

Calendar No. 298

115TH CONGRESS }
2d Session }

SENATE

{ REPORT
115-204 }

MADE IN AMERICA MANUFACTURING
COMMUNITIES ACT OF 2017

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 701



FEBRUARY 5, 2018.—Ordered to be printed

U.S. GOVERNMENT PUBLISHING OFFICE

79-010

WASHINGTON : 2018

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED FIFTEENTH CONGRESS

SECOND SESSION

JOHN THUNE, South Dakota, *Chairman*

ROGER F. WICKER, Mississippi	BILL NELSON, Florida
ROY BLUNT, Missouri	MARIA CANTWELL, Washington
TED CRUZ, Texas	AMY KLOBUCHAR, Minnesota
DEB FISCHER, Nebraska	RICHARD BLUMENTHAL, Connecticut
JERRY MORAN, Kansas	BRIAN SCHATZ, Hawaii
DAN SULLIVAN, Alaska	EDWARD J. MARKEY, Massachusetts
DEAN HELLER, Nevada	TOM UDALL, New Mexico
JAMES M. INHOFE, Oklahoma	GARY C. PETERS, Michigan
MIKE LEE, Utah	TAMMY BALDWIN, Wisconsin
RON JOHNSON, Wisconsin	TAMMY DUCKWORTH, Illinois
SHELLEY MOORE CAPITO, West Virginia	MARGARET WOOD HASSAN, New Hampshire
CORY GARDNER, Colorado	CATHERINE CORTEZ MASTO, Nevada
TODD C. YOUNG, Indiana	JON TESTER, Montana

NICK ROSSI, *Staff Director*

ADRIAN ARNAKIS, *Deputy Staff Director*

JASON VAN BEEK, *General Counsel*

KIM LIPSKY, *Democratic Staff Director*

CHRISTOPHER DAY, *Democratic Deputy Staff Director*

Calendar No. 298

115TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 115-204

MADE IN AMERICA MANUFACTURING COMMUNITIES ACT OF 2017

FEBRUARY 5, 2018.—Ordered to be printed

Mr. THUNE, from the Committee on Commerce, Science, and
Transportation, submitted the following

R E P O R T

[To accompany S. 701]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 701) to improve the competitiveness of United States manufacturing by designating and supporting manufacturing communities, having considered the same, reports favorably thereon with an amendment (in the nature of a substitute) and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

The purpose of S. 701, the Made in America Manufacturing Communities Act of 2017, is to improve the competitiveness of United States manufacturing by designating and supporting manufacturing communities.

BACKGROUND AND NEEDS

The Investing in Manufacturing Communities Partnership (IMCP) was established by the Department of Commerce (DOC) at the Economic Development Administration (EDA) to incentivize and facilitate collaboration among private and public sector stakeholders in U.S. manufacturing communities. The IMCP is designed to support growth in the U.S. manufacturing sector, new manufacturing jobs, regional economic growth, and regional economic and workforce development objectives. Between 2014 and 2015, 2-year IMCP designations were awarded to 24 locally organized, public-private consortiums across the United States that successfully

demonstrated best practices in advancing innovative regional manufacturing economies.

In order to qualify for an initial designation, an applicant is required to demonstrate the strength of an existing manufacturing industry in its region or community and to describe its proposed strategies to target investments and achieve measurable progress in six areas. The six areas are as follows: workforce and training; research and innovation; infrastructure and site development; supply chain support; trade and international investment; and operational improvement and capital access. Twelve of the 24 IMCP designations were renewed in November 2016, while the remaining 12 IMCP designations continued through 2017.

The following IMCP participating agencies have identified existing programs that are aligned with manufacturing and have agreed to provide preferential consideration to program applications submitted for manufacturing communities: the DOC, the EDA, the National Institute of Standards and Technology, the International Trade Administration, the Department of Agriculture, the Department of Defense, the Department of Education, the Department of Energy, the Department of Housing and Urban Development, the Department of Labor, the Department of Transportation, the Environmental Protection Agency, the Small Business Administration, the National Science Foundation, the Appalachian Regional Commission, and the Delta Regional Authority.

The bill, which would make the IMCP program permanent, is supported by the following organizations: the American Small Manufacturers Coalition, the American Sustainable Business Council, the Association for Manufacturing Technology, the Information Technology & Innovation Foundation, the Manufacturing Alliance of Communities, the National Association of Counties, the National Association of Development Organizations, the National Skills Coalition, the National Tooling and Machining Association, the North American Die Casting Association, the Precision Machined Products Association, the Precision Metalforming Association, and the U.S. Conference of Mayors.

SUMMARY OF PROVISIONS

S. 701 would codify the existing IMCP program at the DOC to improve the competitiveness of U.S. manufacturing by designating consortiums as manufacturing communities and authorizing Federal agencies to provide them with preferential consideration for grant programs and financial and technical assistance. Pursuant to the bill, the DOC would designate consortiums as manufacturing communities for 2 years using a competitive process, including a process for renewal, and specified criteria. Recipients of financial or technical assistance from participating agencies would be allowed to use the funds to improve the competitiveness of U.S. manufacturing with investments that may include infrastructure, access to capital, promotion of exports and foreign direct investment, equipment upgrades, workforce training, energy or process efficiency, and other specified purposes.

LEGISLATIVE HISTORY

Senator Gillibrand (for herself and Senators Blumenthal, Moran, Capito, King, and Collins) introduced S. 701 on March 22, 2017. The bill is also cosponsored by Senators Baldwin, Feinstein, and Klobuchar.

A previous version of the bill, S. 2526, was introduced in the 114th Congress. S. 701 is identical to a first degree amendment offered by Senators Blumenthal and Klobuchar to S. 3084, the American Innovation and Competitiveness Act, which was adopted by the Committee by voice vote on June 29, 2016. That provision was not ultimately included in the final version of S. 3084 that was enacted into law in January 2017.

On April 5, 2017, the Committee met in open Executive Session and, by voice vote, ordered the bill reported favorably with an amendment (in the nature of a substitute). At the markup, the Committee adopted an amendment offered by Senator Klobuchar to allow the inclusion of information about the participation of women and underrepresented minorities in the application of a consortium to be a manufacturing community, and to permit the use of financial or technical assistance under the program for workforce recruitment and retention, including that of women and underrepresented minorities.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

S. 701—Made in America Manufacturing Communities Act of 2017

S. 701 would expand and codify into law an existing pilot program that designates some consortiums of private and public sector entities that aim to improve manufacturing in a particular region as “manufacturing communities” and offers them preferential consideration for some federal assistance. Those designations expire in 2017.

Under the bill, the Department of Commerce (DOC) also would be required to develop a program to which groups of public and private sector entities could apply to be designated as a manufacturing community. Such a designation would last for two years and could be renewed for a maximum of four additional years. Manufacturing communities would be eligible for preferential consideration for financial or technical assistance or awards from participating federal agencies or programs.

Based on an analysis of information from DOC and the Small Business Administration, CBO estimates that implementing S. 701 would cost \$5 million over the 2018–2022 period for the Economic Development Administration within DOC to operate the program and for increased administrative costs to federal agencies that participate in the program; such spending would be subject to the availability of appropriated funds.

Enacting S. 701 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 701 would not increase net direct spending or on-

budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 701 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

The bill would cover consortiums that are already subject to similar eligibility policies and procedures under the existing program at the DOC. Each would include at least one institution of higher education, private sector entity, and government entity. Currently, there are 24 consortiums that have been granted manufacturing community designations by the DOC under 2 rounds of designations.

ECONOMIC IMPACT

The bill is intended to have a positive economic impact with respect to manufacturing competitiveness for individuals, consumers, and businesses affiliated with or located near designated manufacturing communities. Specifically, a member of a consortium designated as a manufacturing community may receive preferential consideration for and subsequent award of financial or technical assistance under a program of a participating agency. Such assistance may include investments in infrastructure, access to capital, promotion of exports and foreign direct investment, equipment or facility upgrades, workforce training, recruitment and retention, energy or process efficiencies, business incubators, site preparation, advanced research, supply chain development, and small business assistance.

PRIVACY

The bill would not impact the personal privacy of individuals, since the bill would affect institutions of higher education, private companies, and State and local governments that voluntarily apply through consortiums to be designated as manufacturing communities or receive financial or technical assistance from the DOC under the IMCP program.

PAPERWORK

The bill would not increase paperwork requirements for eligible consortiums that voluntarily apply to participate beyond what is currently required under the existing IMCP program. Under the bill, applications to the IMCP program would include the following: a description of the regional boundaries of the consortium; a description of the manufacturing concentration of the consortium; an

integrated assessment of the local industrial ecosystem of the region of the consortium; an evidence-based plan for developing components of such ecosystem; a description of the investments and the implementation strategy the consortium intends to use to address gaps in such ecosystem; and a description of the outcome-based metrics, benchmarks, and milestones that the consortium will track to gauge performance of the strategy of the consortium.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Short title.

This section would provide that the Act may be cited as the “Made in America Manufacturing Communities Act of 2017.”

Sec. 2. Definitions.

This section would define the terms “Manufacturing Community Support Program,” “participating agency,” “participating program,” and “Secretary.”

Sec. 3. Program to designate and support manufacturing communities.

This section would require the Secretary of Commerce to establish a program to improve the manufacturing competitiveness of U.S. manufacturing by designating consortiums for 2 years and supporting them as manufacturing communities. The eligibility requirements for such a consortium would include it do the following: represent a region that is large enough to contain critical elements of the key technologies or supply chain prioritized by the consortium and small enough to enable close collaboration among the consortium’s members; include at least one institution of higher education, a private sector entity, and a government entity; and have a lead applicant that is a district organization, an Indian tribe, a State or political subdivision of a State, an institution of higher education, or a nonprofit organization or association cooperating with a political subdivision of a State. This section also would provide for competitive application and renewal processes. The section would allow other Federal agencies to support the manufacturing communities by awarding them financial or technical assistance, providing preferential consideration when members of a consortium apply for Federal or technical assistance, or providing a Federal point of contact to help consortiums access Federal funds or technical assistance.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

