

September 21, 2026

The Honorable Mike Rogers
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Roger Wicker
Chairman
Committee on Armed Services
U.S. Senate
Washington, DC 20510

The Honorable Adam Smith
Ranking Member
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Jack Reed
Ranking Member
Committee on Armed Services
U.S. Senate
Washington, DC 20510

Dear Chairs Rogers and Wicker and Ranking Members Smith and Reed,

On behalf of manufacturers and innovators across the defense industrial base (DIB) and broader American economy, we appreciate Congress's continued commitment to reinforcing our national defense through the Fiscal Year (FY) 2027 National Defense Authorization Act (NDAA). As Congress considers final provisions for inclusion in the legislation, we write to express serious concern with the following sections that would undermine the very industrial base the NDAA seeks to strengthen:

- Section 815 of S. 4784, which would restrict the capital-raising efforts of contractors, would have the unintended consequence of limiting access to the financial resources these contractors need to drive investment, accelerate production, and improve efficiency to meet the needs of our nation's warfighters.
- Section 804 of S. 4784 and Section 861 of H.R. 8800, which would strip intellectual property (IP) protections from government contractors and grant the Pentagon broad government purpose rights (GPR) by default over any technical data, computer software, or computer software documentation delivered to the Pentagon under a contract.

When the United States rewards private investment, encourages innovation, and allows manufacturers to compete freely, the industry delivers unmatched results for the nation's economy and national security. From the Arsenal of Democracy during World War II to the advanced manufacturing breakthroughs powering America's DIB today, manufacturers have always stepped up when the nation needs them most. It is with this spirit that we urge Congress to support the free enterprise that built this nation's manufacturing strength and to not include these harmful provisions in the final version of the NDAA.

Oppose Restrictions on Capital-Raising by Contractors (Section 815 of S. 4784)

Manufacturers throughout the DIB are increasing their investments in the development of innovative, cutting-edge products and are committed to meeting the evolving needs of our nation's military. To fulfill this mission, it is vital that companies can continue to utilize America's world-leading capital markets to attract the funds necessary to hire, innovate, and increase production.

Dividends and stock buybacks are widely used by companies as vehicles to return capital to investors who support the growth of their businesses. Eighty-one percent of S&P 500 companies distribute dividends to their shareholders, while 87 percent of those firms engage in share buybacks. Dividends and buybacks directly encourage investors to continue to invest in companies, including those that contract with the federal government, which ensures that these firms have the capital necessary to meet the needs of the U.S. military.

Section 815, which would prohibit all contractors from paying dividends or repurchasing shares unless they obtain a Pentagon waiver, would have the unintended consequence of limiting the resources these contractors need to increase production capacity. In addition, these restrictions may prompt contractors and subcontractors to stop doing business with the Pentagon – particularly firms participating in commercial markets – which would reduce competition and drive up procurement costs. Finally, Section 815 is not necessary, as the Pentagon already has ample recourse through existing contract enforcement mechanisms to improve contractor performance.

Oppose Default Government Purpose Rights for Contractors' Intellectual Property (Section 804 of S. 4784 and Section 861 of H.R. 8800)

Manufacturers recognize and share the Pentagon's underlying goal of improving military readiness, but the proposed default policy providing GPR on anything the Department buys would undermine that objective and hamper private investment in innovative technology. GPR provisions would allow the government to not only use IP, but to also release the IP to a third party with very few restrictions. Rather than strengthen the DIB, this provision would conflict with the existing statutory preference for specially negotiated licenses, introduce significant uncertainty and risk for contractors, discourage private-sector innovation, narrow the pool of manufacturers willing to participate in government contracting, and ultimately erode the industrial capacity upon which military readiness depends. The harmful impact of this provision on medium and small businesses throughout the supply chain must not be overlooked.

The link between IP protections and private investment cannot be overstated. Confidence that IP rights will be respected is a foundational condition for attracting and retaining the private capital that drives defense innovation. Requiring manufacturers to expose years of research and development investment as a default condition of government contracting will deter participation across the DIB, diminish the capability or products that reach our warfighters, and threaten American jobs and long-term economic competitiveness.

There are better and more constructive paths to address the intent of this well-intended, but ill-advised policy. Manufacturers support the creation of a third-party mediation body and IP ombudsman, as provided in Section 862 of H.R. 8800. This proposal would bring government and industry parties to the table promptly and in good faith to allow legitimate readiness concerns to be addressed without requiring manufacturers to forfeit the IP rights that underpin their ability to invest and innovate. We also support continued implementation of Section 805 of the FY 2026 NDAA, which directs the Pentagon to identify deficiencies in data rights and to work with industry to address specific gaps.

Manufacturers remain deeply committed to the safety of our service members and the security of our nation. We stand ready to work with Congress to advance policies in the spirit of American free enterprise and competitiveness that strengthen the DIB, encourage innovation, and preserve America's technological and military leadership. Manufacturers urge lawmakers to protect the conditions that make this possible: strong IP protections, open capital markets, and policies that reward, not hinder, investment in America's defense.

Sincerely,

Adhesive and Sealant Council
Aerospace Industries Association
Air-Conditioning, Heating, and Refrigeration Institute
Alaska Chamber
American Frozen Food Institute
Arizona Manufacturers Council
Associated Equipment Distributors
Associated Industries of Missouri
Associated Industries of Vermont
Association of Equipment Manufacturers
BIA of NH
California Manufacturing & Technology Association
Center for Procurement Advocacy
Connecticut Business & Industry Association
Electronic Components Industry Association (ECIA)
Georgia Association of Manufacturers
Greater North Dakota Chamber
Illinois Manufacturers' Association
Industrial Fasteners Institute
Industrial Truck Association
Institute of Makers of Explosives
International Safety Equipment Association (ISEA)
Iowa Association of Business and Industry
Kansas Chamber/Kansas Manufacturing Council
Kentucky Association of Manufacturers
Metal Treating Institute
Michigan Manufacturers Association
Mississippi Business Alliance
Montana Equipment Dealers Association
National Association of Manufacturers
National Marine Manufacturers Association
National Precast Concrete Association
New Jersey Business & Industry Association
New Mexico Business Coalition
Non-Ferrous Founders' Society

North American Association of Food Equipment Manufacturers (NAFEM)
North Carolina Chamber
Northeast PA Manufacturers & Employers Association
Ohio Manufacturers' Association
Oregon Business & Industry
Pennsylvania Manufacturers' Association
Plumbing Manufacturers International
PRINTING United Alliance
Puerto Rico Manufacturers Association
Rhode Island Manufacturers Association
South Carolina Manufacturers & Commerce
Tennessee Chamber of Commerce & Industry
Textile Care Allied Trades Association
The Coalition for Common Sense in Government Procurement
The State Chamber of Oklahoma
Truck & Engine Manufacturers Association
U.S. Chamber of Commerce
Utah Manufacturers Association
Virginia Manufacturers Association
Wisconsin Manufacturers & Commerce