

105TH CONGRESS
2D SESSION

H. R. 4071

To authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1998

Mr. HINCHEY (for himself, Mr. WATKINS, Mr. COSTELLO, Mr. GUTIERREZ, Mr. WISE, Ms. FURSE, Mr. FROST, Mr. SCHUMER, Mr. FALEOMAVAEGA, Mr. JACKSON of Illinois, Mr. BOUCHER, Mr. BALDACCI, Mr. SANDERS, Mr. FARR of California, Mr. ALLEN, Mr. RAHALL, Mr. THOMPSON, Ms. CHRISTIAN-GREEN, Ms. WOOLSEY, Mr. PASTOR, Mr. MASCARA, Mr. MINGE, Mrs. THURMAN, Mr. TOWNS, Mr. PETERSON of Pennsylvania, Mr. MOLLOHAN, and Mr. ROMERO-BARCELÓ) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Agriculture, 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 authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, 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.**

4 This Act may be cited as the “Rural Enterprise Com-
5 munities Act of 1998”.

1 **SEC. 2. SELECTION OF ADDITIONAL ENTERPRISE COMMU-**
2 **NITIES.**

3 (a) IN GENERAL.—Section 1391(g)(1) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) in the first sentence by inserting before the
6 period at the end the following: “, and an additional
7 33 nominated areas as enterprise communities in
8 rural areas”, and

9 (2) in the second sentence by striking “Of that
10 number” and inserting “Of the 20 additional em-
11 powerment zones created pursuant to this para-
12 graph”.

13 (b) EXTENSION OF APPLICATION DEADLINE FOR
14 NEW RURAL ENTERPRISE COMMUNITIES.—Paragraph
15 (2) of section 1391(g) of such Code (relating to period
16 designations may be made and take effect) is amended to
17 read as follows:

18 “(2) PERIOD DESIGNATIONS MAY BE MADE AND
19 TAKE EFFECT.—

20 “(A) EMPOWERMENT ZONE.—A designa-
21 tion of an empowerment zone may be made
22 under this subsection after August 5, 1997, and
23 before January 1, 1999.

24 “(B) RURAL ENTERPRISE COMMUNITY.—A
25 designation of a rural enterprise community

1 may be made under this subsection after Au-
2 gust 5, 1997, and before January 1, 2000.”.

3 (c) NONCONTIGUOUS PARCELS.—Clause (ii) of sec-
4 tion 1391(g)(3)(B) of such Code is amended—

5 (1) by striking “SPECIAL RULE FOR RURAL
6 AREAS.—If” and inserting “SPECIAL RULES FOR
7 RURAL AREAS.—

8 “(I) LARGE AREAS.—If”, and

9 (2) by adding at the end the following new sub-
10 clause:

11 “(II) EXCEPTION TO CONTIG-
12 UOUS RULE.—Notwithstanding sec-
13 tion 1392(a)(3)(B), the Secretary of
14 Agriculture may designate noncontig-
15 uous parcels as an empowerment zone
16 or enterprise community under this
17 subsection, if the Secretary deter-
18 mines that such parcels, taken to-
19 gether, have the characteristics of, or
20 potential for developing, a cohesive re-
21 gional community identity.”.

22 (d) MODIFICATIONS TO ELIGIBILITY CRITERIA.—

23 (1) POVERTY RATE.—Clause (v) of section
24 1391(g)(3)(A) of such Code is amended to read as
25 follows:

1 “(v) SPECIAL RULE FOR RURAL EM-
2 POWERMENT ZONES AND ENTERPRISE
3 COMMUNITIES.—The Secretary of Agri-
4 culture may designate an empowerment
5 zone or enterprise community in a rural
6 area (but not more than 1 empowerment
7 zone and 16 enterprise communities) with-
8 out regard to clause (i) if the area to be
9 designated satisfies 1 or more of the fol-
10 lowing criteria:

11 “(I) Emigration criteria specified
12 by the Secretary of Agriculture.

13 “(II) Underemployment criteria
14 specified by the Secretary of Agri-
15 culture.

16 “(III) Is an area which the Sec-
17 retary of Agriculture has determined
18 has experienced, or may reasonably be
19 foreseen to be about to experience, a
20 special need to meet an expected rise
21 in unemployment, or other economic
22 adjustment problems, including those
23 caused by any action or decision of
24 the Federal Government.

1 “(IV) Is an area which the Sec-
2 retary of Agriculture has determined
3 is about to experience or has experi-
4 enced a sudden economic dislocation
5 resulting in job loss that is significant
6 both in terms of the number of jobs
7 eliminated and the effect upon the
8 employment rate of the area.”.

9 (2) SIZE LIMITATION.—Clause (i) of section
10 1391(g)(3)(B) of such Code is amended to read as
11 follows:

12 “(i) IN GENERAL.—

13 “(I) DEVELOPABLE SITES NOT
14 TAKEN INTO ACCOUNT.—The parcels
15 described in subparagraph (A)(iii)
16 shall not be taken into account in de-
17 termining whether the requirement of
18 subparagraph (A) or (B) of section
19 1392(a)(3) is met.

20 “(II) INAPPLICABLE TO CERTAIN
21 AREAS.—The Secretary of Agriculture
22 may designate no more than 1 em-
23 powerment zone and no more than 8
24 enterprise communities in rural areas
25 without regard to subparagraph (A)

1 or (B) of section 1392(a)(3) so long
2 as such zone or community (as the
3 case may be) meets the eligibility cri-
4 teria set forth in this paragraph.”.

5 (e) USE OF BOND PROCEEDS MUST BE CONSISTENT
6 WITH STRATEGIC PLAN.—Subparagraph (C) of section
7 1394(f)(2) of such Code is amended by adding at the end
8 the following new clause:

9 “(iii) In the case of new empowerment
10 zone facility bonds in an empowerment
11 zone in a rural area issued after the date
12 of the enactment of the Rural Enterprise
13 Communities Act of 1998 (including an
14 issue of refunding bonds), paragraph (1)
15 and subsection (a) shall not apply if the
16 bond proceeds will be used for activities
17 which are consistent with the strategic
18 plan for such empowerment zone.”.

19 (f) ZONE ACADEMY BONDS.—

20 (1) COMPREHENSIVE EDUCATION PLAN MUST
21 BE CONSISTENT WITH STRATEGIC PLAN.—Subpara-
22 graph (A) of section 1397E(d)(4) of such Code is
23 amended by striking “and” at the end of clause (iii),
24 by striking the period at the end of clause (iv) and

1 inserting “, and”, and by adding at the end the fol-
2 lowing new clause:

3 “(v) in the case of an empowerment
4 zone located in a rural area, the com-
5 prehensive education plan of such public
6 school or program (as the case may be) is
7 consistent with the strategic plan for such
8 empowerment zone.”.

9 (2) ALLOCATION OF NATIONAL LIMITATION TO
10 RURAL EMPOWERMENT ZONES.—Subsection (c) of
11 section 1397E of such Code is amended by adding
12 at the end the following new paragraph:

13 “(5) ALLOCATION TO RURAL EMPOWERMENT
14 ZONES.—For each calendar year, not less than 25
15 percent of the national zone academy bond limitation
16 shall be allocated to empowerment zones in rural
17 areas.”.

18 (g) ELIGIBILITY OF INSULAR AREAS.—Subsection
19 (a) of section 1393 of such Code is amended by adding
20 at the end the following new paragraph:

21 “(10) STATE.—For the purposes of designating
22 empowerment zones in rural areas after the date of
23 the enactment of the Rural Enterprise Communities
24 Act of 1998, the term ‘State’ includes Puerto Rico,

1 the Virgin Islands, Guam, American Samoa, and the
2 Commonwealth of the Northern Mariana Islands.”.

3 (h) TECHNICAL AMENDMENT.—Subparagraph (C) of
4 section 1391(g)(3) of such Code is amended by striking
5 “paragraph (1)(B)” and inserting “paragraph (3)(B)”.

6 **SEC. 3. RECOGNITION AND INCENTIVES FOR TOP PER-**
7 **FORMING EMPOWERMENT ZONES AND EN-**
8 **TERPRISE COMMUNITIES.**

9 (a) PRIORITY GIVEN TO TOP PERFORMING ENTER-
10 PRISE COMMUNITIES.—Subparagraph (D) of section
11 1391(g)(3) of the Internal Revenue Code of 1986 (relating
12 to modifications to eligibility criteria, etc.) is amended to
13 read as follows:

14 “(D) PREVIOUSLY DESIGNATED ENTER-
15 PRISE COMMUNITIES MAY BE INCLUDED.—

16 “(i) IN GENERAL.—Subsection (e)(5)
17 shall not apply to any enterprise commu-
18 nity designated under subsection (a) that
19 is also nominated for designation under
20 this subsection.

21 “(ii) PRIORITY.—In designating em-
22 powerment zones under paragraph (1), the
23 appropriate Secretary shall give priority to
24 top performing enterprise communities.”.

1 (b) RECOGNITION OF TOP PERFORMING EMPOWER-
2 MENT ZONES AND ENTERPRISE COMMUNITIES.—Section
3 1391 of such Code (relating to designation procedure) is
4 amended by adding at the end the following new sub-
5 section:

6 “(h) RECOGNITION OF TOP PERFORMING EMPOWER-
7 MENT ZONES AND ENTERPRISE COMMUNITIES.—For pur-
8 poses of subsection (g)—

9 “(1) IN GENERAL.—The appropriate Secretary
10 shall recognize annually the top performing em-
11 powerment zones and enterprise communities.

12 “(2) TOP PERFORMING EMPOWERMENT ZONE
13 AND ENTERPRISE COMMUNITY.—The terms ‘top per-
14 forming empowerment zone’ and ‘top performing en-
15 terprise community’ mean an empowerment zone or
16 an enterprise community, as the case may be, that,
17 as of the end of the applicable period of evaluation,
18 has completed or made substantial progress toward
19 the achievement of the benchmarks specified in the
20 application for designation as an empowerment zone
21 or enterprise community under this section, as deter-
22 mined by the appropriate Secretary.”.

1 **SEC. 4. FUNDING ENTITLEMENT FOR ADDITIONAL RURAL**
2 **EMPOWERMENT ZONES AND RURAL ENTER-**
3 **PRISE COMMUNITIES.**

4 (a) ENTITLEMENT.—Paragraph (1) of section
5 2007(a) of the Social Security Act (42 U.S.C. 1397f(a))
6 is amended—

7 (1) in subparagraph (A), by striking “in the
8 State; and” and inserting “in the State designated
9 pursuant to section 1391(b) of the Internal Revenue
10 Code of 1986;”,

11 (2) in subparagraph (B), by striking the period
12 at the end and inserting “; and”, and

13 (3) by adding at the end the following new sub-
14 paragraph:

15 “(C) 10 grants under this section for each qualified
16 rural empowerment zone and 2 grants for each qualified
17 rural enterprise community in the State designated pursu-
18 ant to section 1391(g) of such Code.”.

19 (b) AMOUNT OF GRANTS.—Paragraph (2) of section
20 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

21 (1) in the heading of subparagraph (A), by
22 striking “EMPOWERMENT” and inserting “ORIGINAL
23 EMPOWERMENT”,

24 (2) in subparagraph (A), in the matter preced-
25 ing clause (i), by inserting “described in paragraph
26 (1)(A)” after “empowerment zone”,

1 (3) by redesignating subparagraph (C) as sub-
2 paragraph (D), and

3 (4) by inserting after subparagraph (B) the fol-
4 lowing new subparagraph:

5 “(C) ADDITIONAL EMPOWERMENT
6 GRANTS.—The amount of each grant to a State
7 made under this section for a qualified rural
8 empowerment zone or rural enterprise commu-
9 nity described in paragraph (1)(C) shall be—

10 “(i) \$2,000,000 if the area is des-
11 ignated as a rural empowerment zone, or

12 “(ii) \$1,500,000 if the area is des-
13 ignated as a rural enterprise community,
14 multiplied by the proportion of the population
15 of the zone that resides in that State.”.

16 (c) TIMING OF GRANTS.—Paragraph (3) of section
17 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

18 (1) in the heading of subparagraph (A) by
19 striking “QUALIFIED” and inserting “ORIGINAL
20 QUALIFIED”,

21 (2) in subparagraph (A), in the matter preced-
22 ing clause (i), by inserting “described in paragraph
23 (1)(A)” after “empowerment zone”, and

24 (3) by adding at the end the following new sub-
25 paragraphs:

1 “(C) ADDITIONAL QUALIFIED EMPOWER-
2 MENT ZONES.—With respect to each qualified
3 empowerment zone described in paragraph
4 (1)(C), the Secretary of Agriculture shall
5 make—

6 “(i) 1 grant under this subsection to
7 the State in which the rural empowerment
8 zone lies, on the date of the designation of
9 the zone under such part I; and

10 “(ii) 1 grant under this subsection to
11 such State, on the first day of each of the
12 nine fiscal years that begin after the date
13 of the designation.

14 “(D) ADDITIONAL QUALIFIED ENTERPRISE
15 COMMUNITIES.—With respect to each qualified
16 enterprise community described in paragraph
17 (1)(C), the Secretary of Agriculture shall
18 make—

19 “(i) 1 grant under this subsection to
20 the State in which the rural enterprise
21 community lies, on the date of the designa-
22 tion of the zone under such part I; and

23 “(ii) 1 grant under this subsection to
24 such State, on the first day of the fiscal

1 year that begins one year after the date
2 of the designation.”.

3 (d) FUNDING.—Paragraph (4) of section 2007(a) of
4 such Act (42 U.S.C. 1397f(a)) is amended—

5 (1) by redesignating the matter following the
6 caption as subparagraph (A), by indenting such
7 matter, and by moving such matter 2 ems to the
8 right,

9 (2) by inserting “ORIGINAL GRANTS.—” after
10 the subparagraph designation “(A)”,

11 (3) in subparagraph (A), as so redesignated, by
12 inserting before the period “for empowerment zones
13 and enterprise communities described in subpara-
14 graphs (A) and (B) of paragraph (1)”, and

15 (4) by adding at the end the following new sub-
16 paragraph:

17 “(B) ADDITIONAL GRANTS.—\$200,000,000
18 shall be made available to the Secretary of Ag-
19 riculture for grants under this section for em-
20 powerment zones and enterprise communities
21 described in paragraph (1)(C).”.

22 (e) COMMUNITY PLANNING GRANTS.—

23 (1) IN GENERAL.—From amounts made avail-
24 able to carry out section 2007 of the Social Security
25 Act, the Secretary of Agriculture may make grants

1 to assist communities in participating in the applica-
2 tion process under section 1391 of the Internal Rev-
3 enue Code of 1986 for designation as an empower-
4 ment zone or enterprise community, as the case may
5 be.

6 (2) LIMITATIONS.—

7 (A) No grant under paragraph (1) may ex-
8 ceed \$10,000.

9 (B) The Secretary may not make more
10 than 1 grant under this subsection to a commu-
11 nity.

12 (C) The Secretary may not make more
13 than 100 grants under this subsection.

14 (3) DEFINITIONS.—For purposes of this sub-
15 section—

16 (A) COMMUNITY.—The term “community”
17 includes a regional development organization.

18 (B) REGIONAL DEVELOPMENT ORGANIZA-
19 TION.—The term “regional development organi-
20 zation” means any organization recognized or
21 designated by the appropriate official or agency
22 of a State government as a regional or substate
23 multi-jurisdictional planning or development
24 agency.

1 **SEC. 5. RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE.**
2 **CULTURE.**

3 (a) CONVEYANCE OF EXCESS AGRICULTURE DE-
4 PARTMENT PROPERTY TO SUPPORT EMPOWERMENT
5 ZONES AND ENTERPRISE COMMUNITIES.—Section 923 of
6 the Federal Agricultural Improvement and Reform Act of
7 1996 (7 U.S.C. 2206a) is amended—

8 (1) by striking “Notwithstanding” and insert-
9 ing “(a) IN GENERAL.—Notwithstanding”,

10 (2) in paragraph (1) of subsection (a) (as des-
11 ignated by paragraph (1) of this subsection)—

12 (A) by striking “and” at the end of sub-
13 paragraph (B), and

14 (B) by inserting after subparagraph (C)
15 the following new subparagraph:

16 “(D) persons, including Federal, State, or
17 local government agencies, for activities consist-
18 ent with the strategic plan for an empowerment
19 zone, enterprise community, or champion com-
20 munity located in a rural area; and”, and

21 (3) by adding at the end the following new sub-
22 section:

23 “(b) DEFINITION.—For the purpose of this section,
24 the term ‘champion community’ means an applicant for
25 designation as a rural empowerment zone or enterprise

1 community whose strategic plan meets criteria specified
2 by the Secretary of Agriculture.”.

3 (b) ENVIRONMENTAL RESPONSIBILITY.—

4 (1) IN GENERAL.—The Secretary of Agriculture
5 shall have the responsibility for conducting environ-
6 mental reviews, decisionmaking, and action pursuant
7 to the National Environmental Policy Act of 1969
8 (42 U.S.C. 4321 et seq.) and other provisions of law
9 as the regulations of the Secretary may specify, that
10 would apply to Federal actions undertaken with re-
11 spect to rural empowerment zones and enterprise
12 communities.

13 (2) DELEGATION.—The Secretary of Agri-
14 culture is authorized to delegate the responsibilities
15 described in paragraph (1) to rural empowerment
16 zones or enterprise community recipients who as-
17 sume, and are determined by the Secretary to be
18 qualified to assume, all of the responsibilities for en-
19 vironmental review, decisionmaking, and action re-
20 quired.

21 **SEC. 6. EFFECTIVE DATES.**

22 (a) IN GENERAL.—Except as otherwise provided in
23 this section, the amendments made by this Act shall take
24 effect as if included in the amendments made by section
25 952 of the Taxpayer Relief Act of 1997.

1 (b) ZONE ACADEMY BOND ALLOCATION.—The
2 amendments made by section 2(f) shall apply to calendar
3 years after 1998.

4 (c) EMPOWERMENT ZONE GRANTS; ENVIRONMENTAL
5 RESPONSIBILITY AND PROPERTY CONVEYANCE.—Sec-
6 tions 4 and 5 and the amendments made by such sections
7 shall take effect on the date of the enactment of this Act.

○