

118TH CONGRESS  
2D SESSION

# S. 5002

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.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 2024

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

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## 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.

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 “The Chip Equipment  
5 Quality, Usefulness, and Integrity Protection Act of  
6 2024” or the “Chip EQUIP Act”.

1 **SEC. 2. PURCHASES OF SEMICONDUCTOR MANUFAC-**  
 2 **TURING EQUIPMENT.**

3 (a) DEFINITIONS.—Section 9901 of the William M.  
 4 (Mac) Thornberry National Defense Authorization Act for  
 5 Fiscal Year 2021 (15 U.S.C. 4651) is amended by adding  
 6 at the end the following:

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

13 “(15) The term ‘ineligible equipment’—

14 “(A) means completed, fully assembled  
 15 semiconductor manufacturing equipment that is  
 16 manufactured or assembled by a foreign entity  
 17 of concern or subsidiary of a foreign entity of  
 18 concern and used in the fabrication, assembly,  
 19 testing, advanced packaging, production, or re-  
 20 search and development of semiconductors;

21 “(B) includes—

22 “(i) deposition equipment;

23 “(ii) etching equipment;

24 “(iii) lithography equipment;

25 “(iv) inspection and measuring equip-  
 26 ment;

1 “(v) wafer slicing equipment;  
 2 “(vi) wafer dicing equipment;  
 3 “(vii) wire bonders;  
 4 “(viii) ion implantation equipment;  
 5 “(ix) chemical mechanical polishing;  
 6 and  
 7 “(x) diffusion or oxidation furnaces;  
 8 and  
 9 “(C) does not include any part, chamber,  
 10 subsystem, or subcomponent that enables or is  
 11 incorporated into such equipment.”.

12 (b) INELIGIBLE USE OF FUNDS.—Section 9902 of  
 13 the William M. (Mac) Thornberry National Defense Au-  
 14 thorization Act for Fiscal Year 2021 (15 U.S.C. 4652)  
 15 is amended by adding at the end the following:

16 “(j) INELIGIBLE USE OF FUNDS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),  
 18 the Secretary shall include in the terms of each  
 19 agreement with a covered entity for the award of  
 20 Federal financial assistance under this section prohi-  
 21 bitions with respect to a project relating to the pro-  
 22 curement, installation, or use of ineligible equip-  
 23 ment, to be effective for the duration of the agree-  
 24 ment.

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

3           “(A) the ineligible equipment to be pur-  
4 chased by the applicable covered entity is not  
5 produced in the United States or an allied or  
6 partner country in sufficient and reasonably  
7 available quantities or of a satisfactory quality  
8 to support established or expected production  
9 capabilities; or

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

15          “(ii) the Secretary, in consultation with the  
16 Director of National Intelligence or the Sec-  
17 retary of Defense, determines the waiver is in  
18 the national security interest of the United  
19 States.

20          “(3) FOREIGN ENTITIES OF CONCERN.—Noth-  
21 ing in this subsection shall be construed to waive the  
22 application of section 9907.”.

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