

105TH CONGRESS  
2D SESSION

# S. 2418

To establish rural opportunity communities, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

JULY 31, 1998

Mr. JEFFORDS (for himself, Mr. LEAHY, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To establish rural opportunity communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Opportunity  
5 Communities Act of 1998”.

6 **SEC. 2. FUNDING ENTITLEMENT FOR RURAL OPPORTUNITY**  
7 **COMMUNITIES AND ADDITIONAL ENTER-**  
8 **PRISE ZONES.**

9 (a) ENTITLEMENT.—Paragraph (1) of section  
10 2007(a) of the Social Security Act (42 U.S.C. 1397f(a))  
11 is amended—

1           (1) in subparagraph (A), by striking “in the  
2           State; and” and inserting “in the State designated  
3           pursuant to section 1391(b) of the Internal Revenue  
4           Code of 1986;”,

5           (2) in subparagraph (B), by striking the period  
6           at the end and inserting a semicolon, and

7           (3) by adding at the end the following new sub-  
8           paragraphs:

9           “(C) 2 grants under this section for each rural oppor-  
10          tunity community in the State designated pursuant to sec-  
11          tion 3 of the Rural Opportunity Communities Act of 1998;  
12          and

13          “(D) 10 grants under this section for each qualified  
14          empowerment zone in the State designated pursuant to  
15          section 1391(g) of such Code.”.

16          (b) AMOUNT OF GRANTS.—Paragraph (2) of section  
17          2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

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

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

24               (3) by redesignating subparagraph (C) as sub-  
25               paragraph (E), and

1 (4) by inserting after subparagraph (B) the fol-  
2 lowing new subparagraphs:

3 “(C) RURAL OPPORTUNITY COMMU-  
4 NITIES.—The amount of each grant to a State  
5 made under this section for each rural oppor-  
6 tunity community described in paragraph  
7 (1)(C) is \$1,000,000, multiplied by the propor-  
8 tion of the population of the community that re-  
9 sides in that State.

10 “(D) ADDITIONAL EMPOWERMENT  
11 GRANTS.—The amount of each grant to a State  
12 made under this section for a qualified em-  
13 powerment zone described in paragraph (1)(D)  
14 shall be—

15 “(i) if the zone is designated in an  
16 urban area, \$10,000,000, or

17 “(ii) if the zone is designated in a  
18 rural area, \$3,600,000,

19 multiplied by the proportion of the population  
20 of the zone that resides in that State.”.

21 (c) TIMING OF GRANTS.—Paragraph (3) of section  
22 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

23 (1) in the heading of subparagraph (A) by  
24 striking “QUALIFIED” and inserting “ORIGINAL  
25 QUALIFIED”,

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

4           (3) by adding at the end the following new sub-  
5           paragraphs:

6                   “(C) RURAL OPPORTUNITY COMMU-  
7                   NITIES.—With respect to each rural oppor-  
8                   tunity community described in paragraph  
9                   (1)(C), the Secretary shall make 1 grant under  
10                  this subsection to the State (or, if applicable, to  
11                  the governing body of the Indian tribe or tribal  
12                  organization of the area) in which the rural op-  
13                  portunity community lies—

14                   “(i) on the date of the designation of  
15                   the community under section 3 of the  
16                   Rural Opportunity Communities Act of  
17                   1998; and

18                   “(ii) on the first day of the first fiscal  
19                   year that begins after such date of des-  
20                   ignation.

21                   “(D) ADDITIONAL QUALIFIED EMPOWER-  
22                   MENT ZONES.—With respect to each qualified  
23                   empowerment zone described in paragraph  
24                   (1)(D), the Secretary shall make 1 grant under  
25                  this subsection to the State (or, if applicable, to

1 the governing body of the Indian tribe or tribal  
2 organization of the area) in which the zone  
3 lies—

4 “(i) on the date of the designation of  
5 the zone under such part I; and

6 “(ii) on the first day of each of the  
7 nine fiscal years that begin after such date  
8 of designation.”.

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

11 (1) by redesignating the matter following the  
12 caption as subparagraph (A), by indenting such  
13 matter, and by moving such matter 2 ems to the  
14 right,

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

17 (3) in subparagraph (A), as so redesignated, by  
18 inserting before the period “for empowerment zones  
19 and enterprise communities described in subpara-  
20 graphs (A) and (B) of paragraph (1)”, and

21 (4) by adding at the end the following new sub-  
22 paragraph:

23 “(B) ADDITIONAL GRANTS.—  
24 \$1,700,000,000 shall be made available to the  
25 Secretary under this section for—

1                   “(i) grants for rural opportunity com-  
2                   munities described in paragraph (1)(C),  
3                   and

4                   “(ii) grants for empowerment zones  
5                   described in paragraph (1)(D).”.

6 **SEC. 3. RURAL OPPORTUNITY COMMUNITIES.**

7           (a) DEFINITIONS.—For purposes of this section—

8                   (1) LEAD MANAGING ENTITY.—The term “lead  
9                   managing entity” means a nonprofit community-  
10                  based organization or unit of general purpose local  
11                  government (including an Indian tribal governmental  
12                  body), as determined by the Secretary.

13                  (2) SECRETARY.—The term “Secretary” means  
14                  the Secretary of Agriculture.

15           (b) DESIGNATION.—The Secretary may designate not  
16 more than 10 rural opportunity communities under this  
17 section.

18           (c) ELIGIBLE AREAS.—

19                   (1) LOCATION.—An area designated as a rural  
20                  opportunity community under this section must in-  
21                  clude—

22                           (A) except as provided in subparagraph

23                           (B), the entire area of at least 1, but not more  
24                           than 4, rural contiguous counties (or, if applica-

1           ble, parishes or State boroughs), as determined  
2           by the Secretary; and

3                   (B) in the case of a community located in  
4           an Indian reservation, the entire area of such  
5           reservation.

6           (2) ECONOMIC DISTRESS.—An area designated  
7           as a rural opportunity community under this section  
8           must demonstrate economic distress resulting from  
9           any of the following factors during the most recent  
10          5-year time period: poverty, unemployment, under-  
11          employment, major industry disruption, Department  
12          of Defense base closings, or other factors as deter-  
13          mined appropriate by the Secretary.

14          (3) LIMITATION ON DESIGNATIONS.—No area  
15          may be designated under this section unless the lead  
16          managing entity certifies that no portion of the area  
17          nominated is already included in an empowerment  
18          zone or in an enterprise community or in an area  
19          otherwise nominated to be designated under section  
20          1391 of the Internal Revenue Code of 1986.

21          (d) APPLICATION.—

22                  (1) IN GENERAL.—Applications for designation  
23          of an area as a rural opportunity community shall  
24          be prepared by the lead managing entity and sub-  
25          mitted to the Secretary.

1           (2) REQUIRED ITEMS.—No area may be des-  
2           ignated under this section unless the application for  
3           designation—

4                   (A) demonstrates that the nominated area  
5                   satisfies the eligibility criteria described in this  
6                   section; and

7                   (B) includes a 10-year strategic plan for  
8                   accomplishing the purposes of this section  
9                   that—

10                           (i) describes the coordinated eco-  
11                           nomic, human, community, and physical  
12                           development plan and related activities  
13                           proposed for the nominated area;

14                           (ii) describes the process by which the  
15                           affected community is a full partner in the  
16                           process of developing and implementing  
17                           the plan and the extent to which local in-  
18                           stitutions and organizations have contrib-  
19                           uted to the planning process;

20                           (iii) identifies the sources of local,  
21                           tribal, and private resources that will be  
22                           available in the nominated area and the  
23                           private/public partnerships to be used,  
24                           which may include participation by, and



1 cooperation with, universities, medical cen-  
2 ters, and other private and public entities;

3 (iv) identifies baselines, methods, and  
4 benchmarks for measuring the success of  
5 carrying out the strategic plan, in accord-  
6 ance with criteria established by the Sec-  
7 retary, including the extent to which per-  
8 sons and families will be empowered to be-  
9 come economically self-sufficient; and

10 (v) does not include any action to as-  
11 sist any establishment in relocating from 1  
12 area outside the nominated area to the  
13 nominated area, except that assistance for  
14 the expansion of an existing business en-  
15 tity through the establishment of a new  
16 branch, affiliate, or subsidiary is permitted  
17 if—

18 (I) the establishment of the new  
19 branch, affiliate, or subsidiary will not  
20 result in a decrease in employment in  
21 the area of original location or in any  
22 other area where the existing business  
23 entity conducts business operations;  
24 and

1 (II) there is no reason to believe  
2 that the new branch, affiliate, or sub-  
3 sidiary is being established with the  
4 intention of closing down the oper-  
5 ations of the existing business entity  
6 in the area of its original location or  
7 in any other area where the existing  
8 business entity conducts business op-  
9 erations; and  
10 (vi) includes such other information  
11 as may be required by the Secretary.

12 (e) PERIOD FOR DESIGNATION.—

13 (1) IN GENERAL.—A designation made under  
14 this section must be made by the Secretary before  
15 January 1, 2000.

16 (2) REVOCATION OF A DESIGNATION.—The  
17 Secretary may revoke the designation under this sec-  
18 tion of an area if the Secretary determines that the  
19 applicable lead managing entity—

20 (A) has modified the boundaries of the  
21 area; or

22 (B) is not complying substantially with or  
23 fails to make progress in achieving the bench-  
24 marks set forth in, the strategic plan under  
25 subsection (d)(2)(B).

1 **SEC. 4. RECOGNITION AND INCENTIVES FOR WELL PER-**  
2 **FORMING ENTERPRISE COMMUNITIES.**

3 (a) PRIORITY GIVEN TO WELL PERFORMING ENTER-  
4 PRISE COMMUNITIES.—Subparagraph (D) of section  
5 1391(g)(3) of the Internal Revenue Code of 1986 (relating  
6 to modifications to eligibility criteria, etc.) is amended to  
7 read as follows:

8 “(D) PREVIOUSLY DESIGNATED ENTER-  
9 PRISE COMMUNITIES MAY BE INCLUDED.—

10 “(i) IN GENERAL.—Subsection (e)(5)  
11 shall not apply to any enterprise commu-  
12 nity designated under subsection (a) that  
13 is also nominated for designation under  
14 this subsection.

15 “(ii) PRIORITY.—In ranking nomina-  
16 tions for designation as an empowerment  
17 zone under paragraph (1), the appropriate  
18 Secretary may, in such Secretary’s discre-  
19 tion, give additional points in the designa-  
20 tion process for any nominated area if  
21 such area includes a well-performing enter-  
22 prise community.”.

23 (b) RECOGNITION OF WELL PERFORMING EM-  
24 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—  
25 Section 1391 of the Internal Revenue Code of 1986 (relat-

1 ing to designation procedure) is amended by adding at the  
2 end the following new subsection:

3 “(h) RECOGNITION OF WELL PERFORMING EM-  
4 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—  
5 For purposes of subsection (g)—

6 “(1) IN GENERAL.—The appropriate Secretary  
7 shall—

8 “(A) recognize annually the well perform-  
9 ing empowerment zones and enterprise commu-  
10 nities, and

11 “(B) disseminate the best practices of the  
12 well performing empowerment zones and enter-  
13 prise communities to other designated empower-  
14 ment zones and enterprise communities.

15 “(2) WELL PERFORMING EMPOWERMENT ZONE  
16 AND ENTERPRISE COMMUNITY.—The terms ‘well  
17 performing empowerment zone’ and ‘well performing  
18 enterprise community’ mean an empowerment zone  
19 or an enterprise community, as the case may be,  
20 that, as of the end of the applicable period of evalua-  
21 tion, has completed or made substantial progress in  
22 the implementation of the strategic plan submitted  
23 in the application for designation as an empower-  
24 ment zone or an enterprise community under this

1 section, as determined by the appropriate Sec-  
2 retary.”.

3 (c) ADDITIONAL FUNDING FOR URBAN EMPOWER-  
4 MENT ZONES AND ENTERPRISE COMMUNITIES DEM-  
5 ONSTRATING SATISFACTORY PERFORMANCE.—

6 (1) SOURCE OF FUNDING.—Notwithstanding  
7 any other provision of law, the Secretary of Health  
8 and Human Services shall set aside 10 percent of  
9 the amounts otherwise made available for urban em-  
10 powerment zones after the date of the enactment of  
11 this Act under title XX of the Social Security Act  
12 (42 U.S.C. 1397 et seq.) or under any other provi-  
13 sion of law, and such amount set aside shall be used  
14 as provided under paragraphs (2) and (3).

15 (2) DISTRIBUTION OF FUNDS.—The Secretary  
16 of Health and Human Services shall, at the direction  
17 of the Secretary of Housing and Urban Develop-  
18 ment, make funds available to any urban empower-  
19 ment zone or enterprise community from the amount  
20 set aside under paragraph (1), if the Secretary of  
21 Housing and Urban Development determines that  
22 such zone or community has completed or made sat-  
23 isfactory progress in the implementation of its ap-  
24 proved strategic plan.

1           (3) USE OF FUNDS.—Amounts distributed  
2           under paragraph (2) shall be used by an urban em-  
3           powerment zone or enterprise community to continue  
4           to implement its approved strategic plan.

○