The Honorable Roger Wicker
Chairman
Senate Armed Services Committee
425 Russell Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
728 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Rogers
Chairman
House Armed Services Committee
2469 Rayburn House Office Building
Washington, DC 20515

The Honorable Adam Smith
Ranking Member
House Armed Services Committee
2264 Rayburn House Office Building
Washington, DC 20515

September 3, 2026

Dear Chairmen Wicker and Rogers, and Ranking Members Reed and Smith,

During conference negotiations for the National Defense Authorization Act, we urge you to retain Section 815 of S. 4784, the Senate NDAA, which would require Pentagon contractors to secure a waiver from the Secretary of War, based on the development of a qualifying defense investment plan, prior to buying back their own stock or issuing shareholder dividends. Specifically, a qualifying defense investment plan is defined as "an expenditure by a contractor that is directly related to increasing the capacity or capability of its defense business segment."

Section 815 is based on bipartisan, bicameral legislation spearheaded by Sens. Josh Hawley (R-MO), Elizabeth Warren (D-MA), and Mike Lee (R-UT) in the Senate, and Rep. Tim Burchett (R-TN) in the House.[1] This commonsense provision is critical to reinforcing President Trump's executive order on stock buybacks and dividends, which seeks to limit Pentagon contractors' use of these financial tools until they adequately invest in expanding industrial capacity to meet our national security needs.[2] While the executive order was an important step, it is not sufficient to compel contractors to adequately invest in industrial capacity. Stock buybacks have largely paused since the executive order, but that has been a voluntary measure by an industry hoping to avoid substantive legal requirements, and shareholder dividends have continued.[3]

From 2021-2024, the top four U.S. Pentagon contractors, Lockheed Martin, RTX, General Dynamics, and Northrup Grumman, spent a combined $89 billion on stock buybacks and

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[1] Murphy, Gabe. "No More Handouts for Fat Cat Pentagon Contractors." The Daily Caller. August 4, 2026. https://dailycaller.com/2026/08/04/handouts-for-pentagon-contractors-congress-josh-hawley-mike-lee-tim-burchett-elizabeth-warren-national-security/
[2] "Executive Order 14372: Prioritizing the Warfighter in Defense Contracting." The White House. Jan. 7, 2026. http://whitehouse.gov/presidential-actions/2026/01/prioritizing-the-warfighter-in-defense-contracting/
[3] Albon, Courtney. "Defense Primes 'Committed to the Dividend' but Pledge More Production." Air & Space Forces Magazine. Jan. 29, 2026. https://www.airandspaceforces.com/defense-primes-dividend-production-investment/

dividends, $58 billion of which was effectively financed with taxpayer funds.[4] Yet during that time and since, taxpayers have been repeatedly asked to subsidize workforce development and industrial capacity expansion on behalf of the defense industry, investments that virtually every other industry considers a normal cost of doing business. Section 815 would protect taxpayers and strengthen national security by helping ensure that the defense industrial base is pulling its own weight.

The industry's central argument against this provision, that it would "discourage the private sector from participating in the defense industrial base," does not hold water. With annual Pentagon spending now topping $1 trillion annually, the notion that firms would stop seeking business with the Pentagon is simply not based in reality. Moreover, as long as contractors develop a plan to adequately invest in industrial capacity, investments that will ultimately strengthen their businesses, they will also be able to continue reaping the benefits associated with stock buybacks and shareholder dividends.

As Congress works to strengthen the defense industrial base and replenish munitions amid the ongoing war with Iran, it is essential that Congress ensure Pentagon contractors are doing their part to meet our nation's needs. We therefore urge you to retain Section 815 of the Senate NDAA as it is currently written to protect taxpayers and strengthen national security.

Sincerely,

Steve Ellis
President, Taxpayers for Common Sense

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[4] Semler, Stephen. "Taxpayers bankroll military contractors' buybacks and dividends." Polygraph. Nov. 3, 2025. https://www.stephensemler.com/p/taxpayers-bankroll-military-contractors