



Billing Code: 3510-24

DEPARTMENT OF COMMERCE

Economic Development Administration

13 CFR Chapter III

Docket No.: 130301184-3184-01

RIN: 0610-XC001

Request for Comments on Developing a Program to Provide Loan Guarantees to Small- or Medium-Sized Manufacturers.

AGENCY: Economic Development Administration, U.S. Department of Commerce.

ACTION: Notice of Inquiry and Request for Comments.

SUMMARY: The Economic Development Administration (EDA) seeks public comment on, how to design and structure loan guarantees for small- and medium-sized manufacturers through its authority under the Consolidated and Further Continuing Appropriations Act of 2012 (H.R.2112, Public Law 112-55), which designated up to \$5,000,000 from its Economic Adjustment Assistance Program appropriations for loan guarantees under Section 26 of the Stevenson-Wydler Technology Innovation Act of 1980 (the Stevenson-Wydler Act) (15 U.S.C. 3721). Specifically, EDA is considering how to implement its statutory authority to establish a loan guarantee program for small- and medium-sized manufactures that encourages projects that re-equip, expand, or establish a manufacturing facility in the United States and that use innovative technology or processes in manufacturing. The loan guarantees should also be used to encourage the manufacture of innovative products, processes, or ideas developed by research funded in whole or in part by grants from the Federal government. EDA requests input from the public, through the specific questions listed below, on ways to

structure this program, in order to assess the level of demand for such a program and the level of agency support necessary to institute a loan guarantee program consistent with the provisions of the Stevenson-Wydler Act.

DATES: Comments must be received by 5:00 pm Eastern Time on **May 15, 2013**.

ADDRESSES: You may submit comments by any of the following methods. All comments must include the title, “Comments on Development of EDA Program to Provide Loan Guarantees to Manufacturers” and Docket No. 130301184-3184-01.

- Email: rfi@eda.gov. Include “Comments on Development of EDA Program to Provide Loan Guarantees to Manufacturers” and Docket No. 130301184-3184-01 in the subject line of the message.
- Fax: (202) 482-5671, Attention: Office of Chief Counsel. Please indicate “Comments on Development of EDA Program to Provide Loan Guarantees to Manufacturers” and Docket No. 130301184-3184-01 on the cover page.
- Mail: Economic Development Administration, Office of Chief Counsel, Suite 7325, U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, DC 20230. Please indicate “Comments on Development of EDA Program to Provide Loan Guarantees to Manufacturers” and Docket No. 130301184-3184-01 on the envelope.

FOR FURTHER INFORMATION CONTACT: Samantha Schasberger, Program Analyst, U.S. Department of Commerce, Economic Development Administration, 1401 Constitution Avenue, N.W., Washington, DC 20230 or via sschasberger@eda.gov.

SUPPLEMENTARY INFORMATION:

Established under the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3121 et seq.) (PWEDA), EDA's mission is to lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA partners with stakeholders throughout the United States to foster job creation, collaboration and innovation. EDA's regulations, which are codified at 13 CFR chapter III, implement the agency's six economic development assistance programs authorized under PWEDA, as well as the Trade Adjustment Assistance for Firms Program, which are authorized under chapters 3, 4, and 5 of title II of the Trade Act of 1974, as amended (19 U.S.C. 2341 et seq.).

Section 26 of the Stevenson-Wydler Act, 15 U.S.C. 3721, authorizes EDA to issue loan guarantees to companies for small- or medium-sized manufacturers to finance projects that re-equip, expand, or establish a manufacturing facility in the United States to use an innovative technology or innovative process in manufacturing; manufacture an innovative technology product or an integral component of such a product; or, to commercialize an innovative product, process or idea developed by research funded in whole or in part by a grant from the Federal government. The Stevenson-Wydler Act, at 15 U.S.C. 3721(s)(3), defines innovative technology as "a technology that is significantly improved as compared to the technology in general use in the commercial market place in the United States at the time the loan guarantee is issued." In considering the definition of small or medium-sized manufacturers, EDA refers to the definitions for small businesses established by the Small Business Administration (SBA) available at <http://www.sba.gov/category/navigation->

structure/contracting/contracting-officials/eligibility-size-standards. EDA has not yet established this program, and seeks public comments, especially from lenders and manufacturers, on how best to do so.

In addition to the questions in this “Supplementary Information” section that are targeted to manufacturers and lending institutions, EDA seeks public comments on any aspect of structuring a loan guarantee program. Comments that identify potential impediments and make corresponding recommendations, as well as the commenter’s experiences in attempting, to access capital via loan guarantee programs will be instructive.

Comments should be submitted to EDA as described in the “ADDRESSES” section of this notice. EDA will consider all comments submitted in response to this request for information (RFI) that are received by 5:00 pm Eastern Time on **May 15, 2013**, as referenced under “DATES.” EDA will not accept public comments accompanied by a request that a part or all of the material be treated confidentially for any reason; EDA will not consider such comments and will return such materials to the commenter. All public comments in response to this RFI must be in writing (including fax or email) and will be a matter of public record.

Questions

For Lenders

1. Are small- or medium-sized manufacturers a part of your ordinary portfolio of loans? If not, why not?

2. What are the biggest impediments to a small- or medium-sized manufacturer receiving a loan from your lending institution? Are there types of manufacturers (company size, industry etc.) that you would be more hesitant to loan to than others?
3. Would a new loan guarantee program make you more likely to lend to manufacturers especially small- or medium-sized manufacturers? If so, why and what increase in loan volume to these companies would you estimate would occur?
4. If EDA established a new Federal loan guarantee program that offered loan guarantees for targeted loans for small- or medium-sized manufacturers to support the use or production of innovative technology (as defined above) how much of a guarantee would your lending institution need in order to be willing to offer loans for such purposes? Besides the level of the guarantee, are there any other requirements that you would have of the guarantee program in order to offer such loans?
5. What would your lending institution require for a borrower to demonstrate that a market exists for an innovative technology product?
6. With the support of a loan guarantee program, what size loans would you anticipate making to manufacturers who meet the definition of small- or medium-sized and would you use the loan proceeds to support the use or production of innovative technologies?
7. If such a Federal program were created, what additional requirements would you require from the manufacturers, if any, to support such a loan?
8. Have you ever participated in a loan guarantee program (for example, any guarantee program provided by SBA)? If not, why not? If so, would you recommend this

process to others? What was your experience with loan guarantee programs (including SBA loan guarantee programs)?

For Manufacturers

9. What is the largest sized manufacturer that you would consider calling a medium-sized manufacturer?
10. Is access to capital an impediment for your development as a small- or medium-sized manufacturer? If so, why (specifically) and what is the size of your firm?
11. If accessing capital is an impediment, is securing a loan via a new Federal loan guarantee program to support the use or production of innovative technologies a strategy that you would pursue in order to access capital? If not, why not?
12. If you would pursue a loan, what size loan would be necessary to support your development needs?
13. Given that the purpose of this program would be to support innovation by re-equipping, expanding or establishing a manufacturing facility in the U.S., what types of activities and outcomes would you use the loan to support?
14. Have you ever used a loan guarantee program (for example, any guarantee program provided by the SBA)? If not, why not? If so, would you recommend this process to others? What was your experience with loan guarantee programs (including SBA loan guarantee programs)?

General

15. Are there any additional comments that you would like to offer about the proposal to establish a loan guarantee program that targets the use or production of innovative technologies for manufacturing?

Dated: April 10, 2013

Matt Erskine

Deputy Assistant Secretary for Economic Development
and Chief Operating Officer, Economic Development Administration

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