

115TH CONGRESS
1ST SESSION

H. R. 1186

To amend the Small Business Act and the Small Business Investment Act of 1958 to increase the percentage of loans guaranteed for small business concerns that are manufacturers.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 2017

Mr. RYAN of Ohio (for himself, Ms. KAPTUR, Mr. POCAN, and Ms. SLAUGHTER) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Small Business Act and the Small Business Investment Act of 1958 to increase the percentage of loans guaranteed for small business concerns that are manufacturers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Investing in America’s
5 Small Manufacturers Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) In 2015, manufacturers contributed over
4 \$2,000,000,000,000 to the United States economy
5 and accounted for over 12 percent of United States
6 gross domestic product.

7 (2) Manufacturing is one of the most important
8 sectors of the United States economy with respect to
9 employment. In 2013, the manufacturing sector sup-
10 ported over 17,000,000 indirect jobs in the United
11 States, in addition to the 12,000,000 individuals
12 who were directly employed in manufacturing. Com-
13 bined, these indirect and direct manufacturing jobs
14 represented more than 20 percent of United States
15 employment in 2013—more than any other sector.

16 (3) While the United States has added over
17 14,000,000 non-farm jobs since 2010, manufac-
18 turing job growth has lagged and added only ap-
19 proximately 900,000 jobs. Post-recession job recov-
20 ery averages since the 1940s indicate that another
21 1,200,000 manufacturing jobs should have been cre-
22 ated during this period.

23 (4) Small manufacturers are the backbone of
24 the United States manufacturing industry, account-
25 ing for nearly half of all manufacturing jobs in the
26 United States. Ensuring that small manufacturers

1 have adequate access to capital is critical to creating
2 manufacturing jobs and the growth of the United
3 States economy.

4 (5) The 2015 Federal Reserve Small Business
5 Credit Survey indicates that of the 52 percent of
6 manufacturers that applied for financing during the
7 survey period, 65 percent did so to expand their
8 business or to pursue a new business opportunity.
9 The survey also indicates that 42 percent of manu-
10 facturers received less financing than they requested,
11 the primary result of which was delayed expansion
12 of their business.

13 (6) The loan guarantee programs of the Small
14 Business Administration under section 7(a) of the
15 Small Business Act (15 U.S.C. 636(a)) and title V
16 of the Small Business Investment Act of 1958 (15
17 U.S.C. 695 et seq.) encourage lenders to provide
18 loans to creditworthy small businesses that would
19 not otherwise obtain financing on reasonable terms
20 and conditions and can serve as an excellent mecha-
21 nism by which to increase the availability of afford-
22 able credit to small manufacturers in the United
23 States.

1 **SEC. 3. SMALL MANUFACTURERS.**

2 (a) LOAN GUARANTEE PERCENTAGE.—Section
3 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2))
4 is amended—

5 (1) in subparagraph (A), in the matter pre-
6 ceding clause (i), by striking “and (E)” and insert-
7 ing “(E), and (F)”; and

8 (2) by adding at the end the following:

9 “(F) PARTICIPATION FOR MANUFACTUR-
10 ERS.—

11 “(i) IN GENERAL.—In an agreement
12 to participate in a loan on a deferred basis
13 under this subsection for a small business
14 concern assigned to a North American In-
15 dustry Classification System code for man-
16 ufacturing or that is designated by the Ad-
17 ministrator under clause (ii), the participa-
18 tion by the Administration shall be 90 per-
19 cent.

20 “(ii) ADDITION OF ADVANCED MANU-
21 FACTURING SECTORS.—After submitting
22 notice to the Committee on Small Business
23 and Entrepreneurship of the Senate and
24 the Committee on Small Business of the
25 House of Representatives, the Adminis-
26 trator may designate a North American

1 Industry Classification System code for
2 purposes of clause (i) if the Administrator
3 determines the code—

4 “(I) is not a manufacturing code
5 under the North American Industry
6 Classification System; and

7 “(II) corresponds to a sector in
8 which manufacturing is a considerable
9 component of the operations of a
10 small business concern, as determined
11 by the Administrator, including ad-
12 vanced manufacturing.”.

13 (b) GUARANTEE FEE REDUCTION.—Section 7(a)(18)
14 of the Small Business Act (15 U.S.C. 636(a)(18)) is
15 amended—

16 (1) in subparagraph (A), by striking “With re-
17 spect” and inserting “Except as provided in sub-
18 paragraph (C), with respect”; and

19 (2) by adding at the end the following:

20 “(C) MANUFACTURERS.—

21 “(i) IN GENERAL.—Subject to clause
22 (ii), with respect to a loan guaranteed
23 under this subsection for a small business
24 concern described in paragraph (2)(F)(i)—

1 “(I) the Administration may not
2 collect a guarantee fee under this
3 paragraph for a loan of not more than
4 \$350,000; and

5 “(II) for a loan of more than
6 \$350,000, the Administration shall
7 collect a guarantee fee under this
8 paragraph equal to 50 percent of the
9 guarantee fee that the Administration
10 would otherwise collect for the loan.

11 “(ii) EXCEPTION.—The requirements
12 of clause (i) shall not apply to loans made
13 during a fiscal year if—

14 “(I) the budget of the President
15 for that fiscal year, submitted to Con-
16 gress under section 1105(a) of title
17 31, United States Code, includes a
18 cost for the program established
19 under this subsection that is above
20 zero; and

21 “(II) the Administrator submits
22 to Congress—

23 “(aa) notice regarding the
24 determination of cost described
25 in subclause (I); and

1 “(bb) a detailed discussion
2 indicating why not implementing
3 clause (i) will cause the cost of
4 the program established under
5 this subsection to be not more
6 than zero.”.

7 (c) ASSISTANCE THROUGH SBA PROGRAMS.—The
8 Small Business Act (15 U.S.C. 631 et seq.) is amended—
9 (1) in section 7(a) (15 U.S.C. 636(a)), by add-
10 ing at the end the following:

11 “(35) ASSISTANCE FOR SMALL MANUFACTUR-
12 ERS.—The Administrator shall ensure that each dis-
13 trict office of the Administration provides training to
14 small business concerns described in paragraph
15 (2)(F)(i) in obtaining assistance under this sub-
16 section, including with respect to the application
17 process and partnering with participating lenders
18 under this subsection.”;

19 (2) in section 8 (15 U.S.C. 637), by striking
20 subsection (c) and inserting the following:

21 “(c) ASSISTANCE FOR SMALL MANUFACTURERS IN
22 SCORE PROGRAM.—

23 “(1) DEFINITION.—In this subsection, the term
24 ‘SCORE program’ means the Service Corps of Re-

tired Executives authorized under subsection (b)(1)(B).

“(2) VOLUNTEERS.—Under the SCORE program, the Administrator shall recruit volunteers to assist small business concerns described in section 7(a)(2)(F)(i) in obtaining assistance under section 7(a) and title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), including with respect to the application process and partnering with participating lenders under that section.”;

(3) in section 21(c)(3) (15 U.S.C. 648(c)(3))—

(A) in subparagraph (S), by striking “and” at the end;

(B) in subparagraph (T), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(U) providing training to small business concerns described in section 7(a)(2)(F)(i) in obtaining assistance under section 7(a) and title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), including with respect to the application process and partnering with participating lenders under that section.”;

(4) in section 29(b) (15 U.S.C. 656(b))—

1 (A) in paragraph (2), by striking “and” at
2 the end;

3 (B) in paragraph (3), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(4) training to small business concerns owned
7 and controlled by women that are small business
8 concerns described in section 7(a)(2)(F)(i) in obtain-
9 ing assistance under section 7(a) and title V of the
10 Small Business Investment Act of 1958 (15 U.S.C.
11 695 et seq.), including with respect to the applica-
12 tion process and partnering with participating lend-
13 ers under that section.”; and

14 (5) in section 32 (15 U.S.C. 657b), by adding
15 at the end the following:

16 “(g) ASSISTANCE FOR SMALL MANUFACTURERS.—
17 The Associate Administrator shall ensure that Veterans
18 Business Outreach Centers assist small business concerns
19 described in section 7(a)(2)(F)(i) in obtaining assistance
20 under section 7(a) and title V of the Small Business In-
21 vestment Act of 1958 (15 U.S.C. 695 et seq.), including
22 with respect to the application process and partnering with
23 participating lenders under that section.”.

24 (d) PARTNERING WITH NIST.—The Small Business
25 Administration and its resource partners may establish

1 partnerships with the Hollings Manufacturing Extension
 2 Partnership Program of the National Institute of Stand-
 3 ards and Technology and its affiliated centers to facilitate
 4 outreach to small manufacturers in providing training and
 5 guidance with respect to the application process for loans
 6 guaranteed by the Administration.

7 **SEC. 4. DEVELOPMENT COMPANY DEBENTURES.**

8 (a) AMOUNT OF GUARANTEED DEBENTURE.—Sec-
 9 tion 503(a) of the Small Business Investment Act of 1958
 10 (15 U.S.C. 697(a)) is amended by adding at the end the
 11 following:

12 “(5)(A) Any debenture issued by a State or local de-
 13 velopment company to a small manufacturer (as defined
 14 in section 501(e)(6)) with respect to which a guarantee
 15 is made under this subsection shall be in an amount equal
 16 to not more than 50 percent of the cost of the project
 17 with respect to which such debenture is issued.

18 “(B) Subparagraph (A) shall not apply to debentures
 19 issued during a fiscal year if—

20 “(i) the cost to the Federal Government of
 21 making guarantees under this section is above zero;
 22 and

23 “(ii) the Administrator submits to Congress—
 24 “(I) notice regarding the determination of
 25 cost described in clause (i); and

1 “(II) a detailed discussion indicating why
 2 not implementing subparagraph (A) will cause
 3 the cost to the Federal Government of making
 4 guarantees under this section to be not more
 5 than zero.”.

6 (b) **STARTUP SMALL MANUFACTURERS.**—Section
 7 502(3)(C)(i) of the Small Business Investment Act of
 8 1958 (15 U.S.C. 696(3)(C)(i)) is amended by inserting
 9 “is not a small manufacturer (as defined in section
 10 501(e)(6)) and” after “small business concern”.

11 **SEC. 5. FEDERAL LOAN GUARANTEES FOR INNOVATIVE**
 12 **TECHNOLOGIES IN MANUFACTURING.**

13 (a) **TRANSFER OF EXISTING PROGRAM.**—The Ste-
 14 venson-Wydler Technology Innovation Act of 1980 (15
 15 U.S.C. 3701 et seq.) is amended—

16 (1) by striking section 26 (15 U.S.C. 3721);
 17 and

18 (2) by redesignating sections 27 and 28 (15
 19 U.S.C. 3722 and 3723) as sections 26 and 27, re-
 20 spectively.

21 (b) **AUTHORITY OF SBA.**—

22 (1) **DEFINITIONS.**—In this subsection—

23 (A) the term “Administrator” means the
 24 Administrator of the Small Business Adminis-
 25 tration;

1 (B) the term “business loan programs of
2 the Administration” means the programs under
3 section 7(a) of the Small Business Act (15
4 U.S.C. 636(a)) and title V of the Small Busi-
5 ness Investment Act of 1958 (15 U.S.C. 695 et
6 seq.); and

7 (C) the term “small manufacturer” means
8 a business concern described in section
9 7(a)(2)(F)(i) of the Small Business Act, as
10 amended by this Act.

11 (2) AUTHORIZATION.—To the extent the Ad-
12 ministrator determines that the assistance available
13 to small manufacturers under section 26 of the Ste-
14 venson-Wydler Technology Innovation Act of 1980
15 (15 U.S.C. 3721), as in effect on the day before the
16 date of enactment of this Act, is not available under
17 the business loan programs of the Administration,
18 the Administrator shall ensure that the business
19 loan programs of the Administration provide ade-
20 quate support for innovative technologies in manu-
21 facturing.

22 (3) REPORTING.—The Administrator shall sub-
23 mit to the Committee on Small Business and Entre-
24 preneurship of the Senate and the Committee on
25 Small Business of the House of Representatives a

1 report regarding any determination or activity of the
2 Administrator under paragraph (2).

3 (c) SAVINGS CLAUSE.—Any loan guarantee issued
4 under section 26 of the Stevenson-Wydler Technology In-
5 novation Act of 1980 (15 U.S.C. 3721), as in effect on
6 the day before the date of enactment of this Act, shall
7 remain in full force and effect under the terms, and for
8 the duration, of the loan guarantee agreement.

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