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118TH CONGRESS
2D SESSION

H. R. 8625

To amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty for bicycle manufacturing components, to establish an electric bicycle production tax credit, to direct the Secretary of Transportation to establish the U.S. Bicycle and E-Bicycle Manufacturing Initiative to make loans to support domestic investment in the manufacturing of bicycles and electric bicycles, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2024

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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

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A BILL

To amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty for bicycle manufacturing components, to establish an electric bicycle production tax credit, to direct the Secretary of Transportation to establish the U.S. Bicycle and E-Bicycle Manufacturing Initiative to make loans to support domestic investment in the manufacturing of bicycles and electric bicycles, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Domestic Bicycle Production Act".

SEC. 2. TEMPORARY DUTY SUSPENSION FOR BICYCLE MANUFACTURING COMPONENTS.

(a) IN GENERAL.—Subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States (in the section referred to as the "HTS") is amended by inserting the following new heading in numerical sequence:

"	9903.87.11	Parts of bicycles imported for use in the assembly of complete bicycles, under the terms of U.S. Note 31 to this subchapter	Free	No change	No change	".

(b) DEFINITION AND APPLICABILITY.—The U.S. Notes to subchapter III of chapter 99 of the HTS are amended by adding at the end following:

"31.(a) For purposes of heading 9903.87.11, the term 'parts of bicycles' means parts, accessories, or specific components that are—

"(i) classified in the tariff provisions described in subdivision (f) of this note; and

"(ii) imported into the customs territory of the United States for assembly into complete tricycles or bicycles, including bicycles without a motor (provided for in heading 8712.00) and bicycles with an electric motor (provided for in subheading 8711.60.00).

"(b) For purposes of heading 9903.87.11, the term 'assembly of complete bicycles' means the fitting or joining together of fabricated components in such a way that amounts to the substantial transformation of components classifiable as parts of bicycles under subdivision (a) of this note.

"(c) Any importer claiming entry of parts of bicycles under heading 9903.87.11 must—

"(i) certify at the time of entry to the satisfaction of U.S. Customs and Border Protection ('CBP') that such parts will be used in the assembly of complete bicycles under subdivision (b) of this note; and

"(ii) provide appropriate documentation to CBP upon the completion of final assembly of such bicycles or at such time as CBP may otherwise establish.

"(d) Parts of bicycles for which entry is claimed under heading 9903.87.11 shall be excluded from any additional duties under section 301 of the Trade Act of 1974 (19 U.S.C. 2411) or any other provision of law based on the classification of such parts under any of chapters 1 through 97.

"(e) Notwithstanding subdivision (d) of this note, parts of bicycles may be included in a claim for duty-free entry under heading 9903.87.11 if such parts are properly classified in an 8-digit tariff heading or subheading described in subdivision (f) when such parts are entered on or after the date on which an additional duty under section 301 of the Trade Act of 1974 or any other provision of law is no longer effective.

"(f) The 8-digit tariff headings and subheadings described in this subdivision are the following:

"3923.50.00

"3926.90.96

"4011.50.00

"4013.20.00

"4908.10.00

"7315.11.00

"7326.90.25

"8501.31.40

"8501.31.50

"8501.31.60

"8507.20.80

"8507.30.80

"8507.50.00

"8507.60.00

"8512.90.40

"8543.70.45
"8714.91.20
"8714.91.30
"8714.91.50
"8714.91.90
"8714.92.10
"8714.92.50
"8714.93.28
"8714.93.35
"8714.93.70
"8714.94.30
"8714.94.90
"8714.95.00
"8714.96.10
"8714.96.50
"8714.96.90
"8714.99.10
"8714.99.50
"8714.99.60
"8714.99.80".

(c) PROCEDURES.—The Commissioner of U.S. Customs and Border Protection (herein referred to as the "Commissioner") is authorized to establish appropriate procedures for the administration of this section and the amendments in subsections (a) and (b) and may require such information as the Commissioner considers appropriate from any claimant for duty-free entry under heading 9903.87.11 of the HTS, as added by subsection (a).

(d) REPORT.—Not later than five years after the date of the enactment of this Act, the United States International Trade Commission shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report describing the effects of heading 9903.87.11 of the HTS, as added by subsection (a), and evaluating the contribution and effectiveness of such heading to the goal of assembling 2,000,000 bicycles annually in the United States within 5 years after such date of enactment and the potential of the domestic market to assemble 5,000,000 bicycles annually in the United States within 10 years after such date of enactment.

(e) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to goods entered, or withdrawn from warehouse for consumption, during the period beginning on the date of the enactment of this Act and ending 10 years after such date of enactment.

SEC. 3. ELECTRIC BICYCLE PRODUCTION CREDIT.

(a) ELECTRIC BICYCLE PRODUCTION CREDIT.—Subpart D of part IV of subchapter A of chapter 1 of the

Internal Revenue Code of 1986 is amended by adding at the end the following:

"SEC. 45BB. ELECTRIC BICYCLE PRODUCTION CREDIT.

"(a) IN GENERAL.—For purposes of section 38, in the case of a manufacturer of covered electric bicycles, the electric bicycle production credit for the taxable year is an amount equal to the applicable percentage of the price for which the manufacturer sells each covered electric bicycle during such taxable year.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be—

"(1) in the case of covered electric bicycles sold in taxable years beginning after December 31, 2024, and before January 1, 2032, 20 percent,

"(2) in the case of covered electric bicycles sold in taxable years beginning after December 31, 2031, and before January 1, 2033, 15 percent,

"(3) in the case of covered electric bicycles sold in taxable years beginning after December 31, 2032, and before January 1, 2034, 10 percent, and

"(4) in the case of covered electric bicycles sold in taxable years beginning after December 31, 2033, and before January 1, 2035, 5 percent.

"(c) DEFINITIONS.—For purposes of this section—

“(1) COVERED ELECTRIC BICYCLE.—The term ‘covered electric bicycle’ means an electric bicycle that is produced domestically or assembled domestically.

“(2) ELECTRIC BICYCLE DEFINED.—The term ‘electric bicycle’ has the meaning given such term in section 217(j) of title 23, United States Code.

“(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this section, including regulations which establish requirements regarding what constitutes domestic production and domestic assembly for purposes of the definition in subsection (c)(1).

“(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2034.”.

(b) ELECTRIC BICYCLE PRODUCTION CREDIT TRANSFERABILITY.—Section 6418(f)(1)(A) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(xii) The electric bicycle production credit determined under section 45BB.”.

(c) CONSISTENCY WITH INTERNATIONAL AGREEMENTS.—The Secretary of the Treasury shall apply section 45BB of the Internal Revenue Code of 1986, as added by this Act, in a manner consistent with the obligations of the United States under international agreements.

(d) CONFORMING AMENDMENTS.—Section 38(b) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (40), by striking "plus";

(2) in paragraph (41), by striking the period and inserting ", plus"; and

(3) by adding at the end the following:

"(42) the electric bicycle production credit determined under section 45BB.".

(e) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 45AA the following new item:

"45BB. Electric bicycle production credit.".

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

SEC. 4. U.S. BICYCLE AND E-BICYCLE MANUFACTURING INITIATIVE.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Transportation shall establish a program to be known as the "U.S. Bicycle and E-Bicycle Manufacturing Initiative" (hereinafter referred to as the "Initiative") to make loans to businesses (other than non-profit businesses) to support domestic investment in the manufacturing of bicycles.

(b) LOAN PROGRAM.—

(1) INTEREST RATE LIMIT.—The interest rate for a loan under the Initiative may not exceed 1 percent.

(2) DISTRIBUTION LIMIT.—A business (including businesses that are subsidiaries of the same parent company) may not receive more than $50,000,000 in loans under the Initiative.

(c) LOAN APPLICATION.—

(1) IN GENERAL.—The Secretary shall make the application for a loan under the Initiative available not less than annually, at a time and in such form and manner as the Secretary considers appropriate.

(2) EXPECTED PRODUCTION TARGET SUBMISSION.—To be eligible for a loan under the Initiative, an applicant shall submit current and 5-year expected production targets with the application.

(3) DISCLOSURE TO THE PUBLIC.—The Secretary shall make public the name of each applicant and the production targets submitted pursuant to paragraph (2).

(d) ELIGIBLE USES.—A recipient of a loan under the Initiative may use loan funds to purchase capital equipment, including—

(1) material handling equipment, including forklifts and cranes;

(2) air compressors and chillers;

(3) waste (including wastewater) handling equipment;

(4) testing equipment to test for quality standards;

(5) equipment used for recycling;

(6) heat treatment and burn off ovens;

(7) assembly and conveyor lines and related equipment;

(8) equipment used to fabricate bicycles or bicycle parts, including steel, titanium, magnesium, aluminum, plastic, and carbon fiber;

(9) machines used to align bicycle frames or bicycle parts;

(10) machines used to prepare bicycle frames, parts, or materials, for coating;

(11) machines used to paint or powder coat; and

(12) any other capital equipment the Secretary considers necessary for the domestic manufacturing of bicycles.

(e) CONDITIONS OF THE LOAN.—

(1) PREVAILING WAGE.—A recipient of a loan under the Initiative shall pay an employee who engages in activities funded by loan funds at least the prevailing wage, in the same manner as under section 3142(b) of title 40, United States Code, for the life of the loan.

(2) ASSEMBLY OUTPUT REQUIREMENT.—If, not later than 3 years after the date on which loan funds were initially disbursed to a recipient of a loan under the Initiative, the recipient is unable to demonstrate to the Secretary an average of 20,000 bicycles assembled for each $5,000,000 borrowed, or an equivalent ratio thereof, the recipient may not receive any additional loan under the Initiative.

(3) REPAYMENT.—In carrying out the Initiative, the Secretary shall require a recipient of a loan under the Initiative to—

(A) make monthly repayments for the loan in equal amounts beginning not later than 1 year after the date on which loan funds were initially disbursed to the recipient; and

(B) repay such loan in full not later than 12 years after the date on which loan funds were initially disbursed to the recipient.

(f) COLLATERAL.—

(1) IN GENERAL.—In carrying out the Initiative, the Secretary shall obtain and maintain a security interest, in an amount sufficient to cover 100 percent of the amount of the loan under the Initiative, in the equipment purchased by the recipient using loan funds disbursed to the recipient.

(2) PRIORITY.—Any security interest obtained and maintained by the Secretary pursuant to this subsection shall be entitled to priority over the claims and rights of any party (including any receiver, conservator, trustee, or similar party having rights of a lien creditor) other than claims and rights that—

(A) would be entitled to priority under otherwise applicable law; and

(B) are held by bona fide purchasers for value or by secured parties that are secured by perfected security interests.

(g) REPORTING REQUIREMENT.—The Secretary shall submit to Congress an annual report detailing current and expected future domestic bicycle production rates and the share of the global bicycle production market for which domestic bicycle producers are responsible.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the purpose of carrying out the Initiative the following:

(1) $80,000,000 per year for the first 3 full fiscal years following the date of the enactment of this Act.

(2) $100,000,000 per year in full fiscal years 4 through 7 following the date of the enactment of this Act.

(3) $120,000,000 per year in full fiscal years 8 through 10 following the date of the enactment of this Act.

(i) BICYCLE DEFINED.—In this section, the term ‘‘bicycle’’ includes an electric bicycle (as defined in section 217(j) of title 23, United States Code).

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