

shall provide that bid and proposal costs shall be allowable as indirect expenses on covered contracts, as defined in section 3741 of this title, to the extent that those costs are allocable, reasonable, and not otherwise unallowable by law or under the Federal Acquisition Regulation.

(c) GOAL FOR REIMBURSABLE BID AND PROPOSAL COSTS.—The Secretary shall establish a goal each fiscal year limiting the amount of reimbursable bid and proposal costs paid by the Department of Defense to an amount equal to not more than one percent of the total aggregate industry sales to the Department of Defense. To achieve such goal, the Secretary may not limit the payment of allowable bid and proposal costs for the covered year.

(d) PANEL.—(1) If the Department of Defense exceeds the goal established under subsection (c) for a fiscal year, within 180 days after exceeding the goal, the Secretary shall establish an advisory panel. The panel shall be supported by the Defense Acquisition University and the National Defense University, including administrative support.

(2) The panel shall be composed of nine individuals who are recognized experts in acquisition and procurement policy appointed by the Secretary. In making such appointments, the Secretary shall ensure that the members of the panel reflect diverse experiences in the public and private sector.

(3) The panel shall review laws, regulations, and practices that contribute to the expenses incurred by contractors for bids and proposals in the fiscal year concerned and recommend changes to such laws, regulations, and practices that may reduce expenses incurred by contractors for bids and proposals.

(4)(A) Not later than six months after the establishment of the panel, the panel shall submit to the Secretary and the congressional defense committees an interim report on the findings of the panel.

(B) Not later than one year after the establishment of the panel, the panel shall submit to the Secretary and the congressional defense committees a final report on the findings of the panel.

(5) The panel shall terminate on the day the panel submits the final report under paragraph (4)(B).

(6) The Secretary of Defense may use amounts available in the Department of Defense Acquisition Workforce Development Fund established under section 1705 of this title to support the activities of the panel established under this subsection.

(e) EFFECTIVE DATE.—The regulations prescribed under subsection (a) shall apply to indirect costs incurred on or after October 1, 2017.

(Added Pub. L. 114-328, div. A, title VIII, § 824(b)(1), Dec. 23, 2016, 130 Stat. 2278, § 2372a; renumbered § 3763 and amended Pub. L. 116-283, div. A, title XVIII, § 1832(j)(2), (4), Jan. 1, 2021, 134 Stat. 4225.)

**Editorial Notes**

AMENDMENTS

2021—Pub. L. 116-283, § 1832(j)(2), renumbered section 2372a of this title as this section.

Subsec. (b). Pub. L. 116-283, § 1832(j)(4), substituted “section 3741” for “section 2324(l)”.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as a note preceding section 3001 of this title.

**CHAPTER 275—PROPRIETARY CONTRACTOR DATA AND RIGHTS IN TECHNICAL DATA**

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**Editorial Notes**

PRIOR PROVISIONS

A prior chapter 275 “PROPRIETARY CONTRACTOR DATA AND TECHNICAL DATA”, as added by Pub. L. 115-232, div. A, title VIII, § 801(a), Aug. 13, 2018, 132 Stat. 1828, and consisting of reserved section 3771, was repealed by Pub. L. 116-283, div. A, title XVIII, § 1833(a)(1), Jan. 1, 2021, 134 Stat. 4225.

**SUBCHAPTER I—RIGHTS IN TECHNICAL DATA**

Sec.	
3771.	Rights in technical data: regulations.
3772.	Rights in technical data: provisions required in contracts.
3773.	Domestic business concerns: programs for replenishment parts.
3774.	Major weapon systems and subsystems: long-term technical data needs.
3775.	Definitions.

**§ 3771. Rights in technical data: regulations**

(a) REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Secretary of Defense shall prescribe regulations to define the legitimate interest of the United States and of a contractor or subcontractor in technical data pertaining to an item or process. Such regulations shall be included in regulations of the Department of Defense prescribed as part of the Federal Acquisition Regulation.

(2) OTHER RIGHTS NOT IMPAIRED.—Regulations prescribed under paragraph (1) may not impair—

(A) any right of the United States or of any contractor or subcontractor with respect to patents or copyrights or any other right in technical data otherwise established by law; or

(B) the right of a contractor or subcontractor to receive from a third party a fee or royalty for the use of technical data pertaining to an item or process developed exclusively at private expense by the contractor or subcontractor, except as otherwise specifically provided by law.

(b) REQUIRED PROVISIONS.—Regulations prescribed under subsection (a) shall include the following provisions:

(1) DEVELOPMENT EXCLUSIVELY WITH FEDERAL FUNDS.—In the case of an item or process that