July 14, 2026

The Honorable Roger Wicker
Chairman
Senate Armed Services Committee
United States Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
United States Senate
Washington, DC 20510

Re: Section 815 of S. 4784, the National Defense Authorization Act for Fiscal Year 2027

Dear Chairman Wicker and Ranking Member Reed:

The undersigned organizations write to express our strong opposition to Section 815 of S. 4784, the FY27 National Defense Authorization Act (NDAA).[1]

Section 815 would establish an unprecedented prohibition on Department of War (DoW) contractors repurchasing their own publicly traded stock or paying dividends throughout the life of a contract, absent a waiver from the Secretary of War. The restriction applies broadly to contractors providing any goods or services to the DoW, regardless of the dollar value of the contract.

Further, this provision would prevent entire classes of organizations from doing business with DoW by effectively barring partnerships and other pass-through entities that work with DoW from compensating partners and owners. The prohibition on dividend payments could negatively affect employees participating in certain Employee Stock Ownership Plans (ESOPs) at publicly traded and privately held companies if those ESOPs rely on dividend payments to repay ESOP loans or provide cash distributions.

If adopted, Section 815 would harm millions of American retirees and other investors by restricting lawful returns of capital to shareholders, establish a troubling precedent for federal interference in corporate governance and capital allocation decisions, and discourage the private sector from participating in the defense industrial base at a time when Congress should be encouraging greater private-sector participation.

Section 815 Would Harm Main Street Investors and Discourage Investment

More than 76 million U.S. households participate in the stock market,[2] either directly or through retirement savings vehicles such as 401(k) plans, IRAs, and mutual funds. Dividends and

[1] See also joint trade letter opposing Amendment No. 634 to H.R. 8800.
[2] U.S. Households' Participation in Capital Markets (Based on Federal Reserve Data) https://www.sec.gov/data-research/statistics-data-visualizations/us-households-participation-capital-markets.

share repurchases are among the primary ways companies return capital to these investors, supporting long-term retirement growth and household financial security.[3]

Dividends represent the most direct and transparent form of capital return: cash paid immediately into shareholders' accounts which can be reinvested back into shares of the underlying stock. Unlike other forms of investment return, dividends require no market transaction—the benefit flows automatically to every shareholder, from large institutional funds to individual retirees invested in their 401(k) retirement accounts.

For millions of Americans, dividend income is a predictable and meaningful component of financial and retirement security. Prohibiting dividends, which are lawful distributions of a company's own earnings, as a condition of a government contract would directly reduce the cash income as well as stability of income streams for millions of investors.

Stock buybacks are simply another common way of providing a financial return to investors. Supporters of restrictions on buybacks argue that when companies elect to buy back their own stock, they are taking capital away from research & development, manufacturing, or other investments.[4] Such claims are demonstrably false. Companies generally repurchase shares only after funding investments in growth and innovation.

Capital returned to shareholders does not disappear from the economy—it is recycled throughout the financial system and redeployed into new businesses, infrastructure, technological innovation, housing, and other productive investments. Restricting capital distributions therefore does not create additional investment; it simply prevents capital from being allocated to its highest-value use.

A study by the U.S. Chamber of Commerce showed that retail investors saved up to **$4.2 billion** over a 17-year period due to share buybacks alone. Some of the newest investors in the market are the beneficiaries of Trump Accounts, a program that depends upon consistent returns in the stock market. Restrictions on the return of capital to shareholders could constrain investment returns and threaten the long-term success of this program.[5]

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[3] Eighty-one percent of S&P 500 companies distribute dividends to their shareholders, while 87% of those firms engage in share buybacks. *See* S&P Dow Jones Indices, Press Release: "S&P Dow Jones Indices Reports U.S. Common Indicated Dividend Payments Increase of $13.1 Billion in Q4 2025 and $46.4 Billion for 2025" (7 January 2026), *available at* https://www.spglobal.com/spdji/en/documents/index-news-and-announcements/20260107-spdji-dividends.pdf. S&P Global, Press Release: "S&P 500 Q3 2025 Buybacks Post Modest 6.2% Gain to $249.0 Billion After Declining 20.1% Amidst Uncertainty in Q2" (18 December 2025), *available at* https://www.spglobal.com/spdji/en/documents/index-news-and-announcements/20251218-sp-500-buyback-q3-2025.pdf.

[4] *See, e.g.,* March 10, 2026 Letter from Sens. Warren and Blumenthal and Reps. Deluzio and Garamendi.

[5] On July 1, 2026 the Treasury Department announced the investment lineup for Trump Accounts which consist of exchange-traded funds that track the performance of major stock indices including the S&P 500. https://home.treasury.gov/news/press-releases/sb0551

Section 815 could also undermine ongoing efforts to encourage more companies to access U.S. public markets. Companies considering an initial public offering should not have to weigh whether becoming publicly traded will subject them to federal restrictions on otherwise lawful corporate governance and capital allocation decisions.

Section 815 Would Set a Troubling Precedent

Fundamentally, Section 815 would permit the federal government to interfere with lawful corporate governance decisions that have traditionally been made by boards of directors pursuant to their fiduciary duties. The federal government has historically evaluated contractors based on their ability to perform—not based on whether Congress approves of lawful financial decisions unrelated to contract execution. By prohibiting dividends, share repurchases, and other capital distributions absent a government waiver, Section 815 would shift responsibility for ordinary capital allocation decisions from corporate leadership to Washington.

Section 815 would establish a troubling precedent for using federal procurement policy to influence lawful corporate governance and capital allocation decisions unrelated to contractor performance. Conditioning a contractor's ability to return capital to shareholders on government approval represents a significant departure from the longstanding principle that federal procurement should focus on a company's ability to perform its contractual obligations. Once procurement policy is used to influence lawful corporate conduct unrelated to contract performance, future Congresses or administrations could employ similar approaches to advance other policy objectives unrelated to national security or the efficient execution of federal contracts.

Section 815 Would Discourage Participation in the Defense Industrial Base

At a time when policymakers are working to strengthen the defense industrial base, attract commercial technology companies, and encourage greater private-sector investment in national security, Section 815 moves in precisely the opposite direction.

Congress and the DoW have spent years encouraging commercial firms, technology companies, and private investment to participate in the defense sector in order to expand innovation, competition, and industrial capacity. As strategic competition with China intensifies, policymakers should be removing barriers to participation—not creating new disincentives for publicly traded companies that possess the capital, expertise, and technologies needed to strengthen America's defense industrial base.

For these reasons, we urge the Senate to strike Section 815 and oppose future efforts to use federal procurement policy to control otherwise lawful corporate governance and capital

allocation.[6] We look forward to serving as a resource to members of Congress on these important issues.

Sincerely,

Advanced Medical Technology Association
Aerospace Industries Association
Airlines for America
American Bankers Association
American Car Rental Association
American Council of Engineering Companies
American Council for Capital Formation
American Financial Services Association
American Fuel & Petrochemical Manufacturers
American Hotel & Lodging Association
American Institute of CPAs
American Petroleum Institute
American Trucking Associations
American Property Casualty Insurance Association
Associated General Contractors of America
Association of Equipment Manufacturers
Association of Military Banks of America
Business Roundtable
Business Software Alliance
Center for Procurement Advocacy
Coalition for Common Sense in Government Procurement
CHRO Association
CTIA
Equity Markets Association
Industrial Fasteners Institute
Information Technology Industry Council
International Warehouse Logistics Association
Investment Company Institute
Nareit
National Association of Manufacturers

[6] The provisions in Sec. 815 would implicate entities contracting with the DoW whose goods or services have no connection to the manufacture or production of weapons and defense systems.

National Association of Wholesaler-Distributors
National Home Delivery Association
Professional Services Council
Reinsurance Association of America
Securities Industry and Financial Markets Association
Society for Corporate Governance
Surety & Fidelity Association of America
TechNet
Transportation Intermediaries Association
Truck Renting and Leasing Association
USTelecom
US Chamber of Commerce

Cc: The Honorable John Thune, Majority Leader, United States Senate
Cc: The Honorable Chuck Schumer, Minority Leader, United States Senate