

Strengthening Investment to Grow Manufacturing in America Act

U.S. Senators Chris Coons, Tim Scott, and Cory Gardner

Background

- **Small manufacturers are the backbone of the U.S. manufacturing industry** and account for nearly half of all manufacturing jobs in the United States. For every \$1.00 spent in manufacturing, another \$1.82 is added to the economy. Accelerating the growth of the manufacturing sector creates jobs and is vital to continued U.S. economic growth.
- **Lack of access to affordable capital impacts manufacturers disproportionately** because of their capital-intensive nature and need to finance inventories over longer periods than other types of firms. Small manufacturers have limited access to cash reserves and often have difficulty securing adequate lines of credit through traditional lenders.
- **American small manufacturers support economic and national security** and are critical to the defense industrial supply chain. The Made in China 2025 plan is increasing economic competition in key manufacturing sectors to take away U.S. market share.

The Strengthening Investment to Grow Manufacturing in America Act

- **Increases affordable loans to manufacturers.** The bill increases the maximum 7(a) loan guarantee rate to 90% and increases the loan limit on 504 Loans to \$10M for manufacturers.
- **Incentivizes manufacturers to grow operations.** The bill reduces guarantee fees that small manufacturers are required to pay on 7(a) loans. It eliminates 7(a) guarantee fees for small manufacturers on loans under \$350,000 and reduces fees by 50% for loans over \$350,000. The bill also reduces the financing requirement on new 504 loans and increases the allowable debt refinancing for facility expansions for small manufacturers.
- **Supports manufacturing startups.** The bill eliminates a penalty new manufacturers must pay when applying for a 504 loan. Under current law, businesses less than two years old must pay 15% of project financing. This bill allows start-up manufacturers to pay 5% of project financing. The bill also eases the occupancy requirement for start-up manufacturers.
- **Spurs investment in small manufacturers.** The bill offers discount debentures to manufacturers and provides additional leverage capacity in the Small Business Investment Company program for investments in small manufacturers in low or moderate income areas, rural areas, areas of high unemployment, or that are veteran-owned, minority-owned, woman-owned, have demonstrated employment growths, or are vital to national security.
- **Expands education assistance to small manufacturers.** The bill directs the SBA to utilize its existing resources to help small manufacturers access SBA financing resources, including the 7(a) and 504 programs. It specifically directs the SBA to use its resources to assist manufacturers in navigating the application process to increase their ability to access credit.

The SIGMA Act is endorsed by the American Small Manufacturers Coalition, American Society of Mechanical Engineers, Bipartisan Policy Center, Delaware Small Business Development Center, Information Technology & Innovation Foundation, Intelligent Manufacturing Systems International, Manufacturing Alliance of Communities, National Association of Development Companies, Small Business Investor Alliance, Small Business Majority, State Science and Technology Institute, Third Way, and True Access Capital (formally First State Community Loan Fund).