

111TH CONGRESS
2D SESSION

H. R. 5991

To establish small metalworking business financial assistance programs, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2010

Mr. MURPHY of Connecticut (for himself and Mr. RYAN of Ohio) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Ways and Means, 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 establish small metalworking business financial assistance
programs, 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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American Metalworking Manufacturers Support Act”.

6 (b) FINDINGS.—Congress finds the following:

7 (1) There are roughly 35,000 metalworking
8 companies with approximately 2 million employees

1 throughout the country who manufacture critical
2 products for the defense, aerospace, medical, auto-
3 motive, agriculture, and construction industries,
4 among many others.

5 (2) Uncertainty surrounding the timeliness of
6 paid receivables, and a need for steady cash flow for
7 day-to-day operations and investments creates chal-
8 lenges for small middle market manufactures who
9 are a critical part of the industrial supply chain.

10 (3) In the current financial environment, most
11 lending institutions will not provide loans to metal-
12 working companies.

13 (4) The U.S. Government should help foster an
14 environment that encourages metalworking in Amer-
15 ica by supporting small middle market manufactur-
16 ers.

17 (5) The Federal Government currently
18 incentivizes larger businesses and private contractors
19 to use small businesses and tax credits are impor-
20 tant criteria to foster growth among small middle
21 market manufacturers.

1 **TITLE I—SMALL METAL-**
2 **WORKING BUSINESS ASSIST-**
3 **ANCE PROGRAMS**

4 **SEC. 101. DEFINITIONS.**

5 For purposes of this subtitle:

6 (1) **COST.**—The term “cost” has the same
7 meaning as is given the term “cost” in section
8 502(5) of the Federal Credit Reform Act of 1990 (2
9 U.S.C. 661a(5)).

10 (2) **SMALL METALWORKING BUSINESS.**—The
11 term “small metalworking business” means a small
12 business concern, as defined under section 3(a) of
13 the Small Business Act (15 U.S.C. 632(a)), whose
14 primary purpose is the domestic manufacturing and
15 production of parts, components, or assemblies by
16 using metalworking and forming technologies, in-
17 cluding metal stamping, fabricating, slide forming,
18 fine blanking, laser cutting, punching, deep drawing,
19 swaging, roll forming, spinning, machining, grinding,
20 rotary machining, cold heading, forging, casting,
21 wire electrical discharge machining, conventional
22 electrical discharge machining, and computer numer-
23 ical control machining.

24 (3) **GUARANTEE.**—The term “guarantee” has
25 the same meaning as is given the term “loan guar-

1 antee” in section 502(3) of the Federal Credit Re-
2 form Act of 1990 (2 U.S.C. 661a(3)).

3 (4) SECRETARY.—The term “Secretary” means
4 the Secretary of the Treasury.

5 **SEC. 102. LOANS AUTHORIZATION.**

6 (a) LOANS AUTHORIZED.—Funding as may be nec-
7 essary, not to exceed \$10,000,000,000 for costs under this
8 section shall be available to the Secretary, without further
9 appropriation or fiscal year limitation, for the costs of
10 such program. All funds received by the Secretary in con-
11 nection with loans made pursuant to paragraph (b) shall
12 be paid into the general fund of the Treasury for reduction
13 of the public debt.

14 (b) TERMS AND CONDITIONS OF LOANS.—

15 (1) IN GENERAL.—A loan made pursuant to
16 this section—

17 (A) shall be for a maximum amount of
18 \$3,000,000;

19 (B) shall be for a maximum period of 18
20 months, after which the Secretary shall require
21 any small metalworking business receiving a
22 loan to repay the loan in full; and

23 (C) shall not obligate the recipient of such
24 loan to pay any interest.

1 (2) ADDITIONAL TERMS AND CONDITIONS.—

2 The Secretary may establish additional terms and
3 conditions with respect to loans made under this sec-
4 tion.

5 (c) APPLICATION.—An eligible small metalworking
6 business that seeks a loan under this section shall submit
7 an application to the Secretary at such time, in such man-
8 ner, and containing such information as the Secretary may
9 require.

10 **SEC. 103. SMALL METALWORKING BUSINESS STABILIZA-**
11 **TION PROGRAM.**

12 (a) DEFINITIONS.—In this section—

13 (1) the term “Administrator” means the Ad-
14 ministrator of the Small Business Administration;

15 (2) the term “qualifying small business loan”
16 means a loan made under section 7(a) of the Small
17 Business Act (15 U.S.C. 636(a)) to a small metal-
18 working business before the date of enactment of
19 this Act;

20 (3) the term “small metalworking business”
21 means a small business concern, as defined under
22 section 3(a) of the Small Business Act (15 U.S.C.
23 632(a)), whose primary purpose is the domestic
24 manufacturing and production of parts, components,
25 or assemblies by using metalworking and forming

1 technologies, including metal stamping, fabricating,
2 slide forming, fine blanking, laser cutting, punching,
3 deep drawing, swaging, roll forming, spinning, ma-
4 chining, grinding, rotary machining, cold heading,
5 forging, casting, wire electrical discharge machining,
6 conventional electrical discharge machining, and
7 computer numerical control machining; and

8 (4) the term “stabilization loan” means a loan
9 under the program established under subsection (b)
10 made by the Administrator either in cooperation
11 with a bank or other financial institution through an
12 agreement to participate on a deferred (or guaran-
13 teed) basis or directly.

14 (b) ESTABLISHMENT OF A LOAN PROGRAM.—Subject
15 to the availability of appropriations, the Administrator
16 shall carry out a program to provide stabilization loans
17 to viable (as such term is defined pursuant to regulations
18 prescribed by the Administrator) small metalworking busi-
19 nesses that have a qualifying small business loan and are
20 experiencing immediate financial hardship.

21 (c) TECHNICAL ASSISTANCE.—The Administrator
22 shall establish a technical assistance program to assist a
23 bank or other financial institution that has an agreement
24 with the Administrator to provide stabilization loans.

1 (d) APPLICATION.—To be eligible for a stabilization
2 loan, a small metalworking business shall submit to the
3 Administrator an application at such time, in such man-
4 ner, and containing such information as the Administrator
5 may require.

6 (e) USE OF FUNDS.—A stabilization loan shall be
7 used to make periodic payments of principal and interest,
8 either in full or in part, on a qualifying small business
9 loan for—

10 (1) amounts payable during a period of time
11 not to exceed 6 months; or

12 (2) a period of time during which the total
13 amount of such periodic payments does not exceed
14 \$50,000,

15 whichever is less.

16 (f) LOAN TERMS.—A stabilization loan shall—

17 (1) carry a 100 percent guaranty; and

18 (2) have interest fully subsidized for the period
19 of repayment.

20 (g) REPAYMENT.—Repayment of a stabilization loan
21 shall—

22 (1) be amortized over a period of time not to
23 exceed 5 years; and

24 (2) begin not later than 12 months after the
25 end of the month or other period for which the last

1 periodic payment (as referred to in subsection (d))
 2 is made.

3 (h) COLLATERAL.—The Administrator may accept
 4 any available collateral, including subordinated liens, to
 5 secure a stabilization loan.

6 (i) FEES.—The Administrator may not charge any
 7 processing fees, origination fees, application fees, points,
 8 brokerage fees, bonus points, prepayment penalties, or
 9 other fees for a stabilization loan.

10 (j) SUNSET.—An application submitted under sub-
 11 section (c) for a stabilization loan may not be accepted
 12 after December 31, 2010.

13 **TITLE II—REVENUE PROVISION**

14 **SEC. 201. SMALL BUSINESS METALWORKING CREDIT.**

15 (a) IN GENERAL.—Subpart D of part IV of sub-
 16 chapter A of chapter 1 of the Internal Revenue Code of
 17 1986 is amended by adding at the end the following new
 18 section:

19 **“SEC. 45R. SMALL METALWORKING BUSINESS CREDIT.**

20 “(a) IN GENERAL.—For purposes of section 38, the
 21 small metalworking business credit for any taxable year
 22 is an amount equal to 30 percent of the amounts paid
 23 or incurred for metal parts, components, or assemblies
 24 produced for the taxpayer under a contract between the
 25 taxpayer and an eligible small metalworking business.

1 “(b) ELIGIBLE SMALL METALWORKING BUSINESS.—

2 For purposes of this section, the term ‘eligible small met-

3 alworking business’ means any person—

4 “(1) who is unrelated to the taxpayer,

5 “(2) who is engaged in the trade or business of

6 metalworking in the United States, and

7 “(3) who is a small business as defined under

8 section 3(a) of the Small Business Act (15 U.S.C.

9 632(a)).

10 “(c) DEFINITION AND SPECIAL RULE.—For pur-

11 poses of this section—

12 “(1) METALWORKING.—For purposes of this

13 section, the term ‘metalworking’ means the produc-

14 tion of parts, components, or assemblies by using

15 metalworking and forming technologies, including

16 metal stamping, fabricating, slide forming, fine

17 blanking, laser cutting, punching, deep drawing,

18 swaging, roll forming, spinning, machining, grinding,

19 rotary machining, cold heading, forging, casting,

20 wire electrical discharge machining, conventional

21 electrical discharge machining, and computer numer-

22 ical control machining.

23 “(2) RELATED PERSON.—A person shall be

24 treated as related to another person if they bear a

1 relationship to such other person described in sec-
 2 tion 267(b) or 707(b).

3 “(3) ELECTION NOT TO TAKE CREDIT.—No
 4 credit shall be determined under subsection (a) for
 5 any amount if the taxpayer elects not to have this
 6 section apply to such amount.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 38(b) of such Code is amended by
 9 striking “plus” at the end of paragraph (34), by
 10 striking the period at the end of paragraph (35) and
 11 inserting “, plus”, and by adding at the end the fol-
 12 lowing new paragraph:

13 “(36) the small metalworking business credit
 14 determined under section 45R(a).”.

15 (2) The table of sections for subpart D of part
 16 IV of subchapter A of chapter 1 of such Code is
 17 amended by adding at the end the following new
 18 item:

“Sec. 45R. Small metalworking business credit.”.

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to taxable years beginning after
 21 the date of the enactment of this Act.

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