

113TH CONGRESS
1ST SESSION

H. R. 615

To amend the Internal Revenue Code of 1986 to provide market-based manufacturing incentives, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 2013

Mr. HONDA (for himself, Mr. CICILLINE, Mr. CONYERS, Mr. GRIJALVA, and Mr. MICHAUD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide market-based manufacturing incentives, 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.**

4 This Act may be cited as the “Market Based Manu-
5 facturing Incentives Act of 2013”.

6 **SEC. 2. CREDIT FOR RETAIL PURCHASE OF CERTAIN DO-**
7 **MESTIC PRODUCTS.**

8 (a) IN GENERAL.—Subpart B of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 30E. DOMESTIC MANUFACTURING CONSUMER CRED-**
4 **IT.**

5 “(a) ALLOWANCE OF CREDIT.—There shall be al-
6 lowed as a credit against the tax imposed by this chapter
7 for any taxable year an amount equal to the applicable
8 percentage of the aggregate amount paid or incurred by
9 the taxpayer for specified products during any portion
10 such taxable year which is part of the eligible period.

11 “(b) APPLICABLE PERCENTAGE; ELIGIBLE PE-
12 RIOD.—For purposes of this section—

13 “(1) APPLICABLE PERCENTAGE.—The term
14 ‘applicable percentage’ means, with respect to any
15 specified product, the percentage (not less than 5
16 percent nor more than 20 percent) determined by
17 the Commission under subsection (e)(4) with respect
18 to such product.

19 “(2) ELIGIBLE PERIOD.—The term ‘eligible pe-
20 riod’ means, with respect to any specified product,
21 the period (not less than 5 years nor more than 10
22 years) determined by the Commission under sub-
23 section (e)(5) with respect to such product.

24 “(3) SEPARATE APPLICATION TO EACH SPECI-
25 FIED PRODUCT.—Subsection (a) shall be applied

1 separately with respect to each of the specified prod-
2 ucts designated under subsection (e).

3 “(c) SPECIFIED PRODUCT.—For purposes of this sec-
4 tion—

5 “(1) IN GENERAL.—The term ‘specified prod-
6 uct’ means any designated domestic product—

7 “(A) the original use of which commences
8 with the taxpayer, and

9 “(B) which is acquired by the taxpayer for
10 use or lease, but not for resale.

11 “(2) DESIGNATED DOMESTIC PRODUCT.—The
12 term ‘designated domestic product’ means any des-
13 ignated product which has been certified by the Sec-
14 retary as—

15 “(A) having been assembled in the United
16 States, and

17 “(B) consisting at least 60 percent of com-
18 ponents assembled or otherwise arising in the
19 United States.

20 “(3) DESIGNATED PRODUCT.—The term ‘des-
21 ignated product’ means the 10 products designated
22 by the Secretary, in consultation with the Commis-
23 sion, under subsection (e).

24 “(d) APPLICATION WITH OTHER CREDITS.—

1 “(1) BUSINESS CREDIT TREATED AS PART OF
2 GENERAL BUSINESS CREDIT.—So much of the credit
3 which would be allowed under subsection (a) for any
4 taxable year (determined without regard to this sub-
5 section) that is attributable to property used by the
6 taxpayer in the conduct of a trade or business shall
7 be treated as a credit listed in section 38(b) for such
8 taxable year (and not allowed under subsection (a)).

9 “(2) PERSONAL CREDIT.—For purposes of this
10 title, the credit allowed under subsection (a) for any
11 taxable year (determined after application of para-
12 graph (1)) shall be treated as a credit allowable
13 under subpart A for such taxable year.

14 “(e) SELECTION OF DESIGNATED PRODUCTS.—

15 “(1) IN GENERAL.—The Secretary, in consulta-
16 tion with the Commission, shall designate 10 prod-
17 ucts for purposes of this section.

18 “(2) ELIGIBLE PRODUCTS.—A product shall
19 not be eligible for designation under this section un-
20 less—

21 “(A) such product represents a techno-
22 logical innovation, and

23 “(B) the designation of such product has
24 the potential to produce substantial long-term
25 job opportunities in the United States.

1 “(3) CRITERIA FOR DESIGNATION.—In making
2 designations of products under this subsection, the
3 Secretary shall take into consideration—

4 “(A) the number of jobs in the United
5 States that the Secretary estimates will result
6 (directly and indirectly) from the designation of
7 such product, and

8 “(B) the speed with which such jobs are
9 likely to be created.

10 “(4) DETERMINATION OF CREDIT PERCENT-
11 AGE.—The Secretary, in consultation with the Com-
12 mission, shall determine the applicable percentage
13 which applies for purposes of subsection (a) with re-
14 spect to each product designated under this sub-
15 section. Such percentage shall not be less than 5
16 percent and shall not be more than 20 percent. Such
17 percentage shall be determined on the basis of the
18 incentive needed with respect to each such product
19 taking into account the market factors with respect
20 to such product.

21 “(5) DETERMINATION OF PERIOD DURING
22 WHICH CREDIT ALLOWED.—The Secretary, in con-
23 sultation with the Commission, shall determine the
24 eligible period which applies for purposes of sub-
25 section (a) with respect to each product designated

1 under this subsection. Such period shall not be less
2 than 5 years and shall not be more than 10 years.
3 Such period shall be determined on the basis of the
4 incentive needed with respect to each such product
5 taking into account the market factors with respect
6 to such product.

7 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—
8 For purposes of this section—

9 “(1) COMMISSION.—The term ‘Commission’
10 means the 21st Century American Manufacturing
11 Commission established under section 3 of the Mar-
12 ket Based Manufacturing Incentives Act of 2013.

13 “(2) REDUCTION IN BASIS.—For purposes of
14 this subtitle, the basis of any property for which a
15 credit is allowable under subsection (a) shall be re-
16 duced by the amount of such credit so allowed (de-
17 termined without regard to subsection (d)).

18 “(3) NO DOUBLE BENEFIT.—The amount of
19 any deduction or other credit allowable under this
20 chapter with respect to any property shall be re-
21 duced by the amount of the credit allowed under
22 subsection (a) for such property (determined without
23 regard to subsection (d)).

24 “(4) PROPERTY USED BY TAX-EXEMPT ENTI-
25 TY.—In the case of property whose use is described

1 in paragraph (3) or (4) of section 50(b) and which
2 is not subject to a lease, the person who sold such
3 property to the person or entity using such property
4 shall be treated as the taxpayer that placed such ve-
5 hicle in service, but only if such person clearly dis-
6 closes to such person or entity in a document the
7 amount of any credit allowable under subsection (a)
8 with respect to such property (determined without
9 regard to subsection (d)). For purposes of subsection
10 (d), property to which this paragraph applies shall
11 be treated as property used by the taxpayer in the
12 conduct of a trade or business.

13 “(5) PROPERTY USED OUTSIDE UNITED
14 STATES, ETC., NOT QUALIFIED.—No credit shall be
15 allowable under subsection (a) with respect to any
16 property referred to in section 50(b)(1).

17 “(6) RECAPTURE.—The Secretary shall, by reg-
18 ulations, provide for recapturing the benefit of any
19 credit allowable under subsection (a) with respect to
20 any property which ceases to be property eligible for
21 such credit (including recapture in the case of a
22 lease period of less than the economic life of the
23 property).

24 “(7) ELECTION TO NOT TAKE CREDIT.—No
25 credit shall be allowed under subsection (a) for any

1 vehicle if the taxpayer elects to not have this section
2 apply to such property.

3 “(g) TERMINATION.—This section shall not apply to
4 property acquired after the date which is 10 years after
5 the date of the enactment of this section.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 38(b) of such Code is amended by
8 striking “plus” at the end of paragraph (35), by
9 striking the period at the end of paragraph (36) and
10 inserting “, plus”, and by adding at the end the fol-
11 lowing new paragraph:

12 “(37) the portion of the domestic manufac-
13 turing consumer credit to which section 30E(d)(1)
14 applies.”.

15 (2) Section 1016(a) of such Code is amended
16 by striking “and” at the end of paragraph (36), by
17 striking the period at the end of paragraph (37) and
18 inserting “, and”, and by adding at the end the fol-
19 lowing new paragraph:

20 “(38) to the extent provided in section
21 30E(f)(2).”.

22 (3) Section 6501(m) of such Code is amended
23 by inserting “30E(f)(7),” after “30D(e)(4),”.

24 (4) The table of sections for subpart B of part
25 IV of subchapter A of chapter 1 of such Code is

1 amended by adding at the end the following new
2 item:

“Sec. 30E. Domestic manufacturing consumer credit.”.

3 (c) CBO REPORT.—The Congressional Budget Office
4 shall, during the 3d, 5th, and 7th years after the effective
5 date of the domestic manufacturing consumer credit (de-
6 scribed in subsection (d)), report to Congress on the eco-
7 nomic effects of such credit. Such report shall include the
8 aggregate value of the domestic manufacturing consumer
9 credits determined with respect to taxpayers under section
10 30E of the Internal Revenue Code of 1986 and an esti-
11 mate of the economic activity stimulated by such credits.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to property acquired after the date
14 which is 1 year after the date on which the 21st Century
15 American Manufacturing Commission makes its rec-
16 ommendations to the Secretary of the Treasury under sec-
17 tion 3(b) of this Act.

18 **SEC. 3. ESTABLISHMENT OF 21ST CENTURY AMERICAN**
19 **MANUFACTURING COMMISSION.**

20 (a) IN GENERAL.—There is established a commission
21 to be known as the 21st Century American Manufacturing
22 Commission.

23 (b) DUTIES.—The Commission shall conduct re-
24 search regarding appropriate products to make eligible for
25 the tax credit provided by section 30E of the Internal Rev-

1 enue Code of 1986 and shall make recommendations to
2 the Secretary of the Treasury regarding which products
3 should be designated for purposes of such section and the
4 applicable percentage and eligible period which should be
5 determined with respect to each such product. The com-
6 mission shall make such recommendations to the Sec-
7 retary of the Treasury not later than 6 months after the
8 date of the enactment of this Act.

9 (c) MEMBERSHIP.—

10 (1) IN GENERAL.—The Commission shall be
11 composed of 10 members who shall be appointed by
12 the Secretary of the Treasury or his designee not
13 later than 30 days after the enactment of this Act.

14 (2) SELECTION.—In determining who to ap-
15 point to the Commission, the Secretary of Treasury
16 shall consider a geographically diverse group of indi-
17 viduals with experience in the areas of—

18 (A) managing manufacturing companies,
19 including businesses with fewer than 100 em-
20 ployees,

21 (B) conducting manufacturing-related re-
22 search and development,

23 (C) commercialization of scientific innova-
24 tion,

25 (D) managing supply chain providers,

1 (E) finance, and

2 (F) analyzing manufacturing policy and
3 economic competitiveness.

4 (3) POLITICAL AFFILIATION.—Not more than 5
5 members may be of the same political party.

6 (4) TERMS.—Each member shall be appointed
7 for the life of the Commission.

8 (5) VACANCIES.—A vacancy in the Commission
9 shall be filled in the manner in which the original
10 appointment was made.

11 (6) PAY OF MEMBERS.—

12 (A) IN GENERAL.—Members shall each be
13 entitled to receive the daily equivalent of the
14 maximum annual rate of basic pay for grade
15 GS–11 of the General Schedule for each day
16 (including travel time) during which they are
17 engaged in the actual performance of duties
18 vested in the Commission.

19 (B) TRAVEL EXPENSES.—Each member
20 shall receive travel expenses, including per diem
21 in lieu of subsistence, in accordance with appli-
22 cable provisions under subchapter I of chapter
23 57 of title 5, United States Code.

24 (7) PREVENTION OF CONFLICTS OF INTEREST
25 AND NEPOTISM.—

1 (A) AGREEMENT.—The Secretary of the
2 Treasury shall not appoint any individual to be
3 a member of the Commission unless such indi-
4 vidual has first signed an agreement with the
5 Secretary to prevent conflicts of interest and
6 nepotism. Such agreement shall include a re-
7 quirement that the individual comply with the
8 provisions of subparagraph (B) and shall in-
9 clude such penalties for failure to so comply as
10 the Secretary determines appropriate.

11 (B) REQUIREMENTS.—A member of the
12 Commission shall not, during the 5-year period
13 beginning on the effective date of the domestic
14 manufacturing consumer credit (described in
15 section 2(d)), hold, directly or indirectly, any
16 interest in any person associated with any des-
17 ignated product, any component of any des-
18 ignated product, or any equipment to manufac-
19 ture any such product or component. An inter-
20 est held in any fund held by such member shall
21 be taken into account under the preceding sen-
22 tence unless such fund is a broad-based index
23 fund. Any interest held by such member prior
24 to the beginning of such 5-year period which is
25 not (consistent with the requirements of this

1 subparagraph) permitted to be held during such
2 period, shall be disposed of prior to such period.

3 (d) CHAIRPERSON.—The Chairperson of the Com-
4 mission shall be designated by the Secretary of the Treas-
5 ury (or his designee) at the time of appointment.

6 (e) STAFF.—Any staff of the Commission shall be ap-
7 pointed subject to the provisions of title 5, United States
8 Code, governing appointments in the competitive service,
9 and shall be paid in accordance with the provisions of
10 chapter 51 and subchapter III of chapter 53 of that title
11 relating to classification and General Schedule pay rates.

12 (f) TERMINATION.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the Commission shall terminate 30 days
15 after making recommendations to the Secretary of
16 the Treasury described in subsection (b).

17 (2) EXTENSION.—At the request of the Sec-
18 retary of the Treasury or his designee, the Commis-
19 sion shall continue in existence for such period as
20 the Secretary may request but not later than 1 year
21 after making such recommendations.

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