

108TH CONGRESS
1ST SESSION

S. 1886

To amend the Small Business Act and the Small Business Act of 1958 to establish the National Office for the Development of Small Manufacturers, to increase the level of assistance available for small manufacturers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18, 2003

Mr. DASCHLE (for Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act and the Small Business Act of 1958 to establish the National Office for the Development of Small Manufacturers, to increase the level of assistance available for small manufacturers, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Manufacturing Assistance, Development, and Education
6 in America Act” or the “MADE in America Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.
 Sec. 2. Definition of small manufacturer.

TITLE I—NATIONAL OFFICE FOR THE DEVELOPMENT OF SMALL
 MANUFACTURERS

Sec. 101. Establishment of office.

TITLE II—INVESTING IN THE FUTURE OF MANUFACTURING

Sec. 201. Increased access to capital.
 Sec. 202. Loans and investments in small manufacturers.

TITLE III—EXPORT ASSISTANCE FOR SMALL MANUFACTURERS

Sec. 301. Small Business Foreign Patent Protection Grant Pilot Program.

3 **SEC. 2. DEFINITION OF SMALL MANUFACTURER.**

4 (a) SMALL BUSINESS ACT.—Section 3(j) of the Small
 5 Business Act (15 U.S.C. 632(j)) is amended by striking
 6 “For the purposes of section 7(b)(2) of this Act, the term”
 7 and inserting “As used in this Act—

8 “(1) the term ‘small manufacturer’ means a
 9 small business concern (as defined in subsection
 10 (a))—

11 “(A) whose primary business is classified
 12 in sector 31, 32, or 33 of the North American
 13 Industrial Classification System; and

14 “(B) whose production facilities are all lo-
 15 cated in the United States; and

16 “(2) the term”.

1 (b) SMALL BUSINESS INVESTMENT ACT OF 1958.—
2 Section 103 of the Small Business Investment Act of 1958
3 (15 U.S.C. 662) is amended—

4 (1) in paragraph (16), by striking “and” at the
5 end;

6 (2) in paragraph (17), by striking the period at
7 the end and inserting “; and”; and

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

9 “(18) the term ‘small manufacturer’ means a
10 small business concern (as defined in section 3(a) of
11 the Small Business Act)—

12 “(A) whose primary business is classified
13 in sector 31, 32, or 33 of the North American
14 Industrial Classification System; and

15 “(B) whose production facilities are all lo-
16 cated in the United States.”.

17 **TITLE I—NATIONAL OFFICE FOR**
18 **THE DEVELOPMENT OF**
19 **SMALL MANUFACTURERS**

20 **SEC. 101. ESTABLISHMENT OF OFFICE.**

21 (a) IN GENERAL.—The Small Business Act (15
22 U.S.C. 631 et seq.) is amended—

23 (1) by redesignating section 36 as section 37;
24 and

25 (2) by inserting after section 35 the following:

1 **“SEC. 36. NATIONAL OFFICE FOR DEVELOPMENT OF SMALL**
2 **MANUFACTURERS.**

3 “(a) ESTABLISHMENT.—There is established in the
4 Administration the National Office for the Development
5 of Small Manufacturers (referred to in this section as the
6 ‘Office’) to cultivate and develop small manufacturers
7 through a variety of means.

8 “(b) ASSOCIATE ADMINISTRATOR FOR SMALL MANU-
9 FACTURING.—

10 “(1) APPOINTMENT.—The Office shall be ad-
11 ministered by the Associate Administrator for Small
12 Manufacturing (referred to in this section as the
13 ‘Associate Administrator’), who shall be appointed
14 under section 4(b)(1).

15 “(2) RESPONSIBILITIES.—In administering the
16 Office, the Associate Administrator, who shall be an
17 appointee in the Senior Executive Service, shall—

18 “(A) oversee and coordinate the formula-
19 tion, execution, and promotion of policies and
20 programs of the Administration that provide as-
21 sistance to small manufacturers, including the
22 creation of the Manufacturing Corps;

23 “(B) direct Federal agencies and depart-
24 ments to provide information regarding their
25 manufacturing resources and programs, and to

1 take appropriate action to enhance assistance to
2 small manufacturers;

3 “(C) coordinate the activities, and delivery
4 of such activities, of Federal agencies and de-
5 partments relating to manufacturing;

6 “(D) coordinate the activities of Federal
7 agencies with manufacturing activities of the
8 States; and

9 “(E) consult with and report to the Ad-
10 ministrator regarding the fulfillment of respon-
11 sibilities under this subsection.

12 “(c) MANUFACTURING CORPS.—

13 “(1) ESTABLISHMENT.—The Administrator
14 shall establish a program within the Office to be
15 known as the Manufacturing Corps to focus on the
16 education and training of the existing and potential
17 workforce of small manufacturers.

18 “(2) ADMINISTRATION.—The Manufacturing
19 Corps shall be administered by the Associate Admin-
20 istrator.

21 “(3) RESPONSIBILITIES.—The Manufacturing
22 Corps shall address the pressing need for more
23 skilled workers by promoting vocational, technical,
24 and academic education relating to the manufac-
25 turing sector.

1 “(4) CURRICULUM DEVELOPMENT.—

2 “(A) OUTREACH.—The Associate Adminis-
3 trator shall regularly seek input from small
4 manufacturers regarding the human capital
5 needs of the manufacturing industry.

6 “(B) COOPERATION.—The input received
7 under subparagraph (A) shall be used to de-
8 velop, and annually update, a detailed manufac-
9 turing training curriculum for each State
10 through the cooperative effort of small manu-
11 facturers and educational institutions.

12 “(d) MANUFACTURING TRAINING BLOCK GRANTS.—

13 “(1) GRANTS AUTHORIZED.—The Adminis-
14 trator, in consultation with the Associate Adminis-
15 trator, shall award block grants to States, which
16 shall allocate grant funds to individuals and eligible
17 entities to develop and implement manufacturing
18 training programs.

19 “(2) FUNDING FORMULA.—

20 “(A) IN GENERAL.—Subject to subpara-
21 graph (C), the amount of a formula grant re-
22 ceived by a State under this subsection shall be
23 equal to an amount determined in accordance
24 with the following formula:

1 “(i) The annual amount made avail-
2 able under subsection (i) for the Manufac-
3 turer Corps Program shall be divided on a
4 pro rata basis, based on the percentage of
5 the population of each State, as compared
6 to the population of the United States.

7 “(ii) If the pro rata amount calculated
8 under clause (i) for any State is less than
9 the minimum funding level under subpara-
10 graph (C), the Administration shall deter-
11 mine the aggregate amount necessary to
12 achieve that minimum funding level for
13 each such State.

14 “(iii) The aggregate amount cal-
15 culated under clause (ii) shall be deducted
16 from the amount calculated under clause
17 (i) for States eligible to receive more than
18 the minimum funding level. The deductions
19 shall be made on a pro rata basis, based
20 on the population of each such State, as
21 compared to the total population of all
22 such States.

23 “(iv) The aggregate amount deducted
24 under clause (iii) shall be added to the
25 grants of those States that are not eligible

1 to receive more than the minimum funding
2 level in order to achieve the minimum
3 funding level for each such State, except
4 that the eligible amount of a grant to any
5 State shall not be reduced to an amount
6 below the minimum funding level.

7 “(B) GRANT DETERMINATION.—The
8 amount of a grant that a State is eligible to
9 apply for under this subsection shall be the
10 amount determined under subparagraph (A),
11 subject to any modifications required under
12 subparagraph (C), and shall be based on the
13 amount available for the fiscal year in which
14 performance of the grant commences, but not
15 including amounts distributed in accordance
16 with subparagraph (D). The amount of a grant
17 received by a State under any provision of this
18 subparagraph shall not exceed the amount of
19 matching funds from sources other than the
20 Federal Government, as required under para-
21 graph (7).

22 “(C) MINIMUM FUNDING LEVEL.—Each
23 State shall receive a block grant under this sub-
24 section in an amount not less than—

1 “(i) \$200,000 for any fiscal year in
2 which the total amount appropriated for
3 grants under this subsection is not more
4 than \$25,000,000;

5 “(ii) \$300,000 for any fiscal year in
6 which the total amount appropriated for
7 grants under this subsection is more than
8 \$25,000,000, but not more than
9 \$50,000,000;

10 “(iii) \$400,000 for any fiscal year in
11 which the total amount appropriated for
12 grants under this subsection is more than
13 \$50,000,000, but not more than
14 \$75,000,000; and

15 “(iv) \$500,000 for any fiscal year in
16 which the total amount appropriated for
17 grants under this subsection is more than
18 \$75,000,000.

19 “(D) DISTRIBUTIONS.—Subject to sub-
20 paragraph (C), if any State does not apply for,
21 or use, its full funding eligibility for a fiscal
22 year, the Administration shall distribute the re-
23 maining funds as supplemental grants to any
24 State, as the Administration determines, in its
25 discretion, to be appropriate.

1 “(3) ELIGIBLE ENTITIES.—Secondary, voca-
2 tional, and postsecondary schools that receive public
3 funding, manufacturing extension partnerships,
4 small business development centers, women’s busi-
5 ness centers, and similar nonprofit organizations
6 shall be eligible to receive grant funds from States
7 under this subsection.

8 “(4) USE OF FUNDS.—

9 “(A) IN GENERAL.—Grants awarded under
10 this section may only be used to develop and
11 implement vocational, technical, or academic
12 training programs to educate and enhance the
13 skills of—

14 “(i) individuals working in the field of
15 manufacturing; and

16 “(ii) students who are interested in
17 working in the field of manufacturing.

18 “(B) SECONDARY SCHOOLS.—Secondary
19 schools may use funds received under this sub-
20 section to develop and conduct vocational and
21 technology training to high school students to
22 prepare students who are not planning to at-
23 tend college immediately after graduation for
24 employment in the field of manufacturing.
25 Schools are encouraged to partner with small

1 manufacturers to address their skilled worker
2 needs and to provide employment opportunities
3 for students after graduation.

4 “(C) CONTINUING EDUCATION.—Manufac-
5 turing extension partnerships, small business
6 development centers, women’s business centers,
7 and similar nonprofit organizations may use
8 funds received under this subsection to assist
9 existing manufacturing workers to improve
10 their skills and advance their technical abilities.

11 “(5) STUDENT LOAN REPAYMENT PROGRAM.—

12 “(A) IN GENERAL.—States may use grant
13 funds received under this subsection to encour-
14 age recent college graduates to work for a small
15 manufacturer by repaying a portion of their
16 student loans during the period of such employ-
17 ment.

18 “(B) MAXIMUM AMOUNTS.—A State may
19 make payments of not more than \$300 per
20 month toward the student loan principal and in-
21 terest of any college graduate who has com-
22 mitted to work for a small manufacturer for a
23 4-year period beginning not sooner than the
24 date on which the graduate submits an applica-
25 tion under paragraph (6)(B). Aggregate pay-

1 ments to any individual under this paragraph
2 may not exceed \$25,000.

3 “(C) RENEWAL.—After the initial 4-year
4 term established under subparagraph (B) has
5 been completed, the State may annually renew
6 its commitment under subparagraph (B) for
7 successive 1-year periods if the college graduate
8 commits to continue working for the small man-
9 ufacturer.

10 “(D) MAXIMUM COMPENSATION.—Individ-
11 uals whose gross annual compensation (includ-
12 ing bonuses) from the small manufacturer is
13 greater than \$60,000 are ineligible to partici-
14 pate in the student loan repayment program
15 authorized by this paragraph.

16 “(6) APPLICATION.—

17 “(A) INSTITUTIONAL APPLICANTS.—Any
18 eligible entity desiring funding under this sub-
19 section shall submit a proposal to the appro-
20 priate representative of the State in which it is
21 located.

22 “(B) INDIVIDUAL APPLICANTS.—Any col-
23 lege graduate desiring to participate in the stu-
24 dent loan repayment program authorized under
25 paragraph (5) shall submit an application to

1 the appropriate representative of the State in
2 which the graduate resides in such form as such
3 representative may reasonably require.

4 “(C) CRITERIA.—States may determine
5 which applicants receive funding under this
6 subsection based upon specific needs and avail-
7 able resources.

8 “(7) MATCHING REQUIREMENT.—

9 “(A) YEARS 1 AND 2.—During each of the
10 first and second years of the grant program es-
11 tablished under this subsection, each State re-
12 ceiving a block grant under this subsection shall
13 provide \$1 in non-Federal funding for each \$3
14 received in Federal funding under this section.

15 “(B) YEARS 3 AND 4.—During each of the
16 third and fourth years of the grant program es-
17 tablished under this subsection, each State re-
18 ceiving a block grant under this subsection shall
19 provide \$1 in non-Federal funding for each \$2
20 received in Federal funding under this section.

21 “(C) YEARS 5 THROUGH 10.—During each
22 of the fifth through tenth years of the grant
23 program established under this subsection, each
24 State receiving a block grant under this sub-
25 section shall provide \$1 in non-Federal funding

1 for each \$1 received in Federal funding under
2 this section.

3 “(8) STATE REPORTING REQUIREMENT.—Each
4 State receiving a grant under this subsection shall
5 provide sufficient information to the Administration
6 about the distribution of grant funds to complete the
7 report required under subsection (e).

8 “(9) DEFINED TERM.—As used in this sub-
9 section, the term ‘State’ has the meaning given the
10 term in section 34(a).

11 “(e) BUSINESSLINC MANUFACTURING.—

12 “(1) IN GENERAL.—In accordance with this
13 subsection, the Administrator may make grants to
14 and enter into cooperative agreements with any coa-
15 lition of private entities, public entities, or any com-
16 bination of private and public entities—

17 “(A) to expand business-to-business rela-
18 tionships between large and small manufactur-
19 ers; and

20 “(B) to provide large and small manufac-
21 turers, directly or indirectly, with online infor-
22 mation and a database of companies that are
23 interested in mentor-protege programs or com-
24 munity-based, statewide, or local business devel-
25 opment programs.

1 “(2) MATCHING REQUIREMENT.—Subject to
2 subparagraph (B), the Administrator may make a
3 grant to a coalition under paragraph (1) only if the
4 coalition provides for activities described in para-
5 graph (1)(A) or (1)(B) an amount, either in kind or
6 in cash, equal to the grant amount.

7 “(3) AUTHORIZATION OF APPROPRIATIONS.—
8 There are authorized to be appropriated to carry out
9 this subsection \$2,000,000 for each of the fiscal
10 years 2004 through 2008, which shall remain avail-
11 able until expended.

12 “(f) WEBSITE FOR SMALL MANUFACTURERS.—The
13 Associate Administrator shall establish a website that con-
14 tains information for small manufacturers regarding—

15 “(1) entrepreneurial development assistance;

16 “(2) access to capital;

17 “(3) specific outreach programs;

18 “(4) contracting opportunities; and

19 “(5) research and development projects.

20 “(g) MENTOR-PROTEGE PROGRAM.—The Associate
21 Administrator shall establish a mentor-protege program
22 that pairs small manufacturers with larger, more experi-
23 enced manufacturers to provide guidance regarding—

24 “(1) management practices;

25 “(2) domestic and foreign marketing;

1 “(3) efficiency improvements; and

2 “(4) product development.

3 “(h) REPORT.—

4 “(1) IN GENERAL.—The Administrator, in con-
5 sultation with the Associate Administrator, shall
6 submit an annual report on the implementation of
7 this section to the Committee on Small Business and
8 Entrepreneurship of the Senate and the Committee
9 on Small Business of the House of Representatives.

10 “(2) CONTENTS.—Each report submitted under
11 paragraph (1) shall include, for the reporting pe-
12 riod—

13 “(A) the number of persons assisted under
14 this section, categorized by type of assistance
15 received;

16 “(B) the number of persons described
17 under subparagraph (A) who had previously re-
18 ceived assistance under this section;

19 “(C) the number of persons described in
20 subparagraph (A) who are working in the man-
21 ufacturing sector;

22 “(D) the number and amount of grants
23 awarded under this section, categorized by type
24 of recipient;

1 “(E) the number of small manufacturers
2 receiving grant funds under this section; and

3 “(F) the net increase in manufacturing
4 jobs available at the small manufacturers de-
5 scribed in subparagraph (E).

6 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated \$275,000,000 for each
8 of the fiscal years 2005 through 2014 to carry out sub-
9 sections (c) and (d).”.

10 (b) CONFORMING AMENDMENTS.—Section 4(b)(1) of
11 the Small Business Act (15 U.S.C. 633(b)(1)) is amend-
12 ed—

13 (1) by striking “five Associate Administrators”
14 and inserting “6 Associate Administrators”; and

15 (2) by adding at the end the following: “One of
16 the Associate Administrators shall be the Associate
17 Administrator for Small Manufacturing, who shall
18 administer the National Office for the Development
19 of Small Manufacturers established under section
20 36.”.

21 **TITLE II—INVESTING IN THE**
22 **FUTURE OF MANUFACTURING**

23 **SEC. 201. INCREASED ACCESS TO CAPITAL.**

24 (a) WORKING CAPITAL LOANS.—Section 7(a) of the
25 Small Business Act (15 U.S.C. 636(a)) is amended—

1 (1) in paragraph (3)—

2 (A) by inserting “TOTAL AMOUNT OF
3 LOANS.—” before “No loan”;

4 (B) by amending subparagraph (A) to read
5 as follows:

6 “(A) if the total amount outstanding and
7 committed (by participation or otherwise) to the
8 borrower under section 7(a) would exceed
9 \$1,000,000 (or if the gross loan amount would
10 exceed \$2,000,000), except as provided in sub-
11 paragraphs (B) and (D) and paragraph (14),
12 plus an amount not to exceed the maximum
13 amount of a development company financing
14 under title V of the Small Business Investment
15 Act of 1958 (15 U.S.C. 695 et seq.), and the
16 Administration shall report to Congress in its
17 annual budget request and performance plan on
18 the number of small business concerns that
19 have financings under this subsection and
20 under title V of the Small Business Investment
21 Act of 1958, and the total amount and general
22 performance of such financings;”;

23 (C) in subparagraph (B)—

24 (i) by striking “\$1,250,000” and in-
25 serting “\$1,300,000”; and

1 (ii) by striking “and” at the end;

2 (D) in subparagraph (C), by striking the
3 period at the end and inserting “; and”; and

4 (E) by adding at the end the following:

5 “(D) to a small manufacturer if the total
6 amount outstanding and committed to the bor-
7 rower from the business loan and investment
8 fund established by this Act would exceed
9 \$2,000,000 (or if the gross loan amount would
10 exceed \$4,000,000).”; and

11 (2) in paragraph (14), by adding at the end the
12 following:

13 “(D) The total amount of financings under this
14 paragraph that are outstanding and committed (by
15 participation or otherwise) to the borrower from the
16 business loan and investment fund established under
17 this Act may not exceed \$1,300,000 and the gross
18 loan amount under this paragraph may not exceed
19 \$2,600,000.”.

20 (b) DISASTER LOANS.—Section 7(b)(3) of the Small
21 Business Act (15 U.S.C. 636(b)) is amended by inserting
22 after subparagraph (F) the following:

23 “(G) LIMITATION ON SALES OF LOANS.—The
24 Administration may not sell a loan under this sub-
25 section as part of an asset sale.

1 “(H) SMALL MANUFACTURERS.—

2 “(i) MAXIMUM LOAN AMOUNT.—Notwith-
3 standing subparagraph (E), the Administration
4 may make a disaster loan to a small manufac-
5 turer under this paragraph, either directly or in
6 cooperation with banks or other lending institu-
7 tions through agreements to participate on an
8 immediate or deferred basis, in an amount
9 greater than \$1,500,000, if the total amount
10 outstanding and committed to the borrower
11 does not exceed \$5,000,000.

12 “(ii) REFINANCING DISASTER LOANS.—
13 Any loan made to a small manufacturer under
14 this subparagraph that was outstanding on the
15 date of the disaster may be refinanced by a
16 small manufacturer that is also eligible to re-
17 ceive a loan under this subsection. The refi-
18 nanced amount shall be considered to be part of
19 the new loan for purposes of this subsection
20 and shall be in addition to any other loan eligi-
21 bility for that small manufacturer under this
22 Act and the Small Business Investment Act of
23 1958. With respect to a refinancing under this
24 clause, payments of principal shall be deferred,

1 and interest shall not accrue during the 6-
2 month period following the date of refinancing.

3 “(iii) REFINANCING BUSINESS DEBT.—

4 “(I) IN GENERAL.—Any business debt
5 of a small manufacturer that was out-
6 standing on the date of the disaster may
7 be refinanced by the small manufacturer if
8 it is also eligible to receive a loan under
9 this subsection. With respect to a refi-
10 nancing under this clause, payments of
11 principal shall be deferred, and interest
12 shall not accrue during the 6-month period
13 following the date of refinancing.

14 “(II) RESUMPTION OF PAYMENTS.—

15 At the end of the 6-month period described
16 in subclause (I), the payment of periodic
17 installments of principal and interest shall
18 be required with respect to such loan, in
19 the same manner and subject to the same
20 terms and conditions as would otherwise be
21 applicable to any other loan made under
22 this subsection.

23 “(iv) AUTHORITY TO INCREASE OR WAIVE
24 SIZE STANDARDS AND SIZE REGULATIONS.—

1 “(I) IN GENERAL.—At the discretion
 2 of the Administrator, the Administrator
 3 may increase or waive otherwise applicable
 4 size standards or size regulations with re-
 5 spect to businesses applying for disaster
 6 loans under this subparagraph.

7 “(II) EXEMPTION FROM ADMINISTRA-
 8 TIVE PROCEDURES.—The provisions of
 9 subchapter II of chapter 5, of title 5,
 10 United States Code, shall not apply to any
 11 increase or waiver by the Administrator
 12 under subelause (I).”.

13 (c) MICROLOANS.—Section 7(m) of the Small Busi-
 14 ness Act (15 U.S.C. 636(m)) is amended—

15 (1) in paragraph (1)—

16 (A) in subparagraph (A)—

17 (i) in clause (iii), by striking “and” at
 18 the end;

19 (ii) in clause (iv), by striking the pe-
 20 riod at the end and inserting “; and”; and

21 (iii) by adding at the end the fol-
 22 lowing:

23 “(v) to assist small manufacturers.”; and

1 (B) in subparagraph (B)(iii), by inserting
 2 “(or \$50,000 if the borrower is a small manu-
 3 facturer)” after “\$35,000”; and

4 (2) in paragraph (3)(E)—

5 (A) by striking “In no case shall an inter-
 6 mediary” and inserting “An intermediary may
 7 not”; and

8 (B) by inserting before the period at the
 9 end the following: “, unless the borrower is a
 10 small manufacturer. An intermediary may not
 11 make a loan to a small manufacturer under this
 12 section of more than \$50,000, or have out-
 13 standing or committed to any small manufac-
 14 turer more than \$50,000”.

15 **SEC. 202. LOANS AND INVESTMENTS IN SMALL MANUFAC-**
 16 **TURERS.**

17 (a) **MANUFACTURING LOANS.—**

18 (1) **JOB CREATION OR RETENTION STAND-**
 19 **ARDS.—**Section 501 of the Small Business Invest-
 20 ment Act of 1958 (15 U.S.C. 695) is amended—

21 (A) in subsection (d)(2), by inserting “in-
 22 creasing the productive capacity of small manu-
 23 facturers,” after “area”; and

24 (B) by striking the undesignated para-
 25 graph at the end and inserting the following:

1 “(e) JOB CREATION OR RETENTION.—A project
2 being funded by the debenture is deemed to satisfy the
3 job creation or retention requirement under subsection
4 (d)(1) if the project creates or retains—

5 “(1) 1 job opportunity for every \$50,000 guar-
6 anteed by the Administration; or

7 “(2) in the case of a manufacturing project, 1
8 job opportunity for every \$100,000 guaranteed by
9 the Administration.”.

10 (2) MAXIMUM AMOUNT.—Section 502(2) of the
11 Small Business Investment Act of 1958 (15 U.S.C.
12 696(2)) is amended to read as follows:

13 “(2) MAXIMUM AMOUNT.—Loans made by the
14 Administration under this section shall be limited
15 to—

16 “(A) \$1,000,000 for each small business
17 concern if the loan proceeds will not be directed
18 toward a goal or project described in subpara-
19 graph (B) or (C);

20 “(B) \$1,300,000 for each small business
21 concern if the loan proceeds will be directed to-
22 ward 1 or more of the public policy goals de-
23 scribed under section 501(d)(3); and

1 “(C) \$4,000,000 for each small business
2 concern if the loan proceeds will be directed to-
3 ward manufacturing projects.”.

4 (3) RULE OF CONSTRUCTION.—Section 502 of
5 the Small Business Investment Act of 1958 (15
6 U.S.C. 696) is amended by adding at the end the
7 following:

8 “(7) RULE OF CONSTRUCTION.—A loan under
9 this section shall not be construed to be limited by
10 any loan guaranteed by the Administration under
11 subsection (a) or (b) of section 7 of the Small Busi-
12 ness Act (15 U.S.C. 636(a) and (b)).”.

13 (b) SMALL BUSINESS INVESTMENT COMPANIES.—
14 Section 303(b)(4) of the Small Business Investment Act
15 of 1958 (15 U.S.C. 683(b)(4)) is amended—

16 (1) in subparagraph (A), by striking “(as deter-
17 mined by the Administrator)” and all that follows
18 and inserting “may not exceed \$115,000,000.”; and

19 (2) by amending subparagraph (B) to read as
20 follows:

21 “(B) EXCEPTIONS.—

22 “(i) MAJORITY OF FINANCINGS IN
23 SMALL MANUFACTURERS.—If the licensee
24 certifies in writing that not less than 50
25 percent of the aggregate dollar amount of

1 its financings are to small manufactur-
2 ers—

3 “(I) the maximum amount of
4 outstanding leverage issued to any 1
5 company shall be \$150,000,000; and

6 “(II) the maximum amount of
7 outstanding leverage issued to compa-
8 nies that are under common control
9 shall be \$185,000,000.

10 “(ii) COMPANIES UNDER COMMON
11 CONTROL.—The Administrator may, on a
12 case-by-case basis—

13 “(I) approve an amount of lever-
14 age that exceeds the amount described
15 in clause (i) and subparagraph (A) for
16 companies under common control; and

17 “(II) impose such additional
18 terms and conditions as the Adminis-
19 trator determines to be appropriate to
20 minimize the risk of loss to the Ad-
21 ministration in the event of default.”.

22 (c) NEW MARKET VENTURE CAPITAL PROGRAM.—

23 (1) PURPOSES.—Section 352 of the Small Busi-
24 ness Investment Act (15 U.S.C. 689a) is amended—

1 (A) in paragraph (1), by inserting “and
2 small manufacturers” after “enterprises”; and

3 (B) in paragraph (2), by inserting “and
4 small manufacturers” after “enterprises”.

5 (2) MAXIMUM GUARANTEE FOR SMALL MANU-
6 FACTURERS.—Section 355(d)(1) of the Small Busi-
7 ness Investment Act (15 U.S.C. 689d(d)(1)) is
8 amended—

9 (A) by striking “does not exceed 150 per-
10 cent” and inserting “does not exceed—

11 “(A) 150 percent”; and

12 (B) by striking the period at the end and
13 inserting “; and

14 “(B) 200 percent of the private capital of
15 the company, if the New Markets Venture Cap-
16 ital company certifies in writing that not less
17 than 50 percent of its investments are in small
18 manufacturers.”.

19 (d) AUTHORIZATION OF ADDITIONAL APPROPRIA-
20 TIONS.—Section 368 of the Small Business Investment
21 Act of 1958 (15 U.S.C. 689q) is amended—

22 (1) by redesignating subsection (b) as sub-
23 section (c); and

24 (2) by inserting after subsection (a) the fol-
25 lowing:

1 “(b) AUTHORIZATION OF ADDITIONAL APPROPRIA-
 2 TIONS.—In addition to the authorizations under sub-
 3 section (a), there are authorized to be appropriated for
 4 each of fiscal years 2005 and 2006, to remain available
 5 until expended, the following sums:

6 “(1) Such subsidy budget authority as may be
 7 necessary to guarantee \$75,000,000 of debentures
 8 under this part.

9 “(2) \$15,000,000 to make grants under this
 10 part.”.

11 **TITLE III—EXPORT ASSISTANCE**
 12 **FOR SMALL MANUFACTURERS**

13 **SEC. 301. SMALL BUSINESS FOREIGN PATENT PROTECTION**
 14 **GRANT PILOT PROGRAM.**

15 Section 9 of the Small Business Act (15 U.S.C. 638)
 16 is amended by adding at the end the following:

17 “(x) SMALL BUSINESS FOREIGN PATENT PROTEC-
 18 TION GRANT PILOT PROGRAM.—

19 “(1) GRANTS AUTHORIZED.—The Adminis-
 20 trator shall make grants from the Fund established
 21 under paragraph (5) for the purpose of assisting
 22 small business concerns in seeking foreign patent
 23 protection in accordance with this subsection.

24 “(2) NUMBER AND AMOUNT OF GRANTS.—

1 “(A) MAXIMUM AMOUNT.—The amount of
2 a grant made to any small business concern
3 under this subsection may not exceed \$25,000,
4 and no awardee may receive more than 1 grant
5 under this subsection.

6 “(B) RESERVED AMOUNTS.—

7 “(i) IN GENERAL.—Not less than $\frac{1}{2}$
8 of all amounts awarded under this section
9 shall be reserved for recipients of awards
10 under the Small Business Innovation Re-
11 search Program or the Small Business
12 Technology Transfer Program.

13 “(ii) EXCEPTION.—Any amount re-
14 served for grants under clause (i) for any
15 fiscal year that has not been obligated by
16 July 1st of such fiscal year, may be used
17 for grants under this subsection to any
18 small business concern.

19 “(3) GRANT PURPOSES.—Grant amounts
20 awarded under this subsection shall be used by
21 grantees to underwrite costs associated with initial
22 foreign patent applications for technologies or prod-
23 ucts developed by small business concerns, and for
24 which an application for United States patent pro-
25 tection has already been filed.

1 “(4) CONSIDERATIONS.—In awarding grants
2 under this subsection, the Director of the Office of
3 Technology shall consider—

4 “(A) the size and financial need of the ap-
5 plicant;

6 “(B) the potential foreign market for the
7 technology;

8 “(C) the timeframes for filing foreign pat-
9 ent applications; and

10 “(D) such other factors as the Adminis-
11 trator deems relevant.

12 “(5) ESTABLISHMENT OF REVOLVING FUND.—
13 There is established in the Treasury of the United
14 States a revolving fund, which shall be—

15 “(A) known as the ‘Small Business For-
16 eign Patent Protection Grant Fund’ (referred
17 to in this subsection as the ‘Fund’);

18 “(B) administered by the Office of Tech-
19 nology of the Administration, in consultation
20 with the National Office for Development of
21 Small Manufacturers; and

22 “(C) used solely to fund grants under this
23 subsection and to pay the costs to the Adminis-
24 tration of administering those grants.

25 “(6) ROYALTY FEES.—

1 “(A) IN GENERAL.—Each recipient of a
2 grant under this subsection shall pay a fee to
3 the Administration, to be deposited into the
4 Fund, based on the export sales receipts or li-
5 censing fees, if any, from the product or tech-
6 nology that is the subject of the foreign patent
7 petition.

8 “(B) ANNUAL INSTALLMENTS BASED ON
9 RECEIPTS.—The fee required under subpara-
10 graph (A)—

11 “(i) shall be paid to the Administra-
12 tion in annual installments, based on the
13 export sales receipts or licensing fees de-
14 scribed in subparagraph (A) that are col-
15 lected by the grant recipient in that cal-
16 endar year;

17 “(ii) shall not be required to be paid
18 in any calendar year in which no export
19 sales receipts or licensing fees described in
20 subparagraph (A) are collected by the
21 grant recipient; and

22 “(iii) shall not exceed, in total, the
23 lesser of—

1 “(I) 5 percent of the total export
2 sales receipts and licensing fees re-
3 ferred to in subparagraph (A); or

4 “(II) 4 times the amount of the
5 grant received.

6 “(7) ADMINISTRATIVE PROVISIONS.—Not later
7 than 180 days after the date of enactment of this
8 subsection, the Administrator shall—

9 “(A) issue such regulations as are nec-
10 essary to carry out this subsection; and

11 “(B) establish appropriate application and
12 other administrative procedures, as the Admin-
13 istrator deems necessary.

14 “(8) REPORT.—The Administrator shall, not
15 later than January 31, 2008, submit a report to
16 Congress on the grants authorized by this sub-
17 section, which report shall include, categorized by
18 year and total—

19 “(A) the number of grant recipients under
20 this subsection since the date of enactment of
21 this subsection;

22 “(B) the number and amount of sales or li-
23 censing fees of such grant recipients that have
24 made foreign sales (or granted licenses to make

1 foreign sales) and a brief description of each
2 technology or product;

3 “(C) the number of technologies or prod-
4 ucts developed under the Small Business Inno-
5 vation Research Program or the Small Business
6 Technology Transfer Program, and the
7 amounts of such sales (or licenses);

8 “(D) the total amount of fees paid into the
9 Fund by recipients of grants under this sub-
10 section in accordance with paragraph (6);

11 “(E) recommendations for any adjustment
12 in the percentages specified in paragraph
13 (6)(B)(iii)(I) or the amount specified in para-
14 graph (6)(B)(iii)(II) necessary to reduce to zero
15 the cost to the Administration of making grants
16 under this subsection;

17 “(F) any recommendations regarding the
18 grant amount; and

19 “(G) any recommendations of the Adminis-
20 trator regarding improvements to the programs,
21 whether authorization for grants under this
22 subsection should be extended, and any nec-
23 essary legislation related to such an extension.

24 “(9) STAFFING.—The Administrator shall en-
25 sure that there are sufficient staff in the Office of

1 Technology, including not fewer than 2 full-time em-
2 ployees, to carry out the grant program established
3 under this subsection.

4 “(10) AUTHORIZATION OF APPROPRIATIONS.—
5 There are authorized to be appropriated to the
6 Fund, to remain available until expended—

7 “(A) \$2,500,000 for fiscal year 2005;

8 “(B) \$5,000,000 for fiscal year 2006;

9 “(C) \$7,500,000 for fiscal year 2007; and

10 “(D) \$10,000,000 for each of fiscal years
11 2008 and 2009.”.

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