118TH CONGRESS
2D Session

S.

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

IN THE SENATE OF THE UNITED STATES

Mr. KELLY (for himself and Mrs. BLACKBURN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

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

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “The Chip Equipment Quality, Usefulness, and Integrity Protection Act of 2024” or the “Chip EQUIP Act”.

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SEC. 2. PURCHASES OF SEMICONDUCTOR MANUFACTURING EQUIPMENT.


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

(2) by inserting after paragraph (1) the following:

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

(3) in subparagraph (A) of paragraph (4), as so redesignated, by striking “paragraph (2)” and inserting “paragraph (3)”;

(4) by inserting after paragraph (4), as so redesignated, the following:

“(5) The term ‘ineligible equipment’—

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

“(B) includes—

“(i) deposition equipment;

“(ii) etching equipment;

“(iii) lithography equipment;

“(iv) inspection and measuring equipment;

“(v) wafer slicing equipment;

“(vi) wafer dicing equipment;

“(vii) wire bonders;

“(viii) ion implantation equipment;

“(ix) chemical mechanical polishing;

and

“(x) diffusion or oxidation furnaces;

and

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

(b) INELIGIBLE USE OF FUNDS.—Section 9902 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (15 U.S.C. 4652) is amended by adding at the end the following:
“(j) Ineligible Use of Funds.—

“(1) In general.—Subject to paragraph (2), the Secretary shall include in the terms of each agreement with a covered entity for the award of Federal financial assistance under this section prohibitions with respect to a project relating to the procurement, installation, or use of ineligible equipment.

“(2) Waiver.—The Secretary may waive the prohibitions described in paragraph (1) if—

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

“(B)(i) the use of the ineligible equipment complies with the requirements set forth in the Export Administration Regulations, as defined in section 1742 of the Export Control Reform Act of 2018 (50 U.S.C. 4801); and

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

“(3) FOREIGN ENTITIES OF CONCERN.—Nothing in this subsection shall be construed to waive the application of section 9907.”.

(c) CONFORMING AMENDMENTS.—

