

June 26, 2026

The Honorable Virginia Foxx  
Chairwoman  
House Committee on Rules  
Washington, DC 20515

The Honorable Jim McGovern  
Ranking Member  
House Committee on Rules  
Washington, DC 20515

**Re: Stock Buyback Prohibitions / Amendment No. 634 to H.R. 8800**

Dear Chairwoman Foxx and Ranking Member McGovern:

The undersigned organizations write to express our strong opposition to Amendment No. 634 offered to H.R. 8800, the National Defense Authorization Act for Fiscal Year 2027.

If adopted, Amendment No. 634 would significantly harm the retirement and investment savings of Americans, disincentivize public companies from entering into contracts with the government, and undermine the Trump Administration's objective of strengthening America's public markets and "Making IPOs Great Again."

The amendment would prohibit the Department of War (DoW) from contracting with certain companies unless the company agrees, as a condition of the contract, not to repurchase its own publicly traded stock for the life of that contract. To avoid the prohibition, contractors would have to apply for a waiver from the Secretary of War – an untested and subjective process that will likely compel many companies to decide to avoid buybacks altogether.

Prohibiting stock buybacks is based upon disproven theories that when companies elect to buy back their own stock, they are taking capital away from research & development (R&D), manufacturing, or other investments.<sup>1</sup>

Such claims are demonstrably false. Companies engage in buybacks with surplus capital *after* they have fulfilled commitments to R&D or other segments of their business. A decision to repurchase shares is also a sign of financial strength — an indication that a company has already met its investment obligations and is generating surplus capital. Before the Securities and Exchange Commission (SEC) created a means to facilitate share buybacks, considerable evidence showed that companies would sometimes use their surplus capital for projects or acquisitions that were not in their best interest.

The financial and retirement security of millions is tied to their investments in 401(k) plans, individual retirement accounts (IRAs), and other vehicles. Buybacks are a critical way that companies return capital to shareholders and deliver investment returns over a long period of time.

---

<sup>1</sup> See, e.g., March 10, 2026 Letter from Sens. Warren and Blumenthal and Reps. Deluzio and Garamendi

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 the growth and threaten the success of this program over time.

Furthermore, prohibiting buybacks could undermine the important work currently being done by the SEC to encourage more IPOs. Companies weighing a public offering may choose to remain private if they face the prospect of the federal government putting itself in charge of capital allocation decisions.

The amendment would create two classes of defense contractors: publicly traded firms that would be prohibited from returning profits to Main Street investors, and privately-owned contractors that can allocate profits without similar restrictions. A strong defense industrial base requires both public and private companies that have the ability to raise private capital, which itself requires the ability to return profits to investors, in both public and private markets.

More fundamentally, this amendment raises serious concerns about an unprecedented expansion of the federal government's role in restricting lawful corporate governance and capital allocation decisions made by businesses. Whether a company chooses to return capital to shareholders through dividends or share repurchases has long been recognized as a legitimate business judgment made by corporate boards acting pursuant to their fiduciary duties.

Prohibiting covered defense contractors from engaging in otherwise lawful dividends, share repurchases, and other capital distributions unless they obtain a waiver from the DoW establishes a troubling precedent in which Washington effectively dictates how businesses manage capital allocation decisions that have traditionally remained the responsibility of corporate leadership and shareholders.

Once Congress creates a framework that prohibits otherwise lawful capital distributions by government contractors absent federal approval, future administrations could readily expand that model to pursue entirely different policy objectives unrelated to national security or defense procurement. Congress should be cautious about establishing a mechanism that invites future political interference in routine business decisions well beyond the scope of this amendment.

The amendment would also impose new uncertainty, compliance burdens, and unnecessary bureaucracy at precisely the wrong time for the defense industrial base. Congress and the DoW have spent years working to attract more commercial firms, technology companies, venture capital, and private investment into the defense sector in order to accelerate innovation and strengthen national security capabilities.

Creating a framework that prohibits companies from engaging in ordinary capital allocation decisions unless they obtain a government waiver sends the opposite signal and risks discouraging precisely the type of innovative and non-traditional market participants policymakers are actively trying to attract.

We urge the Rules Committee to oppose this amendment and for Congress to reject any further attempts to prohibit public companies from making decisions that are in their best long-term interests. We stand ready to serve as a resource to all members of Congress on this critical issue.

Sincerely,

Advanced Medical Technology Association (AdvaMed)  
Aerospace Industries Association  
American Car Rental Association  
American Council for Capital Formation  
American Fuel and Petrochemical Manufacturers  
American Petroleum Institute  
American Trucking Associations  
Business Roundtable  
Business Software Alliance  
CHRO Association  
CTIA  
Information Technology Industry Council  
International Warehouse Logistics Association  
Nareit  
National Association of Manufacturers  
National Home Delivery Association  
Securities Industry and Financial Markets Association  
TechNet  
Truck Renting and Leasing Association  
U.S. Chamber of Commerce