

117TH CONGRESS  
2D SESSION

# S. 4588

To establish a public-private partnership technology investment pilot program.

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IN THE SENATE OF THE UNITED STATES

JULY 21, 2022

Ms. ROSEN (for herself and Mrs. BLACKBURN) introduced the following bill;  
which was read twice and referred to the Committee on Armed Services

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## A BILL

To establish a public-private partnership technology  
investment pilot program.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Investing in American  
5 Defense Technologies Act of 2022”.

6 **SEC. 2. PUBLIC-PRIVATE PARTNERSHIP TECHNOLOGY IN-**  
7 **VESTMENT PILOT PROGRAM.**

8 (a) ESTABLISHMENT.—

9 (1) IN GENERAL.—Subject to the availability of  
10 appropriations for this purpose, the Secretary of De-  
11 fense shall carry out a pilot program, for no less

1 than five years, to accelerate the development of ad-  
2 vanced technology for national security by creating  
3 incentives for trusted private capital to invest in do-  
4 mestic small businesses or nontraditional businesses  
5 that are developing technology that the Secretary  
6 considers necessary to support the modernization of  
7 the Department of Defense and national security  
8 priorities.

9 (2) PURPOSES.—The purposes of the program  
10 required by paragraph (1) are as follows:

11 (A) To promote the global superiority of  
12 the United States in advanced technologies of  
13 importance to national security, which are not  
14 adequately supported by private sector invest-  
15 ment.

16 (B) To accelerate the transition and de-  
17 ployment of advanced technologies into the  
18 Armed Forces.

19 (C) To support Department investment  
20 through a loan guarantee to accelerate acquisi-  
21 tion, procurement, and the transition of ad-  
22 vance technology described in paragraph (1), as  
23 appropriate.

24 (b) PUBLIC-PRIVATE PARTNERSHIP.—

1           (1) IN GENERAL.—In carrying out subsection  
2 (a), the Secretary shall enter into a public-private  
3 partnership with one or more persons using criteria  
4 that the Secretary shall establish for purposes of  
5 this subsection.

6           (2) CRITERIA.—The criteria established under  
7 paragraph (1) for entering into a public-private  
8 partnership with a person shall include the following:

9                   (A) The person shall be independent.

10                   (B) The person shall be free from foreign  
11 oversight, control, influence, or beneficial own-  
12 ership.

13                   (C) The person shall have commercial pri-  
14 vate capital fund experience with technology de-  
15 velopment in the defense and commercial sec-  
16 tors.

17                   (D) The person shall be eligible for access  
18 to classified information (as defined in the pro-  
19 cedures established pursuant to section 801(a)  
20 of the National Security Act of 1947 (50  
21 U.S.C. 3161(a))).

22           (3) OPERATING AGREEMENT.—The Secretary  
23 and a person with whom the Secretary enters a part-  
24 nership under paragraph (1) shall enter into an op-  
25 erating agreement that sets forth the roles, respon-

1 sibilities, authorities, reporting requirements, and  
2 governance framework for the partnership and its  
3 operations.

4 (c) INVESTMENT AND RAISING OF CAPITAL.—

5 (1) INVESTMENT.—

6 (A) IN GENERAL.—Pursuant to a public-  
7 private partnership entered into under sub-  
8 section (b), a person with whom the Secretary  
9 has entered the partnership shall invest equity  
10 in domestic small businesses or nontraditional  
11 businesses consistent with subsection (a).

12 (B) SELECTION CRITERIA.—Investments  
13 under subparagraph (A) shall be selected based  
14 on their technical merit, economic consider-  
15 ations, and ability to support modernization  
16 goals of the Department.

17 (2) USE OF TRUSTED CAPITAL SOURCES.—Pur-  
18 suant to a public-private partnership entered into  
19 under subsection (b), a person described in para-  
20 graph (1)(A) shall, in order to support investment of  
21 equity under paragraph (1), raise private capital  
22 only from trusted capital sources.

23 (3) SOLE AUTHORITY.—A person described in  
24 paragraph (1)(A) shall have sole authority to raise

1 funds for, operate, manage, and invest capital raised  
2 under such subparagraph.

3 (4) LOAN GUARANTEE.—

4 (A) IN GENERAL.—The Secretary shall  
5 provide a loan guarantee for up to 80 percent  
6 of the principal capital amount of the funds  
7 raised under paragraph (2), pursuant to the  
8 public-private partnership entered into under  
9 subsection (b), with investment of equity that  
10 qualifies under paragraph (1) and consistent  
11 with the purposes set forth under subsection  
12 (a)(2).

13 (B) SUBJECT TO OPERATING AGREE-  
14 MENT.—The loan guarantee under subpara-  
15 graph (A) shall be subject to the operating  
16 agreement entered into under subsection (b)(3).

17 (C) LIMITS.—Obligations incurred by the  
18 Secretary under this paragraph shall be subject  
19 to the availability of appropriations.

20 (d) BRIEFINGS.—

21 (1) IMPLEMENTATION.—Not later than one  
22 year after the date of the enactment of this section,  
23 the Secretary shall provide to the congressional de-  
24 fense committees a briefing on the implementation  
25 of this section.

1           (2) ASSESSMENT OF OUTCOMES AND FEASI-  
2           BILITY.—Not later than five years after the date of  
3           the enactment of this section, the Secretary shall  
4           provide the congressional defense committees a brief-  
5           ing on the outcomes of the pilot program and the  
6           feasibility and advisability of making it permanent.

7           (e) DEFINITIONS.—In this section:

8           (1) The term “congressional defense commit-  
9           tees” has the meaning given the term in section  
10          101(a)(16) of title 10, United States Code.

11          (2) The term “domestic business” has the  
12          meaning given the term “U.S. business” in section  
13          800.252 of title 31, Code of Federal Regulations, or  
14          successor regulation.

15          (3) The term “domestic small businesses or  
16          nontraditional businesses” means—

17                  (A) a small businesses that is a domestic  
18                  business; or

19                  (B) a nontraditional business that is a do-  
20                  mestic business.

21          (4) The term “free from foreign oversight, con-  
22          trol, influence, or beneficial ownership”, with respect  
23          to a person, means a person who has not raised and  
24          managed capital from a person or entity that is not

1       trusted and is otherwise free from foreign oversight,  
2       control, influence, or beneficial ownership.

3           (5) The term “independent”, with respect to a  
4       person, means a person who lacks a conflict of inter-  
5       est accomplished by not having entity or manager  
6       affiliation or ownership with an existing fund.

7           (6) The term “nontraditional business” has the  
8       meaning given the term “nontraditional defense con-  
9       tractors” in section 3014 of title 10, United States  
10      Code.

11          (7) The term “small business” has the meaning  
12      given the term “small business concern” in section  
13      3 of the Small Business Act (15 U.S.C. 632).

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