

119TH CONGRESS
1ST SESSION

H. R. 3961

To prohibit the Secretary of Defense from entering into software source code contracts with entities with certain relationships with China, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2025

Mr. FALLON (for himself, Mrs. KIGGANS of Virginia, Mr. MCGUIRE, Mr. HIGGINS of Louisiana, Mr. MCCORMICK, and Mr. GOODEN) introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To prohibit the Secretary of Defense from entering into software source code contracts with entities with certain relationships with China, 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. PROHIBITION ON SOFTWARE SOURCE CODE**
4 **CONTRACTS WITH ENTITIES WITH CERTAIN**
5 **RELATIONSHIPS WITH CHINA.**

6 (a) IN GENERAL.—The Secretary of Defense may not
7 enter into, renew, or extend a contract for the provision
8 of software source code with a person described in sub-
9 section (b).

1 (b) PERSON DESCRIBED.—A person described in this
2 subsection is a person that—

3 (1) owns, operates, substantially funds, or has
4 a material interest in a facility located in covered
5 country, if such facility has a primary purpose (as
6 determined by the Secretary) of researching or de-
7 veloping artificial intelligence;

8 (2) has allowed a covered country to access to
9 the software, or the source code relating to such
10 software, that is the subject of the contract, where
11 such access could allow the covered country to re-
12 verse engineer such software source code; or

13 (3) operates a data center (as such term is de-
14 fined in section 453 of the Energy Independence and
15 Security Act of 2007 (42 U.S.C. 17112)) in a cov-
16 ered country with respect to such software source
17 code, including a data center operated—

18 (A) by a parent, subsidiary, or affiliate of
19 an entity seeking to enter into, renew, or extend
20 a contract with the Secretary; or

21 (B) on behalf of such an entity by a cov-
22 ered country.

23 (c) WAIVER AUTHORITY.—The Secretary may waive
24 the prohibition under this section if the Secretary deter-

1 mines such a waiver is in the national security interests
2 of the United States.

3 (d) APPLICABILITY.—This section shall apply only
4 with respect to contracts entered into, renewed, or ex-
5 tended within three years after the date of the enactment
6 of such section.

7 (e) DEFINITIONS.—In this Act:

8 (1) The term “covered country” has the mean-
9 ing given the term “covered foreign entity” in sec-
10 tion 812 of the National Defense Authorization Act
11 for Fiscal Year 2024 (Public Law 118–31; 10
12 U.S.C. 4501 note prec.).

13 (2) The term “material interest” means a fi-
14 nancial or other interest that the Secretary deter-
15 mines is significant enough to influence a decision or
16 action of an individual.

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