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SUMMARY

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Adam G. Levin, Coordinator
Analyst in Economic Development Policy

Cameron M. Keys
Analyst in Defense Logistics and Resource Management Policy

Alexandra G. Neenan
Analyst in U.S. Defense Policy

The Defense Production Act (DPA) of 1950 (P.L. 81-774, 50 U.S.C. §§4501 et seq.), as amended, gives the President a broad set of authorities to influence domestic industry in the interest of national defense. These authorities are currently provided in three titles:

- **Title I: Priorities and Allocations** allows the President to require persons, businesses, and corporations to prioritize and accept federal contracts for materials and services as necessary to promote national defense.
- **Title III: Expansion of Productive Capacity and Supply** allows the President to provide various financial incentives to the domestic industrial base to expand the production and supply of materials and goods critical for national defense.
- **Title VII: General Provisions** includes key definitions for the DPA and other miscellaneous authorities, including the authority to establish voluntary agreements with private industry and the authority to establish a volunteer pool of industry executives who could be called to government service in the interest of national defense.

Recent Administrations have used the DPA in several notable scenarios. Both the first Trump and Biden Administrations invoked DPA authorities in response to the COVID-19 pandemic. The Biden Administration also invoked the DPA to respond to the 2022 Russian/Ukrainian war and for other policies it deemed important to national defense, such as investing in clean energy technologies. The second Trump Administration has invoked the DPA for multiple goals—for example, increasing domestic mineral and energy production.

Most of the DPA's authorities are subject to a sunset clause, currently set to September 30, 2026. The DPA Modernization Act of 2026 (H.R. 7688, 119th Congress) would extend the sunset date by five years and proposes a series of changes to DPA provisions, including the following:

- Adding specific conditions for the President to invoke the priorities and allocations authority in **Title 1**, potentially limiting when Title I may be invoked.
- Amending language in **Title III** (which would be redesignated as Title II) on the processes and personnel involved when DPA financial incentives are provided, including authorizing certain entities and officials other than the President (who under current statute has such authority) to make the determinations necessary for granting Title III assistance. The bill would also increase the statutory cap on annual unobligated funds available for Title III assistance, place parameters around the use of the DPA for equity investments, and allow the DPA to be used to increase critical materials and mineral production.
- Expanding the DPA's definition of *national defense* in **Title VII** (which would be redesignated as Title III) to emphasize public health events, among other additions.
- Broadening the authority in **Titles III and VII** for entities and officials other than the President, including the Defense Production Act Committee and Defense Production Act Fund manager, to collect information on, among other things, executive agency strategies for DPA use.

The DPA Modernization Act of 2026 was reported by the House Committee on Financial Services on April 15, 2026, in a 41-0 vote.

H.R. 7688 also contains provisions pertaining to the Committee on Foreign Investment in the United States (CFIUS). However, CFIUS is generally considered separate and distinct from the DPA, and this report does not cover those provisions. For more information on CFIUS, see CRS In Focus IF10177, *Committee on Foreign Investment in the United States (CFIUS)*.

Contents

Tables

Appendixes

Contacts

Introduction

The Defense Production Act (DPA) of 1950 (P.L. 81-774; 50 U.S.C. §§4501 et seq.), as amended, authorizes the President (and, in some cases, designated executive agencies) to take a broad set of actions to shape the domestic industrial base so that when called upon, industry is capable of providing essential materials and goods needed for *national defense*.[1] The DPA is currently divided into three titles: Titles I, III, and VII. Broadly, Title I allows the President to require persons, businesses, and corporations to prioritize and accept federal contracts for materials and services as necessary to promote the national defense. Title III allows the President to provide loans, loan guarantees, purchases, purchase commitments, and subsidies aimed at incentivizing the domestic industrial base to expand the production and supply of critical materials and goods. Title VII contains general provisions, including key definitions for the DPA and several other distinct authorities related to governance and private industry. Title VII also contains the DPA's sunset clause, with the majority of DPA authorities currently set to expire on September 30, 2026.[2]

The DPA establishes roles and processes to facilitate its implementation, with the President currently playing the central role. For instance, prior to invoking aspects of the DPA (particularly Title III), the President is generally required to issue a determination that certain conditions have been met. As an example, President Trump issued a statutorily required presidential determination in April 2026 stating that natural gas transmission, processing, and storage and liquefied natural gas capacity were essential to national defense and invoked Title III to increase supply.[3]

To pay for the financial incentives provided in Title III, Congress established a Defense Production Act Fund (DPA Fund) in the Treasury.[4] The DPA gives the President the authority to designate a DPA Fund manager,[5] currently the Secretary of Defense. The DPA Fund manager is responsible for the financial accounting of the DPA Fund but does not necessarily have decisionmaking authority over the use of the DPA Fund or other aspects of DPA operations.

DPA statutory text also provides for the creation of a Defense Production Act Committee (DPAC).[6] The DPAC—established in Section 11 of P.L. 111-67—was originally intended to serve as an interagency advisory body for the President on government-wide DPA use. In current practice, the DPAC's primary statutory role—which Congress has changed since the DPAC's establishment—is mainly reporting on Title I activity.[7]

The DPA Modernization Act of 2026 (H.R. 7688), introduced in the 119th Congress, would address these and other aspects of the DPA. In some cases, the bill would seek to alter how the

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[1] The DPA defines *national defense* as "programs for military and energy production or construction, military or critical infrastructure assistance to any foreign nation, homeland security, stockpiling, space, and any directly related activity. Such term includes emergency preparedness activities conducted pursuant to title VI of The Robert T. Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5195 et seq.] and critical infrastructure protection and restoration." 50 U.S.C. §4552(14). For more details on the DPA, see CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*.

[2] 50 U.S.C. §4564(a). The DPA provisions not subject to expiry are found at 50 U.S.C. §§4514, 4557, 4558, and 4565.

[3] Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Natural Gas Transmission, Processing, Storage, and Liquefied Natural Gas Capacity," 91 *Federal Register* 21935, April 23, 2026.

[4] 50 U.S.C. §4534(a).

[5] 50 U.S.C. §4534(f).

[6] 50 U.S.C. §4567(a). For more information, see CRS In Focus IF11767, *The Defense Production Act Committee (DPAC): A Primer*.

[7] 50 U.S.C. §4567(a) and (d).

DPA is structured and functions. For example, some provisions of the bill would vest the authority to make the determinations necessary for Title III activities in a combination of executive agency officials—as well as the DPAC executive director and the DPA Fund manager—rather than solely with the President. The bill would also expand the roles of the DPAC and the DPA Fund manager, including through increased information collection and reporting requirements. For example, the bill would require agencies with delegated DPA authority to produce new reports on their strategies for DPA use and require agencies to submit those reports to the DPAC executive director and DPA Fund manager.

H.R. 7688 would also alter certain financial aspects of the DPA. For example, statute currently caps the annual unobligated DPA Fund balance at $750 million. The bill proposes to increase that amount to $2 billion. Additional financial changes include placing parameters around the use of the DPA for equity investments and adding provisions that may place an increased focus on public health events and the production of critical materials and minerals. In addition, H.R. 7688 would extend the DPA's expiring provisions through September 30, 2031.

Context

As stated in H.R. 7688's committee report, "Recent years have seen a renewed interest in the DPA as its authorities have been increasingly deployed to address high-profile issues."[8] Both the first Trump and Biden Administrations invoked the DPA to respond to the COVID-19 pandemic. This included prioritizing vaccine-related contracts and providing financial incentives to producers of certain medical supplies.[9] The American Rescue Plan Act of 2021 (P.L. 117-2) provided $10 billion for DPA use for the pandemic.[10] The Biden Administration later used Title III authorities to respond to the 2022 Russian/Ukrainian war, providing assistance to munitions and strategic/critical materials producers while also taking other DPA actions it deemed important to national defense, such as investing in clean energy technologies.[11] In March 2025, President Trump issued an executive order intended to strengthen national security by increasing domestic mineral production that, among other actions, invoked Title III authorities.[12] In April 2026, the Trump Administration issued a series of presidential determinations invoking Title III for use on various energy-related initiatives.[13]

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[8] U.S. Congress, House Financial Services Committee, *DPA Modernization Act of 2026*, Report together with minority views to accompany H.R. 7688, 119th Cong., 2nd sess., H.Rept. 119-611, p. 16.

[9] U.S. Government Accountability Office, *COVID-19: Agencies Are Taking Steps to Improve Future Use of Defense Production Act Authorities*, GAO-22-105380, December 16, 2021, https://www.gao.gov/products/gao-22-105380.

[10] 135 Stat. 53-54. Funds were to remain available until September 30, 2025.

[11] U.S. Department of Defense, "Ukraine Security Assistance," https://media.defense.gov/2024/Sep/06/2003538814/-1/-1/1/UKRAINE-INFOGRAPHIC-08AUG2024.PDF; and U.S. Department of Energy, "President Biden Invokes Defense Production Act to Accelerate Domestic Manufacturing of Clean Energy," press release, June 6, 2022, https://www.energy.gov/articles/president-biden-invokes-defense-production-act-accelerate-domestic-manufacturing-clean.

[12] Executive Order 14241, "Immediate Measures to Increase American Mineral Production," 90 *Federal Register* 13673, March 25, 2025.

[13] Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Coal Supply Chains and Baseload Power Generation Capacity," 91 *Federal Register* 21927, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Development, Manufacturing, and Deployment of Large-Scale Energy and Energy Related Infrastructure," 91 *Federal Register* 21929, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Grid Infrastructure, Equipment, and Supply Chain Capacity," 91 *Federal Register* 21931, April 23, 2026; Executive (continued...)

Congress has also appropriated at least $13.1 billion for DPA activities since FY2020 through discretionary, supplemental, and mandatory appropriations. In addition to the $10 billion in P.L. 117-2 referenced above, these include the FY2025 reconciliation law (P.L. 119-21; $1 billion); the CARES Act (P.L. 116-136; $1 billion); the Additional Ukraine Supplemental Appropriations Act, 2022 (P.L. 117-128; $600 million); and the Inflation Reduction Act of 2022 (P.L. 117-169; $500 million), as well as funding in annual defense appropriations acts.

The Department of Defense's (DOD's) FY2027 budget request included approximately $30.4 billion in DPA total funding.[14] The request states that the funds would "modernize infrastructure and expand capacity to provide military capabilities at the speed and scale necessary for the U.S. to prevail," including, among other things, $6.8 billion for the critical chemicals supply chain, $6.4 billion for strategic and critical materials, and $5.6 billion for missile and munitions production.[15]

In recent years, Members of Congress, executive branch agencies, and outside commentators have expressed ideas about how the DPA can, has been, and should be used. Congress has generally supported DPA use, although some Members have at times critiqued how the law was used and interpreted. For example, some Members of Congress opposed the Biden Administration's use of Title III authorities to expand production of clean energy technologies,[16] while others urged the Trump Administration to invoke the DPA more quickly during the COVID-19 pandemic.[17] Executive branch suggestions to modify the DPA have included a 2024 DOD proposal to increase the annual carryover limit for the DPA Fund from $750 million to $1 billion.[18]

Some analysts have described the DPA as an important tool for bolstering the domestic industrial base,[19] arguing for its centrality to the capacity and supply outcomes they see as necessary for national security.[20] Others, broadly, have argued that DPA activities unnecessarily distort market forces.[21]

Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Domestic Petroleum Production, Refining, and Logistics Capacity," 91 *Federal Register* 21933, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Natural Gas Transmission, Processing, Storage, and Liquefied Natural Gas Capacity," 91 *Federal Register* 21935, April 23, 2026.

[14] DOD, *Department of War Budget Fiscal Year 2027, Procurement Programs (P-1)*, April 2026, p. 4, https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2027/FY2027_p1.pdf.

[15] DOD, *Department of War Fiscal Year (FY) 2027 Budget Estimates*, April 2026, pp. xix-xx, https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2027/budget_justification/pdfs/02_Procurement/PROC_DPAP_PB_2027.pdf.

[16] For example, see Andres Picon, "The Next Big Energy Fight: Defense Production Act Renewal," *E&E News*, April 30, 2024, https://www.eenews.net/articles/the-next-big-energy-fight-defense-production-act-renewal/.

[17] See H.Res. 906 in the 116th Congress.

[18] DOD, Office of General Counsel, *Sec_. Amendments to the John S. McCain Strategic Defense Fellows Program*, p. 12, https://ogc.osd.mil/Portals/99/OLC%20Proposals/FY%202025/05Apr2024Proposals.pdf?ver=lNIOS1MHQXbODayjVmS61A%3d%3d.

[19] The DPA defines *domestic industrial base* as "domestic sources which are providing, or which would be reasonably expected to provide, materials or services to meet national defense requirements during peacetime, national emergency, or war." 50 U.S.C. §4552(6).

[20] Jerry McGinn, "How to Further Strengthen the Defense Production Act," *Defense News*, May 7, 2024, https://www.defensenews.com/opinion/2024/05/07/how-to-further-strengthen-the-defense-production-act/.

[21] Philip Rossetti, "Can We Please Stop with the DPA Already?," R Street Institute, April 5, 2022, https://www.rstreet.org/commentary/can-we-please-stop-with-the-dpa-already/.

Overview of the DPA Modernization Act of 2026

Members of the Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the House Committee on Financial Services introduced the DPA Modernization Act of 2026 (H.R. 7688) in the 119th Congress.[22] (The House Committee on Financial Services and Senate Committee on Banking, Housing, and Urban Affairs are the DPA committees of jurisdiction.) On April 15, 2026, the House Committee on Financial Services voted 41-0 to report H.R. 7688. As of the date of this report, companion legislation has not been introduced in the Senate.

H.R. 7688 also contains provisions pertaining to the Committee on Foreign Investment in the United States (CFIUS).[23] While CFIUS-related authorities are included in the DPA, CFIUS conducts business separately and distinctly from DPA oversight committees. This report does not discuss CFIUS-related provisions.

This report summarizes each title of H.R. 7688 that pertains to DPA activities. It is organized by the existing DPA titles (Titles I, III, and VII) rather than those redesignated in the bill (Title III as Title II, and Title VII as Title III).[24]

Changes to Title I

Title I of the DPA authorizes the federal government to require that contractors prioritize certain government work when "necessary or appropriate to promote the national defense."[25] H.R. 7688 would amend existing statute to potentially narrow the scope of Title I prioritization authorities, and it would amend certain DPAC authorities.

Prioritization Authorities

Several of H.R. 7688's proposed changes could potentially narrow the scope of Title I's prioritization authorities. Currently, the President is authorized to use Title I authorities in circumstances that he or she "deems necessary or appropriate to promote the national defense."[26] In addition, the President may not use Title I authorities unless he or she finds that the material in question "is a scarce and critical material essential to the national defense" and that "the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."[27]

H.R. 7688 would place additional conditions on the use of prioritization authorities. In addition to the previously mentioned requirements, the President would be able to invoke Title I only to address either a "national emergency declared by the President," a "natural disaster declared by the President pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act," or "a public health emergency, as determined by the Secretary of Health and Human Services

[22] This report analyzes the version of H.R. 7688 ordered to be reported.

[23] For more information on CFIUS, see CRS In Focus IF10177, *Committee on Foreign Investment in the United States (CFIUS)*.

[24] H.R. 7688, §§4(1) and 5(1).

[25] 50 U.S.C. §4511(a).

[26] 50 U.S.C. §4511(a).

[27] 50 U.S.C. §4511(b).

pursuant to section 319 of the Public Health Service Act."[28] If enacted, these changes could restrict executive use of Title I authorities, requiring them to be invoked pursuant to the specific circumstances rather than at the President's discretion.

Defense Production Act Committee (DPAC) Authorities

H.R. 7688 would amend the DPAC to authorize the DPAC executive director—rather than the President (as authorized under current law)—to assure "the coordinated administration of Title I prioritization authorities."[29] The bill would also require that executive agency heads consult with the DPAC on standards and procedures associated with DPA prioritization authorities, as well as develop a "consistent and unified Federal priorities and allocations system."[30] Both of these changes would potentially increase the Title I–related authorities and responsibilities of the DPAC executive director, whose authorities would be further amended by other portions of H.R. 7688 (see section below, "Defense Production Act Committee (DPAC)"), and potentially alter the structure of DPA decisionmaking.

Changes to Title III (H.R. 7688 Title II)

H.R. 7688 would change certain DPA Title III authorities to adjust support for production capacity for critical components, technology items, materials, and industrial resources essential for national defense. Some of the proposed changes would shift certain authorities from the President to other entities. For example, the bill would designate a combination of executive agency officials, DPAC members, and the DPA Fund manager—rather than the President and/or his or her specified designees, as currently stipulated in statute—as the entities authorized to make the determinations necessary to invoke Title III.[31]

H.R. 7688's other changes to Title III include, among other things, creating new DPA strategy reports; increasing the dollar cap for the DPA Fund; setting parameters on the use of the DPA for equity investments; and establishing a new Critical Minerals Resilience Initiative, under which a member of the DPAC, after consulting with the DPAC executive director and DPA Fund manager, would be authorized to make grants, purchases, and purchase commitments to certain entities that would increase U.S. control of critical minerals and materials.[32]

Loan Guarantee Authorities

As currently written, Section 301 of the DPA gives the President the authority to

> authorize a guaranteeing agency to provide guarantees of loans by private institutions for the purpose of financing any contractor, subcontractor, provider of critical infrastructure, or other person in support of production capabilities or supplies that are deemed by the guaranteeing agency to be necessary to create, maintain, expedite, expand, protect, or restore production and deliveries or services essential to the national defense.[33]

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[28] H.R. 7688, §3. For more information on the Robert T. Stafford Disaster Relief and Emergency Assistance Act and the Public Health Service Act, see CRS Report R46379, *Emergency Authorities Under the National Emergencies Act, Stafford Act, and Public Health Service Act*.

[29] H.R. 7688, §3(2). 50 U.S.C. §4511.

[30] H.R. 7688, §3(2). 50 U.S.C. §4511.

[31] For example, H.R. 7688, §4(3)(B)(ii)(III).

[32] H.R. 7688, §§4(8)(C), 4(7)(D), 4(5)(B)(iv), and 4(5)(D).

[33] 50 U.S.C. §4531(a)(1).

H.R. 7688 would amend several aspects of these loan guarantee authorities, including

- requiring the guaranteeing executive agency to obtain the concurrence of the DPA Fund manager to make loan guarantees, which is not required under current law[34];
- authorizing the DPA Fund manager—rather than the President, as currently specified in statute—to designate any agency or any Federal Reserve bank to act as a fiscal agent of the United States on behalf of the guaranteeing executive agency[35]; and
- authorizing the DPA Fund manager—rather than the President, as currently specified in statute—to prescribe regulations, loan guarantee interest rates, fees, and other charges for such loans.[36]

Under current law, the DPA requires the President (or, pursuant to Executive Order [EO] 13603, the delegated head of an executive agency) to issue a determination that certain conditions are met prior to making Title III loans guarantees.[37] H.R. 7688 would assign this requirement to the guaranteeing executive agency, rather than the President, and instructs the DPA Fund manager and "relevant members" of the DPAC to coordinate when making such determinations.[38]

Statute currently requires the President to provide written notification to congressional committees of jurisdiction before guaranteeing loans that cumulatively amount to more than $50 million.[39] H.R. 7688 would

- increase the notification threshold from $50 million to $100 million[40]; and
- require the DPA Fund manager—not the President, as currently stipulated in law—to notify the committees of jurisdiction in writing.[41]

Currently, the DPA allows the President to waive these notification requirements during a period of national emergency declared by the President or Congress or if the President determines that a specific loan guarantee is necessary to avert shortfalls of an industrial resource or critical technology item that would severely impair national defense.[42] H.R. 7688 would remove this waiver authority.[43]

Loan Authorities

As currently written, Section 302 of the DPA gives the President the authority to

> make provision for loans to private business enterprises (including nonprofit research corporations and providers of critical infrastructure) for the creation, maintenance,

[34] H.R. 7688, §4(3)(B)(i)

[35] H.R. 7688, §4(3)(C).

[36] H.R. 7688, §4(3)(D).

[37] 50 U.S.C. §§4531(a)(2) and 4532(b). Executive Order 13603, issued in 2012, stipulated that the President may delegate much of the DPA's Title III authorities to heads of certain executive agencies. Executive Order 13603, "National Defense Resources Preparedness," 77 *Federal Register* 16651, March 22, 2012. For more information, see CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*.

[38] H.R. 7688, §4(3)(B)(ii)(III).

[39] 50 U.S.C. §4531(d)(1)(A).

[40] H.R. 7688, §4(3)(E)(i)(II).

[41] H.R. 7688, §4(3)(E)(i)(III).

[42] 50 U.S.C. §4531(d)(1)(B).

[43] H.R. 7688, §4(3)(E)(i)(VI).

> expansion, protection, or restoration of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals.[44]

H.R. 7688 would amend several aspects of these loan authorities. Proposed changes include the following:

- Allowing the President to authorize an executive agency, *with the concurrence* of the DPA Fund manager and "relevant members" of the DPAC, to make provisions for Title III loans.[45] Currently, this authority belongs exclusively to the President and does not require action by the DPAC or DPA Fund manager.
- Creating new collateral requirements for loans, including mandating that, as required by the DPA Fund manager, any loan be secured by a first-priority lien on collateral and that the lien be senior to any other liens.[46]

Other proposed changes would align other aspects of the DPA with those proposed for the loan guarantee authorities described above. For instance, current law states that the President is to determine that certain conditions exist prior to making loans under Title III during periods of national emergency declared by Congress or the President.[47] Pursuant to EO 13603, the head of a delegated executive agency may also make such a determination. H.R. 7688 would require the lending executive agency, *in consultation with* the DPA Fund manager and "relevant members" of the DPAC (rather than the President), to make such a determination.[48]

Statute also currently requires the President to notify the committees of jurisdiction in writing prior to making DPA loans that cumulatively amount to more than $50 million.[49] H.R. 7688 would

- increase the notification threshold from $50 million to $100 million[50]; and
- require the DPA Fund manager—not the President, as currently stipulated in law—to notify the committees of jurisdiction in writing.[51]

The DPA currently allows the President to waive these notification requirements during a period of national emergency declared by the President or Congress or if the President determines that a specific loan is necessary to avert the shortfall of an industrial resource or critical technology item that would severely impair national defense.[52] H.R. 7688 would remove this waiver authority.[53]

Section 303 Authorities

As currently written, DPA Section 303 authorizes the President to "make provision" for a variety of financial incentives to private businesses when essential for national defense.[54] These

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[44] 50 U.S.C. §4532(a).

[45] H.R. 7688, §4(4)(A).

[46] H.R. 7688, §4(4)(B)(ii)(II)(iii).

[47] 50 U.S.C. §4532(b)(2).

[48] H.R. 7688, §4(4)(B)(ii)(I).

[49] 50 U.S.C. §4532(d).

[50] H.R. 7688, §4(4)(C)(ii).

[51] H.R. 7688, §4(4)(C)(iii).

[52] 50 U.S.C. §4532(d)(2).

[53] H.R. 7688, §4(4)(C)(vi).

[54] 50 U.S.C. §4533(a)(1).

incentives may include purchases, purchase commitments, and subsidies. H.R. 7688 would change several aspects of Section 303 authorities. Pursuant to EO 13603, the head of a delegated executive agency may also make such a provision.

H.R. 7688 would remove the authority to make provision of Section 303 incentives from the President and vest it with a member of the DPAC, in consultation with the DPAC executive director. The bill does not specify a particular DPAC member.[55] Current law also requires the President, on a non-delegable basis, to issue a determination stating that certain conditions exist prior to providing Section 303 incentives.[56] H.R. 7688 would remove that authority from the President and give it to the same member of the DPAC identified to make provision for Section 303 activities, on a non-delegable basis, in consultation with the DPAC executive director.[57]

As with DPA loan guarantees and loans, current law includes congressional notification requirements for Section 303 activities. The President (or, pursuant to EO 13603, the head of a delegated executive agency) is to notify DPA congressional committees of jurisdiction in writing of domestic industrial base shortfalls before using Section 303 to address those shortfalls.[58] The committees of jurisdiction are also to be notified in writing when there are Section 303 activities that cumulatively amount to more than $50 million to address an industrial base shortfall.[59] (The current statute is silent on precisely who is required to make that notification.) Finally, unlike with DPA loan guarantees and loans, Section 303 activities exceeding the $50 million threshold require an act of Congress.[60]

Regarding these provisions, H.R. 7688 would

- increase the notification threshold from $50 million to $100 million[61];
- require that the DPAC member identified above—and not the President or delegated entity—provide written notice of a domestic industrial base shortfall to the DPA committees of jurisdiction[62];
- specify that the DPA Fund manager—rather than the President or delegated official, as under current law—provide written notice to the committees of jurisdiction of Section 303 activities over the notification threshold[63]; and
- remove the requirement for an act of Congress for Section 303 exceeding the notification threshold.[64]

As currently written, the DPA permits certain requirements for Section 303 activities—including the requirements for presidential determinations and acts of Congress for activities over the notification threshold—to be waived during times of national emergency or if the President determines that action is necessary to avert an industrial resource or critical technology item

[55] H.R. 7688, §4(5)(B)(i).

[56] 50 U.S.C. §4533(5).

[57] H.R. 7688, §4(5)(B)(ii)(III).

[58] 50 U.S.C. §4533(6)(A).

[59] 50 U.S.C. §§4531(d)(1)(A), 4532(d)(1)(A), and 4533(a)(6)(B).

[60] This requirement exceeds that for DPA loan guarantees and loans, which require only congressional notification. 50 U.S.C. §4533(a)(6)(C).

[61] H.R. 7688, §4(5)(B)(iii)(II)(aa).

[62] H.R. 7688, §4(5)(B)(ii)(II).

[63] H.R. 7688, §4(5)(B)(iii)(II)(cc).

[64] H.R. 7688, §4(5)(B)(iv).

shortfall that would severely impair national defense.[65] Presidents have invoked this waiver authority with some regularity. For example, in April 2026, President Trump issued a series of presidential determinations invoking Section 303 authorities for a variety of purposes related to energy production, each of which invoked the waiver authority.[66] President Biden similarly invoked the waiver authority in February 2023 with regard to certain supply chain capabilities.[67] H.R. 7688 would remove this waiver authority.[68]

Provisions on Equity Investments

The recent, novel invocations of the DPA for equity investments in private companies have attracted attention, including from Members of Congress.[69] In July 2025, MP Materials, a U.S.-based company that mines rare earth elements, announced that DOD would purchase $400 million of MP Materials preferred stock, positioning DOD to become the company's largest shareholder.[70] According to documents that MP Materials filed with the U.S. Securities and Exchange Commission, DOD made the investment pursuant to Section 303 authorities.[71] Members of Congress have commented on the DOD–MP Materials transaction, some to express tentative support and some to solicit more information about the investment's legal basis.[72]

While DPA Section 303 broadly allows for the President to "make provision" for financial incentives, it does not explicitly authorize equity investments as an available tool. H.R. 7688 would prevent the DPA from being used to acquire equity shares in an entity if the transaction

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65 50 U.S.C. §4533(7).

66 Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Coal Supply Chains and Baseload Power Generation Capacity," 91 *Federal Register* 21927, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Development, Manufacturing, and Deployment of Large-Scale Energy and Energy Related Infrastructure," 91 *Federal Register* 21929, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Grid Infrastructure, Equipment, and Supply Chain Capacity," 91 *Federal Register* 21931, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Domestic Petroleum Production, Refining, and Logistics Capacity," 91 *Federal Register* 21933, April 23, 2026; Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Natural Gas Transmission, Processing, Storage, and Liquefied Natural Gas Capacity," 91 *Federal Register* 21935, April 23, 2026.

67 Executive Office of the President, "Presidential Waiver of Statutory Requirements Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Department of Defense Supply Chains Resilience—Memorandum for the Secretary of Defense," 88 *Federal Register* 13015, February 27, 2023.

68 H.R. 7688, §4(5)(B)(iv).

69 House Committee on Natural Resources Democrats, "Ranking Members Huffman, Garcia, Heinrich Demand Answers on Trump Administration's Taxpayer-Funded Mining Spending Spree," press release, February 2, 2026, https://democrats-naturalresources.house.gov/media/press-releases/ranking-members-huffman-garcia-heinrich-demand-answers-on-trump-administrations-taxpayer-funded-mining-spending-spree.

70 MP Materials, "MP Materials Announces Transformational Public-Private Partnership with the Department of Defense to Accelerate U.S. Rare Earth Magnet Independence," press release, July 10, 2025, https://mpmaterials.com/news/mp-materials-announces-transformational-public-private-partnership-with-the-department-of-defense-to-accelerate-u-s-rare-earth-magnet-independence/.

71 U.S. Securities and Exchange Commission, *Form 8-K, MP Materials Corp.*, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, July 9, 2025, p. 12, https://d18rn0p25nwr6d.cloudfront.net/CIK-0001801368/6191cf7a-1cb7-4c45-a50a-72c98a0fbe86.pdf.

72 U.S. Congress, Senate Armed Services Committee, *Hearing on Rebuilding American Critical Minerals Supply Chains*, 119th Cong., 2nd sess., February 24, 2026. See also Lauren C. Williams, "The Pentagon's Investment Deals Draw Congressional Scrutiny," *Defense One*, March 6, 2026, https://www.defenseone.com/business/2026/03/pentagons-investment-deals-draw-congressional-scrutiny/411937/.

resulted in the federal government holding "15 percent or more" of the entity's total equity shares.[73] The bill would also require the DPAC to include as part of its annual report to Congress

- a description of any equity held by the federal government under DPA authorities; and
- the rationale and valuation of such holdings, including the holdings' expected contribution to DPA objectives and the holdings' estimated gain or loss since the previous report.[74]

In addition, H.R. 7688 would stipulate that DPA equity investments may be made only if the DPA Fund manager reports to congressional committees of jurisdiction that the entity cannot obtain additional equity investments from private sources "on commercially reasonable terms."[75] The bill would require that a member of the DPAC seek to sell and liquidate any equity investments made using DPA authorities as soon as commercially feasible[76] and that a member of the DPAC provide copies of all relevant documents concerning any such investments—and a certification that the investment advances DPA objectives—to the committees of jurisdiction not later than 10 days after the investment is made.[77]

Critical Minerals Resilience Initiative

There has been interest in some parts of the federal government in using the DPA to increase critical mineral production. For example, in February 2021, then-President Biden ordered a supply chain review from multiple executive branch departments.[78] The resulting review included chapters on "Review of Large Capacity Batteries" and "Review of Critical Minerals and Materials."[79] Some recommendations included use of the DPA. More recently, in March 2025, the Trump Administration issued EO 14241 to "facilitate domestic mineral production to the maximum extent possible" to address national security concerns. Among other things, EO 14241 invoked DPA Titles III and VII.[80]

The DPA has typically been used with U.S.-based companies, and statute limits Title III financial incentives to "domestic sources."[81] The DPA defines *domestic sources* as businesses located in the United States or Canada and, in certain circumstances, Australia or the United Kingdom.[82]

With regard to critical minerals and materials, H.R. 7688 would authorize geographical areas in which the DPA could be used to increase U.S. control of such resources. To do so, H.R. 7688 would establish a Critical Minerals Resilience Initiative (CMRI).[83] Under the CMRI, a member of

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[73] H.R. 7688, §4(5)(B)(iv).

[74] H.R. 7688, §4(5)(B)(iv).

[75] H.R. 7688, §4(5)(B)(iv).

[76] H.R. 7688, §4(5)(B)(iv).

[77] H.R. 7688, §4(5)(B)(iv)

[78] Executive Order 14017, "America's Supply Chains," 86 *Federal Register* 11849, February 24, 2021.

[79] The White House, *Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth*, June 2021, https://bidenwhitehouse.archives.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf.

[80] Executive Order 14241, "Immediate Measures to Increase American Mineral Production," 90 *Federal Register* 13673, March 25, 2025. For more information, see CRS Insight IN12540, *Trump Administration's Invocation of the Defense Production Act for Mineral Production*.

[81] 50 U.S.C. §4517(a).

[82] 50 U.S.C. §4552(7)(B)(i)(1)(bb).

[83] H.R. 7688, §4(5)(D).

the DPAC, after consulting the DPAC executive director and DPA Fund manager, would be authorized to make grants, purchases, and purchase commitments to entities in the United States, NATO member countries, and major non-NATO allies to

- ensure that the mining or processing of critical and strategic minerals and materials is not dominated by a foreign adversary; and
- provide for offtake agreements, price floors, or incentives to ensure the viability of mines or processing facilities for critical and strategic minerals and materials outside the control of a foreign adversary.[84]

H.R. 7688 would also direct the DPAC to develop a process to encourage cooperation among and manage "potential conflicts" among domestic sources, the countries in which they are located, and countries involved in the CMRI.[85]

Waivers for Regulations and Permits Related to Critical Minerals and Materials

Executive agencies use procurement contracts to purchase goods and services from the private market. This process is governed by a variety of statutes and regulations, including certain permitting requirements. H.R. 7688 would give the President authorities to "waive or revise relevant regulations for the purpose of expediting … the procurement of critical technologies, … critical minerals [or] the permitting of critical infrastructure required to produce or refine the critical technologies or critical minerals."[86] The bill does not specify or scope how the President may define *relevant*, nor does it denote which permitting requirements the President may waive.

Workforce Provisions

Some observers have noted workforce gaps in certain defense industrial base sectors that could potentially benefit from DPA activities. For example, a 2025 Government Accountability Office (GAO) report noted that "infrastructure and workforce limitations worsen the Navy's shipbuilding challenges."[87] Some Members of Congress have cited similar concerns regarding potential shortages of skilled workers in seeking to address workforce concerns through the DPA.[88]

H.R. 7688 would require each executive agency with delegated authorities under the DPA to identify any workforce or skills gaps that "affect the ability of the domestic industrial base to supply the materials and services necessary to satisfy" the DPA's objectives.[89] The bill would allow executive branch agencies to direct any funding provided under Title I or Title III to be used to recruit, train, place, or retain workers in "defense-critical occupations directly related to

[84] H.R. 7688, §4(5)(D).

[85] H.R. 7688, §4(5)(D).

[86] H.R. 7688, §4(5)(I).

[87] GAO, *Navy Shipbuilding: A Generational Imperative for Systemic Change*, GAO-25-108136, March 11, 2025, p. 1, https://www.gao.gov/products/gao-25-108136.

[88] For example, see Rep. Sean Casten, "Casten Introduces Bill to Ensure American Workforce Meets National Defense Needs," press release, April 1, 2026, https://casten.house.gov/media/press-releases/casten-introduces-bill-to-ensure-american-workforce-meets-national-defense-needs; and House Committee on Armed Services, "Rogers: Revitalizing the Defense Industrial Base Is Our Top Priority This Year," press release, March 4, 2026, https://armedservices.house.gov/news/documentsingle.aspx?DocumentID=6411.

[89] H.R. 7688, §4(5)(I).

the activities funded by the assistance."[90] (The funding authority in H.R. 7688 is included under the renumbered Title II.) The bill would also require such executive agencies to submit for the DPAC's annual report to Congress

- a summary of identified workforce gaps and directions to recipients of DPA funding on how the funds are to be used to address those gaps, and
- short- and long-term recommendations for administrative or legislative action to reduce skills and/or workforce gaps identified by the agency.[91]

Defense Production Act Fund (DPA Fund)

H.R. 7688 would make several changes to the DPA Fund (50 U.S.C. §4534). Where the current text of the DPA requires the President to designate a DPA Fund manager, H.R. 7688 would designate the Secretary of the Treasury as the DPA Fund manager.[92] (Currently, pursuant to Section 309 of EO 13603, the Secretary of Defense functions as DPA Fund manager "in consultation with the agency heads having approved, and appropriated funds for, projects" under DPA Title III.[93]) As such, the Secretary of the Treasury would become responsible for the following tasks:

1. Determining DPA Fund liabilities[94]
2. Ensuring visibility and accountability of transactions affecting DPA Fund balances[95]
3. Reporting annually to Congress and the DPAC regarding activities of the DPA Fund during the previous fiscal year, "including an analysis of the effectiveness of investments made during the previous fiscal year"[96]
4. "[D]esignating financial institutions as fiscal agents of the Federal Government, as appropriate, for the purposes of this title [i.e., DPA Title III]"[97]
5. "[D]elegating authorities, as the Fund manager finds appropriate, to members of the Defense Production Act Committee"[98]
6. "[I]ssuing rules and guidance regarding financing activities authorized by this title"[99]

H.R. 7688 would also add a subsection to 50 U.S.C. §4534, requiring the DPAC executive director to "defer budget authority involving the Fund for an agency that has repeatedly failed to submit complete reports" as part of the DPA Strategy (see "DPA Reporting Requirements").[100]

[90] H.R. 7688, §4(5)(I).

[91] H.R. 7688, §4(5)(I).

[92] H.R. 7688, §4(7)(G).

[93] EO 13603, §309.

[94] 50 U.S.C. §4534(f)(1) and (g).

[95] 50 U.S.C. §4534(f)(2).

[96] 50 U.S.C. §4534(f)(3), if it were amended by H.R. 7688, §4(7)(G)(iv).

[97] H.R. 7688, §4(7)(G)(v).

[98] H.R. 7688, §4(7)(G)(v).

[99] H.R. 7688, §4(7)(G)(v).

[100] H.R. 7688, §4(7)(H). For more information on the process for deferring congressional appropriations, see 2 U.S.C. Chapter 17B ("Impoundment Control"). See also "Delays in Using Appropriations: Impoundment and Programmatic Delay" in CRS Legal Sidebar LSB11302, *Congressional and Executive Roles in Spending: Legal Frameworks*.

Maximum Fiscal Year-End DPA Fund Balance

H.R. 7688 would increase the maximum allowable DPA Fund balance at the end of each fiscal year from $750 million to $2 billion, "excluding any moneys appropriated to the Fund during that fiscal year or obligated funds."[101] The text of 50 U.S.C. §4534(e) requiring that any eligible fund balances exceeding the maximum fund balance at the close of a fiscal year "shall be paid into the general fund of the Treasury" would remain unchanged.

The bill would allow the DPAC executive director to waive the maximum account balance ceiling "for up to 1 year at a time upon notifying the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate in writing that the waiver is in the national security interests of the United States."[102]

DPA Reporting Requirements

H.R. 7688 would require the head of each executive agency with delegated authorities under current DPA Title I and Title III to submit an annual "DPA Strategy" report to the DPAC executive director and DPA Fund manager, with the first such report due "not later than 180 days after the effective date" of enactment.[103] The required DPA Strategy would include, among other features:

- an assessment, "in consultation with [the DPAC] and … the private sector," of the executive agency's highest priority industrial base needs[104];
- "a detailed strategy, timeline, and spending plan" for exercising Title I authorities[105];
- the results of a "discussion-based simulation (commonly known as a 'table-top exercise')" conducted by the DPAC to determine the resources needed for Title I and Title III authorities[106];
- "a comprehensive list of actions" taken by the executive agency pursuant to Title I and Title III authorities since the previous report[107]; and
- a justification of the necessity of any Title I or III actions "involving a business concern in Canada, the United Kingdom, or Australia."[108]

H.R. 7688 would also require the first DPA Strategy report to include "a detailed plan" from executive agency heads designated by the President to ensure the delivery of national defense supplies (such as medical materials, critical minerals, and naval shipbuilding materials) along with an analysis of supply chain vulnerabilities potentially affecting those materials.[109]

[101] 50 U.S.C. §4534(e) if it were modified by H.R. 7688, §4(7)(D).

[102] H.R. 7688, §4(7)(F).

[103] H.R. 7688, §4(8)(C).

[104] H.R. 7688, §4(8)(C).

[105] H.R. 7688, §4(8)(C).

[106] H.R. 7688, §4(8)(C).

[107] H.R. 7688, §4(8)(C).

[108] H.R. 7688, §4(8)(C).

[109] H.R. 7688, §4(8)(C).

Restrictions on Incentives

H.R. 7688 would prohibit covered entities and individuals from receiving Title III financial incentives. A covered entity is one in which a covered individual directly or indirectly owns, controls, or holds at least 20% of any class of equity interest. Covered individuals are the President; the Vice President; a member of the DPAC; or the spouse, child, son-in-law, or daughter-in-law of any of those individuals.[110]

Subsidies currently authorized under the DPA do not have restrictions on how frequently, or for how long, they may be issued. H.R. 7688 would limit any given subsidy payment to one year. However, the bill would allow for subsidy renewals of up to 180 days if the President submits a report to the DPA congressional committees of jurisdiction that

- certifies that the subsidy is the most efficient means of ensuring the DPA's objectives and
- explains why market conditions do not allow for the achievement of the DPA's objectives without the subsidy.[111]

Changes to Title VII

H.R. 7688proposes changes to several Title VII provisions. As with other sections of the bill, some provisions would potentially expand the authority of entities such as the DPAC and DPA Fund manager. For example, the bill would, for the first time, authorize annual appropriations for both the DPAC executive director and DPA Fund manager from FY2026 through FY2031 ($5 million).[112] The bill would also expand the DPAC's purview to include both Titles I and III (the latter to be redesignated as Title II under the bill) and establish a Subcommittee on Emerging Technology under the DPAC, which would analyze the effects or potential effects of certain technology on activities deemed essential to national defense.[113]

Among other things, the bill's amendments to Title VII could potentially expand the DPA's applicability to public health events, including by expanding the law's definition of *national defense*, and would extend the DPA's sunset clause until September 30, 2031.

Definition of *National Defense*

The DPA currently defines *national defense* as

> programs for military and energy production or construction, military or critical infrastructure assistance to any foreign nation, homeland security, stockpiling, space, and any directly related activity. Such term includes emergency preparedness activities conducted pursuant to title VI of The Robert T. Stafford Disaster Relief and Emergency Assistance Act … and critical infrastructure protection and restoration.[114]

H.R. 7688 would amend this definition to include emergency preparedness activities conducted pursuant to Section 319 of the Public Health Service Act and to include "public health emergency preparedness and response activities."[115] This would expand the definition of *national defense*

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110 H.R. 7688, §4(10).

111 H.R. 7688, §4(5)(F)(iii).

112 H.R. 7688, §5(17)(c).

113 H.R. 7688, §5(21).

114 50 U.S.C. §4552.

115 H.R. 7688, §5(9).

beyond a military, homeland security, or natural disaster context to include public health emergencies.[116] These amendments could widen the scope of allowable DPA activities. Congress has previously expanded the DPA's definition, for example adding critical infrastructure protection and restoration in P.L. 108-195 and emergency preparedness activities under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in P.L. 103-337.

Public Health Emergency Outreach Representative

The first Trump and Biden Administrations invoked the DPA to respond to the COVID-19 pandemic. This included delegating some of the DPA's authorities to the Federal Emergency Management Agency (FEMA). FEMA administrators used the DPA to respond to pandemic-related supply constraints in sometimes novel ways, including contracting for and allocating scarce medical supplies, identifying anti-price-gouging and anti-hoarding actions, and entering into agreements with medical supply manufacturers and distributors to coordinate information-sharing.[117]

Some of FEMA's DPA use engendered critiques from certain observers. For example, some Members of Congress expressed concern that FEMA was not equipped to use DPA authorities independently or as an interagency coordinator for the use of DPA authorities during pandemic response—a role it had been assigned, including in times other than the pandemic.[118] FEMA itself noted that it may not have had enough properly trained staff to manage DPA use with regard to pandemic response, potentially contributing to confusion among executive agencies.[119]

H.R. 7688 would authorize the FEMA administrator, in consultation with the Secretary of Health and Human Services, to designate an outreach representative during a public health emergency. The outreach representative would

- have substantial experience in the production or distribution of medical supplies or equipment,
- act as the federal-government-wide single coordinator during a public health emergency for outreach to manufacturing companies and their suppliers, and
- seek to develop partnerships with companies during a public health emergency.[120]

Collection of Information and Penalties

To effectively use DPA authorities, the President may require a detailed understanding of current domestic industrial capabilities and therefore need to obtain extensive information from private industries. As currently written, the DPA authorizes the President to obtain such information from

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[116] For more information on the Public Health Service Act, see CRS Report R46379, *Emergency Authorities Under the National Emergencies Act, Stafford Act, and Public Health Service Act*.

[117] For more information, see CRS Report R47048, *FEMA's Role in the COVID-19 Federal Pandemic Response*.

[118] For example, see Sen. Mark Warner, "Warner, Colleagues Urge Trump to Immediately Use DPA to Manufacture PPE, COVID-19 Testing Supplies," press release, May 7, 2020, https://www.warner.senate.gov/newsroom/press-releases/warner-colleagues-urge-trump-to-immediately-use-dpa-to-manufacture-ppe-covid-19-testing-supplies/; and U.S. Congress, House Homeland Security Committee, *Examining the National Response to the Worsening Coronavirus Pandemic: Part II*, 116th Cong., 2nd sess., July 22, 2020 (GPO, 2021).

[119] FEMA, *Coronavirus Disease (COVID-19) Initial Assessment Report*, January 2021, p. 74, https://www.fema.gov/disaster/historic/coronavirus/data-resources/initial-assessment-report.

[120] H.R. 7688, §5(10)(C).

"any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of" the DPA.[121]

The DPA includes penalties for individuals who do not comply with such requirements. H.R. 7688 would raise the maximum fine for noncompliance from $10,000 to $100,000.[122] Current law also requires information collected under these authorities to remain confidential in most cases. H.R. 7688 would increase the maximum fine for noncompliance with this provision from $10,000 to $100,000.[123] Lastly, H.R. 7688 would prohibit the President from using information collected under these authorities to obtain sensitive personally identifiable information, defined as information that, if lost, compromised, or disclosed without authorization, could result in substantial harm, embarrassment, inconvenience, or unfairness.[124]

Authorizations of Appropriations

H.R. 7688 would update the DPA's authorization of appropriations and add new authorizations of appropriations. Statute currently provides an annual authorization of appropriations of $133 million.[125] The bill would update that amount to $250 million beginning in FY2026.[126] In addition, the bill would provide a $5 million annual authorization of appropriations to the DPAC executive director and DPA Fund manager from FY2026 through FY2031.[127] (It is unclear if both the DPAC executive director and the DPA Fund manager would receive $5 million or if the amount would be cumulative for the two entities.)

National Defense Executive Reserve

H.R. 7688 would amend the National Defense Executive Reserve ("the Reserve"), a DPA entity, to "improve the preparedness of the Federal Government for national defense emergencies."[128] The bill would allow "private persons with unique expertise" to volunteer, be trained, and temporarily work for the federal government within Reserve units "that may be necessary during periods of national defense emergency, as determined by the President."[129] The bill does not define *private persons with unique expertise*.

H.R. 7688 would authorize Reserve unit activities related to

- "workforce and skills gaps"[130];
- "overall strategy," including the exercise of DPA authorities[131];
- "the strategy on securing supply chains essential to national defense"; and
- reporting to the Subcommittee on Emerging Technology (see section below on "Defense Production Act Committee (DPAC)," including how certain

[121] 50 U.S.C. §4555(a).

[122] H.R. 7688, §5(12)(B).

[123] H.R. 7688, §5(12)(C).

[124] H.R. 7688, §5(12)(D).

[125] 50 U.S.C. §4561.

[126] H.R. 7688, §5(17)(B).

[127] H.R. 7688, §5(17)(C).

[128] H.R. 7688, §5(18). Specifically, H.R. 7688 calls for the Departments of Commerce, Defense, Homeland Security, and "such other agencies as the President determines appropriate" to establish Reserve units.

[129] H.R. 7688, §5(18).

[130] H.R. 7688, §5(18).

[131] H.R. 7688, §5(18).

> technologies "can be used" by government and industry "to improve efficiencies, conserve resources, and address supply chain gaps, in support of national defense priorities."[132]

Sunset Provision

As noted, most of the DPA's authorities are currently set to expire on September 30, 2026.[133] H.R. 7688 would extend that expiration date until September 30, 2031.[134] Under the bill, the DPA provisions not subject to the sunset clause would remain in effect.

Since 1950, Congress has reauthorized DPA provisions on at least 53 separate occasions. Within the past 40 years, there have been at least two lapses in authorization (October 2025 through November 2025 and October 1990 through August 1991). Some laws have extended the DPA's sunset clause for multiple years (e.g., P.L. 113-172—five years), and others have provided shorter extensions (e.g., P.L. 110-367—approximately one year).

Defense Production Act Committee (DPAC)

Congress authorized the DPAC in the Defense Production Action Reauthorization of 2009 (P.L. 111-67). The DPAC was intended to serve as an interagency mechanism for advising the President and coordinating DPA activities across the government.[135] However, the DPAC has not fulfilled some of its original statutory responsibilities. For example, P.L. 111-67 directed the President to appoint a DPAC executive director. To date, however, no President has yet to appoint an executive director. P.L. 113-172 removed the statutory requirement for a DPAC executive director. In addition, P.L. 111-67 instructed the DPAC to report annually to DPA congressional committees of jurisdiction on all aspects of DPA usage. Later, in P.L. 113-172, Congress narrowed the DPAC's remit to reporting only on Title I.[136]

H.R. 7688 would address various aspects of the DPAC. This includes certain personnel actions, such as

- adding the DPA Fund manager and OMB director to the DPAC,[137]
- naming the assistant to the President for national security affairs (national security advisor) as the non-voting DPAC chairperson,[138] and
- appointing the OMB director as DPAC executive director.[139]

Current law requires the DPAC to submit an annual report to the DPA congressional committees of jurisdiction.[140] H.R. 7688 would amend those requirements by requiring the DPAC chairperson to submit

- the most recent DPA strategy reports (see "DPA Reporting Requirements"),

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[132] H.R. 7688, §5(18).

[133] 50 U.S.C. §4564(a).

[134] H.R. 7688, §5(19)(A)(ii).

[135] For more information, see CRS In Focus IF11767, *The Defense Production Act Committee (DPAC): A Primer*.

[136] See notes at 50 U.S.C. §4567.

[137] H.R. 7688, §5(21)(B)(i)(III).

[138] H.R. 7688, §5(21)(B)(i)(III)(ii).

[139] H.R. 7688, §5(21)(B)(i)(III)(ii).

[140] 50 U.S.C. §4567(d).

- an evaluation of how executive agencies with delegated DPA authorities used Title I and Title III (renumbered Title II) authorities to address needs identified in the strategy reports,
- a summary of actions taken to reduce fraud in DPA transactions and a fraud risk assessment for DPA transactions, and
- an overview of the activities of the reorganized Reserve (see "National Defense Executive Reserve").[141]

H.R. 7688 would give the DPAC executive director authority to establish DPAC subcommittees to help with coordination among DPAC members.[142] In addition, the bill would establish a Subcommittee on Emerging Technology under the DPAC.[143] The subcommittee would analyze the effects or potential effects of covered technology on activities deemed essential to national defense and how industry or executive agencies can use covered technology to "improve efficiencies, encourage innovation, and address supply chain gaps."[144] The subcommittee would be directed to define *covered technology* on its own and would consider the fields of

- artificial intelligence,
- biotechnology,
- cryptography and quantum computing,
- materials science,
- semiconductors, and
- space.

H.R. 7688 also contains various other provisions related to the DPAC, including

- requiring the DPAC executive director or head of an executive agency delegated DPA authorities to testify after DPAC annual reports are submitted[145];
- directing the DPAC executive director to develop a DPA dashboard that includes all DPA actions taken by executive agencies[146];
- mandating the DPAC to create an online toolkit for executive agencies to post DPA-related information, including solicitations and previous DPA awards[147]; and
- requiring the DPAC to establish and implement procedures based on GAO's fraud risk framework with regards to DPA actions.[148]

Eliminating Annual Report on Impact of Offsets

Section 5 of H.R. 7688 would strike DPA Section 723 (currently 50 U.S.C. §4568), which currently requires the President to submit an annual report on the impact of defense offsets

141 H.R. 7688, §5(21)(D).
142 H.R. 7688, §5(21)(F).
143 H.R. 7688, §5(21)(F).
144 H.R. 7688, §5(21)(F).
145 H.R. 7688, §5(21)(F).
146 H.R. 7688, §5(21)(F).
147 H.R. 7688, §5(21)(F).
148 H.R. 7688, §5(21)(F).

prepared by the Department of Commerce in consultation with the Secretary of Defense, Secretary of the Treasury, and U.S. Trade Representative.[149] Defense industry offsets are

> *direct* or *indirect* side deals imposed by importers on exporters in arms deals, such as building local factories for in-country production (*direct*) or unrelated projects like supporting infrastructure or agriculture (*indirect*).[150]

Congress has actively overseen U.S. policy on defense offsets and amended related annual reporting requirements since 1992 through P.L. 102-558 (Defense Production Act Amendments of 1992), Sections 123 and 124; P.L. 106-113, Title XII, Subtitle D ("Defense Offsets Disclosure"); P.L. 108-195 (Defense Production Act Reauthorization of 2003), Section 7(c); and P.L. 111-67 (Defense Production Act Reauthorization of 2009), Section 12.

Congress may consider the extent to which eliminating this annual reporting requirement may affect oversight of U.S. defense offset policy and the impacts of defense offsets on national security and the national economy.

Other Required Studies and Reports

Section 7 of H.R. 7688 would require three DPA-related reports:

1. A GAO study on "the efficacy of the current methods used by DPA agencies to address DPA-related long-lead items and related stockpiling challenges" within one year of enactment of the bill[151]
2. A GAO report to the DPA congressional committees of jurisdiction within two years of H.R. 7688 enactment that assesses the DPAC's quality of coordination and planning for DPA activities[152]
3. A report by DPAC's Subcommittee on Emerging Technology (see "Defense Production Act Committee (DPAC)") to submit a report to Congress, within 18 months of H.R. 7688 enactment, evaluating the potential benefits and drawbacks of establishing a strategic reserve of critical biomanufacturing materials essential to national defense activities under the DPA[153]

Concluding Observations

The DPA provides the President the authority to take a slate of actions related to private industry in service of national defense. Many of these authorities are currently set to expire on September 30, 2026. Members of the 119th Congress have introduced a bill, H.R. 7688, to reauthorize the DPA. The bill would extend the law's sunset clause by five years and alter many of the DPA's other authorities, potentially changing how and when the law is invoked going forward.

[149] H.R. 7688, §5(2); 50 U.S.C. §4568.

[150] Defense industry offsets are "negotiated benefits that exporters add to arms deals to satisfy importer desires for something beyond a basic exchange. They are estimated at 30%–40% of the total value of the worldwide arms trade, and while not commonly understood, offsets are so prevalent that most defense firms cannot compete internationally without them." See Brian Hobbs, "U.S. Defense Industry Offsets: The Presidential Exception for National Security," Routledge Advances in Defense Studies, March 2026, p. 1.

[151] H.R. 7688, §7(a)(1).

[152] H.R. 7688, §7(b).

[153] H.R. 7688, §7(c).

Appendix. H.R. 7688's Proposed Administrative Changes to DPA Statutes

While many proposals in H.R. 7688 would add or delete substantive provisions to or from the DPA, the bill also includes a number of administrative, non-substantive amendments. These changes are summarized in **Table A-1**.

Table A-1. H.R. 7688's Proposed Administrative Changes to DPA Statutes

Affected *U.S. Code* Citation	Existing DPA Provision	Proposed Change in H.R. 7688
50 U.S.C. §§4501 et seq.	Throughout the entirety of DPA statutes	Replace all references to the President as "he" with "the President"
50 U.S.C. §4517	Section 107 (incentives for capability to produce domestic sources of critical components, critical technology items, materials, and industrial resources essential for national defense)	Redesignate and reorder Section 107 as Section 204
50 U.S.C. §4518	Section 108 (small business provisions)	Redesignate and reorder Section 108 as Section 207
50 U.S.C. §§4531 et seq.	Title III (Expansion of Productive Capacity and Supply)	Redesignate DPA Title III as Title II
50 U.S.C. §4531; 50 U.S.C. §4532; 50 U.S.C. §4533; 50 U.S.C. §4534; 50 U.S.C. §4535	Sections 301 (loan guarantee authority), 302 (loan authority), 303 (other financial incentives authority), 304 (DPA Fund), and 305 (reports)	Redesignate Sections 301, 302, 303, and 304 as Sections 201, 202, 203, and 205, respectively
50 U.S.C. §4531	Section 301 (loan guarantee authority)	Change section title from "Presidential Authorization for the National Defense" to "Loan Guarantees"
50 U.S.C. §4531(a)(2)	Section 301(a)(2) (presidential determinations)	Change subsection title from "Presidential determinations required" to "Determinations required"
50 U.S.C. §4533	Section 303 (other DPA financial incentives)	Change section title from "Other presidential action authorized" to "Purchases, commitments to purchase, and subsidy payments"
50 U.S.C. §4533(a)(5)	Section 303(a)(5) (presidential determinations)	Change subsection title from "Presidential determinations required" to "Federal agency determinations"
50 U.S.C. §4535	Section 305 (reports)	Change section title from "Reports on exercise of authorities" to "DPA strategy"
50 U.S.C. §§4551 et seq.	Title VI: General Provisions	Redesignate DPA Title VII as Title III

50 U.S.C. §4551 through 50 U.S.C. §4561	Sections 701-711	Redesignate Sections 701-711 as Sections 301-311, respectively
50 U.S.C. §4560(e)	Section 710(e) (Nucleus/National Defense Executive Reserve)	Deletes existing provision authorizing Nucleus/National Defense Executive Reserve and inserts new Section 314
50 U.S.C. §4562	Section 713 (territorial application of DPA)	Redesignate Section 713 as Section 312
50 U.S.C. §4563	Section 715 (separability)	Redesignate Section 715 as Section 313
50 U.S.C. §4563	Section 717 (DPA expiration)	Redesignate Section 717 as Section 315 and extend expiration date until September 30, 2031
50 U.S.C. §4567	Section 722 (DPAC)	Redesignate Section 722 as Section 317

Sources: *U.S. Code* and CRS analysis of H.R. 7688.

Author Information

Adam G. Levin, Coordinator
Analyst in Economic Development Policy

Alexandra G. Neenan
Analyst in U.S. Defense Policy

Cameron M. Keys
Analyst in Defense Logistics and Resource Management Policy

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