

119TH CONGRESS  
2D SESSION

# H. R. 8787

To prohibit the Secretary of Defense from contracting with retailers who use covered payment processing equipment, systems, or services, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2026

Mr. CLINE (for himself, Mr. MOOLENAAR, Mr. MOORE of Alabama, Mr. CRANE, Mr. SELF, and Mr. FITZGERALD) introduced the following bill; which was referred to the Committee on Armed Services

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## A BILL

To prohibit the Secretary of Defense from contracting with retailers who use covered payment processing equipment, systems, or services, 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 “Servicemember Pay-  
5 ment Data Privacy and Security Act”.

6 **SEC. 2. ELIMINATION OF USE OF CERTAIN PAYMENT PROC-**  
7 **ESSING EQUIPMENT, SYSTEMS, OR SERVICES.**

8 (a) REVIEW.—Not later than 180 days after the date  
9 of the enactment of this section, the Secretary of Defense

1 shall complete a review of all retailers to determine if such  
2 retailers use covered equipment, systems, or services as  
3 a substantial or essential component of the performance  
4 of a contract to provide payment processing equipment,  
5 systems, or services for the Department of Defense.

6 (b) GUIDANCE.—Not later than 90 days after com-  
7 pleting the review required by subsection (a), the Sec-  
8 retary of Defense shall issue guidance prohibiting the use  
9 of covered equipment, systems, or services by a retailer  
10 in a contract with the Department of Defense. Such policy  
11 and guidance shall direct the modification or termination  
12 of such a contract unless the retailer for such contract  
13 ceases use of covered equipment, systems, or services in  
14 a timely manner.

15 (c) PROHIBITION.—Effective January 1, 2027, the  
16 Secretary of Defense may not enter into a contract for  
17 payment processing equipment, systems, or services with  
18 a retailer that uses covered equipment, systems, or serv-  
19 ices as a substantial or essential component of the per-  
20 formance of such contract.

21 (d) REPORT.—Not later than one year after the date  
22 of the enactment of this section, the Secretary of Defense  
23 shall submit to the Committees on Armed Services of the  
24 House of Representatives and the Senate a written report  
25 on the implementation on the requirements of this section.

1 (e) DEFINITIONS.—In this section:

2 (1) COUNTRY OF CONCERN.—The term “country  
3 of concern” means—

4 (A) China;

5 (B) Russia;

6 (C) the Islamic Republic of Iran;

7 (D) North Korea; and

8 (E) any other country designated by the  
9 Secretary of Defense, as posing a significant  
10 risk to the national security of the United  
11 States.

12 (2) COVERED EQUIPMENT, SYSTEM, OR SERV-  
13 ICE.—The term “covered equipment, system, or  
14 service”—

15 (A) means a payment processing equip-  
16 ment, system, or service for which the applica-  
17 tion processor, source code, secure processor, or  
18 secure firmware is directly or indirectly devel-  
19 oped, manufactured, provided, owned, con-  
20 trolled, or operated by—

21 (i) an entity organized under the laws  
22 of a country of concern;

23 (ii) an entity owned or controlled by  
24 the government of a country of concern;

(iii) an entity subject to the direction, jurisdiction, or control of the government, military, or intelligence services of a country of concern;

(iv) any subsidiary, affiliate, or successor entity of an entity described in clauses (i) through (iii); or

(v) an entity that the Secretary of Defense reasonably believes to be an entity owned or controlled by, or otherwise connected entity owned or controlled by a country of concern; and

(B) includes payment processing equipment, systems, or services substantially comprised of components, software, or technology supplied by an entity described in any of clauses (i) through (v) of subparagraph (A).

(3) ELECTRONIC FUND TRANSFER.—The term “electronic fund transfer”—

(A) means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal (as defined in section 903 of the Electronic Fund Transfer Act (15 U.S.C. 1693a)), telephone, or computer

1 or magnetic tape so as to order, instruct, or au-  
2 thorize a financial institution to debit or credit  
3 an account; and

4 (B) includes point-of-sale transfers, auto-  
5 mated teller machine transactions, and direct  
6 deposits or withdrawals of funds from an ac-  
7 count.

8 (4) PAYMENT PROCESSING EQUIPMENT, SYS-  
9 TEM, OR SERVICE.—The term “payment processing  
10 equipment, system, or service” means—

11 (A) a card, code, or other means of access  
12 to a consumer’s account, or any combination  
13 thereof, that may be used by the consumer to  
14 initiate electronic fund transfers; or

15 (B) an electronic device, other than a tele-  
16 phone operated by a consumer, through which  
17 a consumer may initiate an electronic fund  
18 transfer.

19 (5) RETAILER.—The term “retailer” has the  
20 meaning given in section 4664 of title 10, United  
21 States Code.

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