Commerce for Industry and Security may revise the definition of "advanced integrated circuit or product" through notice in the Federal Register, so long as—

"(i) the revision poses no adverse impact on the national security of the United States; and

"(ii) the Under Secretary has consulted with the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the proposed change to the definition at least 30 days prior to making the change.

"(3) Commerce Control List.—The term 'Commerce Control List' means the list set forth in Supplement No. 1 to part 774 of the Export Administration Regulations.

"(4) Country of concern.—The term 'country of concern' means—

"(A) a country listed in Country Group D:5 in Supplement No. 1 to part 740 of the Export Administration Regulations on January 1, 2026;

"(B) the Macau Special Administrative Region of the People's Republic of China; or

"(C) the Hong Kong Special Administrative Region of the People's Republic of China.

"(5) Covered country.—The term 'covered country' means a country listed in Country Group D in Supplement No. 1 to part 740 of the Export Administration Regulations on January 1, 2026.

"(b) License requirement.—The Under Secretary of Commerce for Industry and Security shall require a license for the export, reexport, or in-country transfer of an advanced integrated circuit or product to a covered country.

"(c) License policy for countries of concern.—The Under Secretary of Commerce for Industry and Security shall deny a license for the export, reexport, or in-country transfer of an advanced integrated circuit or product to an entity that is primarily located or headquartered in, or the ultimate parent company of which is headquartered in, a country of concern.

"(d) Exemption from certain license requirement for approved United States persons.—

"(1) In general.—The license requirement under subsection (b) shall not apply to the export, reexport, or in-country transfer of an advanced integrated circuit or product if the advanced integrated circuit or product—

"(A) is destined for a country that is not a country of concern; and

"(B) remains under the ownership and control of an approved United States person.

"(2) Implementation.—Not later than January 30, 2027, the Under Secretary of Commerce for Industry and Security shall prescribe regulations—

"(A) establishing clear standards and requirements a United States person shall meet to obtain a designation as an approved United States person, including—

"(i) a requirement that not more than 10 percent (in the aggregate) of the direct or indirect beneficial ownership of the United States person may be held by—

"(I) persons that are citizens, nationals, residents, or domiciliaries of a country of concern; or

"(II) entities organized under the laws of, or headquartered in, a country of concern;

"(ii) physical security, cybersecurity, remote-access security, and other measures designed to prevent the misuse, illicit access, illicit transfer, or diversion of advanced integrated circuits and products;

"(iii) robust know-your-customer standards; and

"(iv) annual audit or attestation requirements to ensure compliance with clauses (i), (ii), and (iii); and

"(B) describing the process by which the Under Secretary shall approve such a designation.

"(e) Report before sunset.—Not later than July 1, 2030, the Under Secretary of Commerce for Industry and Security shall submit to Congress a report assessing whether this section should be extended, revised, or allowed to expire.

"(f) Sunset.—This section shall cease to have effect on July 1, 2031."

(c) Clerical amendments.—The John S. McCain National Defense Authorization Act for Fiscal Year 2019 is amended—

(1) in the table of contents in section 2(b), by inserting after the item relating to section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits.";

(2) in the table of contents for title XVII of division A, by inserting after the item relating to section 1758 the following:

"Sec. 1758A. Control of exports of advanced integrated circuits."

SEC. 851. NATIONAL ARTIFICIAL INTELLIGENCE RESEARCH RESOURCE.

(a) NAIRR steering subcommittee.—Section 5103 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 ([15 U.S.C. 9413](#)) is amended—

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

(2) by inserting after subsection (d) the following:

"(e) NAIRR Steering Subcommittee.—

"(1) Definitions.—In this subsection, the terms 'NAIRR', 'National Artificial Intelligence Research Resource', 'Operating Entity', 'Program Management Office', and 'resource of the NAIRR' have the meanings given those terms in section 5601.

"(2) Establishment.—There is established within the Interagency Committee a Steering Subcommittee for the National Artificial Intelligence Research Resource (referred to in this section as the 'NAIRR Steering Subcommittee').

"(3) Chair and assistant chairs.—The NAIRR Steering Subcommittee shall be chaired by the Director of the Office of Science and Technology Policy. The Director of the Office of Science and Technology Policy may establish assistant chairs of the NAIRR Steering Subcommittee based on members of the NAIRR Steering Subcommittee rotating into the assistant chair positions on a predetermined schedule.

"(4) Membership.—The Director of the Office of Science and Technology Policy shall select members of the Interagency Committee to serve on the NAIRR Steering Subcommittee that the Director determines—

"(A) have substantial expertise;

"(B) have substantially funded or conducted artificial intelligence research and development; or

"(C) have some other significant relationship with the NAIRR.

"(5) Changes to NAIRR Steering Subcommittee composition.—Not less frequently than once a year, the Director of the Office of Science and Technology Policy shall review the composition of the NAIRR Steering Subcommittee and update such composition, which may include adding or removing members from the NAIRR Steering Subcommittee, if necessary.

"(6) Subcommittees and working groups.—The NAIRR Steering Subcommittee may establish subcommittees, working groups, or other permanent or temporary bodies of certain members of the NAIRR Steering Subcommittee.

"(7) Duties.—The NAIRR Steering Subcommittee shall—

"(A) coordinate with the National Science Foundation and the Program Management Office to—

"(i) oversee and approve the operating plan for the NAIRR;

"(ii) review the budget for the NAIRR;

"(iii) develop and release a request for proposals to solicit bids for the Operating Entity, including establishing the terms and conditions and functions of the Operating Entity; and

"(iv) develop and release funding opportunities for resources of the NAIRR;

"(B) work with the Program Management Office to establish criteria for the Operating Entity, review candidates, and select an entity to act as the Operating Entity;

"(C) identify resources that could be federated, participate in resource provider selection and funding, and provide direction to the Operating Entity about resource allocation and how those resources should be made accessible via the NAIRR;

"(D) define key performance indicators for the NAIRR, in conjunction with the Program Management Office and any relevant Advisory Committees established under section 5602(c);

"(E) evaluate NAIRR performance against the key performance indicators defined under subparagraph (D) on a periodic basis and not less frequently than once every year;

"(F) develop an annual report, transmitted to the Director of the Office of Science and Technology Policy and publicly released, on the progress of the National Artificial Intelligence Research Resource that includes—

"(i) a summary of the results of the evaluation conducted under subparagraph (E); and

"(ii) any recommendations for changes to the NAIRR; and

"(G) oversee a periodic independent assessment of the NAIRR.

"(8) Provision of resources of the NAIRR.—Each agency comprising the NAIRR Steering Subcommittee is authorized to provide the Operating Entity with resources of the NAIRR or funding for resources of the NAIRR."

(b) In general.—The National Artificial Intelligence Initiative Act of 2020 ([15 U.S.C. 9401 et seq.](#)) is amended by adding at the end the following:

"TITLE LVI—National Artificial Intelligence Research Resource

"SEC. 5601. Definitions.

"SEC. 5602. Establishment; governance.

"SEC. 5603. Resources of the NAIRR.

"SEC. 5604. NAIRR processes and procedures.

"SEC. 5605. NAIRR funding.

"Sec. 5601. Definitions.

"In this title:

"(1) Advisory Committee.—The term 'Advisory Committee' means any Advisory Committee established under section 5602(c).

"(2) AI testbed.—The term 'AI testbed' means a testbed described in section 22A(g) of the National Institute of Standards and Technology Act ([15 U.S.C. 278h–1\(g\)](#)).

"(3) Executive agency.—The term 'Executive agency' has the meaning given such term in [section 105 of title 5](#), United States Code.

"(4) NAIRR Steering Subcommittee.—The term 'NAIRR Steering Subcommittee' means the NAIRR Steering Subcommittee established under section 5103(e).

"(5) National Artificial Intelligence Research Resource; NAIRR.—The terms 'National Artificial Intelligence Research Resource' and 'NAIRR' mean the National Artificial Intelligence Research Resource established under section 5602(a).

"(6) Operating Entity.—The term 'Operating Entity' means the Operating Entity selected by the Program Management Office as described in section 5602(b)(3)(A).

"(7) Program Management Office.—The term 'Program Management Office' means the Program Management Office established under section 5602(b).

"(8) Resource of the NAIRR.—The term 'resource of the NAIRR' means a resource described in section 5603(b).

"(9) STEM.—The term 'STEM' means science, technology, engineering, and mathematics, including computer science.

"(10) Director of the Operating Entity.—The term 'Director of the Operating Entity' means the individual designated by the Operating Entity and approved by the head of the Program Management Office as the principal officer responsible for carrying out the duties of the Operating Entity under this title.

"Sec. 5602. Establishment; governance.

"(a) Establishment.—Not later than July 1, 2027, the Director of the National Science Foundation, in coordination with the NAIRR Steering Subcommittee, shall establish the National Artificial Intelligence Research Resource to—

"(1) spur innovation and advance the development of artificial intelligence to stimulate cutting-edge research and propel the strategic development of artificial intelligence capabilities;

"(2) improve access to artificial intelligence resources for researchers and students of artificial intelligence;

"(3) improve capacity for artificial intelligence research in the United States; and

"(4) support the testing, benchmarking, and evaluation of artificial intelligence systems developed and deployed in the United States.

"(b) Program Management Office.—

"(1) Establishment.—The Director of the National Science Foundation shall establish within the National Science Foundation a Program Management Office to oversee the day-to-day functions of the NAIRR and shall appoint an individual to head the Program Management Office.

"(2) Staff.—

"(A) In general.—The head of the Program Management Office may identify staff and direct all employees of the Program Management Office, in accordance with the applicable provisions of [title 5](#), United States Code.

"(B) Representation and requirements.—The staff of the Program Management Office—

"(i) may include representation from other Federal agencies providing support for NAIRR resources; and

"(ii) shall include not fewer than 3 full-time employees.

"(3) Duties.—The duties of the Program Management Office shall include—

"(A) in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee as appropriate—

"(i) developing the funding opportunity and soliciting bids for the Operating Entity, which will be responsible for operation of the National Artificial Intelligence Research Resource;

"(ii) selecting, through a competitive and transparent process, a nongovernmental organization, which may be an independent legal entity or a consortium of 1 or more partners, which may include federally funded research and development centers, to be designated the Operating Entity;

"(iii) requiring the Operating Entity, as a condition of designation, to designate an individual, subject to approval by the head of the Program Management Office, to serve as the Director of the Operating Entity;

"(iv) overseeing compliance with the contractual obligations of the Operating Entity;

"(v) establishing evaluation criteria for the NAIRR;

"(vi) overseeing asset allocation and utilization;

"(vii) identifying an external independent evaluation entity;

"(viii) assessing the performance of the Operating Entity on not less than an annual basis and, if such performance is unsatisfactory, ending the agreement with such Operating Entity and selecting a new Operating Entity in accordance with clause (ii);

"(ix) developing multi-agency funding opportunities for the selection of NAIRR resources; and

"(x) coordinating resource contributions from participating Federal agencies; and

"(B) delegating, with appropriate oversight, operational tasks to the Operating Entity, including—

"(i) coordinating the provisioning of resources of the NAIRR;

"(ii) maintaining a portal and associated services for users to access resources of the NAIRR;

"(iii) developing policies and procedures for the NAIRR;

"(iv) hiring and managing a staff, including experts in cyber infrastructure management, data science, research design, privacy, ethics, and legal and policy matters, to support the operations of the NAIRR;

"(v) continually modernizing NAIRR infrastructure;

"(vi) recommending key performance indicators for the NAIRR, in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee;

"(vii) publishing publicly available annual reports reviewing the performance of the NAIRR, the resources of the NAIRR, and the NAIRR governance structures;

"(viii) establishing and administering training to new users on accessing a resource of the NAIRR, research design, and issues related to privacy, ethics, safety, and trustworthiness of artificial intelligence systems;

"(ix) facilitating connections to AI testbeds; and

"(x) making educational resources of the NAIRR available to other Federal agencies, and to Congress, for the purpose of educating Federal Government officials and employees about artificial intelligence.

"(c) Advisory Committees.—The head of the Program Management Office, acting through the Director of the Operating Entity, shall establish Advisory Committees to provide advice to the Operating Entity and the Program Management Office. Any such Advisory Committees shall be comprised of members from government agencies, the private sector, academia, and public interest groups.

"Sec. 5603. Resources of the NAIRR.

"(a) In general.—The head of the Program Management Office, acting through the Director of the Operating Entity and in coordination with the NAIRR Steering Subcommittee and any relevant Advisory Committee, shall—

"(1) coordinate and provision resources of the NAIRR;

"(2) establish processes to manage the procurement of new resources of the NAIRR, and intake of in-kind contributions of resources of the NAIRR, from Federal agencies or other entities;

"(3) establish policies on and review resources of the NAIRR for concerns related to ethics and privacy;

"(4) retire resources of the NAIRR no longer available or needed; and

"(5) publicly report a summary of categories of available resources of the NAIRR, categories of sources and contributors of such resources of the NAIRR, and issues related to resources of the NAIRR.

"(b) Resources of the NAIRR.—The NAIRR shall offer resources that include, at a minimum, all of the following:

"(1) A mix of computational resources, including—

"(A) on-premises, cloud-based, hybrid, and emergent resources;

"(B) public cloud providers providing access to popular computational and storage services for NAIRR users;

"(C) an open source software environment for the NAIRR;

"(D) an application programming interface providing structured access to artificial intelligence models; and

"(E) other types of computational resources.

"(2) Data, including by—

"(A)—

"(i) in coordination with the National Institute of Standards and Technology and consistent with the guidance of the National Science and Technology Council titled 'Desirable Characteristics of Data Repositories for Federally Funded Data', dated May 2022, or any successor document, publishing interoperability standards for data repositories based on the data sharing and documentation standards and guidelines produced under section 22A of the National Institute of Standards and Technology Act ([15 U.S.C. 278h–1](#)); and

"(ii) selecting and developing, through a competitive bidding process, data repositories to be available to NAIRR users;

"(B) establishing acceptable criteria for datasets used as resources of the NAIRR;

"(C) identifying and providing access to existing curated datasets of value and interest to the NAIRR user community;

"(D) establishing an artificial intelligence open data commons to facilitate community sharing and curation of data, code, and models;

"(E) coordinating with the Interagency Council on Statistical Policy to explore options to make Federal statistical data available to NAIRR users, including through the standard application process established under [section 3583\(a\) of title 44](#), United States Code.

"(3) Educational tools and services, including by—

"(A) facilitating and curating educational and training materials;

"(B) providing technical training and user support; and

"(C) providing targeted outreach and programming strategies to increase participation in STEM fields.

"(4) AI testbeds, including by—

"(A) in coordination with the National Institute of Standards and Technology, facilitating access to artificial intelligence testbeds through which researchers can measure, benchmark, test, or evaluate engineering or algorithmic developments; and

"(B) developing a comprehensive catalog of open AI testbeds.

"Sec. 5604. NAIRR processes and procedures.

"(a) User eligibility.—

"(1) Eligible users.—Subject to paragraph (3), the following users shall be eligible for access to the NAIRR:

"(A) A researcher, educator, or student based in the United States that is affiliated with an entity described in paragraph (2).

"(B) An employee of an entity described in clause (iii) or (iv) of paragraph (2)(B) with a demonstrable mission-need.

"(2) Entities described.—An entity described in this paragraph is an entity that satisfies the following:

"(A) Is based in the United States.

"(B) Is 1 of the following:

"(i) An institution of higher education.

"(ii) A nonprofit institution, as defined in section 4 of the Stevenson-Wydler Technology Innovation Act of 1980 ([15 U.S.C. 3703](#)).

"(iii) An Executive agency.

"(iv) A federally funded research and development center.

"(v) A small business concern, as defined in section 3 of the Small Business Act ([15 U.S.C. 632](#)), notwithstanding [section 121.103 of title 13](#), Code of Federal Regulations, that has received funding from an Executive agency, including through the Small Business Innovation Research Program or the Small Business Technology Transfer Program, as described in section 9 of the Small Business Act ([15 U.S.C. 638](#)).

"(vi) A category of entity that the Director of the National Science Foundation and the Director of the Office of Science and Technology Policy, after consultation with the

NAIRR Steering Subcommittee and any relevant Advisory Committee, determine shall be eligible.

"(vii) A consortium composed of entities described in clauses (i) through (vi).

"(3) Excluded entities.—

"(A) In general.—No individual is authorized to be an eligible user under paragraph (1) if the individual is employed by a foreign country that is listed in [section 4872\(d\)\(2\) of title 10](#), United States Code, or is otherwise authorized by such country to act for or on its behalf.

"(B) Enforcement.—The Director of the National Science Foundation shall ensure that individuals authorized as eligible users meet the requirements of subparagraph (A).

"(b) Privacy, ethics, civil rights and civil liberties, safety, and trustworthiness.—

"(1) In general.—

"(A) Requirements.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with any relevant Advisory Committee, shall establish requirements, a review process for applications, and a process for auditing resources of the NAIRR and research conducted using resources of the NAIRR on matters related to privacy, ethics, safety, security, and trustworthiness of artificial intelligence systems developed using resources of the NAIRR.

"(B) Federal statistical data.—Any auditing process required under subparagraph (A) for Federal statistical data included in a resource of the NAIRR shall be completed by the head of a designated statistical agency, as defined in [section 3576\(e\) of title 44](#), United States Code, in coordination with the Chief Statistician of the United States, consistent with relevant law.

"(2) Consistency.—The head of the Program Management Office shall ensure the requirements and processes described in paragraph (1) are consistent with Office of Management and Budget policy and relevant policies of other Executive agencies. The head of the Program Management Office shall coordinate with the Senior Agency Official for Privacy and the General Counsel of the National Science Foundation in ensuring compliance with applicable privacy law and policy and Federal laws and regulations.

"(3) Availability.—The head of the Program Management Office, acting through the Director of the Operating Entity, shall—

"(A) when determining access to computational resources of the NAIRR, take into consideration the extent to which the access relates to privacy, ethics, safety, security, risk mitigation, and trustworthiness of artificial intelligence systems, or other topics that demonstrate that a project is in the public interest;

"(B) ensure that a significant percentage of the annual allotment of computational resources of the NAIRR is provided to projects the primary focus of which is related to any of the topics described in subparagraph (A); and

"(C) to the extent that demand for access to computational resources of the NAIRR exceeds availability, consider, on a priority basis, projects focusing on any of the topics described in subparagraph (A) when ranking applications for such access.

"(c) Scientific integrity.—

"(1) In general.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with any relevant Advisory Committee, shall develop guidance for—

"(A) addressing concerns related to matters of scientific integrity, including matters related to the effects or impacts of research and potential research enabled by the NAIRR; and

"(B) mechanisms for an employee of the Operating Entity, an employee of the Program Management Office, a member of the NAIRR Steering Subcommittee or an Advisory Committee, a researcher or student affiliated with a NAIRR user described in subsection (a)(1), an employee of a provider of a resource of the NAIRR, an employee of a NAIRR funding agency, or a member of the public to report violations of the guidance developed under this paragraph, including by confidential and anonymous means.

"(2) Consistency with Government policies on scientific integrity.—The guidance developed under paragraph (1)(A) shall be published in a publicly accessible location on the website of the NAIRR. Such policies shall, to the degree practicable, be consistent with—

"(A) the Presidential memorandum entitled 'Restoring Trust in Government Through Scientific Integrity and Evidence-Based Policymaking', dated January 27, 2021, or successor document; and

"(B) reports produced pursuant to such Presidential memorandum, including the reports entitled 'Protecting the Integrity of Government Science', dated January 2022, and 'A Framework for Federal Scientific Integrity Policy and Practice', dated January 2023, published by the National Science and Technology Council, or successor documents.

"(d) System security and user access controls.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee, the Director of the Office of Management and Budget, the Director of the National Institute of Standards and Technology, and the Director of the Cybersecurity and Infrastructure Security Agency—

"(1) shall establish minimum security requirements for all persons interacting with the NAIRR, consistent with the most recent version of the Cybersecurity Framework, or successor document, maintained by the National Institute of Standards and Technology; and

"(2) may establish tiers of security requirements and user access controls beyond the minimum requirements relative to security risks.

"(e) Fee schedule.—The head of the Program Management Office, acting through the Director of the Operating Entity, may establish a fee schedule for access to the NAIRR. Fees charged under this subsection may be retained and used for the purposes of this title. The Operating Entity may only charge fees in such fee schedule. Such fee schedule—

"(1) may differ by type of eligible user and type of affiliated entity described in subsection (a);

"(2) shall include a free tier of access based on appropriated funds and anticipated costs and demand;

"(3) may include cost-based charges for eligible users to purchase resources of the NAIRR beyond the resources included in a free or subsidized tier; and

"(4) shall ensure that the primary purpose of the NAIRR is to support research.

"(f) Research security.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee and the Director of the Office of Science and Technology Policy, shall—

"(1) ensure conformance with the requirements of National Security Presidential Memorandum–33, relating to supported research and development national policy, issued January 2021, and its implementation guidance on research security and research integrity, or any successor policy document or guidance, by establishing NAIRR operating principles that emphasize the research integrity principles of openness, reciprocity, and transparency; and

"(2) designate a member of the leadership team for the Operating Entity as a research security point of contact with responsibility for overseeing conformance with National Security Presidential Memorandum–33 and its implementation guidance, or any successor policy document or guidance.

"(g) Public interest safeguards.—The head of the Program Management Office, acting through the Director of the Operating Entity and in consultation with the NAIRR Steering Subcommittee, shall ensure that—

"(1) donations or in-kind contributions of resources of the NAIRR are not conditioned on preferential treatment inconsistent with the purposes of this title;

"(2) outputs, interfaces, and data-sharing mechanisms supported through the NAIRR use open standards and interoperable formats to the maximum extent practicable; and

"(3) no term of access to or use of the NAIRR materially restricts independent evaluation, benchmarking, portability, or reproducibility, except to the extent necessary for security, privacy, safety, research integrity, or other lawful access controls.

"SEC. 5605. NAIRR funding.

"(a) Donations.—To carry out this title, to the maximum extent practicable, the NAIRR is authorized to accept and use donations of cash, services, and personal property from the private sector.

"(b) Authorization of appropriations.—There is authorized to be appropriated to carry out this title \$250,000,000 for each of fiscal years 2027 through 2031."

(c) Conforming amendments.—The table of contents in section 2(b) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 ([Public Law 116–283](#); 134 Stat. 3388) is amended by inserting after the items relating to title LV the following:

"TITLE LVI—NATIONAL ARTIFICIAL INTELLIGENCE RESEARCH RESOURCE

"Sec. 5601. Definitions.

"Sec. 5602. Establishment; governance.

"Sec. 5603. Resources of the NAIRR.

"Sec. 5604. NAIRR processes and procedures.

"Sec. 5605. NAIRR funding."

SEC. 852. AI WORKFORCE FRAMEWORKS AND TRAINING RESOURCES.

(a) Definitions.—

(1) Appropriate committees of Congress.—The term "appropriate committees of Congress" means—

(A) the Committee on Commerce, Science, and Transportation, the Committee on Small Business and Entrepreneurship, and the Committee on Health, Education, Labor, and Pensions of the Senate; and

(B) the Committee on Science, Space, and Technology, the Committee on Small Business, and the Committee on Education and Workforce of the House of Representatives.

(2) Artificial intelligence.—The term "artificial intelligence" has the meaning given such term in section 5002 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 ([15 U.S.C. 9401](#)).

(3) Center.—The term "center" has the meaning given such term in section 25(a) of the National Institute of Standards and Technology Act ([15 U.S.C. 278k\(a\)](#)).

(4) Director.—The term "Director" means the Director of the National Institute of Standards and Technology.

(5) Hollings Manufacturing Extension Partnership.—The term "Hollings Manufacturing Extension Partnership" has the meaning given such term in section 25(a) of the National Institute of Standards and Technology Act ([15 U.S.C. 278k\(a\)](#)).

(6) Key emerging technologies.—The term "key emerging technologies" means the technologies included in the initial list of key technology focus areas set forth by section 10387(c) of the Research and Development, Competition, and Innovation Act ([42 U.S.C. 19107\(c\)](#)), photonics, and electronics.

(7) Secretary.—The term "Secretary" means the Secretary of Commerce.

(8) Small business concern.—The term "small business concern" has the meaning given such term in section 3(a) of the Small Business Act ([15 U.S.C. 632\(a\)](#)).

(b) Workforce frameworks for critical and emerging technologies.—

(1) Definitions.—

(A) In general.—In this subsection, the terms "competencies", "workforce categories", and "workforce framework" have the meanings given such terms in subsection (f) of section 2 of the National Institute of Standards and Technology Act ([15 U.S.C. 272](#)), as added by subparagraph (B).

(B) Amendment to NIST Act.—Section 2 of the National Institute of Standards and Technology Act ([15 U.S.C. 272](#)) is amended by adding at the end the following:

"(f) Definitions.—In this section:

"(1) Competencies.—The term 'competencies' means knowledge and skills.

"(2) Workforce categories.—The term 'workforce categories' means a high-level grouping of tasks across an organization as defined by work roles within the category.

"(3) Workforce framework.—The term 'workforce framework' means a common taxonomy and lexicon for any given domain that includes the building blocks of tasks, knowledge, or skills that can be structured to form work roles or competency areas."

(2) Expansion of functions of Director of National Institute of Standards and Technology to include workforce frameworks for critical and emerging technologies.—Section 2(b) of the National Institute of Standards and Technology Act ([15 U.S.C. 272\(b\)](#)) is further amended—

(A) in paragraph (12), by striking "; and" and inserting a semicolon;

(B) in paragraph (13), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(14) (A) to develop, maintain, and provide industry, government, research, nonprofit, labor organizations, and educational institutions with workforce frameworks for critical and emerging technologies and other science, technology, engineering, and mathematics domains for the purpose of bolstering scientific and technical education, training, and workforce development;

"(B) at least once every 3 years—

"(i) to determine if an update to any workforce framework, or its components or associated materials, including work roles or competency areas, provided pursuant to subparagraph (A) are appropriate; and

"(ii) if the Director determines it is appropriate under clause (i), to update such frameworks and components;

"(C) consider including in all workforce frameworks, or associated materials—

"(i) relevant professional skills or employability skills;

"(ii) relevant support or operations work roles and competency areas such as administration and finance, law and policy, ethics, privacy, human resources,

information technology, operational technology, supply chain security, and acquisition and procurement;

"(iii) information that promotes the discovery of careers in critical and emerging technologies and the multiple career pathways for learners from a variety of backgrounds, including individuals with nontechnical or other nontraditional backgrounds and education; and

"(iv) information for how individuals can acquire relevant credentials, including academic degrees, certificates, and certifications, that qualify individuals for employment and career advancement;

"(D) consult, as the Director considers appropriate, with Federal agencies, industry, State, local, Tribal, and territorial government, nonprofit organizations, labor organizations, research institutions, and academic institutions in the development of workforce frameworks, or associated materials;

"(E) to produce resources in multiple languages to support global adoption of the frameworks provided pursuant to subparagraph (A); and

"(F) after each determination under subparagraph (B), to submit to Congress a report on such determination and any plans to review and update any workforce frameworks under this paragraph."

(3) NICE workforce framework for cybersecurity update.—

(A) Report on updates.—

(i) In general.—Not later than April 30, 2027, and subsequently pursuant to paragraph (14)(F) of section 2(b) of the National Institute of Standards and Technology Act ([15 U.S.C. 272\(b\)](#)), as added by paragraph (2), the Director shall submit to Congress a report that describes the process for ongoing review and updates to the National Initiative for Cybersecurity Education Workforce Framework for Cybersecurity ([NIST Special Publication 800–181](#)), or a successor framework.

(ii) Requirements.—Each report submitted under clause (i) shall—

(I) summarize proposed changes to the framework;

(II) identify, with regard to the work roles, tasks, knowledge, and skills included in the framework, how industry, academia, labor organizations, and relevant government agencies are consulted in the update; and

(III) describe—

(aa) the ongoing process and timeline for updating the framework; and

(bb) the incorporation of any additional work roles or competency areas in domains such as administration and finance, law and policy, ethics, privacy, human resources, information technology, operational technology, supply chain security, and acquisition and procurement.

(B) Report on application and use of NICE framework.—Not later than July 1, 2029, and not less frequently than once every 3 years thereafter through July 1, 2038, the Director shall, in consultation with industry, government, nonprofit organizations, labor organizations, research institutions, and academic institutions, submit to Congress a report that identifies—

(i) applications and uses of the framework described in subparagraph (A) in practice;

(ii) any guidance that the program office of the National Initiative for Cybersecurity Education provides to increase adoption by employers and education and training providers of the work roles and competency areas for individuals who perform cybersecurity work at all proficiency levels;

(iii) available information regarding employer and education and training provider use of the framework;

(iv) an assessment of the use and effectiveness of the framework by and for individuals with nontraditional backgrounds or education, especially individuals making a career change or not pursuing a bachelor's degree or higher; and

(v) any additional actions taken by the Director to increase the use of the framework.

(C) Cybersecurity career exploration resources.—The Director, acting through the National Initiative for Cybersecurity Education, shall disseminate cybersecurity career resources for all age groups, including kindergarten through secondary and postsecondary education and adult workers.

(4) Additional workforce frameworks.—

(A) Framework assessment.—Not later than April 30, 2027, the Director shall assess the need for additional workforce frameworks for critical and emerging technologies, such as quantum information science.

(B) Development of additional frameworks.—

(i) In general.—The Director shall develop and publish a workforce framework for each additional workforce framework that the Director determines is needed pursuant to an assessment carried out under subparagraph (A).

(ii) Required AI framework.—Not later than January 1, 2028, the Director shall develop and publish a workforce framework, workforce categories, work roles, and competency areas for artificial intelligence.

(C) Model.—In developing a workforce framework under subparagraph (B), the Director may use the Playbook for Workforce Frameworks developed by the National Initiative for Cybersecurity Education that is modeled after the National Initiative for Cybersecurity Education Workforce Framework for Cybersecurity ([NIST Special Publication 800–181](#)), or a successor framework.

(D) Framework components.—Each framework developed under subparagraph (B) shall include relevant support or operations work roles and competency areas such as administration and finance, law and policy, ethics, privacy, human resources, information technology, operational technology, supply chain security, and acquisition and procurement, as the Director considers appropriate, in alignment with paragraph (14)(C) of section 2(b) of the National Institute of Standards and Technology Act ([15 U.S.C. 272\(b\)](#)), as added by paragraph (2).

(E) Professional skills required.—Each framework developed under subparagraph (B) shall include professional skills or employability skills, as the Director considers appropriate, in alignment with section 2(b)(14)(C) of such Act.

(F) Nontraditional backgrounds.—Each framework developed under subparagraph (B), or materials associated with each framework, shall include information for how individuals with nontechnical or other nontraditional backgrounds and education may utilize their skills for such framework's roles and tasks, in alignment with section 2(b)(14)(C) of such Act.

(G) Updates.—The Director shall update each framework developed under subparagraph (B) in accordance with section 2(b)(14)(B) of such Act, and submit to Congress reports in accordance with section 2(b)(14)(F).

(5) Federal hiring alignment.—Not later than 180 days after publication of the artificial intelligence workforce framework required under paragraph (4)(B)(ii), the Director shall transmit such framework, workforce categories, work roles, competency areas, and associated materials to the Director of the Office of Personnel Management.

(A) The Director of the Office of Personnel Management, in consultation with the Director, shall issue guidance to Federal agencies on the use of such framework, categories, roles, areas, and materials in job announcements, qualifications standards, technical assessments, pooled hiring actions, shared certificates of eligibles, training, and recruitment for technology and artificial intelligence positions in the competitive service.

(B) Such guidance shall encourage the use of job-related assessments that allow applicants to demonstrate knowledge, skills, abilities, and competencies relevant to the position and shall discourage sole or principal reliance on self-assessments or automated examinations that are not based on a job analysis.

(c) Artificial intelligence training resources for small business concerns.—

(1) Development of training resources required.—

(A) In general.—Not later than July 1, 2027, the Secretary shall, acting through the Director, the Hollings Manufacturing Extension Partnership, and the centers and in consultation and coordination with the Administrator of the Small Business Administration, the Secretary of Agriculture, and such persons in the private sector as the Secretary considers appropriate, develop training resources for small business concerns, including small business concerns involved in advanced manufacturing, relating to the adoption and use of artificial intelligence, and such other key emerging technologies, such as quantum-hybrid computing, as the Secretary considers appropriate.

(B) Contents.—The training resources developed under subparagraph (A) shall include prompt engineering and the use of artificial intelligence or emerging technologies, such as quantum hybrid tools, relating to access to credit and capital, financial management and accounting, business planning and operations, cybersecurity, marketing, supply chain management, government contracting, and exporting.

(2) Review and update of training resources.—Not later than January 1, 2028, and not less frequently than once each year thereafter, the Secretary shall, in consultation with the Administrator of the Small Business Administration—

(A) review the training resources developed pursuant to paragraph (1); and

(B) update such resources as the Secretary considers appropriate.

(3) Distribution and use of training resources.—The Secretary shall coordinate with the Administrator of the Small Business Administration on the distribution and use of the training resources developed pursuant to paragraph (1) through the resource partners of the Small Business Administration.

(4) Grants program.—

(A) In general.—The Secretary shall, in coordination with the Administrator of the Small Business Administration, carry out a program to award grants to public agencies, nonprofit organizations, labor organizations, community colleges, workforce development boards, apprenticeship programs, centers, small business development centers, and other qualified entities to provide training relating to artificial intelligence to small business concerns and workers using the training resources developed under paragraph (1).

(B) Allowable uses.—A grant awarded under subparagraph (A) may be used for—

(i) workshops, certificate programs, courses, technical assistance, and other training relating to prompt engineering, data literacy, machine learning fundamentals, artificial intelligence ethics, cybersecurity, business operations, supply chain management, government contracting, exporting, and safe and effective adoption of artificial intelligence;

(ii) curriculum development, instructor costs, training materials, credentialing costs, and evaluation of training outcomes;

(iii) wages, stipends, or other compensation for workers while participating in training supported under this paragraph; and

(iv) development or delivery of in-house artificial intelligence training, if the training is portable, documented, and consistent with the training resources developed under paragraph (1).

(C) Job quality and worker retention.—A grant awarded under subparagraph (A) shall be used to support adoption of artificial intelligence in a manner that improves productivity, job quality, worker skills, worker retention, workplace safety, and small business capacity, and may not be used for training designed primarily to facilitate avoidable layoffs, wage reductions, deskilling, worker surveillance, or degradation of working conditions.

(5) Reports to Congress.—

(A) Initial report.—Not later than January 1, 2028, the Secretary shall submit to the appropriate committees of Congress a report on the development, distribution, and use of the training resources developed pursuant to paragraph (1).

(B) Annual reports.—

(i) Reports required.—Not later than July 1, 2028, and not less frequently than once each year thereafter, the Secretary shall, in consultation with the Administrator of the Small Business Administration, submit to the appropriate committees of Congress an annual report on the development, distribution, and use of training resources developed pursuant to paragraph (1).

(ii) Contents.—Each report submitted under clause (i) shall include, for the period covered by the report—

(I) a list of the training resources developed pursuant to paragraph (1); and

(II) a description of the measurable outcomes of the distribution of such training resources, including—

(aa) the number and type of small business concerns using such training resources; and

(bb) the effect of such use on the revenues, sales, and workforces of the small business concerns.

(6) Sunset.—The authorities and requirements under this subsection shall terminate on July 1, 2029.

Subtitle E—American Value Fund Funding

SEC. 861. FINANCIAL ACTIVITIES TAX.

(a) In general.—Subtitle D of the Internal Revenue Code of 1986, as amended by this Act, is further amended by inserting after chapter 50B the following new chapter:

"Chapter 50C—Financial Activities Tax

"SEC. 5000F. Definitions.

"SEC. 5000G. Imposition and computation of financial activities tax.

"SEC. 5000H. Special circumstances.

"Sec. 5000F. Definitions.

"For purposes of this chapter:

"(1) Consolidated financial group.—The term 'consolidated financial group' means all domestic entities and United States trades or businesses of foreign entities that—