

Pro-Manufacturing Legislation in the 112th Congress

INNOVATION/R&D

S. 1866 American, Growth, Recovery, Empowerment and Entrepreneurship Act (AGREE) Act – Extends 100% bonus depreciation/enhanced Sec. 179 expensing through 2014; and extends and improves the R&D tax credit.

H.R. 942 American Research & Competitiveness Act – Increases the rate of alternative simplified tax credit to 20% and makes the R&D tax credit permanent.

S. 239 Innovate America Act - cut red tape to help businesses utilize research and development for new products, target successful education programs, and promote U.S. exports in new markets to strengthen America's ability to innovate and compete in the global economy. Specifically: expands the Basic Research Tax Credit to include all industry-funded university research; allows companies to take a flat 30-percent tax credit for donating equipment to high schools and technical and community colleges; funds 100 new STEM-focused high schools; incentivizes colleges and universities to increase graduation rates for STEM students; expands undergraduate research opportunities; establishes a Website for technology commercialization ideas; establishes a manufacturing assistance program; removes regulatory barriers for top 20 exporting industries.

S. 825 Job Creation Through Innovation Act - Provides incentives for manufacturers to expand and grow through investment in capital equipment and cutting-edge research and development. It expands, simplifies and makes permanent the R&D tax credit; provides an additional \$5 billion dollars to the popular Advanced Energy Manufacturing (48C) tax credit; and creates two new tax credits for manufacturers. A Small Business Innovation Tax Credit would allow firms with 500 employees or less to claim a refundable R&D tax credit. This new credit is available to small manufacturers who are not eligible for the current R&D tax credit because they are in a loss position. Another new credit, the Domestic Manufacturing Tax Credit, would provide an incentive to manufacturers who both research and manufacture their products in the United States.

S. 1457/H.R. 1912 Make It In America Block Grant Program Act - Provides small-to medium-sized manufacturers with the resources they need to retool and retrofit their operations, and train their workforce in order to transition to the manufacturing of clean energy, high-technology, and advanced products.

GLOBAL COMPETITIVENESS

H.R. 10/S. 299 REINS Act - Regulations From the Executive in Need of Scrutiny Act of 2011 - Rewrites provisions regarding congressional review of agency rulemaking to require congressional approval of major rules before they may take effect (currently, major rules take effect unless Congress passes and the President signs a joint resolution disapproving them). Defines "major rule" as any rule, including an interim final rule that has resulted in or is likely to result in: (1) an annual effect on the economy of \$100 million or more; (2) a major increase in costs or prices; or (3) significant adverse effects on competition, employment, investment, productivity, innovation or U.S. competitiveness. – *Passed the House in 2011*

S. 509/H.R. 1418 Small Business Lending Enhancement Act – Gradually increase the Credit Union Small Business lending cap from the 12.25% to 27.5%.

S. 751/1366 National Manufacturing Strategy Act - Requires the development of a federal strategy to strengthen American manufacturing. Both bills contain similar provisions calling for specific recommendations based on a comprehensive analysis of the U.S. manufacturing sector. In S. 751, the analysis and strategy would be developed by the Secretary of Commerce. H.R. 1366 establishes a board made up of federal and state officials and industry stakeholders to do the analysis and devise the strategy.

H.R. 2072 Ex-Im Bank Reauthorization – Reauthorizes the Ex-Im Bank, the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets.

SMARTFORCE

H.R. 1325 America Works Act - Amends the Workforce Investment Act of 1998, with respect to statewide and local adult and youth workforce investment employment and training programs, to require a one-stop delivery system, in selecting and approving training services, or programs of training services, to give priority consideration to state- and local board-approved services and programs that lead to an industry-recognized and nationally portable credential that is in high demand in the local area served and listed in the skill credential registry created under this Act.

S. 1327/H.R. 110 Manufacturing Reinvestment Account Act of 2011 - Establishes tax-exempt manufacturing reinvestment accounts (MRAs) for taxpayers engaged in a manufacturing business. Allows such manufacturers to make tax deductible cash payments into an MRA of the lesser of their domestic manufacturing gross receipts for the taxable year or \$500,000. Permits expenditures from an MRA for expenses for property to be used in the manufacturing business and expenses for employee job training and workforce development. Imposes a 10% tax on amounts in an MRA that are not distributed within 7 years.

S. 716 Innovation Inspiration School Grant Program Act - Authorizes the Secretary of Education to award competitive matching grants to local educational agencies (LEAs) to: (1) promote science, technology, engineering (including robotics), and mathematics (STEM) in secondary schools; (2) support the participation of secondary school students in nontraditional STEM teaching methods; and (3) broaden secondary school students' access to STEM careers.

S. 665/H.R. 1240 SECTORS Act - Requires the Secretary of Labor to award renewable three-year competitive industry or sector partnership grants to eligible entities to develop strategies that: (1) encourage growth and competitiveness through work with employers within a targeted industry cluster; (2) help workers move toward economic self-sufficiency and ensure that they have access to supportive services; (3) address the needs of firms with limited human resources or in-house training capacity, including small- and medium-sized firms; and (4) coordinate with entities that carry out state and local workforce investment, economic development, and education activities.

FY12 Appropriations:

The FY12 “Minibus” Appropriations law passed in late 2011 maintained FY11 funding (\$128.4 million) for the Commerce Department’s MEP program. Commerce received a total of \$7.6 billion in FY12 funding – an increase of \$26 million over FY11 levels. The minibus also requires Commerce to examine the merits of providing tax credits for companies that bring jobs back to America; requires Commerce use a TKO calculator determine “hidden costs” of offshoring manufacturing; provides \$5 million in Economic Development Agency grant money for encouraging U.S. companies to bring their manufacturing and/or R&D back to economically distressed regions in the U.S.; and provides \$5 million in federal loan guarantees to small and medium-sized manufacturers for the use or production of innovative technologies.

H.R. 1540 National Defense Authorization Act

The new law, signed by the President in late December, reauthorizes SBIR/STTR for six years; raises award limits; and focuses on commercialization of technology and products.



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