119TH CONGRESS 1st Session | HOUSE OF REPRESENTATIVES | REPT. 119–48 Part 1

TAIWAN CONFLICT DETERRENCE ACT OF 2025

MARCH 27, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services, submitted the following

REPORT

[To accompany H.R. 1716]

The Committee on Financial Services, to whom was referred the bill (H.R. 1716) to deter Chinese aggression towards Taiwan by requiring the Secretary of the Treasury to publish a report on financial institutions and accounts connected to senior officials of the People's Republic of China, to restrict financial services for certain immediate family of such officials, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

The amendment is as follows:

Strike all after the enacting clause and insert the following:

59–006

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taiwan Conflict Deterrence Act of 2025".

SEC. 2. REPORT ON FINANCIAL INSTITUTIONS AND ACCOUNTS CONNECTED TO CERTAIN CHINESE GOVERNMENT OFFICIALS.

(a) FINANCIAL INSTITUTIONS REPORT.—

(1) IN GENERAL.—Not later than 90 days after the date that the President, pursuant to section 3(c) of the Taiwan Relations Act (22 U.S.C. 3302(c)), informs the Congress of a threat resulting from actions of the People's Republic of China and any danger to the interests of the United States arising therefrom, and annually thereafter for 3 years, the Secretary of the Treasury shall submit a report to the appropriate Members of Congress containing the following:

(A) With respect to each of at least 10 natural persons described under subsection (b), at least 1 of whom is a natural person listed under paragraph (1) of such subsection (b) and at least 1 of whom is a natural person listed under paragraph (2) of such subsection (b), the estimated total funds that are held in financial institutions and are under direct or indirect control by such natural person and a description of such funds.

(B) A list of any financial institutions that—

(i) maintain an account in connection with significant funds described in subparagraph (A); or

(ii) otherwise provide significant financial services to a natural person covered by the report.

(2) BRIEFING REQUIRED.—Not later than 30 days after submitting a report described under paragraph (1), the Secretary of the Treasury, or a designee of the Secretary, shall provide to the appropriate Members of Congress an unclassified or classified briefing (as determined appropriate by the Secretary) on the funds covered by the report, including a description of how the funds were acquired, and any illicit or corrupt means employed to acquire or use the funds.

(3) EXEMPTIONS.—The requirements described under paragraph (1) may not be applied with respect to a natural person or a financial institution, as the case may be, if the President determines:

(A) The funds described under paragraph (1)(A) were primarily acquired through legal and noncorrupt means.

(B) The natural person has agreed to provide significant cooperation to the United States for an important national security purpose with respect to China.

(C) A financial institution has agreed to—

(i) no longer maintain an account described under paragraph (1)(B)(i);

(ii) no longer provide significant financial services to a natural person covered by the report; or

(iii) provide significant cooperation to the United States for an important national security purpose with respect to China.

(4) WAIVER.—The President may waive any requirement described under paragraph (1) with respect to a natural person or a financial institution upon reporting to the appropriate Members of Congress that—

(A) the waiver would substantially promote the objective of ending the threat described under paragraph (1);

(B) the threat described under paragraph (1) is no longer present; or

(C) the waiver is essential to the national security interests of the United States.

(b) NATURAL PERSONS DESCRIBED.—The natural persons described in this subsection are persons who, at the time of a report, are the following:

(1) A member of the Politburo Standing Committee of the Chinese Communist Party.

(2) A member of the Politburo of the Chinese Communist Party that is not described under paragraph (1).

(3) A member of the Central Committee of the Chinese Communist Party that—

(A) is none of the foregoing; and

(B) performs any official duty that directly or indirectly affects Taiwan.

(c) FORM OF REPORTS; PUBLIC AVAILABILITY.—

(1) FORM OF REPORTS.—The reports required under paragraphs (1) and (4) of subsection (a) shall be submitted in unclassified form but may contain a classified annex.

(2) PUBLIC AVAILABILITY.—The Secretary of the Treasury shall make the unclassified portion of the report required under subsection (a)(1) available to the public on the website and social media accounts of the Department of the Treasury—

(A) in English, Chinese, and any other language that the Secretary finds appropriate; and

(B) in precompressed, easily downloadable versions that are made available in all appropriate formats.

SEC. 3. PROHIBITION ON FINANCIAL SERVICES FOR CERTAIN IMMEDIATE FAMILY.

(a) IN GENERAL.—The Secretary of the Treasury shall prohibit a United States financial institution, and any person owned or controlled by a United States financial institution, from engaging in a significant transaction with—

(1) a natural person covered by a report made under section 2(a); and

(2) the immediate family of a person described under paragraph (1), if the Secretary finds that such immediate family benefits from funds described in the report.

(b) EXCEPTIONS.—

(1) EXCEPTION FOR INTELLIGENCE, LAW ENFORCEMENT, AND NATIONAL SECURITY ACTIVITIES.—Subsection (a) shall not apply with respect to any intelligence, law enforcement, or national security activity of the United States.

(2) WAIVER.—The President may waive the application of subsection (a) with respect to a person upon reporting to the appropriate Members of Congress that—

(A) the waiver would substantially promote the objective of ending the threat described under section 2(a)(1);

(B) the threat described under section 2(a)(1) is no longer present; or

(C) the waiver is essential to the national security interests of the United States.

(3) FORM OF REPORTS.—The reports required under paragraph (2) shall be submitted in unclassified form but may contain a classified annex.

(4) RULE OF CONSTRUCTION.—

(A) IN GENERAL.—Nothing in this section shall be construed as authorizing or requiring any sanction with respect to the importation of any good.

(B) GOOD DEFINED.—In this paragraph, the term "good" means any article, natural or manmade substance, material, supply or manufactured product, including inspection and test equipment, and excluding technical data.

(c) IMPLEMENTATION; PENALTIES.—

(1) IMPLEMENTATION.—The President may exercise all authorities provided to the President under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section. Not later than 60 days after issuing a license pursuant to this section, the President shall submit a copy of the license to the appropriate Members of Congress.

(2) PENALTIES.—A person that violates, attempts to violate, conspires to violate, or causes a violation of this section or any regulation, license, or order issued to carry out this section shall be subject to the penalties set forth in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) to the same extent as a person that commits an unlawful act described in subsection (a) of that section 206.

(d) TERMINATION.—This section shall have no force or effect on the earlier of—

(1) the date that is 30 days after the date that the President reports to the appropriate Members of Congress that the threat described under section 2(a)(1) is no longer present; or

(2) the date that is 25 years after the date that the Secretary of the Treasury submits the final report required under section 2(a)(1).

SEC. 4. DEFINITIONS.

For purposes of this Act:

(1) APPROPRIATE MEMBERS OF CONGRESS.—The term "appropriate Members of Congress" means the Speaker and minority leader of the House of Representatives, the majority leader and minority leader of the Senate, the Chairman and Ranking Member of the Committee on Financial Services of the House of Representatives, and the Chairman and Ranking Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) FINANCIAL INSTITUTION.—The term "financial institution" means a United States financial institution or a foreign financial institution.

(3) FOREIGN FINANCIAL INSTITUTION.—The term "foreign financial institution" has the meaning given that term in section 561.308 of title 31, Code of Federal Regulations.

(4) FUNDS.—The term "funds" has the meaning given to such term by the Secretary of the Treasury.

(5) IMMEDIATE FAMILY.—The term "immediate family" of any natural person means the following (whether by the full or half blood or by adoption):

(A) Such person's spouse, father, mother, children, brothers, sisters, and grandchildren.

(B) The father, mother, brothers, and sisters of such person's spouse.

(C) The spouse of a child, brother, or sister of such person.

(6) UNITED STATES FINANCIAL INSTITUTION.—The term "United States financial institution" has the meaning given the term "U.S. financial institution" under section 561.309 of title 31, Code of Federal Regulations.

PURPOSE AND SUMMARY

Introduced on February 27, 2025, by Representative Lisa McClain, H.R. 1716, the *Taiwan Conflict Deterrence Act of 2025*, directs the Secretary of the Department of the Treasury, after delivery of a congressional notification pursuant to the *Taiwan Relations Act*, to submit to Congress a report estimating the illicit funds of senior Chinese government officials and identifying the financial institutions providing them with services. The bill would direct the Secretary to make the report public with a Chinese translation. In addition, the Secretary would be required to prohibit financial institutions from providing services to Chinese officials named in the report, as well as their immediate family members.

BACKGROUND AND NEED FOR LEGISLATION

Under the *Taiwan Relations Act*, the President is directed to promptly inform Congress of "any threat to the security or the social or economic system of the people of Taiwan and any danger to the interests of the United States arising therefrom." China's belligerence toward Taiwan has been on the rise. For example, in 2022, there were 1,737 aircraft of the People's Liberation Army tracked in violation of Taiwan's Air Defense Identification Zone, more than the previous three years combined. Taiwanese officials have also noted frequent Chinese surveillance balloon missions over the island. William Burns, former Director of the Central Intelligence Agency, has testified to Congress that Chinese Communist Party Chairman Xi Jinping has ordered the military to be prepared for an invasion of Taiwan by 2027. Representative McClain's legislation seeks to deter China from hostilities by setting forth clear consequences for senior officials in the event of an attack.

COMMITTEE CONSIDERATION

118TH CONGRESS

On January 26, 2023, Representative French Hill (R–AR) introduced H.R. 554, the *Taiwan Conflict Deterrence Act of 2023*, with Representative Brad Sherman (D–CA) is an original cosponsor. Representatives Michael Lawler (R–NY), Susie Lee (D–NV), Patrick Ryan (D–NY), Chris Pappas (D–NH), Young Kim (R–CA), Monica De La Cruz (R–TX), and Ann Wagner (R–MO) were subsequently added as cosponsors.

The Committee considered H.R. 554 on February 7, 2023, in a hearing titled "Combatting the Economic Threat from China". On February 28, 2023, the Committee ordered H.R. 554 (as amended) reported favorably to the House by a recorded vote of 41 yeas to 0 nays, a quorum being present. (Record Vote No. FC–14). Before the question to report was called, the Committee adopted an amendment in the nature of a substitute offered by Mr. Hill by voice vote. H. Rept. 118–292 accompanying the bill was filed on December 1, 2023. H.R. 554 was passed by the House on September 9, 2024, under suspension of the rules by voice vote. On September 10, 2024, H.R. 554 was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

119TH CONGRESS

On February 27, 2025, Representative Lisa McClain (R–MI) introduced H.R. 1716, the *Taiwan Conflict Deterrence Act of 2025*, with Representative Brad Sherman (D–CA) as an original cosponsor.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing was used to develop H.R. 1716.

The Full Committee held a hearing on February 25, 2025, entitled "Examining Policies to Counter China." A discussion draft version of the bill was considered in this hearing. The following witnesses testified: John Miller, Senior Vice President of Policy, Trust, Data, and Technology, and General Counsel, Information Technology Industry Council; Nicholas McMurray, Managing Director of International and Nuclear Policy, ClearPath; John Cassara, retired United States Treasury Department Special Agent; Martin Muhleisen, Nonresident Senior Fellow at the GAO Economic Center at the Atlantic Council; and Dr. Rush Doshi, C.V. Starr Senior Fellow for Asian Studies, and Director of the China Strategy Initiative at the Council on Foreign Relations, and an assistant professor at Georgetown University. Consequences for senior Chinese officials in the event China moves against Taiwan were discussed in this hearing.

The Committee on Financial Services met in open session on March 5, 2025 to consider, among others, H.R. 1716.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

On March 5, 2025, the Committee ordered H.R. 1716, as amended, to be reported favorably to the House by a recorded vote of 48 yeas to 0 nays, a quorum being present. (Record Vote No. FC–013).

Before the question to report was called, the Committee adopted an amendment in the nature of a substitute offered by Mrs. McClain making technical changes by a recorded vote of 48 yeas to 0 nays, a quorum being present. (Record Vote No. FC–012).

Committee on Financial Services

Markup 1
March 5, 2025

Bill **H.R. 1716**
Motion **On adoption of the amendment**
Amendment **ANS to H.R. 1716**

Record Vote No.
FC-012

Disposition **Adopted (48-0)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Members Waters	X		
Mr. Lucas	X			Ms. Velázquez			X
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks			X
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)			X
Mr. Emmer	X			Mr. Cleaver	X		
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose			X	Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley			X
Mrs. Kim	X			Ms. Tlaib	X		
Mr. Donalds	X			Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)	X		
Mr. Fitzgerald	X			Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen			X
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles	X			Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	29	0	1		19	0	5

Committee Totals:

Yeas	Nays	Not Voting
48	0	6

Committee on Financial Services

Markup 1
March 5, 2025

Bill **H.R. 1716**
Motion **To report favorably**
Amendment **H.R. 1716 (as amended)**

Record Vote No.
FC-013

Disposition **Adopted (48-0)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Members Waters	X		
Mr. Lucas	X			Ms. Velázquez			X
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks			X
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)			X
Mr. Emmer	X			Mr. Cleaver	X		
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose			X	Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley			X
Mrs. Kim	X			Ms. Tlaib	X		
Mr. Donalds	X			Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)	X		
Mr. Fitzgerald	X			Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen			X
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles	X			Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	29	**0**	**1**		**19**	**0**	**5**

	Yeas	Nays	Not Voting
Committee Totals:	48	0	6

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 1716 is to deter Chinese aggression toward Taiwan by requiring the Secretary of the Treasury to publish a report on financial institutions and accounts connected to senior officials of the People's Republic of China, to restrict financial services for certain immediate family of such officials.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 1716.

The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII of the House of Representatives, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Committee will adopt the estimate once it has been prepared by the Director.

EARMARK STATEMENT

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of H.R. 1716 and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

The following is a section-by-section analysis of H.R. 1716, the *Taiwan Conflict Deterrence Act of 2025*:

Section 1. Short title

Section provides that the short title is "Taiwan Conflict Deterrence Act of 2025".

Section. 2. Report on financial institutions and accounts connected to certain Chinese government officials

Under this section, the Secretary of the Department of the Treasury, after delivery of a congressional notification pursuant to the *Taiwan Relations Act*, would submit to Congress a report identifying the financial institutions providing services to senior Chinese government officials. The bill would direct the Secretary to make the report public with a Chinese translation.

Section 3. Prohibition on financial services for certain immediate family

Under this section, the Secretary would be authorized to prohibit financial institutions from providing services to Chinese officials named in the report, as well as their immediate family members.

Section 4. Definitions

This section codifies terms for (i) Appropriate Members of Congress, (ii) Financial Institution, (iii) Foreign Financial Institution, (iv) Funds, (v) Immediate Family, and (vi) United States Financial Institution.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 1716 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report required under clause 3(e) of rule XIII of the House of Representatives.

COMMITTEE LETTERS

BRIAN J. MAST, FLORIDA
CHAIRMAN

JAMES LANGENDERFER
STAFF DIRECTOR

GREGORY W. MEEKS, NEW YORK
RANKING MEMBER

SAJIT GANDHI
DEMOCRATIC STAFF DIRECTOR

One Hundred Nineteenth Congress

U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515

March 24th, 2025

The Honorable French Hill
Chairman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Hill:

I write regarding H.R. 1716, the "Taiwan Conflict Deterrence Act of 2025," which contains legislative provisions within the jurisdiction of the Committee on Foreign Affairs.

In the interest of permitting your committee to proceed expeditiously to floor consideration, the Committee on Foreign Affairs will forgo formal consideration of the legislation. I do so with the understanding that the Committee on Foreign Affairs does not waive any future jurisdictional claim over the subject matters contained in the bill that fall within its jurisdiction. I also request that you urge the Speaker to name members of the Committee on Foreign Affairs to any conference committee that is named to consider such provisions.

Please place this letter into the committee report on H.R. 1716 and into the *Congressional Record* during consideration of this legislation on the House floor.

Sincerely,

Brian J. Mast
Chairman

FRENCH HILL, AR
CHAIRMAN

MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 26, 2025

The Honorable Brian Mast
Chairman
Committee on Foreign Affairs
U.S. House of Representatives
2170 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Mast:

Thank you for consulting with the Committee on Financial Services and agreeing to be discharged from further consideration of H.R. 1716, the "Taiwan Conflict Deterrence Act of 2025," so that the measure may proceed expeditiously to the House floor.

I agree that your forgoing further action on this measure does not in any way diminish or alter the jurisdiction of your committee or prejudice its jurisdictional prerogatives on this measure or similar legislation in the future. I would support your effort to seek appointment of any appropriate number of conferees from your committee to any House-Senate conference of this legislation.

I will submit the exchange of letters to be published in the Congressional Record. I appreciate your cooperation regarding this legislation and look forward to continuing to work together on matters of shared jurisdiction during this Congress.

Sincerely,

French Hill

French Hill
Chairman

cc: The Honorable Mike Johnson, Speaker of the House
The Honorable Jason Smith, Parliamentarian, U.S. House of Representatives
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable Gregory Meeks, Ranking Member, Committee on Foreign Affairs