

105TH CONGRESS
2D SESSION

H. R. 4275

To reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1998

Mr. SHUSTER (for himself, Mr. OBERSTAR, Mr. KIM, and Mr. TRAFICANT) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Banking and Financial Services, 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 reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

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 “Economic Development
5 Partnership Act of 1998”.

1 **TITLE I—PUBLIC WORKS AND**
2 **ECONOMIC DEVELOPMENT**
3 **PROGRAMS**

4 **Subtitle A—Reauthorizations**

5 **SEC. 101. AMENDMENT OF PUBLIC WORKS AND ECONOMIC**
6 **DEVELOPMENT ACT OF 1965.**

7 The Public Works and Economic Development Act of
8 1965 (42 U.S.C. 3121 et seq.) is amended by striking all
9 after the first section and inserting the following:

10 **“SEC. 2. FINDINGS AND DECLARATION.**

11 “(a) FINDINGS.—Congress finds that—

12 “(1) the maintenance of the national economy
13 at a high level is vital to the best interests of the
14 United States, but some of our regions, counties,
15 and communities are suffering substantial and per-
16 sistent unemployment and underemployment that
17 cause hardship to many individuals and their fami-
18 lies and waste invaluable human resources;

19 “(2) to overcome this problem the Federal Gov-
20 ernment, in cooperation with the States, should help
21 areas and regions of substantial and persistent un-
22 employment and underemployment to take effective
23 steps in planning and financing their public works
24 and economic development, with cooperation among
25 area local governments;

1 “(3) Federal financial assistance, including
2 grants for public works and development facilities, to
3 communities, industries, enterprises, and individuals
4 in areas needing development should enable such
5 areas to help themselves achieve lasting improve-
6 ment and enhance domestic prosperity by the estab-
7 lishment of stable and diversified local economies,
8 sustainable development, and improved local condi-
9 tions, if such assistance is preceded by and consist-
10 ent with sound, long-range economic planning; and

11 “(4) under the provisions of this Act, new em-
12 ployment opportunities should be created by develop-
13 ing and expanding new and existing public works
14 and other facilities and resources rather than by
15 merely transferring jobs from one area of the United
16 States to another.

17 “(b) DECLARATION.—Congress declares that, in fur-
18 therance of maintaining the national economy at a high
19 level—

20 “(1) the assistance authorized by this Act
21 should be made available to both rural and urban
22 areas;

23 “(2) such assistance should be made available
24 for planning for economic development prior to the

1 actual occurrences of economic distress in order to
2 avoid such condition; and

3 “(3) such assistance should be used for long-
4 term economic rehabilitation in areas where long-
5 term economic deterioration has occurred or is tak-
6 ing place.

7 **“TITLE I—ECONOMIC DEVELOP-**
8 **MENT PARTNERSHIPS, CO-**
9 **OPERATION, AND COORDINA-**
10 **TION**

11 **“SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT**
12 **PARTNERSHIPS.**

13 “(a) IN GENERAL.—In providing assistance under
14 this Act, the Secretary shall cooperate with States and
15 other entities to ensure that, consistent with national ob-
16 jectives, Federal programs are compatible with, and fur-
17 ther the objectives of, State, regional, and local economic
18 development plans and comprehensive economic develop-
19 ment strategies.

20 “(b) TECHNICAL ASSISTANCE.—The Secretary shall
21 provide to States, local governmental subdivisions of
22 States, sub-State regional organizations (including organi-
23 zations that cross State boundaries), and multi-State re-
24 gional organizations technical assistance that the Sec-
25 retary determines may be necessary or desirable to—

1 “(1) alleviate economic distress;

2 “(2) encourage and support public-private part-
3 nerships for the formation and improvement of eco-
4 nomic development strategies that promote the
5 growth of the national economy;

6 “(3) stimulate modernization and technological
7 advances in the generation and commercialization of
8 goods and services; and

9 “(4) enhance the effectiveness of United States
10 firms in the global economy.

11 “(c) INTERGOVERNMENTAL REVIEW.—The Secretary
12 shall issue regulations to ensure that appropriate State
13 and local governmental authorities will be given a reason-
14 able opportunity to review and comment on proposed eco-
15 nomic development projects that the Secretary determines
16 may have a significant and direct impact on the economy
17 of the area.

18 “(d) COOPERATIVE AGREEMENTS.—The Secretary
19 may enter into a cooperative agreement with 2 or more
20 adjoining States, or an organization consisting of such
21 States, in support of effective economic development. The
22 agreement shall provide for suitable participation by other
23 governmental and non-governmental parties that rep-
24 resent significant interests in and perspectives on eco-
25 nomic development in the area.

1 **“SEC. 102. COOPERATION OF FEDERAL AGENCIES.**

2 “Each Federal department and agency, in accordance
3 with applicable laws and within the limits of available
4 funds, shall exercise its powers, duties, and functions, and
5 shall cooperate with the Secretary, in a manner that will
6 assist the Secretary in carrying out the objectives of this
7 Act.

8 **“TITLE II—GRANTS FOR PUBLIC**
9 **WORKS AND ECONOMIC DE-**
10 **VELOPMENT**

11 **“SEC. 201. PUBLIC WORKS GRANTS.**

12 “(a) DIRECT GRANTS.—Upon the application of an
13 eligible recipient, the Secretary may make direct grants
14 for—

15 “(1) acquisition or development of land and im-
16 provements for public works, public service, or devel-
17 opment facility usage; and

18 “(2) acquisition, design and engineering, con-
19 struction, rehabilitation, alteration, expansion, or im-
20 provement of such facilities, including related ma-
21 chinery and equipment.

22 “(b) SELECTION OF PROJECTS.—The Secretary may
23 provide assistance for a project under this section only if
24 the Secretary finds that—

25 “(1) the project will directly or indirectly—

1 “(A) tend to improve opportunities in the
2 area in which the project will be located for the
3 successful establishment or expansion of indus-
4 trial or commercial plants or facilities;

5 “(B) otherwise assist in the creation of ad-
6 ditional long-term employment opportunities for
7 the area;

8 “(C) primarily benefit long-term unem-
9 ployed individuals and members of low-income
10 families; or

11 “(D) in the case of a project that will be
12 located in an area described in paragraph (3) or
13 (4) of section 302(a), enhance the economic
14 growth potential of the area or result in addi-
15 tional long-term employment opportunities com-
16 mensurate with the amount of Federal financial
17 assistance requested;

18 “(2) the project will fulfill all or part of a press-
19 ing need of the area in which the project will be lo-
20 cated; and

21 “(3) the project is consistent with a comprehen-
22 sive economic development strategy that has been
23 developed in accordance with section 303 for the
24 area in which the project will be located.

1 “(c) LIMITATION.—Not more than 15 percent of the
2 amounts made available to carry out this section in a fiscal
3 year may be expended in any one State.

4 **“SEC. 202. CONSTRUCTION COST INCREASES.**

5 “(a) IN GENERAL.—Subject to subsection (b), the
6 Secretary may increase the amount of a grant (including
7 a supplemental grant) made for a construction project
8 under this title (or title I of this Act, as in effect before
9 the date of enactment of the Economic Development Part-
10 nership Act of 1998) if, after the grant has been made
11 but before completion of the project, the cost of the project
12 has increased and if an increase in the amount of the
13 grant is necessary for the satisfactory completion and op-
14 eration of the project.

15 “(b) LIMITATIONS.—The Secretary may not increase
16 the amount of a grant for a project under subsection (a)
17 if—

18 “(1) the increase would cause the Federal share
19 of the cost of the project to exceed the maximum
20 percentage permitted for the project under this Act,
21 as in effect at the time of the increase;

22 “(2) the amount of the increase exceeds 15 per-
23 cent of the original estimated cost of the project; or

24 “(3) the amount of the increase exceeds the dif-
25 ference between the estimated cost of the project on

1 the date of the increase and the original estimated
2 cost of the project.

3 **“SEC. 203. PLANNING AND ADMINISTRATIVE EXPENSES.**

4 “(a) DIRECT GRANTS.—Upon the application of an
5 eligible recipient, the Secretary may make direct grants
6 for economic development planning and for the adminis-
7 trative expenses of organizations undertaking such plan-
8 ning.

9 “(b) PLANNING TO REDUCE UNEMPLOYMENT AND
10 INCREASE INCOMES.—The planning for cities, other polit-
11 ical subdivisions, Indian tribes, and sub-State planning
12 and development organizations (including areas described
13 in section 302(a) and economic development districts) as-
14 sisted under this section shall include systematic efforts
15 to reduce unemployment and increase incomes.

16 “(c) PLANNING PROCESS.—Planning assisted under
17 this section shall be a continuous process, involving public
18 officials and private citizens, in analyzing local economies,
19 defining development goals, determining project opportu-
20 nities, and formulating and implementing a development
21 program.

22 “(d) USE OF OTHER FEDERAL FUNDS.—Planning
23 assistance received under this section shall be used in con-
24 junction with any other available Federal planning assist-

1 ance to ensure adequate and effective planning and eco-
2 nomical use of funds.

3 “(e) STATE PLANS.—

4 “(1) PREPARATION OF PLANS.—A State plan
5 prepared with assistance under this section shall be
6 prepared cooperatively by the State, political subdivi-
7 sions of the State, and the economic development
8 district located in whole or in part within the State,
9 as a comprehensive economic development strategy.

10 “(2) CONSISTENCY WITH LOCAL AND ECONOMIC
11 DEVELOPMENT DISTRICT PLANS.—Upon completion
12 of a State plan prepared with assistance under this
13 section, the State shall—

14 “(A) certify to the Secretary that in the
15 preparation of the State plan, the local and eco-
16 nomic development district plans were consid-
17 ered and, to the fullest extent possible, the
18 State plan is consistent with such plans; and

19 “(B) identify any inconsistencies between
20 the State plan and the local and economic de-
21 velopment district plans, with the justification
22 for each inconsistency.

23 “(3) CONSIDERATIONS.—Any overall State eco-
24 nomic development planning shall be a part of a

1 comprehensive planning process that shall consider
2 providing public works to—

3 “(A) stimulate and channel development,
4 economic opportunities, and choices for individ-
5 uals;

6 “(B) support sound land use;

7 “(C) foster effective transportation access;

8 “(D) promote sustainable development;

9 “(E) enhance and protect the environment,
10 including the conservation and preservation of
11 open spaces and environmental quality;

12 “(F) provide public services;

13 “(G) promote technology development; and

14 “(H) balance physical and human re-
15 sources through the management and control of
16 physical development.

17 “(4) ANNUAL REPORT.—A State receiving as-
18 sistance under this subsection shall transmit to the
19 Secretary an annual report on the planning process
20 of the State.

21 **“SEC. 204. COST SHARING.**

22 “Subject to section 205, the amount of a direct grant
23 for a project under this title may not exceed 50 percent
24 of the cost of the project. In determining the amount of
25 the non-Federal share, the Secretary shall give due consid-

1 eration to all contributions, both in cash and in kind, fairly
2 evaluated, including contributions of space, equipment,
3 and services.

4 **“SEC. 205. SUPPLEMENTARY GRANTS.**

5 “(a) AUTHORITY TO MAKE SUPPLEMENTARY
6 GRANTS.—

7 “(1) IN GENERAL.—Upon the application of an
8 eligible recipient, the Secretary may make a supple-
9 mentary grant for a project for which the applicant
10 is eligible but, because of the economic situation of
11 the applicant, for which the applicant cannot supply
12 the required non-Federal share.

13 “(2) TYPES OF ASSISTANCE.—Supplementary
14 grants under this section may include grants to en-
15 able States and other entities within areas described
16 in section 302(a) to take maximum advantage of
17 designated Federal grant-in-aid programs (as de-
18 fined in subsection (b)(4)), direct grants-in-aid au-
19 thorized under this title, Federal grant-in-aid pro-
20 grams authorized by the Watershed Protection and
21 Flood Prevention Act (68 Stat. 666), and the 11 wa-
22 tersheds authorized by the Flood Control Act of De-
23 cember 22, 1944 (58 Stat. 887).

24 “(b) REQUIREMENTS APPLICABLE TO SUPPLE-
25 MENTARY GRANTS.—

1 “(1) AMOUNT OF GRANTS.—The amount of a
2 supplementary grant for a project under this section
3 may not exceed the applicable percentage to be es-
4 tablished by the Secretary by regulation, but in no
5 event may the non-Federal share of the aggregate
6 cost of any such project (including assumptions of
7 debt) be less than 20 percent of such cost, except as
8 provided by paragraph (6).

9 “(2) FORM OF GRANTS.—Supplementary grants
10 shall be made by the Secretary, in accordance with
11 regulations to be issued by the Secretary, by increas-
12 ing the amounts of direct grants authorized under
13 this title or by the payment of funds appropriated
14 under this Act to the heads of the departments,
15 agencies, and instrumentalities of the Federal Gov-
16 ernment responsible for the administration of the
17 applicable Federal programs.

18 “(3) FEDERAL SHARE LIMITATIONS SPECIFIED
19 IN OTHER LAWS.—Notwithstanding any requirement
20 as to the amount or sources of non-Federal funds
21 that may otherwise be applicable to the Federal pro-
22 gram involved, funds provided under this section
23 may be used for the purpose of increasing the Fed-
24 eral contribution to a project in an area described in
25 section 302(a) under the Federal program above the

1 fixed maximum portion of the cost of the project
2 otherwise authorized by the applicable law.

3 “(4) DESIGNATED FEDERAL GRANT-IN-AID
4 PROGRAMS DEFINED.—In this section, the term ‘des-
5 ignated Federal grant-in-aid programs’ means such
6 existing or future Federal grant-in-aid programs as-
7 sisting in the construction or equipping of facilities
8 as the Secretary may, in furtherance of the purposes
9 of this Act, designate as eligible for allocation of
10 funds under this section.

11 “(5) CONSIDERATION OF RELATIVE NEED IN
12 DETERMINING AMOUNT.—In determining the
13 amount of a supplementary grant available for a
14 project under this title, the Secretary shall take into
15 consideration the relative needs of the area and the
16 nature of the project to be assisted.

17 “(6) EXCEPTIONS.—

18 “(A) GRANTS TO INDIAN TRIBES.—In the
19 case of a grant to an Indian tribe, or in the
20 case of a grant for assistance authorized by sec-
21 tion 209(d), the Secretary may reduce the non-
22 Federal share below the percentage specified in
23 subsection (b)(1) or waive the non-Federal
24 share.

1 “(B) GRANTS TO STATES, POLITICAL SUB-
2 DIVISIONS, AND NON-PROFITS.— In the case of
3 a grant to a State (or a political subdivision of
4 the State) that the Secretary determines has
5 exhausted its effective taxing and borrowing ca-
6 pacity, or in the case of a grant to a non-profit
7 organization that the Secretary determines has
8 exhausted its effective borrowing capacity, the
9 Secretary may reduce the non-Federal share
10 below the percentage specified in subsection
11 (b)(1) or may waive the non-Federal share
12 for—

13 “(i) a project in an area described in
14 section 302(a)(3); or

15 “(ii) a project the nature of which the
16 Secretary determines, in writing, warrants
17 the reduction or waiver of the non-Federal
18 share.

19 **“SEC. 206. REGULATIONS TO ENSURE RELATIVE NEEDS**
20 **ARE MET.**

21 “The Secretary shall issue rules, regulations, and
22 procedures to carry out this title to ensure that adequate
23 consideration is given to the relative needs of eligible
24 areas. In issuing such rules, regulations, and procedures

1 for assistance under section 201, the Secretary shall con-
2 sider among other relevant factors—

3 “(1) the severity of the rates of unemployment
4 in the eligible areas and the duration of such unem-
5 ployment; and

6 “(2) the income levels of families and the extent
7 of underemployment in eligible areas.

8 **“SEC. 207. TRAINING, RESEARCH, AND TECHNICAL ASSIST-**
9 **ANCE.**

10 “(a) DIRECT GRANTS.—

11 “(1) IN GENERAL.—Upon the application of an
12 eligible recipient, the Secretary may make direct
13 grants for training, research, and technical assist-
14 ance, including grants for program evaluation and
15 economic impact analyses, that would be useful in
16 alleviating or preventing conditions of excessive un-
17 employment or underemployment.

18 “(2) TYPES OF ASSISTANCE.—Direct grants
19 under this section may include grants for project
20 planning and feasibility studies, demonstrations of
21 innovative activities or strategic economic develop-
22 ment investments, management and operational ac-
23 tivities or strategic economic development invest-
24 ments, management and operational assistance, es-
25 tablishment of university centers, establishment of

1 business outreach centers, and studies evaluating the
2 needs of, and development potentialities for, eco-
3 nomic growth of areas that the Secretary finds have
4 substantial need for such assistance.

5 “(3) AUTHORITY TO WAIVE NON-FEDERAL
6 SHARE.—The Secretary may waive the non-Federal
7 share in the case of a project under this section,
8 without regard to section 204 or 205.

9 “(b) FORMS OF ASSISTANCE.—In carrying out the
10 Secretary’s duties under this Act, the Secretary may—

11 “(1) provide research and technical assistance
12 through members of the staff of the Secretary;

13 “(2) make payments of funds authorized to
14 carry out this section to departments or agencies of
15 the Federal Government;

16 “(3) provide for the employment of private indi-
17 viduals, partnerships, firms, corporations, or suitable
18 institutions under contracts entered into for such
19 purposes; or

20 “(4) award grants under this title.

21 **“SEC. 208. RELOCATION OF INDIVIDUALS AND BUSINESSES.**

22 “Grants to eligible recipients under this Act shall in-
23 clude amounts that may be required to provide relocation
24 assistance to affected persons, as required by the Uniform

1 Relocation Assistance and Real Property Acquisition Poli-
2 cies Act 1970 (42 U.S.C. 4601 et seq.).

3 **“SEC. 209. ECONOMIC ADJUSTMENT.**

4 “(a) DIRECT GRANTS.—Upon the application of an
5 eligible recipient, the Secretary may make direct grants
6 for public facilities, public services, business development
7 (including a revolving loan fund), planning, technical as-
8 sistance, training, and other assistance that demonstrably
9 furthers the economic adjustment objectives of this Act,
10 including activities to alleviate long-term economic deterio-
11 ration and sudden and severe economic dislocations.

12 “(b) SELECTION OF PROJECTS.—The Secretary may
13 provide assistance for a project under this section only if
14 the Secretary finds that—

15 “(1) the project will help the area for which the
16 project is to be undertaken meet a special need aris-
17 ing from—

18 “(A) actual or threatened severe unemploy-
19 ment arising from economic dislocation, includ-
20 ing unemployment arising from actions of the
21 Federal Government; or

22 “(B) economic adjustment problems result-
23 ing from severe changes in economic conditions
24 (including long-term economic deterioration);
25 and

1 “(2) except with respect to planning projects,
2 the project is consistent with a comprehensive eco-
3 nomic development strategy that has been developed
4 in accordance with section 303 for the area for
5 which the project is to be undertaken.

6 “(c) ACTIVITIES RELATED TO DEFENSE REDUC-
7 TIONS.—In order to help the communities diversify their
8 economies, assistance under this section shall extend to
9 activities identified by communities impacted by military
10 base closures, defense contractor cutbacks, and Depart-
11 ment of Energy defense-related reductions. Nothing in
12 this subsection is intended to replace the efforts of the
13 economic adjustment program of the Department of the
14 Defense.

15 “(d) POST-DISASTER ACTIVITIES.—Assistance under
16 this section shall extend to post-disaster activities in areas
17 affected by natural or other disasters.

18 “(e) ACTIVITIES RELATED TO INTERNATIONAL
19 TRADE.—Assistance under this section shall extend to ac-
20 tivities identified by communities that have suffered eco-
21 nomic injury caused by international trade in order to help
22 the communities restructure their economies.

1 **“SEC. 210. DIRECT EXPENDITURE OR REDISTRIBUTION BY**
2 **RECIPIENT.**

3 “Amounts from grants under section 209 may be
4 used in direct expenditures by the eligible recipient or
5 through redistribution by the eligible recipient to public
6 and private entities in grants, loans, loan guarantees, pay-
7 ments to reduce interest on loan guarantees, or other ap-
8 propriate assistance, but no grant may be made by an eli-
9 gible recipient to a private profit-making entity.

10 **“SEC. 211. CHANGED PROJECT CIRCUMSTANCES.**

11 “In any case in which a grant (including a supple-
12 mental grant) has been made by the Secretary for a
13 project under this title (or under this Act, as in effect on
14 the day before the date of enactment of the Economic De-
15 velopment Partnership Act of 1998), and after the grant
16 has been made but before completion of the project, the
17 purpose or scope of the project that was the basis of the
18 grant has changed, the Secretary may approve the use of
19 grant funds for the changed project if the Secretary deter-
20 mines that the changed project meets the requirements of
21 this title and that the changes are necessary to enhance
22 economic development in the area.

23 **“SEC. 212. USE OF FUNDS IN PROJECTS CONSTRUCTED**
24 **UNDER PROJECTED COST.**

25 “In any case in which a grant (including a supple-
26 mental grant) has been made by the Secretary under this

1 title (or under this Act, as in effect on the day before the
2 date of enactment of the Economic Development Partner-
3 ship Act of 1998) for a construction project, and after
4 the grant has been made but before completion of the
5 project, the cost of the project (based upon the designs
6 and specifications that were the basis of the grant) has
7 decreased because of decreases in costs, the underrun
8 funds may be used to improve the project either directly
9 or indirectly, as determined by the Secretary.

10 **“SEC. 213. BASE CLOSINGS AND REALIGNMENTS.**

11 “(a) LOCATION OF PROJECTS.—In any case in which
12 the Secretary determines there is a need for assistance
13 under this title due to the closure or realignment of a mili-
14 tary installation or a Department of Energy defense-relat-
15 ed installation, the Secretary may make such assistance
16 available for projects to be carried out on the installation
17 and for projects to be carried out in communities adversely
18 affected by the closure or realignment.

19 “(b) INTEREST IN PROPERTY.—Notwithstanding any
20 other provision of law, the Secretary may provide to an
21 eligible recipient any assistance made available under this
22 Act for a project to be carried out on a military installa-
23 tion, or a Department of Energy defense-related installa-
24 tion, that is closed or scheduled for closure or realignment
25 without requiring the eligible recipient to have title to the

1 property or a leasehold interest in the property for any
2 specified term.

3 **“SEC. 214. PREVENTION OF UNFAIR COMPETITION.**

4 “Financial assistance under this Act may not be ex-
5 tended to any project if—

6 “(1) the assistance would result in an increase
7 in the production of goods, materials, or commod-
8 ities, or the availability of services or facilities; and

9 “(2) there is not sufficient demand for such
10 goods, materials, commodities, services, or facilities
11 to employ the efficient capacity of existing competi-
12 tive commercial or industrial enterprises.

13 **“SEC. 215. SALE OF FINANCIAL INSTRUMENTS IN REVOLV-
14 ING LOAN FUNDS.**

15 “Any loan, loan guarantee, equity, or other financial
16 instrument in the portfolio of a revolving loan fund, in-
17 cluding any financial instrument made available using
18 amounts from a grant made before the date of enactment
19 of the Economic Development Partnership Act of 1998,
20 may be sold, encumbered, or pledged at the discretion of
21 the grantee of the Fund, to a third party provided that
22 the net proceeds of the transaction—

23 “(1) shall be deposited into the Fund and may
24 only be used for activities which are consistent with
25 the purposes of this title; and

1 “(2) shall be subject to the financial manage-
2 ment, accounting, reporting, and auditing standards
3 which were originally applicable to the grant.

4 **“SEC. 216. REPORTS BY RECIPIENT.**

5 “(a) IN GENERAL.—The Secretary shall require all
6 recipients of assistance under this Act to submit reports
7 to the Secretary.

8 “(b) REQUIREMENTS.—Reports under subsection (a)
9 shall—

10 “(1) be submitted at such intervals and in such
11 manner as the Secretary shall prescribe by regula-
12 tion, not to exceed 10 years from the time of close-
13 out of the assistance award; and

14 “(2) contain an evaluation of the effectiveness
15 of the economic assistance provided under this Act
16 in meeting the need the assistance was designed to
17 alleviate and the purposes of this Act.

18 “(c) REVOLVING LOAN FUNDS.—

19 “(1) IN GENERAL.—Except as provided by
20 paragraph (2), reports of the activities of a revolving
21 loan fund may be required at such intervals as may
22 be provided by regulation.

23 “(2) LIMITATION.—After final disbursements of
24 assistance to establish a revolving loan fund (includ-
25 ing assistance provided before the date of enactment

1 of the Economic Development Partnership Act of
2 1998), reports of activities of the revolving loan fund
3 may not be required more frequently than annually.

4 **“TITLE III—DEFINITIONS, ELIGI-**
5 **BILITY, AND COMPREHEN-**
6 **SIVE ECONOMIC DEVELOP-**
7 **MENT STRATEGIES**

8 **“SEC. 301. DEFINITIONS.**

9 “In this Act, the following definitions apply:

10 “(1) ECONOMIC DEVELOPMENT DISTRICT.—The
11 term ‘economic development district’ means an area
12 in the United States composed of cooperating areas
13 described in section 302(a) and, where appropriate,
14 designated economic development centers and neigh-
15 boring counties or communities, that has been des-
16 ignated by the Secretary as an economic develop-
17 ment district. The term includes any economic devel-
18 opment district designated by the Secretary under
19 section 403 of this Act, as in effect on the day be-
20 fore the date of enactment of the Economic Develop-
21 ment Partnership Act of 1998.

22 “(2) ECONOMIC DEVELOPMENT CENTER.—The
23 term ‘economic development center’ means an area
24 in the United States that has been identified as an
25 economic development center in an approved com-

1 prehensive economic development strategy and that
2 has been designated by the Secretary as eligible for
3 financial assistance under this Act in accordance
4 with the provisions of this Act.

5 “(3) ELIGIBLE RECIPIENT.—The term ‘eligible
6 recipient’ means—

7 “(A) an area described in section 302(a);

8 “(B) an economic development district des-
9 ignated under section 401;

10 “(C) an Indian tribe, a State, a city or
11 other political subdivision of a State, or a con-
12 sortium of such political subdivisions;

13 “(D) an institution of higher education or
14 a consortium of such institutions; or

15 “(E) a public or private nonprofit organi-
16 zation or association acting in cooperation with
17 officials of such political subdivision.

18 For grants made under section 207, the term also
19 includes private individuals and for-profit organiza-
20 tions.

21 “(4) GRANT.—The term ‘grant’ includes a co-
22 operative agreement, as that term is used in the
23 Federal Grant and Cooperative Agreement Act of
24 1977.

1 “(5) INDIAN TRIBE.—The term ‘Indian tribe’
2 means any Indian tribe, band, nation, pueblo, or
3 other organized group or community, including any
4 Alaska Native village or regional corporation as de-
5 fined in or established pursuant to the Alaska Na-
6 tive Claims Settlement Act, which is recognized as
7 eligible for the special programs and services pro-
8 vided by the United States to Indians because of
9 their status as Indians.

10 “(6) SECRETARY.—The term ‘Secretary’ means
11 the Secretary of Commerce.

12 “(7) STATE.—The terms ‘State’, ‘States’, and
13 ‘United States’ include the several States, the Dis-
14 trict of Columbia, the Commonwealth of Puerto
15 Rico, the Virgin Islands, Guam, American Samoa,
16 the Republic of the Marshall Islands, the Federated
17 States of Micronesia, the Republic of Palau, and the
18 Commonwealth of the Northern Mariana Islands.

19 **“SEC. 302. AREA ELIGIBILITY.**

20 “(a) CERTIFICATION.—In order to be eligible for as-
21 sistance for activities described in section 201 or 209, an
22 applicant shall certify, as part of an application for such
23 assistance, that the project will serve an area (which may
24 be defined without regard to political or other boundaries)

1 that on the date of submission of such application meets
2 1 or more of the following criteria:

3 “(1) The area has a per capita income of 80
4 percent or less of the national average.

5 “(2) The area has an unemployment rate that
6 is at least 1 percent above the national average per-
7 centage for the most recent 24-month period for
8 which statistics are available.

9 “(3) The area is determined by the Secretary to
10 have experienced, or to be reasonably foreseen as
11 about to experience, a special need to meet an ex-
12 pected rise in unemployment or other economic ad-
13 justment problem (including those caused by any ac-
14 tion or decision of the Federal Government).

15 “(4) The area is determined by the Secretary to
16 be a pocket of poverty or high unemployment within
17 a larger community of less economic distress and
18 has demonstrated a resistance to economic recovery
19 without assistance under this Act.

20 “(b) DOCUMENTATION.—A certification made under
21 subsection (a) shall be supported by Federal data, when
22 available or, in the absence of recent Federal data, by data
23 available through the State government. Such documenta-
24 tion shall be accepted by the Secretary unless the Sec-
25 retary determines the documentation to be inaccurate. The

1 most recent statistics available shall be used. Areas cer-
2 tified as meeting the criteria of subsection (a), including
3 pockets of poverty or high unemployment within larger
4 communities of less economic distress, may be defined
5 without regard to political or other subdivisions or bound-
6 aries.

7 “(c) PRIOR DESIGNATIONS.—Any designation of a
8 redevelopment area made before the date of enactment of
9 the Economic Development Partnership Act of 1998 shall
10 not be effective after such date.

11 **“SEC. 303. COMPREHENSIVE ECONOMIC DEVELOPMENT**
12 **STRATEGY.**

13 “(a) IN GENERAL.—The Secretary may provide as-
14 sistance under section 201, 208, or 209 (except planning
15 assistance under section 209) to an applicant for a project
16 only if the applicant submits to the Secretary, as part of
17 an application for the assistance, a comprehensive eco-
18 nomic development strategy that—

19 “(1) identifies the economic development prob-
20 lems to be addressed using the assistance;

21 “(2) identifies past, present, and projected fu-
22 ture economic development investments in the area
23 receiving the assistance and public and private par-
24 ticipants and sources of funding for the investments;
25 and

1 “(3) sets forth a strategy for addressing the
2 economic problems identified pursuant to paragraph
3 (1) and describes how the strategy will solve the
4 problems.

5 “(b) OTHER PLAN.—The Secretary may accept as a
6 comprehensive economic development strategy a satisfac-
7 tory plan prepared under another Federally supported
8 program.

9 **“TITLE IV—ECONOMIC**
10 **DEVELOPMENT DISTRICTS**

11 **“SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT**
12 **DISTRICTS AND ECONOMIC DEVELOPMENT**
13 **CENTERS.**

14 “(a) IN GENERAL.—In order that economic develop-
15 ment projects of broader geographic significance may be
16 planned and carried out, the Secretary may take the ac-
17 tions authorized by this section.

18 “(b) DESIGNATION OF ECONOMIC DEVELOPMENT
19 DISTRICTS.—The Secretary may designate appropriate
20 ‘economic development districts’ within the United States
21 with the concurrence of the States in which such districts
22 will be wholly or partially located, if—

23 “(1) the proposed district is of sufficient size or
24 population, and contains sufficient resources, to fos-

1 ter economic development on a scale involving more
2 than a single area described in section 302(a);

3 “(2) the proposed district contains at least 1
4 area described in section 302(a);

5 “(3) the proposed district contains 1 or more
6 areas described in section 302(a) or economic devel-
7 opment centers identified in an approved district
8 comprehensive economic development strategy as
9 having sufficient size and potential to foster the eco-
10 nomic growth activities necessary to alleviate the dis-
11 tress of the areas described in section 302(a) within
12 the district; and

13 “(4) the proposed district has a district com-
14 prehensive economic development strategy that—

15 “(A) includes sustainable development and
16 adequate land use and transportation planning;

17 “(B) contains a specific program for dis-
18 trict cooperation, self-help, and public invest-
19 ment; and

20 “(C) is approved by the State or States af-
21 fected and by the Secretary.

22 “(c) DESIGNATION OF ECONOMIC DEVELOPMENT
23 CENTERS.—The Secretary may designate as ‘economic de-
24 velopment centers’, under regulations to be issued by the

1 Secretary, areas that the Secretary considers appropriate,
2 if—

3 “(1) the proposed center has been identified
4 and included in an approved district comprehensive
5 economic development strategy and recommended by
6 the State or States affected for such special designa-
7 tion;

8 “(2) the proposed center is geographically and
9 economically so related to the district that its eco-
10 nomic growth may reasonably be expected to con-
11 tribute significantly to the alleviation of distress in
12 the areas described in section 302(a) of the district;
13 and

14 “(3) the proposed center does not have a popu-
15 lation in excess of 250,000 according to the most re-
16 cent Federal census.

17 “(d) PROVISION OF FINANCIAL ASSISTANCE.—The
18 Secretary may provide financial assistance in accordance
19 with the criteria of this Act, except as otherwise expressly
20 provided, for projects in economic development centers
21 designated under subsection (c), if—

22 “(1) the project will further the objectives of
23 the comprehensive economic development strategy of
24 the district in which the project will be located;

1 “(2) the project will enhance the economic
2 growth potential of the district or result in addi-
3 tional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

6 “(3) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district.

9 “(e) AUTHORITIES.—The Secretary may, under regulations to be issued by the Secretary—

11 “(1) invite the several States to draw up proposed economic development district boundaries and to identify potential economic development centers;

14 “(2) encourage the States to consult with appropriate local governmental authorities in the proposal of economic development district boundaries or their modification;

18 “(3) cooperate with the several States—

19 “(A) in sponsoring and assisting district economic planning and development groups;
21 and

22 “(B) in assisting such district groups to formulate district comprehensive economic development strategies; and

1 “(4) encourage participation by appropriate
2 local governmental authorities in such economic de-
3 velopment districts.

4 **“SEC. 402. TERMINATION OR MODIFICATION.**

5 “The Secretary shall issue regulations to prescribe
6 standards for the termination or modification of economic
7 development districts and economic development centers
8 designated under the authority of section 401.

9 **“SEC. 403. BONUS.**

10 “Subject to the 20 percent non-Federal share re-
11 quirement of 205(b)(1), the Secretary may increase the
12 amount of grant assistance authorized by sections 204 and
13 205 for projects within designated economic development
14 districts by an amount not to exceed 10 percent of the
15 aggregate cost of the project, in accordance with regula-
16 tions to be issued by the Secretary, if—

17 (1) the project applicant is actively participat-
18 ing in the economic development activities of the dis-
19 trict; and

20 (2) the project is consistent with an approved
21 district comprehensive economic development strat-
22 egy.

1 **“SEC 404. STRATEGY PROVIDED TO APPALACHIAN RE-**
2 **GIONAL COMMISSION.**

3 “An economic development district designated by the
4 Secretary under this title shall ensure that a copy of the
5 district’s comprehensive economic development strategy is
6 furnished to the Appalachian Regional Commission estab-
7 lished under the Appalachian Regional Development Act
8 of 1965 if any part of such district is within the Appalach-
9 ian region.

10 **“SEC. 405. PARTS NOT WITHIN AREAS DESCRIBED IN SEC-**
11 **TION 302(a).**

12 “The Secretary is authorized to provide financial as-
13 sistance available to an area described in section 302(a)
14 under this Act to those parts of an economic development
15 district that are not within an area described in section
16 302(a), if the Secretary determines, in writing, that the
17 assistance will be of a substantial direct benefit to an area
18 described in section 302(a) within such district. Such fi-
19 nancial assistance shall be provided in the same manner
20 and to the same extent as is provided in this Act for an
21 area described in section 302(a).

22 **“TITLE V—ADMINISTRATION**

23 **“SEC. 501. UNDER SECRETARY OF COMMERCE FOR ECO-**
24 **NOMIC DEVELOPMENT.**

25 “(a) APPOINTMENT.—The Secretary shall administer
26 this Act with assistance of an Under Secretary of Com-

1 merce for Economic Development to be appointed by the
2 President by and with the advice and consent of the Sen-
3 ate.

4 “(b) DUTIES.—The Under Secretary of Commerce
5 for Economic Development shall perform such functions
6 as the Secretary may prescribe and will serve as the ad-
7 ministrator of the Economic Development Administration
8 within the Department of Commerce.

9 **“SEC. 502. OFFICE OF ECONOMIC DEVELOPMENT INFORMA-**
10 **TION.**

11 “(a) ESTABLISHMENT.—The Secretary shall estab-
12 lish in the Economic Development Administration an Of-
13 fice of Economic Development Information (hereinafter in
14 this section referred to as the ‘Office’).

15 “(b) DUTIES.—The Office shall—

16 “(1) serve as a central information clearing-
17 house on matters relating to economic development
18 programs and activities of the Federal Government
19 and State governments, including political subdivi-
20 sions of States;

21 “(2) help potential and actual applicants for
22 economic development assistance under Federal,
23 State, and local laws in locating and applying for
24 such assistance, including financial and technical as-
25 sistance; and

1 “(3) develop electronic links or other connec-
2 tions to information databases provided by Federal
3 departments and agencies, State and local govern-
4 mental agencies, public and private entities, and in-
5 dividuals to assist other such agencies, entities, and
6 individuals in the process of identifying and applying
7 for assistance and resources under economic develop-
8 ment programs and activities of the Federal, State,
9 and local governments.

10 “(c) ELECTRONIC LINKS AND CONNECTIONS.—The
11 databases to which the Office shall develop electronic links
12 or other connections shall include the following kinds of
13 information:

14 “(1) Relevant information concerning available
15 economic development programs of the Federal Gov-
16 ernment, including key contact personnel, descrip-
17 tions of the application process, eligibility require-
18 ments and criteria, selection and follow-up proce-
19 dures, and other such relevant information.

20 “(2) Relevant information concerning major
21 State and local governmental economic development
22 programs, including lists of appropriate offices, offi-
23 cers, and contact personnel connected with, or in-
24 volved in, such programs.

1 “(3) Relevant and available economic data and
2 trends, including information about the national, re-
3 gional, and local impacts of trade agreements, de-
4 fense spending and downsizing, technological change,
5 and other sources of substantial economic disloca-
6 tion.

7 “(4) Case studies and best practices in eco-
8 nomic development, adjustment, and reinvestment.

9 “(5) Technology utilization programs, assist-
10 ance, and resources.

11 “(6) Compilations of published works (including
12 bibliographies, books, reports, articles, videos, and
13 tapes), and selected texts of such works, related to
14 all facets of economic development.

15 “(7) Information concerning current revolving
16 loan fund programs and finance programs directly
17 related to economic development objectives.

18 “(8) Resources that assist in identifying poten-
19 tial sources of capital for businesses, including re-
20 volving loan funds, venture capital, and other capital
21 tools.

22 “(9) Resources, including geographic informa-
23 tion systems, that assist economic developers in un-
24 derstanding and pursuing sustainable development
25 and initiatives.

1 “(d) PUBLIC ACCESS TO DATA SERVICES.—The Of-
2 fice shall establish the means to ensure easy access by the
3 public to the Office’s information clearinghouse, and shall
4 take all appropriate steps to ensure that the clearinghouse
5 and its resources are as accessible and user-friendly as
6 possible. As soon as practicable, and until replaced by a
7 means determined by the Secretary to be more effective
8 in accomplishing the purposes of this section, access to
9 the data services of the Office shall include each of the
10 following means:

11 “(1) An Internet web site, with sorted key loca-
12 tions by economic development related topic, for
13 users to access lists of various Governmentwide and
14 other economic development web site resources.

15 “(2) A toll-free nationwide telephone number to
16 provide direct phone access to the public.

17 “(3) On-line electronic access through existing
18 computer network services and publicly available
19 computer database access facilities.

20 “(4) Printed manuals and orientation materials.

21 “(5) Periodic orientation workshops available to
22 the public.

23 “(6) On-call information specialists to address
24 special problems requiring person-to-person assist-
25 ance.

1 “(e) COORDINATION WITH OTHER FEDERAL DE-
2 PARTMENTS AND AGENCIES.—The Secretary shall enter
3 into such agreements and understandings as may be nec-
4 essary with other Federal departments and agencies to co-
5 ordinate the accomplishment of the objectives of this sec-
6 tion.

7 “(f) ECONOMIC DEVELOPMENT DEFINED.—In this
8 section, the term “economic development” includes eco-
9 nomic adjustment, disaster recovery, industrial retention,
10 and defense reinvestment.

11 **“SEC. 503. CONSULTATION WITH OTHER PERSONS AND**
12 **AGENCIES.**

13 “(a) CONSULTATION ON PROBLEMS RELATING TO
14 EMPLOYMENT.—The Secretary may confer with any per-
15 sons, including representatives of labor, management, ag-
16 riculture, and government, who can assist in meeting the
17 problems of area and regional unemployment.

18 “(b) CONSULTATION ON ADMINISTRATION OF ACT.—
19 The Secretary may make provisions for such consultation
20 with interested departments and agencies as the Secretary
21 may deem appropriate in the performance of the functions
22 vested in the Secretary by this Act.

1 **“SEC. 504. ADMINISTRATION, OPERATION, AND MAINTEN-**
2 **NANCE.**

3 “Federal assistance may not be approved under this
4 Act unless the Secretary is satisfied that the project for
5 which the Federal assistance is to be granted will be prop-
6 erly and efficiently administered, operated, and main-
7 tained.

8 **“SEC. 505. FIRMS DESIRING FEDERAL CONTRACTS.**

9 “The Secretary may furnish the procurement divi-
10 sions of the various departments, agencies, and other in-
11 strumentalities of the Federal Government with a list—

12 “(1) containing the names and addresses of
13 business firms that are located in areas of high eco-
14 nomic distress and are seeking Government con-
15 tracts for the furnishing of supplies or services; and

16 “(2) designating the supplies and services that
17 the firms provide.

18 **“SEC. 506. AMENDMENTS TO TITLE 5, U.S.C.**

19 “Title 5, United States Code, is amended—

20 “(1) in section 5314 by inserting ‘, Under Sec-
21 retary of Commerce for Economic Development,’
22 after ‘Under Secretary of Commerce for Export Ad-
23 ministration’; and

24 “(2) in section 5316 by striking ‘Administrator
25 for Economic Development.’.

1 **“SEC. 507. NOTIFICATION OF REORGANIZATION.**

2 “The Secretary shall notify the Committees on
3 Transportation and Infrastructure and on Appropriations
4 of the House of Representatives and the Committees on
5 Environment and Public Works and on Appropriations of
6 the Senate of any reorganization of the offices, programs,
7 or activities of the Economic Development Administration
8 on or before the 30th day preceding the date of the reorga-
9 nization.

10 **“SEC. 508. PERFORMANCE EVALUATIONS OF GRANT RE-**
11 **CIPIENTS.**

12 “(a) IN GENERAL.—The Secretary shall conduct an
13 evaluation of each university center and economic develop-
14 ment district receiving grant assistance under this Act to
15 assess the grantee’s performance and contribution toward
16 job retention and creation. Evaluations shall be conducted
17 on a continuing basis so that each grantee will be evalu-
18 ated within 3 years after the first award of assistance to
19 the grantee after the date of enactment of the Economic
20 Development Partnership Act of 1998, and at least once
21 every 3 years thereafter, so long as the grantee continues
22 to receive such assistance.

23 “(b) CRITERIA.—

24 “(1) ESTABLISHMENT.—The Secretary shall es-
25 tablish criteria for use in conducting evaluations
26 under subsection (a).

1 “(2) CRITERIA FOR UNIVERSITY CENTERS.—

2 The criteria for evaluation of a university center
3 shall, at a minimum, provide for an assessment of
4 the center’s contribution to providing technical as-
5 sistance, conducting applied research, and dissemi-
6 nating results of the center’s activities.

7 “(3) CRITERIA FOR ECONOMIC DEVELOPMENT

8 DISTRICTS.—The criteria for evaluation of an eco-
9 nomic development district shall, at a minimum, pro-
10 vide for an assessment of management standards, fi-
11 nancial accountability, and program performance.

12 “(c) PEER REVIEW.—In conducting an evaluation of
13 a university center or economic development district under
14 subsection (a), the Secretary shall provide for the partici-
15 pation of at least one other university center or economic
16 development district, as appropriate, on a cost-reimburse-
17 ment basis.

18 **“SEC. 509. COORDINATION.**

19 “(a) IN GENERAL.—The Secretary shall actively co-
20 ordinate with other Federal programs, States, economic
21 development districts, and other appropriate planning and
22 development organizations the activities relating to the re-
23 quirements for comprehensive economic development
24 strategies and making grants under this Act.

1 “(b) FEDERAL COORDINATING COUNCIL FOR ECO-
2 NOMIC DEVELOPMENT.—

3 “(1) IN GENERAL.—The Secretary shall estab-
4 lish a Federal Coordinating Council for Economic
5 Development.

6 “(2) COMPOSITION OF COUNCIL.—The Council
7 shall be composed of representatives from Federal
8 agencies involved in matters that affect regional eco-
9 nomic development.

10 “(3) DUTIES.—The Council shall assist in pro-
11 viding a unifying framework for economic and re-
12 gional development efforts and develop a Govern-
13 mentwide strategic plan for economic development.

14 **“SEC. 510. ECONOMIC DEVELOPMENT REVOLVING LOAN**
15 **FUND TASK FORCE.**

16 “(a) ESTABLISHMENT.—The Secretary of Commerce
17 shall establish, within the Department of Commerce, an
18 Economic Development Revolving Loan Fund Task Force.

19 “(b) MEMBERSHIP.—The members of the Task Force
20 shall include, at a minimum, representatives of—

21 “(1) the Economic Development Administra-
22 tion;

23 “(2) the Office of Inspector General of the De-
24 partment of Commerce;

1 “(3) current operators of revolving loan funds
2 established with assistance provided under the Pub-
3 lic Works and Economic Development Act of 1965;
4 and

5 “(4) economic development organizations.

6 “(c) DUTIES.—The Task Force shall review the fi-
7 nancial management, accounting, reporting, and auditing
8 standards and requirements of revolving loan funds de-
9 scribed in subsection (b)(3).

10 “(d) RECOMMENDATIONS.—Based upon its review,
11 the Task Force shall make recommendations to the Sec-
12 retary to better streamline and lessen revolving loan fund
13 reporting requirements.

14 **“TITLE VI—MISCELLANEOUS**

15 **“SEC. 601. POWERS OF SECRETARY.**

16 “(a) IN GENERAL.—In performing the Secretary’s
17 duties under this Act, the Secretary is authorized to take
18 the following actions:

19 “(1) To adopt, alter, and use a seal, which shall
20 be judicially noticed.

21 “(2) Subject to the civil-service and classifica-
22 tion laws, to select, employ, appoint, and fix the
23 compensation of such personnel as may be necessary
24 to carry out the provisions of this Act.

1 “(3) To hold such hearings, sit and act at such
2 times and places, and take such testimony, as the
3 Secretary may deem advisable.

4 “(4) To request directly from any executive de-
5 partment, bureau, agency, board, commission, office,
6 independent establishment, or instrumentality infor-
7 mation, suggestions, estimates, and statistics needed
8 to carry out the purposes of this Act. Each depart-
9 ment, bureau, agency, board, commission, office, es-
10 tablishment, or instrumentality is authorized to fur-
11 nish such information, suggestions, estimates, and
12 statistics directly to the Secretary.

13 “(5) Under regulations prescribed by the Sec-
14 retary, to assign or sell at public or private sale, or
15 otherwise dispose of for cash or credit, in the Sec-
16 retary’s discretion and upon such terms and condi-
17 tions and for such consideration as the Secretary de-
18 termines to be reasonable, any evidence of debt, con-
19 tract, claim, personal property, or security assigned
20 to or held by the Secretary in connection with assist-
21 ance extended under the Act, and to collect or com-
22 promise all obligations assigned to or held by the
23 Secretary in connection with such assistance until
24 such time as such obligations may be referred to the
25 Attorney General for suit or collection.

1 “(6) To deal with, complete, renovate, improve,
2 modernize, insure, rent, or sell for cash or credit,
3 upon such terms and conditions and for such consid-
4 eration as the Secretary determines to be reasonable,
5 any real or personal property conveyed to or other-
6 wise acquired by the Secretary in connection with
7 assistance extended under this Act.

8 “(7) To pursue to final collection, by way of
9 compromise or other administrative action, prior to
10 reference to the Attorney General, all claims against
11 third parties assigned to the Secretary in connection
12 with assistance extended under this Act.

13 “(8) To acquire, in any lawful manner, any
14 property (real, personal, or mixed, tangible or intan-
15 gible), whenever necessary or appropriate in connec-
16 tion with assistance extended under this Act.

17 “(9) In addition to any powers, functions, privi-
18 leges, and immunities otherwise vested in the Sec-
19 retary, to take any action, including the procurement
20 of the services of attorneys by contract, determined
21 by the Secretary to be necessary or desirable in
22 making, purchasing, servicing, compromising, modi-
23 fying, liquidating, or otherwise administratively deal-
24 ing with assets held in connection with financial as-
25 sistance extended under this Act.

1 “(10) To employ experts and consultants or or-
2 ganizations as authorized by section 3109 of title 5,
3 United States Code, compensate individuals so em-
4 ployed, including travel time, and allow them, while
5 away from their homes or regular places of business,
6 travel expenses (including per diem in lieu of sub-
7 sistence) as authorized by section 5703 of title 5,
8 United States Code, for persons in the Government
9 service employed intermittently, while so employed,
10 except that contracts for such employment may be
11 renewed annually.

12 “(11) To establish performance measures for
13 grants and other assistance provided under this Act,
14 and use such performance measures to evaluate the
15 economic impact of economic development assistance
16 programs. The establishment and use of such per-
17 formance measures shall be provided by the Sec-
18 retary through members of the Secretary’s staff,
19 through the employment of appropriate parties
20 under contracts entered into for such purposes, or
21 through grants to such parties for such purposes,
22 using any funds made available by appropriation to
23 carry out this Act.

24 “(12) To conduct environmental reviews and
25 incur necessary expenses to evaluate and monitor

1 the environmental impact of economic development
2 assistance provided and proposed to be provided
3 under this Act, including costs associated with the
4 representation and defense of actions of the Sec-
5 retary related to the environmental impact of such
6 assistance, using any funds made available by appro-
7 priation to carry out section 207 of this Act.

8 “(13) To sue and be sued in any court of
9 record of a State having general jurisdiction or in
10 any United States district court. Jurisdiction is con-
11 ferred upon such district court to determine such
12 controversies without regard to the amount in con-
13 troversy, but no attachment, injunction, garnish-
14 ment, or other similar process, mesne or final, shall
15 be issued against the Secretary or the Secretary’s
16 property.

17 “(14) To establish such rules, regulations, and
18 procedures as the Secretary considers appropriate in
19 carrying out the provisions of this Act.

20 “(b) DEFICIENCY JUDGMENTS.—The authority
21 under subsection (a)(7) to pursue claims shall include the
22 authority to obtain deficiency judgments or otherwise in
23 the case of mortgages assigned to the Secretary.

24 “(c) INAPPLICABILITY OF CERTAIN OTHER RE-
25 QUIREMENTS.—Section 3709 of the Revised Statutes of

1 the United States shall not apply to any contract of haz-
2 ard insurance or to any purchase or contract for services
3 or supplies on account of property obtained by the Sec-
4 retary as a result of assistance extended under this Act
5 if the premium for the insurance or the amount of the
6 insurance does not exceed \$1,000.

7 “(d) PROPERTY INTERESTS.—The powers of the Sec-
8 retary, pursuant to this section, in relation to property ac-
9 quired by the Secretary in connection with assistance ex-
10 tended under this Act, shall extend to property interests
11 of the Secretary in relation to projects approved under the
12 Public Works and Economic Development Act of 1965,
13 title I of the Public Works Employment Act of 1976, title
14 II of the Trade Act of 1974, and the Community Emer-
15 gency Drought Relief Act of 1977.

16 “(e) POWERS OF CONVEYANCE AND EXECUTION.—
17 The power to convey and to execute, in the name of the
18 Secretary, deeds of conveyance, deeds of release, assign-
19 ments and satisfactions of mortgages, and any other writ-
20 ten instrument relating to real or personal property or any
21 interest therein acquired by the Secretary pursuant to the
22 provisions of this Act may be exercised by the Secretary,
23 or by any officer or agent appointed by the Secretary for
24 such purpose, without the execution of any express delega-
25 tion of power or power of attorney.

1 **“SEC. 602. MAINTENANCE OF STANDARDS.**

2 “The Secretary shall continue to implement and en-
3 force the provisions of section 712 of this Act, as in effect
4 on the day before the date of enactment of the Economic
5 Development Partnership Act of 1998.

6 **“SEC. 603. ANNUAL REPORT TO CONGRESS.**

7 “The Secretary shall transmit a comprehensive and
8 detailed annual report to Congress on the Secretary’s ac-
9 tivities under this Act for fiscal year 1998 and each fiscal
10 year thereafter. Such report shall be printed and transmit-
11 ted to Congress not later than July 1 of the year following
12 the fiscal year with respect to which the report is to be
13 made.

14 **“SEC. 604. USE OF OTHER FACILITIES.**

15 “(a) DELEGATION OF FUNCTIONS TO OTHER FED-
16 ERAL DEPARTMENTS AND AGENCIES.—The Secretary
17 may delegate to the heads of other departments and agen-
18 cies of the Federal Government any of the Secretary’s
19 functions, powers, and duties under this Act as the Sec-
20 retary may deem appropriate, and authorize the redelega-
21 tion of such functions, powers, and duties by the heads
22 of such departments and agencies.

23 “(b) TRANSFER BETWEEN DEPARTMENTS.—Funds
24 authorized to be appropriated under this Act may be
25 transferred between departments and agencies of the Gov-

1 ernment, if such funds are used for the purposes for which
2 they are specifically authorized and appropriated.

3 “(c) FUNDS TRANSFERRED FROM OTHER DEPART-
4 MENTS AND AGENCIES.—In order to carry out the objec-
5 tives of this Act, the Secretary may accept transfers of
6 funds from other departments and agencies of the Federal
7 Government if the funds are used for the purposes for
8 which (and in accordance with the terms under which) the
9 funds are specifically authorized and appropriated. Such
10 transferred funds shall remain available until expended,
11 and may be transferred to and merged with the appropria-
12 tions under the heading ‘salaries and expenses’ by the Sec-
13 retary to the extent necessary to administer the program.

14 **“SEC. 605. PENALTIES.**

15 “(a) FALSE STATEMENTS, SECURITY OVER-
16 VALUATION.—Whoever makes any statement knowing it
17 to be false, or whoever willfully overvalues any security,
18 for the purpose of obtaining for such person or for any
19 applicant any financial assistance under this Act or any
20 extension of such assistance by renewal, deferment or ac-
21 tion, or otherwise, or the acceptance, release, or substi-
22 tution of security for such assistance, or for the purpose
23 of influencing in any way the action of the Secretary or
24 for the purpose of obtaining money, property, or anything
25 of value, under this Act, shall be fined under title 18,

1 United States Code, imprisoned for not more than 5 years,
2 or both.

3 “(b) EMBEZZLEMENT AND FRAUD-RELATED
4 CRIMES.—Whoever, being connected in any capacity with
5 the Secretary in the administration of this Act—

6 “(1) embezzles, abstracts, purloins, or willfully
7 misapplies any moneys, funds, securities, or other
8 things of value, whether belonging to such person or
9 pledged or otherwise entrusted to such person;

10 “(2) with intent to defraud the Secretary or
11 any other politic or corporate, or any individual, or
12 to deceive any officer, auditor, or examiner, makes
13 any false entry in any book, report, or statement of
14 or to the Secretary or without being duly authorized
15 draws any orders or issues, puts forth, or assigns
16 any note, debenture, bond, or other obligation, or
17 draft, bill of exchange, mortgage, judgment, or de-
18 cree thereof;

19 “(3) with intent to defraud, participates or
20 shares in or receives directly or indirectly any
21 money, profit, property, or benefit through any
22 transaction, loan, grant, commission, contract, or
23 any other act of the Secretary; or

24 “(4) gives any unauthorized information con-
25 cerning any future action or plan of the Secretary

1 that might affect the value of securities, or having
2 such knowledge invests or speculates, directly or in-
3 directly, in the securities or property of any com-
4 pany or corporation receiving loans, grants, or other
5 assistance from the Secretary, shall be fined under
6 title 18, United States Code, imprisoned for not
7 more than 5 years, or both.

8 **“SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINIS-**
9 **TRATIVE EMPLOYEES.**

10 “Financial assistance may not be extended by the
11 Secretary under this Act to any business enterprise unless
12 the owners, partners, or officers of such business enter-
13 prise—

14 “(1) certify to the Secretary the names of any
15 attorneys, agents, and other persons engaged by or
16 on behalf of such business enterprise for the purpose
17 of expediting applications made to the Secretary for
18 assistance of any sort, under this Act, and the fees
19 paid or to be paid to any such person; and

20 “(2) execute an agreement binding such busi-
21 ness enterprise, for a period of 2 years after such
22 assistance is rendered by the Secretary to such busi-
23 ness enterprise, to refrain from employing, tendering
24 any office or employment to, or retaining for profes-
25 sional services, any person who, on the date such as-

1 sistance or any part thereof was rendered, or within
2 the 1-year period ending on such date, shall have
3 served as an officer, attorney, agent, or employee,
4 occupying a position or engaging in activities that
5 the Secretary determines involves discretion with re-
6 spect to the granting of assistance under this Act.

7 **“SEC. 607. MAINTENANCE OF RECORDS OF APPROVED AP-**
8 **PLICATIONS FOR FINANCIAL ASSISTANCE;**
9 **PUBLIC INSPECTION.**

10 “(a) MAINTENANCE OF RECORD REQUIRES.—The
11 Secretary shall maintain as a permanent part of the
12 records of the Department of Commerce a list of applica-
13 tions approved for financial assistance under this Act that
14 will be kept available for public Inspection during the reg-
15 ular business hours of the Department of Commerce.

16 “(b) POSTING TO LIST.—The following information
17 shall be posted in such list as soon as each application
18 is approved:

19 “(1) The name of the applicant and, in the case
20 of corporate applications, the names of the officers
21 and directors thereof.

22 “(2) The amount and duration of the financial
23 assistance for which application is made.

24 “(3) The purposes for which the proceeds of the
25 financial assistance are to be used.

1 **“SEC. 608. RECORDS AND AUDIT.**

2 “(a) RECORDKEEPING AND DISCLOSURE REQUIRE-
3 MENTS.—Each recipient of assistance under this Act shall
4 keep such records as the Secretary shall prescribe, includ-
5 ing records that fully disclose the amount and the disposi-
6 tion by such recipient of the proceeds of such assistance,
7 the total cost of the project or undertaking in connection
8 with which such assistance is given or used, and the
9 amount and nature of that portion of the cost of the
10 project or undertaking supplied by other sources, and such
11 other records as will facilitate an effective audit.

12 “(b) ACCESS TO BOOKS FOR EXAMINATION AND
13 AUDIT.—The Secretary, the Inspector General of the De-
14 partment of Commerce, and the Comptroller General of
15 the United States, or any of their duly authorized rep-
16 resentatives, shall have access for the purpose of audit and
17 examination to any books, documents, papers, and records
18 of the recipient that are pertinent to assistance received
19 under this Act.

20 **“SEC. 609. PROHIBITION AGAINST A STATUTORY CON-**
21 **STRUCTION THAT MIGHT CAUSE DIMINUTION**
22 **IN OTHER FEDERAL ASSISTANCE.**

23 “All financial and technical assistance authorized
24 under this Act shall be in addition to any Federal assist-
25 ance previously authorized, and no provision of this Act
26 may be construed as authorizing or permitting any reduc-

1 tion or diminution in the proportional amount of Federal
2 assistance that any State or other entity eligible under this
3 Act would otherwise be entitled to receive under the provi-
4 sions of any other Act.

5 **“SEC. 610. ACCEPTANCE OF APPLICANTS’ CERTIFICATIONS.**

6 “The Secretary may accept, when deemed appro-
7 priate, the applicants’ certifications to meet the require-
8 ments of this Act.

9 **“TITLE VII—FUNDING**

10 **“SEC. 701. AUTHORIZATION OF APPROPRIATIONS.**

11 “There is authorized to be appropriated to carry out
12 this Act \$368,000,000 for each of fiscal years 1999
13 through 2003. Such sums shall remain available until ex-
14 pended.

15 **“SEC. 702. ADMINISTRATIVE EXPENSES.**

16 “In addition to the appropriations authorized by sec-
17 tion 701, there are authorized to be appropriated for ad-
18 ministrative expenses of the Secretary in carrying out this
19 Act such sums as may be necessary for each of fiscal years
20 1999 through 2003. Such sums shall remain available
21 until expended.

22 **“SEC. 703. DEFENSE CONVERSION ACTIVITIES.**

23 “In addition to the appropriations authorized by sec-
24 tion 701 for defense conversion activities, there are au-
25 thorized to be appropriated to carry out this Act for each

1 of fiscal years 2000 through 2003 such sums as may be
2 necessary to provide assistance for such activities. Such
3 sums shall remain available until expended.”.

4 **SEC. 2. SAVINGS PROVISIONS.**

5 (a) **EXISTING RIGHTS, DUTIES, AND OBLIGATIONS**
6 **NOT AFFECTED.**—This Act shall not be construed as af-
7 fecting the validity of any right, duty, or obligation of the
8 United States or any other person arising out of or pursu-
9 ant to any contract, loan, or other instrument or agree-
10 ment that was in effect on the day before the date of en-
11 actment of this Act.

12 (b) **CONTINUATION OF SUITS.**—No action or other
13 proceeding commenced by or against any officer or em-
14 ployee of the Economic Development Administration shall
15 abate by reason of the enactment of this Act.

16 (c) **LIQUIDATING ACCOUNT.**—The Economic Devel-
17 opment Revolving Fund established under section 203 of
18 the Public Works and Economic Development Act of 1965
19 shall continue to be available to the Secretary as a liq-
20 uidating account as defined under section 502 of the Fed-
21 eral Credit Reform Act of 1990 for payment of obligations
22 and expenses in connection with financial assistance ex-
23 tended under this Act, the Public Works and Economic
24 Development Act of 1965, the Area Redevelopment Act,
25 and the Trade Act of 1974.

1 (d) ADMINISTRATION.—The Secretary shall take
2 such actions as authorized before the date of enactment
3 of this Act as necessary or appropriate to administer and
4 liquidate existing grants, contracts, agreements, loans, ob-
5 ligations, debentures, or guarantees heretofore made by
6 the Secretary or the Secretary’s delegate pursuant to pro-
7 visions in effect immediately prior to the date of enact-
8 ment of this Act.

9 **Subtitle B—Innovative Financing**
10 **Pilot Programs**

11 **SEC. 121. PUBLIC WORKS LOAN GUARANTEES.**

12 (a) IN GENERAL.—Upon the joint application of a
13 private lending institution and a State, a political subdivi-
14 sion of a State, an Indian tribe, or a private or public
15 nonprofit organization or association, the Secretary of
16 Commerce is authorized to guarantee a loan made by the
17 private lending institution to the State, political subdivi-
18 sion, Indian tribe, or organization or association for any
19 purpose for which the Secretary can make a direct grant
20 under section 201 of the Public Works and Economic De-
21 velopment Act of 1965.

22 (b) TERMS AND CONDITIONS.—A loan guarantee
23 made for a project under this section shall be subject to
24 such terms and conditions as the Secretary may prescribe.

1 Such terms and conditions, at a minimum, shall include
2 the following:

3 (1) The guarantee may be made only if the Sec-
4 retary finds that the project meets the requirements
5 of the Public Works and Economic Development Act
6 of 1965.

7 (2) The guarantee may not at any time exceed
8 90 percent of the amount of the outstanding balance
9 of the loan.

10 (3) The guarantee may be made only if finan-
11 cial assistance for the project is not otherwise avail-
12 able from private lenders or from other Federal
13 sources on terms that the Secretary finds are likely
14 to permit accomplishment of the project.

15 (4) The guarantee may be made only if the Sec-
16 retary finds that there is reasonable expectation of
17 repayment of the loan.

18 (5) The guarantee may not exceed 30 years.

19 (c) FUNDING.—Not more than 10 percent of the
20 amounts appropriated to carry out section 201 of the Pub-
21 lic Works and Economic Development Act of 1965 for
22 each of fiscal years 1999 through 2003 may be used to
23 carry out this section.

1 **SEC. 122. LOAN ASSISTANCE DEMONSTRATION PROGRAM.**

2 (a) IN GENERAL.—The Secretary of Commerce shall
3 carry out a program to demonstrate the effectiveness of
4 encouraging economic development by making grants for
5 reducing interest rates on loans for economic development
6 activities. The Secretary shall carry out this section acting
7 through the Under Secretary of Commerce for Economic
8 Development.

9 (b) REQUIREMENTS.—Each recipient of a grant
10 under the demonstration program shall—

11 (1) use the grant amount to assist businesses
12 and nonprofit organizations by reducing interest
13 rates on loans for economic development activities by
14 an amount not to exceed 60 percent of the market
15 rate of interest on any such loan; and

16 (2) inform businesses and nonprofit organiza-
17 tions of the availability of such loan interest rate re-
18 duction assistance.

19 (c) TERMS AND CONDITIONS.—In administering the
20 demonstration program, the Secretary shall—

21 (1) ensure that any project receiving assistance
22 under this section meets the requirements of the
23 Public Works and Economic Development Act of
24 1965 (42 U.S.C. 3121 et seq.);

25 (2) establish criteria and procedures for select-
26 ing recipients under the program with national geo-

1 graphic diversity, ensuring representation of rural
2 and urban areas;

3 (3) establish requirements for implementation
4 of the program by recipients of assistance under the
5 program; and

6 (4) provide for the collection and reporting of
7 information sufficient to provide the basis for a de-
8 termination of the costs and effectiveness of the pro-
9 gram.

10 (d) ECONOMIC DEVELOPMENT ACTIVITIES DE-
11 FINED.—In this section, the term “economic development
12 activities” means activities that—

13 (1) are part of a project supported by grant as-
14 sistance under this Act; or

15 (2) are supported by a loan from a revolving
16 loan fund established under this Act (including a
17 fund established with assistance provided before the
18 date of enactment of the Economic Development
19 Partnership Act of 1998).

20 (e) FUNDING.—Not more than 10 percent of the
21 amounts appropriated to carry out section 209 of the Pub-
22 lic Works and Economic Development Act of 1965 for
23 each of fiscal years 1999 through 2003 may be used to
24 carry out this section.

1 **SEC. 123. LAND CONVEYANCE.**

2 (a) IN GENERAL.—The Secretary of Commerce shall
3 convey, at fair market value (as determined by the Sec-
4 retary), to the city of Two Harbors, Minnesota, or its des-
5 ignee, the parcel of land described in subsection (b).

6 (b) LAND DESCRIPTION.—The parcel of land re-
7 ferred to in subsection (a) consists of approximately 21.55
8 acres known as the J and J Casting site, in Lake County,
9 Minnesota, together with a road easement, all as described
10 in the deed of the United States Marshal, dated March
11 22, 1988, executed pursuant to the order of sale of the
12 United States District Court for the District of Minnesota,
13 dated May 15, 1987, in case Civil No. 5–86–300.

14 (c) DELEGATION OF AUTHORITY.—The Secretary
15 shall carry out this section acting through the Under Sec-
16 retary of Commerce for Economic Development.

17 **SEC. 124. REPORTS.**

18 (a) ANNUAL REPORT.—Not later than September 30
19 of each of fiscal years 1999 through 2003, the Secretary
20 of Commerce shall transmit to Congress a report contain-
21 ing an evaluation of the effectiveness of loan guarantees
22 and grants made under this subtitle.

23 (b) LONG-TERM PROGRAM.—

24 (1) STUDY.—The Secretary shall conduct a
25 study regarding the effects and costs of carrying out
26 a long-term and expanded program for guaranteeing

1 loans and making grants under this subtitle, includ-
2 ing a determination of national scope.

3 (2) REPORTS.—Not later than September 30,
4 2001, the Secretary shall transmit to Congress a re-
5 port containing the results of the study conducted
6 under paragraph (1), together with any rec-
7 ommendations for carrying out an effective dem-
8 onstration program of national scope under this sub-
9 title.

10 **SEC. 125. COMPLIANCE WITH BUY AMERICAN ACT.**

11 None of the funds made available to carry out this
12 Act, or any amendment made by this Act, may be ex-
13 pended in violation of the provisions of sections 2 through
14 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popu-
15 larly know as the “Buy American Act”) that are applica-
16 ble to those funds. The Secretary of Commerce shall pro-
17 vide each recipient of such funds notice of the require-
18 ments specified in this section and information on methods
19 to comply with such requirements.

20 **TITLE II—APPALACHIAN**
21 **REGIONAL DEVELOPMENT**

22 **SEC. 201. AMENDMENT OF APPALACHIAN REGIONAL DE-**
23 **VELOPMENT ACT OF 1965.**

24 Except as otherwise expressly provided, whenever in
25 this title an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-
2 sion, the reference shall be considered to be made to a
3 section or other provision of the Appalachian Regional De-
4 velopment Act of 1965 (40 U.S.C. App. 1 et seq.).

5 **SEC. 202. FINDINGS AND PURPOSES.**

6 Section 2 (40 U.S.C. App. 2) is amended by adding
7 at the end the following:

8 “(c) 1998 FINDINGS AND PURPOSES.—The Congress
9 further finds and declares that, while substantial progress
10 has been made in fulfilling many of the objectives of this
11 Act, rapidly changing national and global economies over
12 the past decade have created new problems and challenges
13 for rural areas throughout the Nation and especially for
14 the Appalachian region. It is, therefore, also the purpose
15 of this Act to assist the region in providing the infrastruc-
16 ture necessary for economic and human resource develop-
17 ment, in developing its industry, in building entrepreneur-
18 ial communities, in generating a diversified regional econ-
19 omy, and in making its industrial and commercial re-
20 sources more competitive in national and world markets.
21 It is further the purpose of this Act to provide a frame-
22 work for coordinating Federal, State, and local initiatives
23 to respond to the economic competitive challenge through
24 improving the skills of the region’s workforce, adapting
25 and applying new technologies for the region’s businesses,

1 and improving the access of the region’s businesses to the
2 technical and financial resources necessary to their devel-
3 opment. Finally, it is the purpose of this Act to address
4 the needs of severely and persistently distressed areas of
5 the region and focus special attention on the areas of
6 greatest need so as to provide a fairer opportunity for the
7 people of the region to share the quality of life generally
8 enjoyed by citizens across this Nation.”.

9 **SEC. 203. MEETINGS.**

10 (a) ANNUAL MEETING REQUIREMENT.—Section
11 101(a) (40 U.S.C. App. 101(a)) is amended by adding at
12 the end the following: “The Commission shall conduct at
13 least one meeting each year with the Federal Cochairman
14 and at least a majority of the State members present.”.

15 (b) ADDITIONAL MEETINGS BY ELECTRONIC
16 MEANS.—Section 101 (40 U.S.C. App. 101) is amended—

17 (1) in subsection (a), as amended by subsection
18 (a) of this section, by adding at the end the follow-
19 ing: “The Commission may conduct such additional
20 meetings by electronic means as the Commission
21 considers advisable, including meetings to decide
22 matters requiring an affirmative vote.”; and

23 (2) in subsection (c) by striking “to be present”
24 at the end of the fourth sentence.

1 (c) DECISIONS REQUIRING A QUORUM.—Section
2 101(b) (40 U.S.C. App. 101(b)) is amended by striking
3 the third sentence and inserting the following: “No deci-
4 sion involving Commission policy, approval of State, re-
5 gional, or subregional development plans or implementing
6 investment programs, any modification or revision of the
7 Appalachian Regional Commission Code, any allocation of
8 funds among the State, or any designation of a distressed
9 county or an economically strong county may be made
10 without a quorum of State members.”.

11 **SEC. 204. ADMINISTRATIVE EXPENSES.**

12 Section 105 (40 U.S.C. App. 105) is amended—

13 (1) by striking “(a) For the period” and all
14 that follows through “such expenses” the first place
15 it appears and inserting “Administrative expenses of
16 the Commission”; and

17 (2) by striking subsection (b).

18 **SEC. 205. COMPENSATION OF EMPLOYEES.**

19 Section 106(2) (40 U.S.C. App. 106(2)) is amended
20 by striking “the salary of the alternate to the Federal Co-
21 Chairman on the Commission as provided in section 101”
22 and inserting “the maximum rate for the Senior Executive
23 Service under section 5382 of title 5, United States Code,
24 including any applicable locality-based comparability pay-

1 ment that may be authorized under section 5304(h)(2)(c)
2 of such title 5.”.

3 **SEC. 206. ADMINISTRATIVE POWERS OF COMMISSION.**

4 Section 106(7) (40 U.S.C. App. 106(7)) is amended
5 by striking “1982” and inserting “2003”.

6 **SEC. 207. COST SHARING OF DEMONSTRATION HEALTH**
7 **PROJECTS.**

8 (a) OPERATION COSTS.—Section 202(c) (40 U.S.C.
9 App. 202(c)) is amended in the first sentence by striking
10 “100 per centum of the costs thereof” and all that follows
11 through the period at the end of the second sentence and
12 inserting “50 percent of the costs thereof (or 80 percent
13 of such costs in the case of a project to be carried out
14 in a county for which a distressed county designation is
15 in effect under section 226).”.

16 (b) COST SHARING.—Section 202 (40 U.S.C. App.
17 202) is amended by adding at the end the following:

18 “(f) MAXIMUM COMMISSION CONTRIBUTION AFTER
19 SEPTEMBER 30, 1998.—After September 30, 1998, not
20 more than 50 percent of any project cost eligible for finan-
21 cial assistance under this section may be provided from
22 funds appropriated to carry out this Act; except that such
23 maximum Commission contribution may be increased to
24 80 percent, or to the percentage of the maximum Federal
25 contribution authorized by this section, whichever is less,

1 for a project to be carried out in a county for which a
2 distressed county designation is in effect under section
3 226.”.

4 **SEC. 208. REPEAL OF LAND STABILIZATION, CONSERVA-**
5 **TION, AND EROSION CONTROL PROGRAM.**

6 Section 203 (40 U.S.C. App. 203) is repealed.

7 **SEC. 209. REPEAL OF TIMBER DEVELOPMENT PROGRAM.**

8 Section 204 (40 U.S.C. App. 204) is repealed.

9 **SEC. 210. REPEAL OF MINING AREA RESTORATION PRO-**
10 **GRAM.**

11 Section 205 (40 U.S.C. App. 205) is repealed.

12 **SEC. 211. REPEAL OF WATER RESOURCE SURVEY.**

13 Section 206 (40 U.S.C. App. 206) is repealed.

14 **SEC. 212. COST SHARING OF HOUSING PROJECTS.**

15 (a) LOANS.—Section 207(b) (40 U.S.C. App. 207(b))
16 is amended by striking “80 per centum” and inserting “50
17 percent (or 80 percent in the case of a project to be carried
18 out in a county for which a distressed county designation
19 is in effect under section 226)”.

20 (b) GRANTS.—Section 207(c)(1) (40 U.S.C.
21 207(c)(1)) is amended by striking “80 per centum” and
22 inserting “50 percent (or 80 percent in the case of a
23 project to be carried out in a county for which a distressed
24 county designation is in effect under section 226)”.

1 **SEC. 213. REPEAL OF AIRPORT SAFETY IMPROVEMENTS**
2 **PROGRAM.**

3 Section 208 (40 U.S.C. App. 208) is repealed.

4 **SEC. 214. COST SHARING OF VOCATIONAL EDUCATION AND**
5 **EDUCATION DEMONSTRATION PROJECTS.**

6 (a) OPERATION COSTS.—Section 211(b)(3) (40
7 U.S.C. App. 211(b)(3)) is amended in the first sentence
8 by striking “100 per centum of the costs thereof” and all
9 that follows through the period at the end of the second
10 sentence and inserting “50 percent of the costs thereof
11 (or 80 percent of such costs in the case of a project to
12 be carried out in a county for which a distressed county
13 designation is in effect under section 226).”

14 (b) COST SHARING.—Section 211 (40 U.S.C. App.
15 211) is amended by adding at the end the following:

16 “(c) MAXIMUM COMMISSION CONTRIBUTION AFTER
17 SEPTEMBER 30, 1998.—After September 30, 1998, not
18 more than 50 percent of any project cost eligible for finan-
19 cial assistance under this section may be provided from
20 funds appropriated to carry out this Act; except that such
21 maximum Commission contribution may be increased to
22 80 percent, or to the percentage of the maximum Federal
23 contribution authorized by this section, whichever is less,
24 for a project to be carried out in a county for which a
25 distressed county designation is in effect under section
26 226.”.

1 **SEC. 215. SEWAGE TREATMENT WORKS PROGRAM.**

2 Section 212 (40 U.S.C. App. 212) is repealed.

3 **SEC. 216. REPEAL OF AMENDMENTS TO HOUSING ACT OF**

4 **1954.**

5 Section 213 (40 U.S.C. App. 213) is repealed.

6 **SEC. 217. SUPPLEMENTS TO FEDERAL GRANT-IN-AID PRO-**

7 **GRAMS.**

8 (a) **AVAILABILITY OF AMOUNTS.**—The first sentence
9 of section 214(a) (40 U.S.C. App. 214(a)) is amended by
10 striking “the President is authorized to provide funds to
11 the Federal Cochairman to be used” and inserting “the
12 Federal Cochairman may use amounts made available to
13 carry out this section”.

14 (b) **COST SHARING.**—Section 214(b) (40 U.S.C. App.
15 214(b)) is amended—

16 (1) by striking “(b)” and inserting “(b)(1)”;
17 and

18 (2) by adding at the end the following:

19 “(2) After September 30, 1998, not more than 50
20 percent of any project cost eligible for financial assistance
21 under this section may be provided from funds appro-
22 priated to carry out this Act; except that such maximum
23 Commission contribution may be increased to 80 percent
24 for a project to be carried out in a county for which a
25 distressed county designation is in effect under section
26 226.”.

1 (c) FEDERAL GRANT-IN-AID PROGRAMS DEFINED.—

2 The first sentence of section 214(c) (40 U.S.C. App.
3 214(c)) is amended by striking “on or before December
4 31, 1980,”.

5 (d) LIMITATION ON COVERED ROAD PROJECTS.—

6 The second sentence of section 214(c) is amended by in-
7 serting “authorized by title 23, United States Code” after
8 “road construction”.

9 **SEC. 218. PROGRAM DEVELOPMENT CRITERIA.**

10 (a) CONSIDERATIONS.—Section 224(a) (40 U.S.C.
11 App. 224(a)) is amended by inserting before the semicolon
12 at the end of paragraph (1) the following: “or in a severely
13 and persistently distressed county or area”.

14 (b) OUTCOME MEASUREMENTS.—Section 224(a) is
15 further amended—

16 (1) by striking the period at the end of para-
17 graph (5) and inserting “; and”; and

18 (2) by adding at the end the following:

19 “(6) the extent to which the project design pro-
20 vides for detailed outcome measurements by which
21 grant expenditures may be evaluated.”.

22 (c) REMOVAL OF LIMITATIONS.—Section 224(b) (40
23 U.S.C. App. 224(b)) is amended to read as follows:

1 “(b) LIMITATION.—Financial assistance made avail-
2 able under this Act may not be used to assist establish-
3 ments relocating from one area to another.”.

4 **SEC. 219. DISTRESSED AND ECONOMICALLY STRONG COUN-**
5 **TIES.**

6 Part C of title II (40 U.S.C. App. 221–225) is
7 amended by adding at the end the following:

8 **“SEC. 226. DISTRESSED AND ECONOMICALLY STRONG**
9 **COUNTIES.**

10 “(a) DESIGNATIONS.—Not later than 90 days after
11 the date of enactment of this section, and annually there-
12 after, the Commission, in accordance with such criteria as
13 the Commission may establish, shall—

14 “(1) designate as ‘distressed counties’ those
15 counties in the region that are the most severely and
16 persistently distressed; and

17 “(2) designate two categories of economically
18 strong counties, as follows:

19 “(A) ‘competitive counties’ which shall be
20 those counties in the region which are ap-
21 proaching economic parity with the rest of the
22 Nation; and

23 “(B) ‘attainment counties’ which shall be
24 those counties in the region which have attained

1 or exceeded economic parity with the rest of the
2 Nation.

3 “(b) DISTRESSED COUNTIES.—In program and
4 project development and implementation and in the alloca-
5 tion of appropriations made available to carry out this Act,
6 the Commission shall give special consideration to the
7 needs of those counties for which a distressed designation
8 is in effect under this section.

9 “(c) FUNDING PROHIBITION FOR PROJECTS LO-
10 CATED IN ECONOMICALLY STRONG COUNTIES.—

11 “(1) COMPETITIVE COUNTIES.—Except as pro-
12 vided by paragraphs (3) and (4), assistance under
13 this Act shall be limited to no more than 30 percent
14 of project cost for a project located in a county for
15 which a competitive county designation is in effect
16 under this section.

17 “(2) ATTAINMENT COUNTIES.—Except as pro-
18 vided by paragraphs (3) and (4), no funds may be
19 provided under this Act for a project located in a
20 county for which an attainment county designation
21 is in effect under this section.

22 “(3) EXCEPTIONS.—The prohibitions estab-
23 lished by paragraphs (1) and (2) shall not apply
24 to—

1 “(A) projects on the Appalachian develop-
2 ment highway system authorized by section
3 201;

4 “(B) local development district administra-
5 tive projects authorized by section 302(a)(1); or

6 “(C) a multicounty project that includes a
7 county or counties designated as ‘competitive’
8 or ‘attainment’ under this section provided all
9 participating counties share in the costs and
10 benefits of the project.

11 “(4) WAIVER.—The prohibitions established by
12 paragraphs (1) and (2) may be waived by the Com-
13 mission for a particular project upon a showing of
14 one or more of the following:

15 “(A) The existence of a significant pocket
16 of distress in the part of the county in which
17 the project is located.

18 “(B) A significant decline in economic con-
19 ditions affecting the county which is not re-
20 flected in current designation data.

21 “(C) The existence of a significant poten-
22 tial benefit from the project in areas of the re-
23 gion outside the designated county.”.

1 **SEC. 220. GRANTS FOR ADMINISTRATIVE EXPENSES AND**
2 **COMMISSION PROJECTS.**

3 (a) AVAILABILITY OF AMOUNTS.—Section 302(a) (40
4 U.S.C. App. 302(a)) is amended—

5 (1) by striking “The President” and inserting
6 “The Commission”; and

7 (2) in paragraphs (1), (2), and (3) by striking
8 “to the Commission” each place it appears.

9 (b) COST SHARING.—Section 302(a) is further
10 amended—

11 (1) in paragraph (1) by striking “75 per cen-
12 tum” and inserting “50 percent”; and

13 (2) by adding at the end the following: “After
14 September 30, 1998, not more than 50 percent of
15 the cost of any activity eligible for financial assist-
16 ance under this section may be provided from funds
17 appropriated to carry out this Act (or 80 percent of
18 such costs in the case of a project to be carried out
19 in a county for which a distressed county designa-
20 tion is in effect under section 226); except that dis-
21 cretionary grants by the Commission to implement
22 significant regional initiatives, to take advantage of
23 special development opportunities, or to respond to
24 emergency economic distress in the region may be
25 made without regard to such percentage limitations.
26 The aggregate amount of discretionary grants re-

1 ferred to in the preceding sentence in any fiscal year
2 shall not exceed 10 percent of the amounts appro-
3 priated under section 401 for such fiscal year.”.

4 (c) REPEALS.—Section 302 (40 U.S.C. App. 302) is
5 amended—

6 (1) by striking paragraphs (3) and (4) of sub-
7 section (b);

8 (2) by striking subsection (d); and

9 (3) by striking subsection (e).

10 **SEC. 221. AUTHORIZATION OF APPROPRIATIONS FOR GEN-**
11 **ERAL PROGRAM.**

12 Section 401 (40 U.S.C. App. 401) is amended to read
13 as follows:

14 **“SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

15 “In addition to amounts authorized by section 201
16 or otherwise made available for the Appalachian develop-
17 ment highway system program, there is authorized to be
18 appropriated to the Commission to carry out this Act—

19 “(1) \$67,000,000 for fiscal year 1999;

20 “(2) \$72,000,000 for fiscal year 2000;

21 “(3) \$75,000,000 for fiscal year 2001;

22 “(4) \$75,000,000 for fiscal year 2002; and

23 “(5) \$80,000,000 for fiscal year 2003.

24 Such sums shall remain available until expended.”.

1 **SEC. 222. EXTENSION OF TERMINATION DATE.**

2 Section 405 (40 U.S.C. App. 405) is amended by
3 striking “1982” and inserting “2003”.

○