

110TH CONGRESS
1ST SESSION

S. 1191

To authorize the Secretary of Commerce to award grants to States to establish revolving loan funds to provide loans to small manufacturers to develop new products, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 24, 2007

Mr. BROWN (for himself, Mr. DORGAN, Mr. WHITEHOUSE, and Mr. SCHUMER) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To authorize the Secretary of Commerce to award grants to States to establish revolving loan funds to provide loans to small manufacturers to develop new products, 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 “Growth Opportunity
5 Act of 2007”.

1 **SEC. 2. GRANTS FOR STATES TO ESTABLISH REVOLVING**
 2 **LOAN FUNDS TO PROVIDE LOANS TO SMALL**
 3 **MANUFACTURERS.**

4 (a) DEFINITIONS.—In this section:

5 (1) CENTER.—The term “Center” means a Re-
 6 gional Center for the Transfer of Manufacturing
 7 Technology described in section 25 of the National
 8 Institute of Standards and Technology Act (15
 9 U.S.C. 278k).

10 (2) MANUFACTURING EXTENSION PARTNERSHIP
 11 PROGRAM.—The term “Manufacturing Extension
 12 Partnership program” means the program under
 13 sections 25 and 26 of the National Institute of
 14 Standards and Technology Act (15 U.S.C. 278k and
 15 278l).

16 (3) REVOLVING LOAN FUND.—The term “re-
 17 volving loan fund” means a revolving loan fund de-
 18 scribed in subsection (d).

19 (4) SECRETARY.—The term “Secretary” means
 20 the Secretary of Commerce.

21 (5) SMALL MANUFACTURER.—The term “small
 22 manufacturer” means a manufacturer with less than
 23 \$50,000,000 in annual sales.

24 (b) GRANTS AUTHORIZED.—

1 (1) IN GENERAL.—The Secretary is authorized
2 to award grants to States to establish revolving loan
3 funds.

4 (2) MAXIMUM AMOUNT.—The Secretary may
5 not award a grant under this section in an amount
6 that exceeds \$10,000,000.

7 (3) MULTIPLE GRANT AWARDS.—A State may
8 not receive more than 1 grant under this section in
9 any fiscal year.

10 (c) CRITERIA FOR THE AWARDING OF GRANTS.—

11 (1) MATCHING FUNDS.—The Secretary may not
12 make a grant to a State under this section unless
13 the State agrees to provide contributions in an
14 amount equal to not less than 25 percent of the
15 Federal funds provided under the grant.

16 (2) ADMINISTRATIVE COSTS.—A State receiving
17 a grant under this section may only use such
18 amount of the grant for the costs of administering
19 the revolving loan fund as the Secretary shall pro-
20 vide in regulations.

21 (3) PREFERENCE.—In awarding grants each
22 year, the Secretary shall give preference to States
23 that have not previously been awarded a grant under
24 this section.

25 (4) APPLICATION.—

1 (A) IN GENERAL.—Each State seeking a
 2 grant under this section shall submit to the
 3 Secretary an application therefor in such form
 4 and in such manner as the Secretary considers
 5 appropriate.

6 (B) CONTENT.—Each application sub-
 7 mitted under subparagraph (A) shall contain
 8 the following:

9 (i) Evidence that the applicant can es-
 10 tablish and administer a revolving loan
 11 fund.

12 (ii) The applicant's need for a grant
 13 under this section.

14 (iii) The impact that receipt of a
 15 grant under this section would have on the
 16 applicant.

17 (d) REVOLVING LOAN FUNDS.—

18 (1) IN GENERAL.—A State receiving a grant
 19 under this section shall establish, maintain, and ad-
 20 minister a revolving loan fund in accordance with
 21 this subsection.

22 (2) DEPOSITS.—A revolving loan fund shall
 23 consist of the following:

24 (A) Amounts from grants awarded under
 25 this section.

1 (B) All amounts held or received by the
 2 State incident to the provision of loans de-
 3 scribed in subsection (e), including all collec-
 4 tions of principal and interest.

5 (3) EXPENDITURES.—Amounts in the revolving
 6 loan fund shall be available for the provision and ad-
 7 ministration of loans in accordance with subsection
 8 (e).

9 (4) ADMINISTRATION.—A State may enter into
 10 an agreement with a Center to administer a revolv-
 11 ing loan fund.

12 (e) LOANS.—

13 (1) IN GENERAL.—A State receiving a grant
 14 under this section shall use the amount in the re-
 15 volving loan fund to make the following loans:

16 (A) STAGE-1 LOANS.—A stage-1 loan
 17 means a loan made to a small manufacturer in
 18 an amount not to exceed \$50,000, for new
 19 product development to conduct the following:

- 20 (i) Patent research.
- 21 (ii) Market research.
- 22 (iii) Technical feasibility testing.
- 23 (iv) Competitive analysis.

24 (B) STAGE-2 LOANS.—A stage-2 loan
 25 means a loan made to a small manufacturer in

1 an amount not to exceed \$100,000 to develop
2 a prototype of and test a new product.

3 (2) LOAN TERMS AND CONDITIONS.—The fol-
4 lowing shall apply with respect to loans provided
5 under paragraph (1):

6 (A) DURATION.—Except as provided in
7 subparagraph (B), loans shall be for a period
8 not to exceed 10 years.

9 (B) PREPAYMENT.—A recipient of a loan
10 may prepay such loan before the end of the du-
11 ration of such loan without penalty.

12 (C) INTEREST RATE.—Loans shall bear in-
13 terest at a rate of 3.5 percent annually.

14 (D) ACCRUAL OF INTEREST.—Loans shall
15 accrue interest during the entire duration of the
16 loan.

17 (E) PAYMENT OF INTEREST.—A State
18 may not require a recipient of a loan to make
19 interest payments on such loan during the first
20 3 years of such loan.

21 (F) COLLATERAL.—No collateral or per-
22 sonal guaranty shall be required for receipt of
23 a loan.

24 (G) SECURED INTEREST IN INTELLECTUAL
25 PROPERTY.—Each loan shall be secured by an

1 interest in any intellectual property developed
 2 by the recipient of such loan through the use of
 3 amounts from such loan.

4 (H) DEVELOPMENT OF BUSINESS PLANS
 5 AND BUDGETS.—Each recipient of a loan shall
 6 develop, in cooperation with a Center, a busi-
 7 ness plan and a budget for the use of loan
 8 amounts.

9 (I) PREFERENCE FOR LOAN APPLICANTS
 10 THAT PARTICIPATE IN THE MANUFACTURING
 11 EXTENSION PARTNERSHIP PROGRAM.—In se-
 12 lecting small manufacturers to receive a loan, a
 13 recipient of a grant under this section shall give
 14 preference to small manufacturers that are par-
 15 ticipants in the Manufacturing Extension Part-
 16 nership program.

17 (J) LOCATION OF PRODUCT DEVELOP-
 18 MENT.—Each recipient of a loan shall commit
 19 to developing and manufacturing the product
 20 for which a loan is sought in the State that pro-
 21 vides the loan for the duration of the loan if
 22 such product is developed during such duration.

23 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
 24 authorized to be appropriated to the Secretary to carry

1 out the provisions of this section, \$52,000,000 for each
2 of fiscal years 2008 through 2014, of which—

3 (1) \$50,000,000 shall be for providing grants
4 under this section; and

5 (2) \$2,000,000 shall be for the costs of admin-
6 istering grants awarded under this section.

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