

105TH CONGRESS  
2D SESSION

# S. 2364

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## AN ACT

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; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Economic Development Administration and Appalachian  
6       Regional Development Reform Act of 1998”.

- 1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—ECONOMIC DEVELOPMENT

Sec. 101. Short title.

Sec. 102. Reauthorization of Public Works and Economic Development Act of 1965.

Sec. 103. Conforming amendment.

Sec. 104. Transition provisions.

Sec. 105. Effective date.

#### TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Sec. 201. Short title.

Sec. 202. Findings and purposes.

Sec. 203. Meetings.

Sec. 204. Administrative expenses.

Sec. 205. Compensation of employees.

Sec. 206. Administrative powers of Commission.

Sec. 207. Cost sharing of demonstration health projects.

Sec. 208. Repeal of land stabilization, conservation, and erosion control program.

Sec. 209. Repeal of timber development program.

Sec. 210. Repeal of mining area restoration program.

Sec. 211. Repeal of water resource survey.

Sec. 212. Cost sharing of housing projects.

Sec. 213. Repeal of airport safety improvements program.

Sec. 214. Cost sharing of vocational education and education demonstration projects.

Sec. 215. Repeal of sewage treatment works program.

Sec. 216. Repeal of amendments to Housing Act of 1954.

Sec. 217. Supplements to Federal grant-in-aid programs.

Sec. 218. Program development criteria.

Sec. 219. Distressed and economically strong counties.

Sec. 220. Grants for administrative expenses and commission projects.

Sec. 221. Authorization of appropriations for general program.

Sec. 222. Extension of termination date.

Sec. 223. Technical amendment.

## 3 **TITLE I—ECONOMIC** 4 **DEVELOPMENT**

### 5 **SEC. 101. SHORT TITLE.**

- 6 This title may be cited as the “Economic Develop-  
 7 ment Administration Reform Act of 1998”.

1 **SEC. 102. REAUTHORIZATION OF PUBLIC WORKS AND ECO-**  
 2 **NOMIC DEVELOPMENT ACT OF 1965.**

3 (a) FIRST SECTION THROUGH TITLE VI—The Pub-  
 4 lic Works and Economic Development Act of 1965 (42  
 5 U.S.C. 3121 et seq.) is amended by striking the first sec-  
 6 tion and all that follows through the end of title VI and  
 7 inserting the following:

8 **“SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

9 “(a) SHORT TITLE.—This Act may be cited as the  
 10 ‘Public Works and Economic Development Act of 1965’.

11 “(b) TABLE OF CONTENTS.—The table of contents  
 12 of this Act is as follows:

“Sec. 1. Short title; table of contents.

“Sec. 2. Findings and declarations.

“Sec. 3. Definitions.

“TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS  
 COOPERATION AND COORDINATION

“Sec. 101. Establishment of economic development partnerships.

“Sec. 102. Cooperation of Federal agencies.

“Sec. 103. Coordination.

“TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC  
 DEVELOPMENT

“Sec. 201. Grants for public works and economic development.

“Sec. 202. Base closings and realignments.

“Sec. 203. Grants for planning and grants for administrative expenses.

“Sec. 204. Cost sharing.

“Sec. 205. Supplementary grants.

“Sec. 206. Regulations on relative needs and allocations.

“Sec. 207. Grants for training, research, and technical assistance.

“Sec. 208. Prevention of unfair competition.

“Sec. 209. Grants for economic adjustment.

“Sec. 210. Changed project circumstances.

“Sec. 211. Use of funds in projects constructed under projected cost.

“Sec. 212. Reports by recipients.

“Sec. 213. Prohibition on use of funds for attorney’s and consultant’s fees.

“TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC  
 DEVELOPMENT STRATEGIES

“Sec. 301. Eligibility of areas.

“Sec. 302. Comprehensive economic development strategies.

#### “TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

“Sec. 401. Designation of economic development districts.

“Sec. 402. Termination or modification of economic development districts.

“Sec. 403. Incentives.

“Sec. 404. Provision of comprehensive economic development strategies to Appalachian Regional Commission.

“Sec. 405. Assistance to parts of economic development districts not in eligible areas.

#### “TITLE V—ADMINISTRATION

“Sec. 501. Assistant Secretary for Economic Development.

“Sec. 502. Economic development information clearinghouse.

“Sec. 503. Consultation with other persons and agencies.

“Sec. 504. Administration, operation, and maintenance.

“Sec. 505. Businesses desiring Federal contracts.

“Sec. 506. Performance evaluations of grant recipients.

“Sec. 507. Notification of reorganization.

#### “TITLE VI—MISCELLANEOUS

“Sec. 601. Powers of Secretary.

“Sec. 602. Maintenance of standards.

“Sec. 603. Annual report to Congress.

“Sec. 604. Delegation of functions and transfer of funds among Federal agencies.

“Sec. 605. Penalties.

“Sec. 606. Employment of expeditors and administrative employees.

“Sec. 607. Maintenance and public inspection of list of approved applications for financial assistance.

“Sec. 608. Records and audits.

“Sec. 609. Relationship to assistance under other law.

“Sec. 610. Acceptance of certifications by applicants.

#### “TITLE VII—FUNDING

“Sec. 701. General authorization of appropriations.

“Sec. 702. Authorization of appropriations for defense conversion activities.

“Sec. 703. Authorization of appropriations for disaster economic recovery activities.

### 1 **“SEC. 2. FINDINGS AND DECLARATIONS.**

2 “(a) FINDINGS.—Congress finds that—

3 “(1) while the economy of the United States is  
4 undergoing a sustained period of economic growth  
5 resulting in low unemployment and increasing in-  
6 comes, there continue to be areas suffering economic

1       distress in the form of high unemployment, low in-  
2       comes, underemployment, and outmigration as well  
3       as areas facing sudden economic dislocations due to  
4       industrial restructuring and relocation, defense base  
5       closures and procurement cutbacks, certain Federal  
6       actions (including environmental requirements that  
7       result in the removal of economic activities from a  
8       locality), and natural disasters;

9               “(2) as the economy of the United States con-  
10       tinues to grow, those distressed areas contain sig-  
11       nificant human and infrastructure resources that are  
12       underused;

13              “(3) expanding international trade and the in-  
14       creasing pace of technological innovation offer both  
15       a challenge and an opportunity to the distressed  
16       communities of the United States;

17              “(4) while economic development is an inher-  
18       ently local process, the Federal Government should  
19       work in partnership with public and private local, re-  
20       gional, and State organizations to ensure that exist-  
21       ing resources are not wasted and all Americans have  
22       an opportunity to participate in the economic growth  
23       of the United States;

24              “(5) in order to avoid wasteful duplication of  
25       effort and to limit the burden on distressed commu-

1       nities, Federal, State, and local economic develop-  
2       ment activities should be better planned and coordi-  
3       nated and Federal program requirements should be  
4       simplified and made more consistent;

5           “(6) the goal of Federal economic development  
6       activities should be to work in partnership with  
7       local, regional, and State public and private organi-  
8       zations to support the development of private sector  
9       businesses and jobs in distressed communities;

10          “(7) Federal economic development efforts will  
11       be more effective if they are coordinated with, and  
12       build upon, the trade and technology programs of  
13       the United States; and

14          “(8) under this Act, new employment opportu-  
15       nities should be created by developing and expanding  
16       new and existing public works and other facilities  
17       and resources rather than by merely transferring  
18       jobs from one area of the United States to another.

19          “(b) DECLARATIONS.—Congress declares that, in  
20       order to promote a strong and growing economy through-  
21       out the United States—

22           “(1) assistance under this Act should be made  
23       available to both rural and urban distressed commu-  
24       nities;

1           “(2) local communities should work in partner-  
 2           ship with neighboring communities, the States, and  
 3           the Federal Government to increase their capacity to  
 4           develop and implement comprehensive economic de-  
 5           velopment strategies to address existing, or deter im-  
 6           pending, economic distress; and

7           “(3) whether suffering from long-term distress  
 8           or a sudden dislocation, distressed communities  
 9           should be encouraged to take advantage of the devel-  
 10          opment opportunities afforded by technological inno-  
 11          vation and expanding and newly opened global mar-  
 12          kets.

13   **“SEC. 3. DEFINITIONS.**

14          “In this Act:

15           “(1) COMPREHENSIVE ECONOMIC DEVELOP-  
 16          MENT STRATEGY.—The term ‘comprehensive eco-  
 17          nomic development strategy’ means a comprehensive  
 18          economic development strategy approved by the Sec-  
 19          retary under section 302.

20           “(2) DEPARTMENT.—The term ‘Department’  
 21          means the Department of Commerce.

22           “(3) ECONOMIC DEVELOPMENT DISTRICT.—

23                  “(A) IN GENERAL.—The term ‘economic  
 24          development district’ means any area in the  
 25          United States that—

1 “(i) is composed of areas described in  
 2 section 301(a) and, to the extent appro-  
 3 priate, neighboring counties or commu-  
 4 nities; and

5 “(ii) has been designated by the Sec-  
 6 retary as an economic development district  
 7 under section 401.

8 “(B) INCLUSION.—The term ‘economic de-  
 9 velopment district’ includes any economic devel-  
 10 opment district designated by the Secretary  
 11 under section 403 (as in effect on the day be-  
 12 fore the effective date of the Economic Develop-  
 13 ment Administration Reform Act of 1998).

14 “(4) ELIGIBLE RECIPIENT.—

15 “(A) IN GENERAL.—The term ‘eligible re-  
 16 cipient’ means—

17 “(i) an area described in section  
 18 301(a);

19 “(ii) an economic development dis-  
 20 trict;

21 “(iii) an Indian tribe;

22 “(iv) a State;

23 “(v) a city or other political subdivi-  
 24 sion of a State or a consortium of political  
 25 subdivisions;



1                   “(vi) an institution of higher edu-  
2                   cation or a consortium of institutions of  
3                   higher education; or

4                   “(vii) a public or private nonprofit or-  
5                   ganization or association acting in coopera-  
6                   tion with officials of a political subdivision  
7                   of a State.

8                   “(B) TRAINING, RESEARCH, AND TECH-  
9                   NICAL ASSISTANCE GRANTS.—In the case of  
10                  grants under section 207, the term ‘eligible re-  
11                  cipient’ also includes private individuals and  
12                  for-profit organizations.

13                  “(5) FEDERAL AGENCY.—The term ‘Federal  
14                  agency’ means a department, agency, or instrumen-  
15                  tality of the United States.

16                  “(6) GRANT.—The term ‘grant’ includes a co-  
17                  operative agreement (within the meaning of chapter  
18                  63 of title 31, United States Code).

19                  “(7) INDIAN TRIBE.—The term ‘Indian tribe’  
20                  means any Indian tribe, band, nation, pueblo, or  
21                  other organized group or community, including any  
22                  Alaska Native village or Regional Corporation (as  
23                  defined in or established under the Alaska Native  
24                  Claims Settlement Act (43 U.S.C. 1601 et seq.)),  
25                  that is recognized as eligible for the special pro-

1       grams and services provided by the United States to  
2       Indians because of their status as Indians.

3               “(8) SECRETARY.—The term ‘Secretary’ means  
4       the Secretary of Commerce.

5               “(9) STATE.—The term ‘State’ means a State,  
6       the District of Columbia, the Commonwealth of  
7       Puerto Rico, the Virgin Islands, Guam, American  
8       Samoa, the Commonwealth of the Northern Mariana  
9       Islands, the Republic of the Marshall Islands, the  
10       Federated States of Micronesia, and the Republic of  
11       Palau.

12              “(10) UNITED STATES.—The term ‘United  
13       States’ means all of the States.

14       **“TITLE I—ECONOMIC DEVELOP-**  
15       **MENT PARTNERSHIPS CO-**  
16       **OPERATION AND COORDINA-**  
17       **TION**

18       **“SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT**  
19       **PARTNERSHIPS.**

20              “(a) IN GENERAL.—In providing assistance under  
21       this title, the Secretary shall cooperate with States and  
22       other entities to ensure that, consistent with national ob-  
23       jectives, Federal programs are compatible with and fur-  
24       ther the objectives of State, regional, and local economic

1 development plans and comprehensive economic develop-  
2 ment strategies.

3 “(b) TECHNICAL ASSISTANCE.—The Secretary may  
4 provide such technical assistance to States, political sub-  
5 divisions of States, sub-State regional organizations (in-  
6 cluding organizations that cross State boundaries), and  
7 multi-State regional organizations as the Secretary deter-  
8 mines is appropriate to—

9 “(1) alleviate economic distress;

10 “(2) encourage and support public-private part-  
11 nerships for the formation and improvement of eco-  
12 nomic development strategies that sustain and pro-  
13 mote economic development across the United  
14 States; and

15 “(3) promote investment in infrastructure and  
16 technological capacity to keep pace with the chang-  
17 ing global economy.

18 “(c) INTERGOVERNMENTAL REVIEW.—The Secretary  
19 shall promulgate regulations to ensure that appropriate  
20 State and local government agencies have been given a  
21 reasonable opportunity to review and comment on pro-  
22 posed projects under this title that the Secretary deter-  
23 mines may have a significant direct impact on the econ-  
24 omy of the area.

25 “(d) COOPERATION AGREEMENTS.—

1           “(1) IN GENERAL.—The Secretary may enter  
2           into a cooperation agreement with any 2 or more ad-  
3           joining States, or an organization of any 2 or more  
4           adjoining States, in support of effective economic de-  
5           velopment.

6           “(2) PARTICIPATION.—Each cooperation agree-  
7           ment shall provide for suitable participation by other  
8           governmental and nongovernmental entities that are  
9           representative of significant interests in and perspec-  
10          tives on economic development in an area.

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

12          “In accordance with applicable laws and subject to  
13          the availability of appropriations, each Federal agency  
14          shall exercise its powers, duties and functions, and shall  
15          cooperate with the Secretary, in such manner as will assist  
16          the Secretary in carrying out this title.

17   **“SEC. 103. COORDINATION.**

18          “The Secretary shall coordinate activities relating to  
19          the preparation and implementation of comprehensive eco-  
20          nomic development strategies under this Act with Federal  
21          agencies carrying out other Federal programs, States, eco-  
22          nomic development districts, and other appropriate plan-  
23          ning and development organizations.

1 **“TITLE II—GRANTS FOR PUBLIC**  
2 **WORKS AND ECONOMIC DE-**  
3 **VELOPMENT**

4 **“SEC. 201. GRANTS FOR PUBLIC WORKS AND ECONOMIC**  
5 **DEVELOPMENT.**

6 “(a) IN GENERAL.—On the application of an eligible  
7 recipient, the Secretary may make grants for—

8 “(1) acquisition or development of land and im-  
9 provements for use for a public works, public service,  
10 or development facility; and

11 “(2) acquisition, design and engineering, con-  
12 struction, rehabilitation, alteration, expansion, or im-  
13 provement of such a facility, including related ma-  
14 chinery and equipment.

15 “(b) CRITERIA FOR GRANT.—The Secretary may  
16 make a grant under this section only if the Secretary de-  
17 termines that—

18 “(1) the project for which the grant is applied  
19 for will, directly or indirectly—

20 “(A) improve the opportunities, in the area  
21 where the project is or will be located, for the  
22 successful establishment or expansion of indus-  
23 trial or commercial plants or facilities;

1           “(B) assist in the creation of additional  
2           long-term employment opportunities in the  
3           area; or

4           “(C) primarily benefit the long-term unem-  
5           ployed and members of low-income families;

6           “(2) the project for which the grant is applied  
7           for will fulfill a pressing need of the area, or a part  
8           of the area, in which the project is or will be located;  
9           and

10          “(3) the area for which the project is to be car-  
11          ried out has a comprehensive economic development  
12          strategy and the project is consistent with the strat-  
13          egy.

14          “(c) MAXIMUM ASSISTANCE FOR EACH STATE.—Not  
15          more than 15 percent of the amounts made available to  
16          carry out this section may be expended in any 1 State.

17          **“SEC. 202. BASE CLOSINGS AND REALIGNMENTS.**

18          “Notwithstanding any other provision of law, the Sec-  
19          retary may provide to an eligible recipient any assistance  
20          available under this title for a project to be carried out  
21          on a military or Department of Energy installation that  
22          is closed or scheduled for closure or realignment without  
23          requiring that the eligible recipient have title to the prop-  
24          erty or a leasehold interest in the property for any speci-  
25          fied term.

1 **“SEC. 203. GRANTS FOR PLANNING AND GRANTS FOR AD-**  
 2 **MINISTRATIVE EXPENSES.**

3 “(a) IN GENERAL.—On the application of an eligible  
 4 recipient, the Secretary may make grants to pay the costs  
 5 of economic development planning and the administrative  
 6 expenses of organizations that carry out the planning.

7 “(b) PLANNING PROCESS.—Planning assisted under  
 8 this title shall be a continuous process involving public of-  
 9 ficials and private citizens in—

10 “(1) analyzing local economies;

11 “(2) defining economic development goals;

12 “(3) determining project opportunities; and

13 “(4) formulating and implementing an economic  
 14 development program that includes systematic ef-  
 15 forts to reduce unemployment and increase incomes.

16 “(c) USE OF PLANNING ASSISTANCE.—Planning as-  
 17 sistance under this title shall be used in conjunction with  
 18 any other available Federal planning assistance to ensure  
 19 adequate and effective planning and economical use of  
 20 funds.

21 “(d) STATE PLANS.—

22 “(1) DEVELOPMENT.—Any State plan devel-  
 23 oped with assistance under this section shall be de-  
 24 veloped cooperatively by the State, political subdivi-  
 25 sions of the State, and the economic development  
 26 districts located wholly or partially in the State.

1           “(2) COMPREHENSIVE ECONOMIC DEVELOP-  
 2           MENT STRATEGY.—As a condition of receipt of as-  
 3           sistance for a State plan under this subsection, the  
 4           State shall have or develop a comprehensive eco-  
 5           nomic development strategy.

6           “(3) CERTIFICATION TO THE SECRETARY.—On  
 7           completion of a State plan developed with assistance  
 8           under this section, the State shall—

9                   “(A) certify to the Secretary that, in the  
 10                  development of the State plan, local and eco-  
 11                  nomic development district plans were consid-  
 12                  ered and, to the maximum extent practicable,  
 13                  the State plan is consistent with the local and  
 14                  economic development district plans; and

15                  “(B) identify any inconsistencies between  
 16                  the State plan and the local and economic de-  
 17                  velopment district plans and provide a justifica-  
 18                  tion for each inconsistency.

19           “(4) COMPREHENSIVE PLANNING PROCESS.—  
 20           Any overall State economic development planning as-  
 21           sisted under this section shall be a part of a com-  
 22           prehensive planning process that shall consider the  
 23           provision of public works to—

24                   “(A) promote economic development and  
 25                  opportunity;



1 “(B) foster effective transportation access;

2 “(C) enhance and protect the environment;

3 and

4 “(D) balance resources through the sound  
5 management of physical development.

6 “(5) REPORT TO SECRETARY.—Each State that  
7 receives assistance for the development of a plan  
8 under this subsection shall submit to the Secretary  
9 an annual report on the planning process assisted  
10 under this subsection.

11 **“SEC. 204. COST SHARING.**

12 “(a) FEDERAL SHARE.—Subject to section 205, the  
13 amount of a grant for a project under this title shall not  
14 exceed 50 percent of the cost of the project.

15 “(b) NON-FEDERAL SHARE.—In determining the  
16 amount of the non-Federal share of the cost of a project,  
17 the Secretary may provide credit toward the non-Federal  
18 share for all contributions both in cash and in-kind, fairly  
19 evaluated, including contributions of space, equipment,  
20 and services.

21 **“SEC. 205. SUPPLEMENTARY GRANTS.**

22 “(a) DEFINITION OF DESIGNATED FEDERAL GRANT  
23 PROGRAM.—In this section, the term ‘designated Federal  
24 grant program’ means any Federal grant program that—

1           “(1) provides assistance in the construction or  
2           equipping of public works, public service, or develop-  
3           ment facilities;

4           “(2) the Secretary designates as eligible for an  
5           allocation of funds under this section; and

6           “(3) assists projects that are—

7                   “(A) eligible for assistance under this title;

8                   and

9                   “(B) consistent with a comprehensive eco-  
10                  nomic development strategy.

11          “(b) SUPPLEMENTARY GRANTS.—

12               “(1) IN GENERAL.—On the application of an el-  
13               igible recipient, the Secretary may make a supple-  
14               mentary grant for a project for which the eligible re-  
15               cipient is eligible but, because of the eligible recipi-  
16               ent’s economic situation, for which the eligible recipi-  
17               ent cannot provide the required non-Federal share.

18               “(2) PURPOSES OF GRANTS.—Supplementary  
19               grants under paragraph (1) may be made for pur-  
20               poses that shall include enabling eligible recipients to  
21               use—

22                   “(A) designated Federal grant programs;

23                   and

24                   “(B) direct grants authorized under this  
25               title.

1       “(c) REQUIREMENTS APPLICABLE TO SUPPLE-  
2   MENTARY GRANTS.—

3               “(1) AMOUNT OF SUPPLEMENTARY GRANTS.—

4       Subject to paragraph (4), the amount of a supple-  
5       mentary grant under this title for a project shall not  
6       exceed the applicable percentage of the cost of the  
7       project established by regulations promulgated by  
8       the Secretary, except that the non-Federal share of  
9       the cost of a project (including assumptions of debt)  
10      shall not be less than 20 percent.

11              “(2) FORM OF SUPPLEMENTARY GRANTS.—In  
12      accordance with such regulations as the Secretary  
13      may promulgate, the Secretary shall make supple-  
14      mentary grants by increasing the amounts of grants  
15      authorized under this title or by the payment of  
16      funds made available under this Act to the heads of  
17      the Federal agencies responsible for carrying out the  
18      applicable Federal programs.

19              “(3) FEDERAL SHARE LIMITATIONS SPECIFIED  
20      IN OTHER LAWS.—Notwithstanding any requirement  
21      as to the amount or source of non-Federal funds  
22      that may be applicable to a Federal program, funds  
23      provided under this section may be used to increase  
24      the Federal share for specific projects under the pro-  
25      gram that are carried out in areas described in sec-

tion 301(a) above the Federal share of the cost of the project authorized by the law governing the program.

“(4) LOWER NON-FEDERAL SHARE.—

“(A) INDIAN TRIBES.—In the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1) or may waive the non-Federal share.

“(B) CERTAIN STATES, POLITICAL SUBDIVISIONS, AND NONPROFIT ORGANIZATIONS.—

In the case of a grant to a State, or a political subdivision of a State, that the Secretary determines has exhausted its effective taxing and borrowing capacity, or in the case of a grant to a nonprofit organization that the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1).

**“SEC. 206. REGULATIONS ON RELATIVE NEEDS AND ALLOCATIONS.**

“In promulgating rules, regulations, and procedures for assistance under this title, the Secretary shall ensure that—

1           “(1) the relative needs of eligible areas are  
 2           given adequate consideration by the Secretary, as  
 3           determined based on, among other relevant factors—

4                   “(A) the severity of the rates of unemploy-  
 5                   ment in the eligible areas and the duration of  
 6                   the unemployment;

7                   “(B) the income levels and the extent of  
 8                   underemployment in eligible areas; and

9                   “(C) the outmigration of population from  
 10                  eligible areas and the extent to which the out-  
 11                  migration is causing economic injury in the eli-  
 12                  gible areas; and

13           “(2) allocations of assistance under this title  
 14           are prioritized to ensure that the level of economic  
 15           distress of an area, rather than a preference for a  
 16           geographic area or a specific type of economic dis-  
 17           tress, is the primary factor in allocating the assist-  
 18           ance.

19 **“SEC. 207. GRANTS FOR TRAINING, RESEARCH, AND TECH-**  
 20 **NICAL ASSISTANCE.**

21           “(a) IN GENERAL.—

22                   “(1) GRANTS.—On the application of an eligible  
 23                  recipient, the Secretary may make grants for train-  
 24                  ing, research, and technical assistance, including  
 25                  grants for program evaluation and economic impact

1 analyses, that would be useful in alleviating or pre-  
2 venting conditions of excessive unemployment or  
3 underemployment.

4 “(2) TYPES OF ASSISTANCE.—Grants under  
5 paragraph (1) may be used for—

6 “(A) project planning and feasibility stud-  
7 ies;

8 “(B) demonstrations of innovative activi-  
9 ties or strategic economic development invest-  
10 ments;

11 “(C) management and operational assist-  
12 ance;

13 “(D) establishment of university centers;

14 “(E) establishment of business outreach  
15 centers;

16 “(F) studies evaluating the needs of, and  
17 development potential for, economic growth of  
18 areas that the Secretary determines have sub-  
19 stantial need for the assistance; and

20 “(G) other activities determined by the  
21 Secretary to be appropriate.

22 “(3) REDUCTION OR WAIVER OF NON-FEDERAL  
23 SHARE.—In the case of a project assisted under this  
24 section, the Secretary may reduce or waive the non-  
25 Federal share, without regard to section 204 or 205,

1 if the Secretary finds that the project is not feasible  
2 without, and merits, such a reduction or waiver.

3 “(b) METHODS OF PROVISION OF ASSISTANCE.—In  
4 providing research and technical assistance under this sec-  
5 tion, the Secretary, in addition to making grants under  
6 subsection (a), may—

7 “(1) provide research and technical assistance  
8 through officers or employees of the Department;

9 “(2) pay funds made available to carry out this  
10 section to Federal agencies; or

11 “(3) employ private individuals, partnerships,  
12 businesses, corporations, or appropriate institutions  
13 under contracts entered into for that purpose.

14 **“SEC. 208. PREVENTION OF UNFAIR COMPETITION.**

15 “No financial assistance under this Act shall be ex-  
16 tended to any project when the result would be to increase  
17 the production of goods, materials, or commodities, or the  
18 availability of services or facilities, when there is not suffi-  
19 cient demand for such goods, materials, commodities, serv-  
20 ices, or facilities, to employ the efficient capacity of exist-  
21 ing competitive commercial or industrial enterprises.

22 **“SEC. 209. GRANTS FOR ECONOMIC ADJUSTMENT.**

23 “(a) IN GENERAL.—On the application of an eligible  
24 recipient, the Secretary may make grants for development  
25 of public facilities, public services, business development

1 (including funding of a revolving loan fund), planning,  
 2 technical assistance, training, and any other assistance to  
 3 alleviate long-term economic deterioration and sudden and  
 4 severe economic dislocation and further the economic ad-  
 5 justment objectives of this title.

6 “(b) CRITERIA FOR ASSISTANCE.—The Secretary  
 7 may provide assistance under this section only if the Sec-  
 8 retary determines that—

9 “(1) the project will help the area to meet a  
 10 special need arising from—

11 “(A) actual or threatened severe unemploy-  
 12 ment; or

13 “(B) economic adjustment problems result-  
 14 ing from severe changes in economic conditions;  
 15 and

16 “(2) the area for which a project is to be car-  
 17 ried out has a comprehensive economic development  
 18 strategy and the project is consistent with the strat-  
 19 egy, except that this paragraph shall not apply to  
 20 planning projects.

21 “(c) PARTICULAR COMMUNITY ASSISTANCE.—Assist-  
 22 ance under this section may include assistance provided  
 23 for activities identified by communities, the economies of  
 24 which are injured by—



1           “(1) military base closures or realignments, de-  
2       fense contractor reductions in force, or Department  
3       of Energy defense-related funding reductions, for  
4       help in diversifying their economies through projects  
5       to be carried out on Federal Government installa-  
6       tions or elsewhere in the communities;

7           “(2) disasters or emergencies, in areas with re-  
8       spect to which a major disaster or emergency has  
9       been declared under the Robert T. Stafford Disaster  
10      Relief and Emergency Assistance Act (42 U.S.C.  
11      5121 et seq.), for post-disaster economic recovery;

12          “(3) international trade, for help in economic  
13      restructuring of the communities; or

14          “(4) fishery failures, in areas with respect to  
15      which a determination that there is a commercial  
16      fishery failure has been made under section 312(a)  
17      of the Magnuson-Stevens Fishery Conservation and  
18      Management Act (16 U.S.C. 1861a(a)).

19      “(d) DIRECT EXPENDITURE OR REDISTRIBUTION BY  
20      RECIPIENT.—

21          “(1) IN GENERAL.—Subject to paragraph (2),  
22      an eligible recipient of a grant under this section  
23      may directly expend the grant funds or may redis-  
24      tribute the funds to public and private entities in the  
25      form of a grant, loan, loan guarantee, payment to

1       reduce interest on a loan guarantee, or other appro-  
 2       prium assistance.

3               “(2) LIMITATION.—Under paragraph (1), an el-  
 4       igible recipient may not provide any grant to a pri-  
 5       vate for-profit entity.

6       **“SEC. 210. CHANGED PROJECT CIRCUMSTANCES.**

7        “In any case in which a grant (including a supple-  
 8       mentary grant described in section 205) has been made  
 9       by the Secretary under this title (or made under this Act,  
 10      as in effect on the day before the effective date of the  
 11      Economic Development Administration Reform Act of  
 12      1998) for a project, and, after the grant has been made  
 13      but before completion of the project, the purpose or scope  
 14      of the project that was the basis of the grant is modified,  
 15      the Secretary may approve, subject (except for a grant for  
 16      which funds were obligated in fiscal year 1995) to the  
 17      availability of appropriations, the use of grant funds for  
 18      the modified project if the Secretary determines that—

19               “(1) the modified project meets the require-  
 20      ments of this title and is consistent with the com-  
 21      prehensive economic development strategy submitted  
 22      as part of the application for the grant; and

23               “(2) the modifications are necessary to enhance  
 24      economic development in the area for which the  
 25      project is being carried out.

1 **“SEC. 211. USE OF FUNDS IN PROJECTS CONSTRUCTED**  
2 **UNDER PROJECTED COST.**

3 “In any case in which a grant (including a supple-  
4 mentary grant described in section 205) has been made  
5 by the Secretary under this title (or made under this Act,  
6 as in effect on the day before the effective date of the  
7 Economic Development Administration Reform Act of  
8 1998) for a construction project, and, after the grant has  
9 been made but before completion of the project, the cost  
10 of the project based on the designs and specifications that  
11 was the basis of the grant has decreased because of de-  
12 creases in costs—

13 “(1) the Secretary may approve, subject to the  
14 availability of appropriations, the use of the excess  
15 funds or a portion of the funds to improve the  
16 project; and

17 “(2) any amount of excess funds remaining  
18 after application of paragraph (1) shall be deposited  
19 in the general fund of the Treasury.

20 **“SEC. 212. REPORTS BY RECIPIENTS.**

21 “(a) IN GENERAL.—Each recipient of assistance  
22 under this title shall submit reports to the Secretary at  
23 such intervals and in such manner as the Secretary shall  
24 require by regulation, except that no report shall be re-  
25 quired to be submitted more than 10 years after the date  
26 of closeout of the assistance award.

1       “(b) CONTENTS.—Each report shall contain an eval-  
 2       uation of the effectiveness of the economic assistance pro-  
 3       vided under this title in meeting the need that the assist-  
 4       ance was designed to address and in meeting the objectives  
 5       of this Act.

6       **“SEC. 213. PROHIBITION ON USE OF FUNDS FOR ATTOR-**  
 7                               **NEYS AND CONSULTANT’S FEES.**

8       “Assistance made available under this title shall not  
 9       be used directly or indirectly for an attorney’s or consult-  
 10      ant’s fee incurred in connection with obtaining grants and  
 11      contracts under this title.

12      **“TITLE III—ELIGIBILITY; COM-**  
 13                               **PREHENSIVE ECONOMIC DE-**  
 14                               **VELOPMENT STRATEGIES**

15      **“SEC. 301. ELIGIBILITY OF AREAS.**

16      “(a) IN GENERAL.—For a project to be eligible for  
 17      assistance under section 201 or 209, the project shall be  
 18      located in an area that, on the date of submission of the  
 19      application, meets 1 or more of the following criteria:

20                   “(1) LOW PER CAPITA INCOME.—The area has  
 21                   a per capita income of 80 percent or less of the na-  
 22                   tional average.

23                   “(2) UNEMPLOYMENT RATE ABOVE NATIONAL  
 24                   AVERAGE.—The area has an unemployment rate  
 25                   that is, for the most recent 24-month period for

1       which data are available, at least 1 percent greater  
2       than the national average unemployment rate.

3               “(3) UNEMPLOYMENT OR ECONOMIC ADJUST-  
4       MENT PROBLEMS.—The area is an area that the  
5       Secretary determines has experienced or is about to  
6       experience a special need arising from actual or  
7       threatened severe unemployment or economic adjust-  
8       ment problems resulting from severe short-term or  
9       long-term changes in economic conditions.

10       “(b) POLITICAL BOUNDARIES OF AREAS.—An area  
11       that meets 1 or more of the criteria of subsection (a), in-  
12       cluding a small area of poverty or high unemployment  
13       within a larger community in less economic distress, shall  
14       be eligible for assistance under section 201 or 209 without  
15       regard to political or other subdivisions or boundaries.

16       “(c) DOCUMENTATION.—

17               “(1) IN GENERAL.—A determination of eligi-  
18       bility under subsection (a) shall be supported by the  
19       most recent Federal data available, or, if no recent  
20       Federal data is available, by the most recent data  
21       available through the government of the State in  
22       which the area is located.

23               “(2) ACCEPTANCE BY SECRETARY.—The docu-  
24       mentation shall be accepted by the Secretary unless

1 the Secretary determines that the documentation is  
 2 inaccurate.

3 “(d) PRIOR DESIGNATIONS.—Any designation of a  
 4 redevelopment area made before the effective date of the  
 5 Economic Development Administration Reform Act of  
 6 1998 shall not be effective after that effective date.

7 **“SEC. 302. COMPREHENSIVE ECONOMIC DEVELOPMENT**  
 8 **STRATEGIES.**

9 “(a) IN GENERAL.—The Secretary may provide as-  
 10 sistance under section 201 or 209 (except for planning as-  
 11 sistance under section 209) to an eligible recipient for a  
 12 project only if the eligible recipient submits to the Sec-  
 13 retary, as part of an application for the assistance—

14 “(1) an identification of the economic develop-  
 15 ment problems to be addressed using the assistance;

16 “(2) an identification of the past, present, and  
 17 projected future economic development investments  
 18 in the area receiving the assistance and public and  
 19 private participants and sources of funding for the  
 20 investments; and

21 “(3)(A) a comprehensive economic development  
 22 strategy for addressing the economic problems iden-  
 23 tified under paragraph (1) in a manner that pro-  
 24 motes economic development and opportunity, fos-  
 25 ters effective transportation access, enhances and

1 protects the environment, and balances resources  
 2 through sound management of development; and

3 “(B) a description of how the strategy will solve  
 4 the problems.

5 “(b) APPROVAL OF COMPREHENSIVE ECONOMIC DE-  
 6 VELOPMENT STRATEGY.—The Secretary shall approve a  
 7 comprehensive economic development strategy that meets  
 8 the requirements of subsection (a) to the satisfaction of  
 9 the Secretary.

10 “(c) APPROVAL OF OTHER PLAN.—The Secretary  
 11 may accept as a comprehensive economic development  
 12 strategy a satisfactory plan developed under another fed-  
 13 erally supported program.

14 **“TITLE IV—ECONOMIC**  
 15 **DEVELOPMENT DISTRICTS**

16 **“SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT**  
 17 **DISTRICTS.**

18 “(a) IN GENERAL.—In order that economic develop-  
 19 ment projects of broad geographic significance may be  
 20 planned and carried out, the Secretary may designate ap-  
 21 propriate economic development districts in the United  
 22 States, with the concurrence of the States in which the  
 23 districts will be wholly or partially located, if—

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

1       ter economic development on a scale involving more  
2       than a single area described in section 301(a);

3               “(2) the proposed district contains at least 1  
4       area described in section 301(a); and

5               “(3) the proposed district has a comprehensive  
6       economic development strategy that—

7                       “(A) contains a specific program for intra-  
8       district cooperation, self-help, and public invest-  
9       ment; and

10               “(B) is approved by each affected State  
11       and by the Secretary.

12       “(b) AUTHORITIES.—The Secretary may, under reg-  
13       ulations promulgated by the Secretary—

14               “(1) invite the States to determine boundaries  
15       for proposed economic development districts;

16               “(2) cooperate with the States—

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

20                       “(B) in assisting the district groups in for-  
21       mulating comprehensive economic development  
22       strategies for districts; and

23               “(3) encourage participation by appropriate  
24       local government entities in the economic develop-  
25       ment districts.



1   **“SEC. 402. TERMINATION OR MODIFICATION OF ECONOMIC**  
2                   **DEVELOPMENT DISTRICTS.**

3           “The Secretary shall, by regulation, promulgate  
4 standards for the termination or modification of the des-  
5 ignation of economic development districts.

6   **“SEC. 403. INCENTIVES.**

7           “(a) IN GENERAL.—Subject to the non-Federal share  
8 requirement under section 205(c)(1), the Secretary may  
9 increase the amount of grant assistance for a project in  
10 an economic development district by an amount that does  
11 not exceed 10 percent of the cost of the project, in accord-  
12 ance with such regulations as the Secretary shall promul-  
13 gate, if—

14                   “(1) the project applicant is actively participat-  
15 ing in the economic development activities of the dis-  
16 trict; and

17                   “(2) the project is consistent with the com-  
18 prehensive economic development strategy of the dis-  
19 trict.

20           “(b) REVIEW OF INCENTIVE SYSTEM.—In promul-  
21 gating regulations under subsection (a), the Secretary  
22 shall review the current incentive system to ensure that  
23 the system is administered in the most direct and effective  
24 manner to achieve active participation by project appli-  
25 cants in the economic development activities of economic  
26 development districts.

1 **“SEC. 404. PROVISION OF COMPREHENSIVE ECONOMIC DE-**  
 2 **VELOPMENT STRATEGIES TO APPALACHIAN**  
 3 **REGIONAL COMMISSION.**

4 “If any part of an economic development district is  
 5 in the Appalachian region (as defined in section 403 of  
 6 the Appalachian Regional Development Act of 1965 (40  
 7 U.S.C. App.)), the economic development district shall en-  
 8 sure that a copy of the comprehensive economic develop-  
 9 ment strategy of the district is provided to the Appalach-  
 10 ian Regional Commission established under that Act.

11 **“SEC. 405. ASSISTANCE TO PARTS OF ECONOMIC DEVELOP-**  
 12 **MENT DISTRICTS NOT IN ELIGIBLE AREAS.**

13 “Notwithstanding section 301, the Secretary may  
 14 provide such assistance as is available under this Act for  
 15 a project in a part of an economic development district  
 16 that is not in an area described in section 301(a), if the  
 17 project will be of a substantial direct benefit to an area  
 18 described in section 301(a) that is located in the district.

19 **“TITLE V—ADMINISTRATION**

20 **“SEC. 501. ASSISTANT SECRETARY FOR ECONOMIC DEVEL-**  
 21 **OPMENT.**

22 “(a) IN GENERAL.—The Secretary shall carry out  
 23 this Act through an Assistant Secretary of Commerce for  
 24 Economic Development, to be appointed by the President,  
 25 by and with the advice and consent of the Senate.

1       “(b) COMPENSATION.—The Assistant Secretary of  
 2 Commerce for Economic Development shall be com-  
 3 pensated at the rate payable for level IV of the Executive  
 4 Schedule under section 5315 of title 5, United States  
 5 Code.

6       “(c) DUTIES.—The Assistant Secretary of Commerce  
 7 for Economic Development shall carry out such duties as  
 8 the Secretary shall require and shall serve as the adminis-  
 9 trator of the Economic Development Administration of the  
 10 Department.

11   **“SEC. 502. ECONOMIC DEVELOPMENT INFORMATION**  
 12       **CLEARINGHOUSE.**

13       “In carrying out this Act, the Secretary shall—

14           “(1) maintain a central information clearing-  
 15 house on matters relating to economic development,  
 16 economic adjustment, disaster recovery, defense con-  
 17 version, and trade adjustment programs and activi-  
 18 ties of the Federal and State governments, including  
 19 political subdivisions of States;

20           “(2) assist potential and actual applicants for  
 21 economic development, economic adjustment, disas-  
 22 ter recovery, defense conversion, and trade adjust-  
 23 ment assistance under Federal, State, and local laws  
 24 in locating and applying for the assistance; and

1           “(3) assist areas described in section 301(a)  
2           and other areas by providing to interested persons,  
3           communities, industries, and businesses in the areas  
4           any technical information, market research, or other  
5           forms of assistance, information, or advice that  
6           would be useful in alleviating or preventing condi-  
7           tions of excessive unemployment or underemploy-  
8           ment in the areas.

9   **“SEC. 503. CONSULTATION WITH OTHER PERSONS AND**  
10                   **AGENCIES.**

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

17           “(b) CONSULTATION ON ADMINISTRATION OF ACT.—  
18   The Secretary may provide for such consultation with in-  
19   terested Federal agencies as the Secretary determines to  
20   be appropriate in the performance of the duties of the Sec-  
21   retary under this Act.

22   **“SEC. 504. ADMINISTRATION, OPERATION, AND MAINTENANCE.**  
23                   **NANCE.**

24           ““The Secretary shall approve Federal assistance  
25   under this Act only if the Secretary is satisfied that the

1 project for which Federal assistance is granted will be  
 2 properly and efficiently administered, operated, and main-  
 3 tained.

4 **“SEC. 505. BUSINESSES DESIRING FEDERAL CONTRACTS.**

5 “The Secretary may provide the procurement divi-  
 6 sions of Federal agencies with a list consisting of—

7 “(1) the names and addresses of businesses  
 8 that are located in areas described in section 301(a)  
 9 and that wish to obtain Federal Government con-  
 10 tracts for the provision of supplies or services; and

11 “(2) the supplies and services that each busi-  
 12 ness provides.

13 **“SEC. 506. PERFORMANCE EVALUATIONS OF GRANT RE-**  
 14 **CIPIENTS.**

15 “(a) IN GENERAL.—The Secretary shall conduct an  
 16 evaluation of each university center and each economic de-  
 17 velopment district that receives grant assistance under  
 18 this Act (each referred to in this section as a ‘grantee’)  
 19 to assess the grantee’s performance and contribution to-  
 20 ward retention and creation of employment.

21 “(b) PURPOSE OF EVALUATIONS OF UNIVERSITY  
 22 CENTERS.—The purpose of the evaluations of university  
 23 centers under subsection (a) shall be to determine which  
 24 university centers are performing well and are worthy of  
 25 continued grant assistance under this Act, and which

1 should not receive continued assistance, so that university  
2 centers that have not previously received assistance may  
3 receive assistance.

4 “(c) TIMING OF EVALUATIONS.—Evaluations under  
5 subsection (a) shall be conducted on a continuing basis  
6 so that each grantee is evaluated within 3 years after the  
7 first award of assistance to the grantee after the effective  
8 date of the Economic Development Administration Reform  
9 Act of 1998, and at least once every 3 years thereafter,  
10 so long as the grantee receives the assistance.

11 “(d) EVALUATION CRITERIA.—

12 “(1) ESTABLISHMENT.—The Secretary shall es-  
13 tablish criteria for use in conducting evaluations  
14 under subsection (a).

15 “(2) EVALUATION CRITERIA FOR UNIVERSITY  
16 CENTERS.—The criteria for evaluation of a univer-  
17 sity center shall, at a minimum, provide for an as-  
18 sessment of the center’s contribution to providing  
19 technical assistance, conducting applied research,  
20 and disseminating results of the activities of the cen-  
21 ter.

22 “(3) EVALUATION CRITERIA FOR ECONOMIC DE-  
23 VELOPMENT DISTRICTS.—The criteria for evaluation  
24 of an economic development district shall, at a mini-  
25 mum, provide for an assessment of management

1 standards, financial accountability, and program  
2 performance.

3 “(e) PEER REVIEW.—In conducting an evaluation of  
4 a university center or economic development district under  
5 subsection (a), the Secretary shall provide for the partici-  
6 pation of at least 1 other university center or economic  
7 development district, as appropriate, on a cost-reimburse-  
8 ment basis.

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

10 “Not later than 30 days before the date of any reor-  
11 ganization of the offices, programs, or activities of the  
12 Economic Development Administration, the Secretary  
13 shall provide notification of the reorganization to the Com-  
14 mittee on Environment and Public Works and the Com-  
15 mittee on Appropriations of the Senate, and the Commit-  
16 tee on Transportation and Infrastructure and the Com-  
17 mittee on Appropriations of the House of Representatives.

18 **“TITLE VI—MISCELLANEOUS**

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

20 “(a) IN GENERAL.—In carrying out the duties of the  
21 Secretary under this Act, the Secretary may—

22 “(1) adopt, alter, and use a seal, which shall be  
23 judicially noticed;

24 “(2) subject to the civil service and classifica-  
25 tion laws, select, employ, appoint, and fix the com-

1       pensation of such personnel as are necessary to  
2       carry out this Act;

3           “(3) hold such hearings, sit and act at such  
4       times and places, and take such testimony, as the  
5       Secretary determines to be appropriate;

6           “(4) request directly, from any Federal agency,  
7       board, commission, office, or independent establish-  
8       ment, such information, suggestions, estimates, and  
9       statistics as the Secretary determines to be nec-  
10      essary to carry out this Act (and each Federal agen-  
11      cy, board, commission, office, or independent estab-  
12      lishment may provide such information, suggestions,  
13      estimates, and statistics directly to the Secretary);

14          “(5) under regulations promulgated by the Sec-  
15      retary—

16           “(A) assign or sell at public or private  
17           sale, or otherwise dispose of for cash or credit,  
18           in the Secretary’s discretion and on such terms  
19           and conditions and for such consideration as  
20           the Secretary determines to be reasonable, any  
21           evidence of debt, contract, claim, personal prop-  
22           erty, or security assigned to or held by the Sec-  
23           retary in connection with assistance provided  
24           under this Act; and



1           “(B) collect or compromise all obligations  
2           assigned to or held by the Secretary in connec-  
3           tion with that assistance until such time as the  
4           obligations are referred to the Attorney General  
5           for suit or collection;

6           “(6) deal with, complete, renovate, improve,  
7           modernize, insure, rent, or sell for cash or credit, on  
8           such terms and conditions and for such consider-  
9           ation as the Secretary determines to be reasonable,  
10          any real or personal property conveyed to or other-  
11          wise acquired by the Secretary in connection with  
12          assistance provided under this Act;

13          “(7) pursue to final collection, by means of  
14          compromise or other administrative action, before  
15          referral to the Attorney General, all claims against  
16          third parties assigned to the Secretary in connection  
17          with assistance provided under this Act;

18          “(8) acquire, in any lawful manner, any prop-  
19          erty (real, personal, or mixed, tangible or intangi-  
20          ble), to the extent appropriate in connection with as-  
21          sistance provided under this Act;

22          “(9) in addition to any powers, functions, privi-  
23          leges, and immunities otherwise vested in the Sec-  
24          retary, take any action, including the procurement of  
25          the services of attorneys by contract, determined by

1 the Secretary to be necessary or desirable in making,  
2 purchasing, servicing, compromising, modifying, liq-  
3 uidating, or otherwise administratively dealing with  
4 assets held in connection with financial assistance  
5 provided under this Act;

6 “(10)(A) employ experts and consultants or or-  
7 ganizations as authorized by section 3109 of title 5,  
8 United States Code, except that contracts for such  
9 employment may be renewed annually;

10 “(B) compensate individuals so employed, in-  
11 cluding compensation for travel time; and

12 “(C) allow individuals so employed, while away  
13 from their homes or regular places of business, trav-  
14 el expenses, including per diem in lieu of subsist-  
15 ence, as authorized by section 5703 of title 5,  
16 United States Code, for persons employed intermit-  
17 tently in the Federal Government service;

18 “(11) establish performance measures for  
19 grants and other assistance provided under this Act,  
20 and use the performance measures to evaluate the  
21 economic impact of economic development assistance  
22 programs under this Act, which establishment and  
23 use of performance measures shall be provided by  
24 the Secretary through—

1           “(A) officers or employees of the Depart-  
2           ment;

3           “(B) the employment of persons under  
4           contracts entered into for such purposes; or

5           “(C) grants to persons, using funds made  
6           available to carry out this Act;

7           “(12) conduct environmental reviews and incur  
8           necessary expenses to evaluate and monitor the envi-  
9           ronmental impact of economic development assist-  
10          ance provided and proposed to be provided under  
11          this Act, including expenses associated with the rep-  
12          resentation and defense of the actions of the Sec-  
13          retary relating to the environmental impact of the  
14          assistance, using any funds made available to carry  
15          out section 207;

16          “(13) sue and be sued in any court of record  
17          of a State having general jurisdiction or in any  
18          United States district court, except that no attach-  
19          ment, injunction, garnishment, or other similar proc-  
20          ess, mesne or final, shall be issued against the Sec-  
21          retary or the property of the Secretary; and

22          “(14) establish such rules, regulations, and pro-  
23          cedures as the Secretary considers appropriate for  
24          carrying out this Act.

1       “(b) DEFICIENCY JUDGMENTS.—The authority  
 2 under subsection (a)(7) to pursue claims shall include the  
 3 authority to obtain deficiency judgments or otherwise pur-  
 4 sue claims relating to mortgages assigned to the Sec-  
 5 retary.

6       “(c) INAPPLICABILITY OF CERTAIN OTHER RE-  
 7 QUIREMENTS.—Section 3709 of the Revised Statutes (41  
 8 U.S.C. 5) shall not apply to any contract of hazard insur-  
 9 ance or to any purchase or contract for services or supplies  
 10 on account of property obtained by the Secretary as a re-  
 11 sult of assistance provided under this Act if the premium  
 12 for the insurance or the amount of the services or supplies  
 13 does not exceed \$1,000.

14       “(d) PROPERTY INTERESTS.—

15               “(1) IN GENERAL.—The powers of the Sec-  
 16 retary under this section, relating to property ac-  
 17 quired by the Secretary in connection with assist-  
 18 ance provided under this Act, shall extend to prop-  
 19 erty interests of the Secretary relating to projects  
 20 approved under—

21                       “(A) this Act;

22                       “(B) title I of the Public Works Employ-  
 23 ment Act of 1976 (42 U.S.C. 6701 et seq.);

24                       “(C) title II of the Trade Act of 1974 (19  
 25 U.S.C. 2251 et seq.); and

1           “(D) the Community Emergency Drought  
2           Relief Act of 1977 (42 U.S.C. 5184 note; Pub-  
3           lic Law 95–31).

4           “(2) RELEASE.—The Secretary may release, in  
5           whole or in part, any real property interest, or tan-  
6           gible personal property interest, in connection with  
7           a grant after the date that is 20 years after the date  
8           on which the grant was awarded.

9           “(e) POWERS OF CONVEYANCE AND EXECUTION.—  
10          The power to convey and to execute, in the name of the  
11          Secretary, deeds of conveyance, deeds of release, assign-  
12          ments and satisfactions of mortgages, and any other writ-  
13          ten instrument relating to real or personal property or any  
14          interest in such property acquired by the Secretary under  
15          this Act may be exercised by the Secretary, or by any offi-  
16          cer or agent appointed by the Secretary for that purpose,  
17          without the execution of any express delegation of power  
18          or power of attorney.

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

20          “Not later than July 1, 2000, and July 1 of each  
21          year thereafter, the Secretary shall submit to Congress a  
22          comprehensive and detailed annual report on the activities  
23          of the Secretary under this Act during the most recently  
24          completed fiscal year.

1   **“SEC. 604. DELEGATION OF FUNCTIONS AND TRANSFER OF**  
2                   **FUNDS AMONG FEDERAL AGENCIES.**

3           “(a) DELEGATION OF FUNCTIONS TO OTHER FED-  
4   ERAL AGENCIES.—The Secretary may—

5                   “(1) delegate to the heads of other Federal  
6           agencies such functions, powers, and duties of the  
7           Secretary under this Act as the Secretary deter-  
8           mines to be appropriate; and

9                   “(2) authorize the redelegation of the functions,  
10          powers, and duties by the heads of the agencies.

11          “(b) TRANSFER OF FUNDS TO OTHER FEDERAL  
12   AGENCIES.—Funds authorized to be appropriated to carry  
13   out this Act may be transferred between Federal agencies,  
14   if the funds are used for the purposes for which the funds  
15   are specifically authorized and appropriated.

16          “(c) TRANSFER OF FUNDS FROM OTHER FEDERAL  
17   AGENCIES.—

18                   “(1) IN GENERAL.—Subject to paragraph (2),  
19           for the purposes of this Act, the Secretary may ac-  
20           cept transfers of funds from other Federal agencies  
21           if the funds are used for the purposes for which  
22           (and in accordance with the terms under which) the  
23           funds are specifically authorized and appropriated.

24                   “(2) USE OF FUNDS.—The transferred funds—

25                           “(A) shall remain available until expended;  
26                   and

1           “(B) may, to the extent necessary to carry  
2           out this Act, be transferred to and merged by  
3           the Secretary with the appropriations for sala-  
4           ries and expenses.

5   **“SEC. 605. PENALTIES.**

6           “(a)   FALSE   STATEMENTS;   SECURITY   OVER-  
7   VALUATION.—A person that makes any statement that the  
8   person knows to be false, or willfully overvalues any secu-  
9   rity, for the purpose of—

10           “(1) obtaining for the person or for any appli-  
11       cant any financial assistance under this Act or any  
12       extension of the assistance by renewal, deferment, or  
13       action, or by any other means, or the acceptance, re-  
14       lease, or substitution of security for the assistance;

15           “(2) influencing in any manner the action of  
16       the Secretary; or

17           “(3) obtaining money, property, or any thing of  
18       value, under this Act;

19   shall be fined under title 18, United States Code, impris-  
20   oned not more than 5 years, or both.

21           “(b)   EMBEZZLEMENT   AND   FRAUD-RELATED  
22   CRIMES.—A person that is connected in any capacity with  
23   the Secretary in the administration of this Act and that—

24           “(1) embezzles, abstracts, purloins, or willfully  
25       misapplies any funds, securities, or other thing of

1 value, that is pledged or otherwise entrusted to the  
2 person;

3 “(2) with intent to defraud the Secretary or  
4 any other person or entity, or to deceive any officer,  
5 auditor, or examiner—

6 “(A) makes any false entry in any book,  
7 report, or statement of or to the Secretary; or

8 “(B) without being duly authorized, draws  
9 any order or issue, puts forth, or assigns any  
10 note, debenture, bond, or other obligation, or  
11 draft, bill of exchange, mortgage, judgment, or  
12 decree thereof;

13 “(3) with intent to defraud, participates or  
14 shares in or receives directly or indirectly any  
15 money, profit, property, or benefit through any  
16 transaction, loan, grant, commission, contract, or  
17 any other act of the Secretary; or

18 “(4) gives any unauthorized information con-  
19 cerning any future action or plan of the Secretary  
20 that might affect the value of securities, or having  
21 such knowledge invests or speculates, directly or in-  
22 directly, in the securities or property of any com-  
23 pany or corporation receiving loans, grants, or other  
24 assistance from the Secretary;



1 shall be fined under title 18, United States Code, impris-  
2 oned not more than 5 years, or both.

3 **“SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINIS-**  
4 **TRATIVE EMPLOYEES.**

5 “Assistance shall not be provided by the Secretary  
6 under this Act to any business unless the owners, part-  
7 ners, or officers of the business—

8 “(1) certify to the Secretary the names of any  
9 attorneys, agents, and other persons engaged by or  
10 on behalf of the business for the purpose of expedit-  
11 ing applications made to the Secretary for assistance  
12 of any kind, under this Act, and the fees paid or to  
13 be paid to the person for expediting the applications;  
14 and

15 “(2) execute an agreement binding the busi-  
16 ness, for the 2-year period beginning on the date on  
17 which the assistance is provided by the Secretary to  
18 the business, to refrain from employing, offering any  
19 office or employment to, or retaining for professional  
20 services, any person who, on the date on which the  
21 assistance or any part of the assistance was pro-  
22 vided, or within the 1-year period ending on that  
23 date—

24 “(A) served as an officer, attorney, agent,  
25 or employee of the Department; and

1           “(B) occupied a position or engaged in ac-  
 2           tivities that the Secretary determines involved  
 3           discretion with respect to the granting of assist-  
 4           ance under this Act.

5   **“SEC. 607. MAINTENANCE AND PUBLIC INSPECTION OF**  
 6           **LIST OF APPROVED APPLICATIONS FOR FI-**  
 7           **NANCIAL ASSISTANCE.**

8           “(a) IN GENERAL.—The Secretary shall—

9           “(1) maintain as a permanent part of the  
 10          records of the Department a list of applications ap-  
 11          proved for financial assistance under this Act; and

12          “(2) make the list available for public inspec-  
 13          tion during the regular business hours of the De-  
 14          partment.

15          “(b) ADDITIONS TO LIST.—The following informa-  
 16          tion shall be added to the list maintained under subsection  
 17          (a) as soon as an application described in subsection (a)(1)  
 18          is approved:

19               “(1) The name of the applicant and, in the case  
 20               of a corporate application, the name of each officer  
 21               and director of the corporation.

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 AUDITS.**

2           “(a) RECORDKEEPING AND DISCLOSURE REQUIRE-  
3   MENTS.—Each recipient of assistance under this Act shall  
4   keep such records as the Secretary shall require, including  
5   records that fully disclose—

6           “(1) the amount and the disposition by the re-  
7   cipient of the proceeds of the assistance;

8           “(2) the total cost of the project in connection  
9   with which the assistance is given or used;

10          “(3) the amount and nature of the portion of  
11   the cost of the project provided by other sources;  
12   and

13          “(4) such other records as will facilitate an ef-  
14   fective audit.

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

22   **“SEC. 609. RELATIONSHIP TO ASSISTANCE UNDER OTHER**  
23                   **LAW.**

24          “(a) PREVIOUSLY AUTHORIZED ASSISTANCE.—Ex-  
25   cept as otherwise provided in this Act, all financial and  
26   technical assistance authorized under this Act shall be in

1 addition to any Federal assistance authorized before the  
 2 effective date of the Economic Development Administra-  
 3 tion Reform Act of 1998.

4 “(b) ASSISTANCE UNDER OTHER ACTS.—Nothing in  
 5 this Act authorizes or permits any reduction in the  
 6 amount of Federal assistance that any State or other en-  
 7 tity eligible under this Act is entitled to receive under any  
 8 other Act.

9 **“SEC. 610. ACCEPTANCE OF CERTIFICATIONS BY APPLI-**  
 10 **CANTS.**

11 “Under terms and conditions determined by the Sec-  
 12 retary, the Secretary may accept the certifications of an  
 13 applicant for assistance under this Act that the applicant  
 14 meets the requirements of this Act.”.

15 (b) TITLE VII.—The Public Works and Economic  
 16 Development Act of 1965 (42 U.S.C. 3121 et seq.) is  
 17 amended—

18 (1) by redesignating section 712 as section 602  
 19 and moving that section to appear after section 601  
 20 (as amended by subsection (a));

21 (2) in section 602 (as added by paragraph  
 22 (1))—

23 (A) by striking the section heading and all  
 24 that follows through “All” and inserting the fol-  
 25 lowing:

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

2 “All”; and

3 (B) by striking “sections 101, 201, 202,  
4 403, 903, and 1003” and inserting “this Act”;  
5 and

6 (3) by striking title VII (as amended by para-  
7 graph (1)) and inserting the following:

8 **“TITLE VII—FUNDING**

9 **“SEC. 701. GENERAL AUTHORIZATION OF APPROPRIA-**  
10 **TIONS.**

11 “There are authorized to be appropriated to carry out  
12 this Act \$397,969,000 for fiscal year 1999, \$368,000,000  
13 for fiscal year 2000, \$335,000,000 for fiscal year 2001,  
14 \$335,000,000 for fiscal year 2002, and \$335,000,000 for  
15 fiscal year 2003, to remain available until expended.

16 **“SEC. 702. AUTHORIZATION OF APPROPRIATIONS FOR DE-**  
17 **FENSE CONVERSION ACTIVITIES.**

18 “(a) IN GENERAL.—In addition to amounts made  
19 available under section 701, there are authorized to be ap-  
20 propriated such sums as are necessary to carry out section  
21 209(c)(1), to remain available until expended.

22 “(b) PILOT PROJECTS.—Funds made available under  
23 subsection (a) may be used for activities including pilot  
24 projects for privatization of, and economic development ac-  
25 tivities for, closed or realigned military or Department of  
26 Energy installations.

1   **“SEC. 703. AUTHORIZATION OF APPROPRIATIONS FOR DIS-**  
 2                   **ASTER ECONOMIC RECOVERY ACTIVITIES.**

3           “(a) IN GENERAL.—In addition to amounts made  
 4 available under section 701, there are authorized to be ap-  
 5 propriated such sums as are necessary to carry out section  
 6 209(c)(2), to remain available until expended.

7           “(b) FEDERAL SHARE.—The Federal share of the  
 8 cost of activities funded with amounts made available  
 9 under subsection (a) shall be up to 100 percent.”.

10          (c) TITLES VIII THROUGH X.—The Public Works  
 11 and Economic Development Act of 1965 is amended by  
 12 striking titles VIII through X (42 U.S.C. 3231 et seq.).

13   **SEC. 103. CONFORMING AMENDMENT.**

14          Section 5316 of title 5, United States Code, is  
 15 amended by striking “Administrator for Economic Devel-  
 16 opment.”.

17   **SEC. 104. TRANSITION PROVISIONS.**

18          (a) EXISTING RIGHTS, DUTIES, AND OBLIGA-  
 19 TIONS.—This title, including the amendments made by  
 20 this title, does not affect the validity of any right, duty,  
 21 or obligation of the United States or any other person  
 22 arising under any contract, loan, or other instrument or  
 23 agreement that was in effect on the day before the effec-  
 24 tive date of this title.

25          (b) CONTINUATION OF SUITS.—No action or other  
 26 proceeding commenced by or against any officer or em-

1 ployee of the Economic Development Administration shall  
2 abate by reason of the enactment of this title.

3 (c) LIQUIDATING ACCOUNT.—The Economic Devel-  
4 opment Revolving Fund established under section 203 of  
5 the Public Works and Economic Development Act of 1965  
6 (42 U.S.C. 3143) (as in effect on the day before the effec-  
7 tive date of this title) shall continue to be available to the  
8 Secretary of Commerce as a liquidating account (as de-  
9 fined in section 502 of the Federal Credit Reform Act of  
10 1990 (2 U.S.C. 661a)) for payment of obligations and ex-  
11 penses in connection with financial assistance provided  
12 under—

13 (1) the Public Works and Economic Develop-  
14 ment Act of 1965 (42 U.S.C. 3121 et seq.);

15 (2) the Area Redevelopment Act (42 U.S.C.  
16 2501 et seq.); and

17 (3) the Trade Act of 1974 (19 U.S.C. 2101 et  
18 seq.).

19 (d) ADMINISTRATION.—The Secretary of Commerce  
20 shall take such actions authorized before the effective date  
21 of this title as are appropriate to administer and liquidate  
22 grants, contracts, agreements, loans, obligations, deben-  
23 tures, or guarantees made by the Secretary under law in  
24 effect before the effective date of this title.

1 **SEC. 105. EFFECTIVE DATE.**

2 This title and the amendments made by this title  
3 shall take effect on a date determined by the Secretary  
4 of Commerce, but not later than 90 days after the date  
5 of enactment of this Act.

6 **TITLE II—APPALACHIAN**  
7 **REGIONAL DEVELOPMENT**

8 **SEC. 201. SHORT TITLE.**

9 This title may be cited as the “Appalachian Regional  
10 Development Reform Act of 1998”.

11 **SEC. 202. FINDINGS AND PURPOSES.**

12 Section 2 of the Appalachian Regional Development  
13 Act of 1965 (40 U.S.C. App.) is amended by adding at  
14 the end the following:

15 “(c) 1998 FINDINGS AND PURPOSES.—

16 “(1) FINDINGS.—Congress further finds and  
17 declares that, while substantial progress has been  
18 made in fulfilling many of the objectives of this Act,  
19 rapidly changing national and global economies over  
20 the past decade have created new problems and chal-  
21 lenges for rural areas throughout the United States  
22 and especially for the Appalachian region.

23 “(2) PURPOSES.—In addition to the purposes  
24 stated in subsections (a) and (b), it is the purpose  
25 of this Act—

26 “(A) to assist the Appalachian region in—



1 “(i) providing the infrastructure nec-  
2 essary for economic and human resource  
3 development;

4 “(ii) developing the region’s industry;

5 “(iii) building entrepreneurial commu-  
6 nities;

7 “(iv) generating a diversified regional  
8 economy; and

9 “(v) making the region’s industrial  
10 and commercial resources more competitive  
11 in national and world markets;

12 “(B) to provide a framework for coordinat-  
13 ing Federal, State, and local initiatives to re-  
14 spond to the economic competitiveness chal-  
15 lenges in the Appalachian region through—

16 “(i) improving the skills of the re-  
17 gion’s workforce;

18 “(ii) adapting and applying new tech-  
19 nologies for the region’s businesses; and

20 “(iii) improving the access of the re-  
21 gion’s businesses to the technical and fi-  
22 nancial resources necessary to development  
23 of the businesses; and

24 “(C) to address the needs of severely and  
25 persistently distressed areas of the Appalachian

1 region and focus special attention on the areas  
 2 of greatest need so as to provide a fairer oppor-  
 3 tunity for the people of the region to share the  
 4 quality of life generally enjoyed by citizens  
 5 across the United States.”.

6 **SEC. 203. MEETINGS.**

7 (a) ANNUAL MEETING REQUIREMENT.—Section 101  
 8 of the Appalachian Regional Development Act of 1965 (40  
 9 U.S.C. App.) is amended—

10 (1) by striking “(a) There” and inserting the  
 11 following:

12 “(a) IN GENERAL.—

13 “(1) ESTABLISHMENT.—There”; and

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

15 “(2) MEETINGS.—

16 “(A) IN GENERAL.—The Commission shall  
 17 conduct at least 1 meeting each year with the  
 18 Federal Cochairman and at least a majority of  
 19 the State members present.”.

20 (b) ADDITIONAL MEETINGS BY ELECTRONIC  
 21 MEANS.—Section 101 of the Appalachian Regional Devel-  
 22 opment Act of 1965 (40 U.S.C. App.) is amended—

23 (1) in subsection (a)(2) (as added by subsection  
 24 (a)(2)), by adding at the end the following:

1                   “(B) ADDITIONAL MEETINGS.—The Com-  
 2                   mission may conduct such additional meetings  
 3                   by electronic means as the Commission consid-  
 4                   ers advisable, including meetings to decide mat-  
 5                   ters requiring an affirmative vote.”; and

6                   (2) in the fourth sentence of subsection (c), by  
 7                   striking “to be present”.

8                   (c) DECISIONS REQUIRING A QUORUM.—Section  
 9                   101(b) of the Appalachian Regional Development Act of  
 10                  1965 (40 U.S.C. App.) is amended by striking the third  
 11                  sentence and inserting the following: “A decision involving  
 12                  Commission policy, approval of any State, regional, or  
 13                  subregional development plan or implementing investment  
 14                  program, any modification or revision of the Appalachian  
 15                  Regional Commission Code, any allocation of funds among  
 16                  the States, or any designation of a distressed county or  
 17                  an economically strong county shall not be made without  
 18                  a quorum of the State members.”.

19                  **SEC. 204. ADMINISTRATIVE EXPENSES.**

20                  Section 105 of the Appalachian Regional Develop-  
 21                  ment Act of 1965 (40 U.S.C. App.) is amended—

22                  (1) by striking “(a) For the period” in the first  
 23                  sentence and all that follows through “such ex-  
 24                  penses” in the second sentence and inserting “Ad-  
 25                  ministrative expenses of the Commission”; and

1 (2) by striking subsection (b).

2 **SEC. 205. COMPENSATION OF EMPLOYEES.**

3 Section 106(2) of the Appalachian Regional Develop-  
 4 ment Act of 1965 (40 U.S.C. App.) is amended by striking  
 5 “the salary of the alternate to the Federal Cochairman  
 6 on the Commission as provided in section 101” and insert-  
 7 ing “the maximum rate of basic pay for the Senior Execu-  
 8 tive Service under section 5382 of title 5, United States  
 9 Code, including any applicable locality-based comparabil-  
 10 ity payment that may be authorized under section  
 11 5304(h)(2)(C) of that title”.

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

13 Section 106(7) of the Appalachian Regional Develop-  
 14 ment Act of 1965 (40 U.S.C. App.) is amended by striking  
 15 “1982” and inserting “2001”.

16 **SEC. 207. COST SHARING OF DEMONSTRATION HEALTH**  
 17 **PROJECTS.**

18 (a) OPERATION COSTS.—Section 202(c) of the Appa-  
 19 lachian Regional Development Act of 1965 (40 U.S.C.  
 20 App.) is amended by striking “100 per centum of the costs  
 21 thereof” in the first sentence and all that follows through  
 22 the period at the end of the second sentence and inserting  
 23 “50 percent of the costs of that operation (or 80 percent  
 24 of those costs in the case of a project to be carried out

1 in a county for which a distressed county designation is  
 2 in effect under section 226).”.

3 (b) COST SHARING.—Section 202 of the Appalachian  
 4 Regional Development Act of 1965 (40 U.S.C. App.) is  
 5 amended by adding at the end the following:

6 “(f) MAXIMUM COMMISSION CONTRIBUTION AFTER  
 7 SEPTEMBER 30, 1998.—

8 “(1) IN GENERAL.—Subject to paragraph (2),  
 9 after September 30, 1998, a Commission contribu-  
 10 tion of not more than 50 percent of any project cost  
 11 eligible for financial assistance under this section  
 12 may be provided from funds appropriated to carry  
 13 out this Act.

14 “(2) DISTRESSED COUNTIES.—In the case of a  
 15 project to be carried out in a county for which a dis-  
 16 tressed county designation is in effect under section  
 17 226, the maximum Commission contribution under  
 18 paragraph (1) may be increased to the lesser of—

19 “(A) 80 percent; or

20 “(B) the maximum Federal contribution  
 21 percentage authorized by this section.”.

22 (c) TECHNICAL AMENDMENTS.—Section 202 of the  
 23 Appalachian Regional Development Act of 1965 (40  
 24 U.S.C. App.) is amended—

1           (1) by striking “Secretary of Health, Edu-  
 2           cation, and Welfare” each place it appears and in-  
 3           serting “Secretary of Health and Human Services”;  
 4           and

5           (2) in subsection (c), by striking the last sen-  
 6           tence.

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

9           Section 203 of the Appalachian Regional Develop-  
 10          ment Act of 1965 (40 U.S.C. App.) is repealed.

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

12          Section 204 of the Appalachian Regional Develop-  
 13          ment Act of 1965 (40 U.S.C. App.) is repealed.

14   **SEC. 210. REPEAL OF MINING AREA RESTORATION PRO-**  
 15                           **GRAM.**

16          Section 205 of the Appalachian Regional Develop-  
 17          ment Act of 1965 (40 U.S.C. App.) is repealed.

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

19          Section 206 of the Appalachian Regional Develop-  
 20          ment Act of 1965 (40 U.S.C. App.) is repealed.

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

22          (a) LOANS.—Section 207(b) of the Appalachian Re-  
 23          gional Development Act of 1965 (40 U.S.C. App.) is  
 24          amended in the first sentence by striking “80 per centum”  
 25          and inserting “50 percent (or 80 percent in the case of

1 a project to be carried out in a county for which a dis-  
 2 tressed county designation is in effect under section  
 3 226)’’.

4 (b) GRANTS.—Section 207(c)(1) of the Appalachian  
 5 Regional Development Act of 1965 (40 U.S.C. App.) is  
 6 amended by striking “80 per centum” and inserting “50  
 7 percent (or 80 percent in the case of a project to be carried  
 8 out in a county for which a distressed county designation  
 9 is in effect under section 226)’’.

10 **SEC. 213. REPEAL OF AIRPORT SAFETY IMPROVEMENTS**  
 11 **PROGRAM.**

12 Section 208 of the Appalachian Regional Develop-  
 13 ment Act of 1965 (40 U.S.C. App.) is repealed.

14 **SEC. 214. COST SHARING OF VOCATIONAL EDUCATION AND**  
 15 **EDUCATION DEMONSTRATION PROJECTS.**

16 (a) OPERATION COSTS.—Section 211(b)(3) of the  
 17 Appalachian Regional Development Act of 1965 (40  
 18 U.S.C. App.) is amended by striking “100 per centum of  
 19 the costs thereof” in the first sentence and all that follows  
 20 through the period at the end of the second sentence and  
 21 inserting “50 percent of the costs of that operation (or  
 22 80 percent of those costs in the case of a project to be  
 23 carried out in a county for which a distressed county des-  
 24 ignation is in effect under section 226).”

1 (b) COST SHARING.—Section 211 of the Appalachian  
 2 Regional Development Act of 1965 (40 U.S.C. App.) is  
 3 amended by adding at the end the following:

4 “(c) MAXIMUM COMMISSION CONTRIBUTION AFTER  
 5 SEPTEMBER 30, 1998.—

6 “(1) IN GENERAL.—Subject to paragraph (2),  
 7 after September 30, 1998, a Commission contribu-  
 8 tion of not more than 50 percent of any project cost  
 9 eligible for financial assistance under this section  
 10 may be provided from funds appropriated to carry  
 11 out this Act.

12 “(2) DISTRESSED COUNTIES.—In the case of a  
 13 project to be carried out in a county for which a dis-  
 14 tressed county designation is in effect under section  
 15 226, the maximum Commission contribution under  
 16 paragraph (1) may be increased to the lesser of—

17 “(A) 80 percent; or

18 “(B) the maximum Federal contribution  
 19 percentage authorized by this section.”.

20 (c) TECHNICAL AMENDMENTS.—Section 211 of the  
 21 Appalachian Regional Development Act of 1965 (40  
 22 U.S.C. App.) is amended—

23 (1) in subsection (a), by striking “Secretary of  
 24 Health, Education, and Welfare” and inserting  
 25 “Secretary of Education”; and



1 (2) in subsection (b)—

2 (A) in paragraph (1), by striking “Sec-  
3 retary of the Department of Health, Education,  
4 and Welfare” and inserting “Secretary of Edu-  
5 cation”; and

6 (B) in paragraph (3), by striking the last  
7 sentence.

8 **SEC. 215. REPEAL OF SEWAGE TREATMENT WORKS PRO-**  
9 **GRAM.**

10 Section 212 of the Appalachian Regional Develop-  
11 ment Act of 1965 (40 U.S.C. App.) is repealed.

12 **SEC. 216. REPEAL OF AMENDMENTS TO HOUSING ACT OF**  
13 **1954.**

14 Section 213 of the Appalachian Regional Develop-  
15 ment Act of 1965 (40 U.S.C. App.) is repealed.

16 **SEC. 217. SUPPLEMENTS TO FEDERAL GRANT-IN-AID PRO-**  
17 **GRAMS.**

18 (a) AVAILABILITY OF AMOUNTS.—Section 214(a) of  
19 the Appalachian Regional Development Act of 1965 (40  
20 U.S.C. App.) is amended in the first sentence by striking  
21 “the President is authorized to provide funds to the Fed-  
22 eral Cochairman to be used” and inserting “the Federal  
23 Cochairman may use amounts made available to carry out  
24 this section”.

1 (b) COST SHARING.—Section 214(b) of the Appalach-  
 2 ian Regional Development Act of 1965 (40 U.S.C. App.)  
 3 is amended—

4 (1) by striking “(b) The Federal” and inserting  
 5 the following:

6 “(b) COST SHARING.—

7 “(1) IN GENERAL.—The Federal”; and

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

9 “(2) MAXIMUM COMMISSION CONTRIBUTION  
 10 AFTER SEPTEMBER 30, 1998.—

11 “(A) IN GENERAL.—Subject to subpara-  
 12 graph (B), after September 30, 1998, a Com-  
 13 mission contribution of not more than 50 per-  
 14 cent of any project cost eligible for financial as-  
 15 sistance under this section may be provided  
 16 from funds appropriated to carry out this Act.

17 “(B) DISTRESSED COUNTIES.—In the case  
 18 of a project to be carried out in a county for  
 19 which a distressed county designation is in ef-  
 20 fect under section 226, the maximum Commis-  
 21 sion contribution under subparagraph (A) may  
 22 be increased to 80 percent.”.

23 (c) DEFINITION OF FEDERAL GRANT-IN-AID PRO-  
 24 GRAMS.— Section 214(c) of the Appalachian Regional De-

1 velopment Act of 1965 (40 U.S.C. App.) is amended in  
2 the first sentence—

3 (1) by striking “on or before December 31,  
4 1980,”; and

5 (2) by striking “Titles I and IX of the Public  
6 Works and Economic Development Act of 1965”  
7 and inserting “sections 201 and 209 of the Public  
8 Works and Economic Development Act of 1965”.

9 (d) LIMITATION ON COVERED ROAD PROJECTS.—  
10 Section 214(c) of the Appalachian Regional Development  
11 Act of 1965 (40 U.S.C. App.) is amended in the second  
12 sentence by inserting “authorized by title 23, United  
13 States Code” after “road construction”.

14 **SEC. 218. PROGRAM DEVELOPMENT CRITERIA.**

15 (a) CONSIDERATIONS.—Section 224(a)(1) of the Ap-  
16 palachian Regional Development Act of 1965 (40 U.S.C.  
17 App.) is amended by inserting before the semicolon at the  
18 end the following: “or in a severely and persistently dis-  
19 tressed county or area”.

20 (b) OUTCOME MEASUREMENTS.—Section 224(a) of  
21 the Appalachian Regional Development Act of 1965 (40  
22 U.S.C. App.) is amended—

23 (1) in paragraph (5), by striking the period at  
24 the end and inserting “; and”; and

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

(c) REMOVAL OF LIMITATIONS.—Section 224 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking subsection (b) and inserting the following:

(d) CONFORMING AMENDMENT.—Section 302(b)(1) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the first sentence by striking “Notwithstanding” and all that follows through “the Commission” and inserting “The Commission”.

Part C of title II of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by adding at the end the following:

23 “(a) DESIGNATIONS.—

1 nually thereafter, the Commission, in accordance  
2 with such criteria as the Commission may establish,  
3 shall—

4 “(A) designate as ‘distressed counties’  
5 those counties in the region that are the most  
6 severely and persistently distressed; and

7 “(B) designate 2 categories of economically  
8 strong counties, consisting of—

9 “(i) ‘competitive counties’, which shall  
10 be those counties in the region that are ap-  
11 proaching economic parity with the rest of  
12 the United States; and

13 “(ii) ‘attainment counties’, which shall  
14 be those counties in the region that have  
15 attained or exceeded economic parity with  
16 the rest of the United States.

17 “(2) ANNUAL REVIEW OF DESIGNATIONS.—The  
18 Commission shall—

19 “(A) conduct an annual review of each des-  
20 ignation of a county under paragraph (1) to de-  
21 termine if the county still meets the criteria for  
22 the designation; and

23 “(B) renew the designation for another 1-  
24 year period only if the county still meets the  
25 criteria.

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

7       “(c) ECONOMICALLY STRONG COUNTIES.—

8           “(1) COMPETITIVE COUNTIES.—Except as pro-  
9 vided in paragraphs (3) and (4), in the case of a  
10 project that is carried out in a county for which a  
11 competitive county designation is in effect under this  
12 section, assistance under this Act shall be limited to  
13 not more than 30 percent of the project cost.

14           “(2) ATTAINMENT COUNTIES.—Except as pro-  
15 vided in paragraphs (3) and (4), no funds may be  
16 provided under this Act for a project that is carried  
17 out in a county for which an attainment county des-  
18 ignation is in effect under this section.

19           “(3) EXCEPTIONS.—The requirements of para-  
20 graphs (1) and (2) shall not apply to—

21           “(A) any project on the Appalachian devel-  
22 opment highway system authorized by section  
23 201;

1           “(B) any local development district admin-  
 2           istrative project assisted under section  
 3           302(a)(1); or

4           “(C) any multicounty project that is car-  
 5           ried out in 2 or more counties designated under  
 6           this section if—

7                   “(i) at least 1 of the participating  
 8                   counties is designated as a distressed coun-  
 9                   ty under this section; and

10                   “(ii) the project will be of substantial  
 11                   direct benefit to 1 or more distressed coun-  
 12                   ties.

13           “(4) WAIVER.—

14                   “(A) IN GENERAL.—The Commission may  
 15                   waive the requirements of paragraphs (1) and  
 16                   (2) for a project upon a showing by the recipi-  
 17                   ent of assistance for the project of 1 or more  
 18                   of the following:

19                           “(i) The existence of a significant  
 20                           pocket of distress in the part of the county  
 21                           in which the project is carried out.

22                           “(ii) The existence of a significant po-  
 23                           tential benefit from the project in 1 or  
 24                           more areas of the region outside the des-  
 25                           ignated county.

1                   “(B) REPORTS TO CONGRESS.—The Com-  
 2                   mission shall submit to the Committee on Envi-  
 3                   ronment and Public Works of the Senate and  
 4                   the Committee on Transportation and Infra-  
 5                   structure of the House of Representatives an  
 6                   annual report describing each waiver granted  
 7                   under subparagraph (A) during the period cov-  
 8                   ered by the report.”.

9   **SEC. 220. GRANTS FOR ADMINISTRATIVE EXPENSES AND**  
 10                   **COMMISSION PROJECTS.**

11           (a) AVAILABILITY OF AMOUNTS.—Section 302(a) of  
 12   the Appalachian Regional Development Act of 1965 (40  
 13   U.S.C. App.) is amended—

14                   (1) by striking “The President” and inserting  
 15                   “the Commission”; and

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

18           (b) COST SHARING.—Section 302(a) of the Appalach-  
 19   ian Regional Development Act of 1965 (40 U.S.C. App.)  
 20   is amended—

21                   (1) in paragraph (1)—

22                           (A) in subparagraph (A), by striking “75  
 23                   per centum” and inserting “50 percent”; and



1 (B) by redesignating subparagraphs (A),  
 2 (B), and (C) as clauses (i), (ii), and (iii), re-  
 3 spectively;

4 (2) by redesignating paragraphs (1), (2), and  
 5 (3) as subparagraphs (A), (B), and (C), respectively;

6 (3) by striking “(a) The” and inserting the fol-  
 7 lowing:

8 “(a) AUTHORIZATION TO MAKE GRANTS.—

9 “(1) IN GENERAL.—The”;

10 (4) by adjusting the margins of subparagraphs  
 11 (A), (B), and (C) (as redesignated by paragraph (2))  
 12 to reflect the amendment made by paragraph (3);  
 13 and

14 (5) by adding at the end the following:

15 “(2) COST SHARING AFTER SEPTEMBER 30,  
 16 1998.—

17 “(A) IN GENERAL.—Except as provided in  
 18 subparagraph (B), after September 30, 1998,  
 19 not more than 50 percent (or 80 percent in the  
 20 case of a project to be carried out in a county  
 21 for which a distressed county designation is in  
 22 effect under section 226) of the costs of any ac-  
 23 tivity eligible for financial assistance under this  
 24 section may be provided from funds appro-  
 25 priated to carry out this Act.

“(B) DISCRETIONARY GRANTS.—

“(i) IN GENERAL.—Discretionary grants made by the Commission to implement significant regional initiatives, to take advantage of special development opportunities, or to respond to emergency economic distress in the region may be made without regard to the percentage limitations specified in subparagraph (A).

“(ii) LIMITATION ON AGGREGATE AMOUNT.—For each fiscal year, the aggregate amount of discretionary grants referred to in clause (i) shall not exceed 10 percent of the amounts appropriated under section 401 for the fiscal year.”.

(c) CONFORMING AND TECHNICAL AMENDMENTS.—

(1) Section 302 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(A) in subsection (b)—

(i) in paragraph (2), by striking “Federal Energy Administration, the Energy Research and Development Administration” and inserting “Secretary of Energy”; and

1 (ii) by striking paragraphs (3) and  
 2 (4); and

3 (B) by striking subsections (d) and (e).

4 (2) Section 210(a) of title 35, United States  
 5 Code, is amended—

6 (A) by striking paragraph (11); and

7 (B) by redesignating paragraphs (12)  
 8 through (22) as paragraphs (11) through (21),  
 9 respectively.

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

12 Section 401 of the Appalachian Regional Develop-  
 13 ment Act of 1965 (40 U.S.C. App.) is amended to read  
 14 as follows:

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

16 “(a) IN GENERAL.—In addition to amounts author-  
 17 ized by section 201 and other amounts made available for  
 18 the Appalachian development highway system program,  
 19 there are authorized to be appropriated to the Commission  
 20 to carry out this Act—

21 “(1) \$68,000,000 for fiscal year 1999;

22 “(2) \$69,000,000 for fiscal year 2000; and

23 “(3) \$70,000,000 for fiscal year 2001.

24 “(b) AVAILABILITY.—Sums made available under  
 25 subsection (a) shall remain available until expended.”.

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

2 Section 405 of the Appalachian Regional Develop-  
 3 ment Act of 1965 (40 U.S.C. App.) is amended by striking  
 4 “1982” and inserting “2001”.

5 **SEC. 223. TECHNICAL AMENDMENT.**

6 Section 5334(a) of title 5, United States Code, is  
 7 amended in the second sentence by striking “title 40, ap-  
 8 pendix, or by a regional commission established pursuant  
 9 to section 3182 of title 42, under section 3186(a)(2) of  
 10 that title” and inserting “the Appalachian Regional Devel-  
 11 opment Act of 1965 (40 U.S.C. App.)”.

Passed the Senate October 12 (legislative day, Octo-  
 ber 2), 1998.

Attest:

*Secretary.*

105TH CONGRESS  
2D SESSION

**S. 2364**

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**AN ACT**

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.”.

S 2364 ES—2

S 2364 ES—3

S 2364 ES—4

S 2364 ES—5