

ECONOMIC DEVELOPMENT PARTNERSHIP ACT OF 1998

AUGUST 6, 1998.—Ordered to be printed

Mr. SHUSTER, from the Committee on Transportation and
Infrastructure, submitted the following

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 4275]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 4275) to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Economic Development Partnership Act of 1998”.

**TITLE I—PUBLIC WORKS AND ECONOMIC
DEVELOPMENT PROGRAMS**

Subtitle A—Reauthorizations

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

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

“SEC. 2. FINDINGS AND DECLARATION.

“(a) FINDINGS.—Congress finds that—

“(1) the maintenance of the national economy at a high level is vital to the best interests of the United States, but some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment that cause hardship to many individuals and their families and waste invaluable human resources;

“(2) to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development, with cooperation among area local governments;

“(3) Federal financial assistance, including grants for public works and development facilities, to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance domestic prosperity by the establishment of stable and diversified local economies, sustainable development, and improved local conditions, if such assistance is preceded by and consistent with sound, long-range economic planning; and

“(4) under the provisions of this Act, new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.

“(b) DECLARATION.—Congress declares that, in furtherance of maintaining the national economy at a high level—

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

“(2) such assistance should be made available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and

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

“TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS, COOPERATION, AND COORDINATION

“SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

“(a) IN GENERAL.—In providing assistance under this Act, the Secretary shall cooperate with States and other entities to ensure that, consistent with national objectives, Federal programs are compatible with, and further the objectives of, State, regional, and local economic development plans and comprehensive economic development strategies.

“(b) TECHNICAL ASSISTANCE.—The Secretary shall provide to States, local governmental subdivisions of States, sub-State regional organizations (including organizations that cross State boundaries), and multi-State regional organizations technical assistance that the Secretary determines may be necessary or desirable to—

“(1) alleviate economic distress;

“(2) encourage and support public-private partnerships for the formation and improvement of economic development strategies that promote the growth of the national economy;

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

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

“(c) INTERGOVERNMENTAL REVIEW.—The Secretary shall issue regulations to ensure that appropriate State and local governmental authorities will be given a reasonable opportunity to review and comment on proposed economic development projects that the Secretary determines may have a significant and direct impact on the economy of the area.

“(d) AGREEMENTS.—The Secretary may enter into an agreement with 2 or more adjoining States, or an organization consisting of such States, in support of effective economic development. The agreement shall provide for suitable participation by other governmental and non-governmental parties that represent significant interests in and perspectives on economic development in the area.

“SEC. 102. COOPERATION OF FEDERAL AGENCIES.

“Each Federal department and agency, in accordance with applicable laws and within the limits of available funds, shall exercise its powers, duties, and functions,

and shall cooperate with the Secretary, in a manner that will assist the Secretary in carrying out the objectives of this Act.

“TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

“SEC. 201. PUBLIC WORKS GRANTS.

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

“(1) acquisition or development of land and improvements for public works, public service, or development facility usage; and

“(2) acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment.

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

“(1) the project will directly or indirectly—

“(A) tend to improve opportunities in the area in which the project will be located for the successful establishment or expansion of industrial or commercial plants or facilities;

“(B) otherwise assist in the creation of additional long-term employment opportunities for the area; or

“(C) primarily benefit long-term unemployed individuals and members of low-income families;

“(2) the project will fulfill all or part of a pressing need of the area in which the project will be located; and

“(3) the project is consistent with a comprehensive economic development strategy that has been developed in accordance with section 303 for the area in which the project will be located.

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

“SEC. 202. CONSTRUCTION COST INCREASES.

“(a) **IN GENERAL.**—Subject to subsection (b), the Secretary may increase the amount of a grant (including a supplemental grant) made for a construction project under this title (or title I of this Act, as in effect before the date of enactment of the Economic Development Partnership Act of 1998) if, after the grant has been made but before completion of the project, the cost of the project has increased and if an increase in the amount of the grant is necessary for the satisfactory completion and operation of the project.

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

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

“(2) the amount of the increase exceeds 15 percent of the original estimated cost of the project; or

“(3) the amount of the increase exceeds the difference between the estimated cost of the project on the date of the increase and the original estimated cost of the project.

“SEC. 203. PLANNING AND ADMINISTRATIVE EXPENSES.

“(a) **DIRECT GRANTS.**—Upon the application of an eligible recipient, the Secretary may make direct grants for economic development planning and for the administrative expenses of organizations undertaking such planning.

“(b) **PLANNING TO REDUCE UNEMPLOYMENT AND INCREASE INCOMES.**—The planning for cities, other political subdivisions, Indian tribes, and sub-State planning and development organizations (including areas described in section 302(a) and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes.

“(c) **PLANNING PROCESS.**—Planning assisted under this section shall be a continuous process, involving public officials and private citizens, in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program.

“(d) **USE OF OTHER FEDERAL FUNDS.**—Planning assistance received under this section shall be used in conjunction with any other available Federal planning assistance to ensure adequate and effective planning and economical use of funds.

“(e) STATE PLANS.—

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

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

“(A) certify to the Secretary that in the preparation of the State plan, the local and economic development district plans were considered and, to the fullest extent possible, the State plan is consistent with such plans; and

“(B) identify any inconsistencies between the State plan and the local and economic development district plans, with the justification for each inconsistency.

“(3) CONSIDERATIONS.—Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider providing public works to—

“(A) stimulate and channel development, economic opportunities, and choices for individuals;

“(B) support sound land use;

“(C) foster effective transportation access;

“(D) promote sustainable development;

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

“(F) provide public services;

“(G) promote technology development; and

“(H) balance physical and human resources through the management and control of physical development.

“(4) ANNUAL REPORT.—A State receiving assistance under this subsection shall transmit to the Secretary an annual report on the planning process of the State.

“SEC. 204. COST SHARING.

“Subject to section 205, the amount of a direct grant for a project under this title may not exceed 50 percent of the cost of the project. In determining the amount of the non-Federal share, the Secretary shall give due consideration to all contributions, both in cash and in kind, fairly evaluated, including contributions of space, equipment, and services.

“SEC. 205. SUPPLEMENTARY GRANTS.

“(a) AUTHORITY TO MAKE SUPPLEMENTARY GRANTS.—

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

“(2) TYPES OF ASSISTANCE.—Supplementary grants under this section may include grants to enable States and other entities within areas described in section 302(a) to take maximum advantage of designated Federal grant-in-aid programs (as defined in subsection (b)(4)), direct grants-in-aid authorized under this title, Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666), and the 11 watersheds authorized by the Flood Control Act of December 22, 1944 (58 Stat. 887).

“(b) REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.—

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

“(2) FORM OF GRANTS.—Supplementary grants shall be made by the Secretary, in accordance with regulations to be issued by the Secretary, by increasing the amounts of direct grants authorized under this title or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs.

“(3) FEDERAL SHARE LIMITATIONS SPECIFIED IN OTHER LAWS.—Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this section may be used for the purpose of increasing the Federal contribution to a project in an area described in section 302(a) under the Federal program

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

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

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

“(6) EXCEPTIONS.—

“(A) GRANTS TO INDIAN TRIBES; DISASTER ASSISTANCE.—In the case of a grant to an Indian tribe, or in the case of a grant for assistance authorized by section 209(d), the Secretary may reduce the non-Federal share below the percentage specified in subsection (b)(1) or waive the non-Federal share.

“(B) GRANTS TO STATES, POLITICAL SUBDIVISIONS, AND NON-PROFITS.—In the case of a grant to a State (or a political subdivision of the State) that the Secretary determines has exhausted its effective taxing and borrowing capacity, or in the case of a grant to a non-profit organization that the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below the percentage specified in subsection (b)(1) or may waive the non-Federal share for a project the nature of which the Secretary determines, in writing, warrants the reduction or waiver of the non-Federal share.

“SEC. 206. REGULATIONS TO ENSURE RELATIVE NEEDS ARE MET.

“The Secretary shall issue rules, regulations, and procedures to carry out this title to ensure that adequate consideration is given to the relative needs of eligible areas. In issuing such rules, regulations, and procedures for assistance under section 201, the Secretary shall consider among other relevant factors—

“(1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment; and

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

“SEC. 207. TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

“(a) DIRECT GRANTS.—

“(1) IN GENERAL.—Upon the application of an eligible recipient, the Secretary may make direct grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment.

“(2) TYPES OF ASSISTANCE.—Direct grants under this section may include grants for project planning and feasibility studies, demonstrations of innovative activities or strategic economic development investments, management and operational activities or strategic economic development investments, management and operational assistance, establishment of university centers, establishment of business outreach centers, and studies evaluating the needs of, and development potentialities for, economic growth of areas that the Secretary finds have substantial need for such assistance.

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

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

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

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

“(3) provide for the employment of private individuals, partnerships, firms, corporations, or suitable institutions under contracts entered into for such purposes; or

“(4) award grants under this title.

“SEC. 208. RELOCATION OF INDIVIDUALS AND BUSINESSES.

“Grants to eligible recipients under this Act shall include amounts that may be required to provide relocation assistance to affected persons, as required by the Uni-

form Relocation Assistance and Real Property Acquisition Policies Act 1970 (42 U.S.C. 4601 et seq.).

“SEC. 209. ECONOMIC ADJUSTMENT.

“(a) **DIRECT GRANTS.**—Upon the application of an eligible recipient, the Secretary may make direct grants for public facilities, public services, business development (including a revolving loan fund), planning, technical assistance, training, and other assistance that demonstrably furthers the economic adjustment objectives of this Act, including activities to alleviate long-term economic deterioration and sudden and severe economic dislocations.

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

“(1) the project will help the area for which the project is to be undertaken meet a special need arising from—

“(A) actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government; or

“(B) economic adjustment problems resulting from severe changes in economic conditions (including long-term economic deterioration); and

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

“(c) **ACTIVITIES RELATED TO DEFENSE REDUCTIONS.**—In order to help the communities diversify their economies, assistance under this section shall extend to activities identified by communities impacted by military base closures, defense contractor cutbacks, and Department of Energy defense-related reductions. Nothing in this subsection is intended to replace the efforts of the economic adjustment program of the Department of the Defense.

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

“(e) **ACTIVITIES RELATED TO INTERNATIONAL TRADE.**—Assistance under this section shall extend to activities identified by communities that have suffered economic injury caused by international trade in order to help the communities restructure their economies.

“SEC. 210. DIRECT EXPENDITURE OR REDISTRIBUTION BY RECIPIENT.

“Amounts from grants under section 209 may be used in direct expenditures by the eligible recipient or through redistribution by the eligible recipient to public and private entities in grants, loans, loan guarantees, payments to reduce interest on loan guarantees, or other appropriate assistance, but no grant may be made by an eligible recipient to a private profit-making entity.

“SEC. 211. CHANGED PROJECT CIRCUMSTANCES.

“In any case in which a grant (including a supplemental grant) has been made by the Secretary for a project under this title (or under this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998), and after the grant has been made but before completion of the project, the purpose or scope of the project that was the basis of the grant has changed, the Secretary may approve the use of grant funds for the changed project if the Secretary determines that the changed project meets the requirements of this title and that the changes are necessary to enhance economic development in the area.

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

“In any case in which a grant (including a supplemental grant) has been made by the Secretary under this title (or under this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998) for a construction project, and after the grant has been made but before completion of the project, the cost of the project (based upon the designs and specifications that were the basis of the grant) has decreased because of decreases in costs, the underrun funds may be used to improve the project either directly or indirectly, as determined by the Secretary.

“SEC. 213. BASE CLOSINGS AND REALIGNMENTS.

“(a) **LOCATION OF PROJECTS.**—In any case in which the Secretary determines there is a need for assistance under this title due to the closure or realignment of a military installation or a Department of Energy defense-related installation, the Secretary may make such assistance available for projects to be carried out on the installation and for projects to be carried out in communities adversely affected by the closure or realignment.

“(b) INTEREST IN PROPERTY.—Notwithstanding any other provision of law, the Secretary may provide to an eligible recipient any assistance made available under this Act for a project to be carried out on a military installation, or a Department of Energy defense-related installation, that is closed or scheduled for closure or realignment without requiring the eligible recipient to have title to the property or a leasehold interest in the property for any specified term.

“SEC. 214. PREVENTION OF UNFAIR COMPETITION.

“Financial assistance under this Act may not be extended to any project if—

- “(1) the assistance would result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities; and
- “(2) there is not sufficient demand for such goods, materials, commodities, services, or facilities to employ the efficient capacity of existing competitive commercial or industrial enterprises.

“SEC. 215. SALE OF FINANCIAL INSTRUMENTS IN REVOLVING LOAN FUNDS.

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

- “(1) shall be deposited into the fund and may only be used for activities which are consistent with the purposes of this title; and
- “(2) shall be subject to the financial management, accounting, reporting, and auditing standards which were applicable to the original grant.

“SEC. 216. REPORTS BY RECIPIENT.

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

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

- “(1) be submitted at such intervals and in such manner as the Secretary shall prescribe by regulation, not to exceed 10 years from the time of closeout of the assistance award; and
- “(2) contain an evaluation of the effectiveness of the economic assistance provided under this Act in meeting the need the assistance was designed to alleviate and the purposes of this Act.

“(c) REVOLVING LOAN FUNDS.—

- “(1) IN GENERAL.—Except as provided by paragraph (2), reports of the activities of a revolving loan fund may be required at such intervals as may be provided by regulation.
- “(2) LIMITATION.—After final disbursements of assistance to establish a revolving loan fund (including assistance provided before the date of enactment of the Economic Development Partnership Act of 1998), reports of activities of the revolving loan fund may not be required more frequently than annually.

“TITLE III—DEFINITIONS, ELIGIBILITY, AND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

“SEC. 301. DEFINITIONS.

“In this Act, the following definitions apply:

“(1) ECONOMIC DEVELOPMENT DISTRICT.—The term ‘economic development district’ means an area in the United States composed of cooperating areas described in section 302(a) and, where appropriate, designated economic development centers and neighboring counties or communities, that has been designated by the Secretary as an economic development district. The term includes any economic development district designated by the Secretary under section 403 of this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998.

“(2) ECONOMIC DEVELOPMENT CENTER.—The term ‘economic development center’ means an area in the United States that has been identified as an economic development center in an approved comprehensive economic development strategy and that has been designated by the Secretary as eligible for financial assistance under this Act in accordance with the provisions of this Act.

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

- “(A) an area described in section 302(a);
- “(B) an economic development district designated under section 401;
- “(C) an Indian tribe, a State, a city or other political subdivision of a State, or a consortium of such political subdivisions;
- “(D) an institution of higher education or a consortium of such institutions; or
- “(E) a public or private nonprofit organization or association acting in cooperation with officials of such political subdivision.

For grants made under section 207, the term also includes private individuals and for-profit organizations.

“(4) GRANT.—The term ‘grant’ includes a cooperative agreement, as that term is used in the Federal Grant and Cooperative Agreement Act of 1977.

“(5) INDIAN TRIBE.—The term ‘Indian tribe’ means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

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

“(7) STATE.—The terms ‘State’, ‘States’, and ‘United States’ include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Palau, and the Commonwealth of the Northern Mariana Islands.

“SEC. 302. AREA ELIGIBILITY.

“(a) CERTIFICATION.—In order to be eligible for assistance under section 201 or 209, a project shall serve an area that meets 1 or more of the following criteria:

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

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

“(3) The area is determined by the Secretary to have experienced, or to be reasonably foreseen as about to experience, a special need to meet an expected rise in unemployment or other economic adjustment problem (including those caused by any action or decision of the Federal Government).

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

“(b) DOCUMENTATION.—An applicant for assistance for a project under section 201 or 209 shall document, as part of an application for the assistance, the eligibility of the project under the criteria of subsection (a) by using Federal data, when available, or, in the absence of recent Federal data, by using data available through the State government. An area meeting the criteria of subsection (a), including a pocket of poverty or high unemployment within a larger community of less economic distress, may be defined without regard to political or other boundaries.

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

“SEC. 303. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.

“(a) IN GENERAL.—The Secretary may provide assistance under section 201 or 209 (except planning assistance under section 209) to an applicant for a project only if the applicant submits to the Secretary, as part of an application for the assistance, a comprehensive economic development strategy that—

“(1) identifies the economic development problems to be addressed using the assistance;

“(2) identifies past, present, and projected future economic development investments in the area receiving the assistance and public and private participants and sources of funding for the investments; and

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

“(b) OTHER PLAN.—The Secretary may accept as a comprehensive economic development strategy a satisfactory plan prepared under another Federally supported program.

“TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

“SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS AND ECONOMIC DEVELOPMENT CENTERS.

“(a) IN GENERAL.—In order that economic development projects of broader geographic significance may be planned and carried out, the Secretary may take the actions authorized by this section.

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

“(1) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single area described in section 302(a);

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

“(3) the proposed district contains 1 or more areas described in section 302(a) or economic development centers identified in an approved district comprehensive economic development strategy as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the areas described in section 302(a) within the district; and

“(4) the proposed district has a district comprehensive economic development strategy that—

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

“(B) contains a specific program for district cooperation, self-help, and public investment; and

“(C) is approved by the State or States affected and by the Secretary.

“(c) DESIGNATION OF ECONOMIC DEVELOPMENT CENTERS.—The Secretary may designate as ‘economic development centers’, under regulations to be issued by the Secretary, areas that the Secretary considers appropriate, if—

“(1) the proposed center has been identified and included in an approved district comprehensive economic development strategy and recommended by the State or States affected for such special designation;

“(2) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the areas described in section 302(a) of the district; and

“(3) the proposed center does not have a population in excess of 250,000 according to the most recent Federal census.

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

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

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

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

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

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

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

“(3) cooperate with the several States—

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

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

“(4) encourage participation by appropriate local governmental authorities in such economic development districts.

“SEC. 402. TERMINATION OR MODIFICATION.

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

“SEC. 403. BONUS.

“Subject to the 20 percent non-Federal share requirement of section 205(b)(1), the Secretary may increase the amount of grant assistance authorized by sections 204 and 205 for projects within designated economic development districts by an amount not to exceed 10 percent of the aggregate cost of the project, in accordance with regulations to be issued by the Secretary, if—

“(1) the project applicant is actively participating in the economic development activities of the district; and

“(2) the project is consistent with an approved district comprehensive economic development strategy.

“SEC 404. STRATEGY PROVIDED TO APPALACHIAN REGIONAL COMMISSION.

“An economic development district designated by the Secretary under this title shall ensure that a copy of the district’s comprehensive economic development strategy is furnished to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965 if any part of such district is within the Appalachian region.

“SEC. 405. PARTS NOT WITHIN AREAS DESCRIBED IN SECTION 302(a).

“The Secretary is authorized to provide financial assistance available to an area described in section 302(a) under this Act to those parts of an economic development district that are not within an area described in section 302(a), if the Secretary determines, in writing, that the assistance will be of a substantial direct benefit to an area described in section 302(a) within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for an area described in section 302(a).

“TITLE V—ADMINISTRATION**“SEC. 501. UNDER SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT.**

“(a) APPOINTMENT.—The Secretary shall administer this Act with assistance of an Under Secretary of Commerce for Economic Development to be appointed by the President by and with the advice and consent of the Senate.

“(b) DUTIES.—The Under Secretary of Commerce for Economic Development shall perform such functions as the Secretary may prescribe and will serve as the administrator of the Economic Development Administration within the Department of Commerce.

“SEC. 502. OFFICE OF ECONOMIC DEVELOPMENT INFORMATION.

“(a) ESTABLISHMENT.—The Secretary shall establish in the Economic Development Administration an Office of Economic Development Information (hereinafter in this section referred to as the ‘Office’).

“(b) DUTIES.—The Office shall—

“(1) serve as a central information clearinghouse on matters relating to economic development programs and activities of the Federal Government and State governments, including political subdivisions of States;

“(2) help potential and actual applicants for economic development assistance under Federal, State, and local laws in locating and applying for such assistance, including financial and technical assistance; and

“(3) develop electronic links or other connections to information databases provided by Federal departments and agencies, State and local governmental agencies, public and private entities, and individuals to assist other such agencies, entities, and individuals in the process of identifying and applying for assistance and resources under economic development programs and activities of the Federal, State, and local governments.

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

“(1) Relevant information concerning available economic development programs of the Federal Government, including key contact personnel, descriptions of the application process, eligibility requirements and criteria, selection and follow-up procedures, and other such relevant information.

“(2) Relevant information concerning major State and local governmental economic development programs, including lists of appropriate offices, officers, and contact personnel connected with, or involved in, such programs.

“(3) Relevant and available economic data and trends, including information about the national, regional, and local impacts of trade agreements, defense spending and downsizing, technological change, and other sources of substantial economic dislocation.

“(4) Case studies and best practices in economic development, adjustment, and reinvestment.

“(5) Technology utilization programs, assistance, and resources.

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

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

“(8) Resources that assist in identifying potential sources of capital for businesses, including revolving loan funds, venture capital, and other capital tools.

“(9) Resources, including geographic information systems, that assist economic developers in understanding and pursuing sustainable development and initiatives.

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

“(1) An Internet web site, with sorted key locations by economic development related topic, for users to access lists of various Governmentwide and other economic development web site resources.

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

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

“(4) Printed manuals and orientation materials.

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

“(6) On-call information specialists to address special problems requiring person-to-person assistance.

“(e) **COORDINATION WITH OTHER FEDERAL DEPARTMENTS AND AGENCIES.**—The Secretary shall enter into such agreements and understandings as may be necessary with other Federal departments and agencies to coordinate the accomplishment of the objectives of this section.

“(f) **ECONOMIC DEVELOPMENT DEFINED.**—In this section, the term ‘economic development’ includes economic adjustment, disaster recovery, industrial retention, and defense reinvestment.

“SEC. 503. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

“(a) **CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.**—The Secretary may confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment.

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

“SEC. 504. ADMINISTRATION, OPERATION, AND MAINTENANCE.

“Federal assistance may not be approved under this Act unless the Secretary is satisfied that the project for which the Federal assistance is to be granted will be properly and efficiently administered, operated, and maintained.

“SEC. 505. FIRMS DESIRING FEDERAL CONTRACTS.

“The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list—

“(1) containing the names and addresses of business firms that are located in areas of high economic distress and are seeking Government contracts for the furnishing of supplies or services; and

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

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

“Title 5, United States Code, is amended—

“(1) in section 5314 by inserting ‘, Under Secretary of Commerce for Economic Development,’ after ‘Under Secretary of Commerce for Export Administration’; and

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

“SEC. 507. NOTIFICATION OF REORGANIZATION.

“The Secretary shall notify the Committees on Transportation and Infrastructure and on Appropriations of the House of Representatives and the Committees on Environment and Public Works and on Appropriations of the Senate of any reorganization of the offices, programs, or activities of the Economic Development Administration on or before the 30th day preceding the date of the reorganization.

“SEC. 508. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS.

“(a) IN GENERAL.—The Secretary shall conduct an evaluation of each university center and economic development district receiving grant assistance under this Act to assess the grantee’s performance and contribution toward job retention and creation. Evaluations shall be conducted on a continuing basis so that each grantee will be evaluated within 3 years after the first award of assistance to the grantee after the date of enactment of the Economic Development Partnership Act of 1998, and at least once every 3 years thereafter, so long as the grantee continues to receive such assistance.

“(b) CRITERIA.—

“(1) ESTABLISHMENT.—The Secretary shall establish criteria for use in conducting evaluations under subsection (a).

“(2) CRITERIA FOR UNIVERSITY CENTERS.—The criteria for evaluation of a university center shall, at a minimum, provide for an assessment of the center’s contribution to providing technical assistance, conducting applied research, and disseminating results of the center’s activities.

“(3) CRITERIA FOR ECONOMIC DEVELOPMENT DISTRICTS.—The criteria for evaluation of an economic development district shall, at a minimum, provide for an assessment of management standards, financial accountability, and program performance.

“(c) PEER REVIEW.—In conducting an evaluation of a university center or economic development district under subsection (a), the Secretary shall provide for the participation of at least one other university center or economic development district, as appropriate, on a cost-reimbursement basis.

“SEC. 509. COORDINATION.

“(a) IN GENERAL.—The Secretary shall actively coordinate with other Federal programs, States, economic development districts, and other appropriate planning and development organizations the activities relating to the requirements for comprehensive economic development strategies and making grants under this Act.

“(b) FEDERAL COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT.—

“(1) IN GENERAL.—The Secretary shall establish a Federal Coordinating Council for Economic Development.

“(2) COMPOSITION OF COUNCIL.—The Council shall be composed of representatives from Federal agencies involved in matters that affect regional economic development.

“(3) DUTIES.—The Council shall assist in providing a unifying framework for economic and regional development efforts and develop a Governmentwide strategic plan for economic development.

“SEC. 510. ECONOMIC DEVELOPMENT REVOLVING LOAN FUND TASK FORCE.

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

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

“(1) the Economic Development Administration;

“(2) the Office of Inspector General of the Department of Commerce;

“(3) current operators of revolving loan funds established with assistance provided under the Public Works and Economic Development Act of 1965; and

“(4) economic development organizations.

“(c) DUTIES.—The Task Force shall review the financial management, accounting, reporting, and auditing standards and requirements of revolving loan funds described in subsection (b)(3).

“(d) RECOMMENDATIONS.—Based upon its review, the Task Force shall make recommendations to the Secretary to better streamline and lessen revolving loan fund reporting requirements.

“TITLE VI—MISCELLANEOUS

“SEC. 601. POWERS OF SECRETARY.

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

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

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

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

“(4) To request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act. Each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary.

“(5) Under regulations prescribed by the Secretary, to assign or sell at public or private sale, or otherwise dispose of for cash or credit, in the Secretary’s discretion and upon such terms and conditions and for such consideration as the Secretary determines to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by the Secretary in connection with assistance extended under the Act, and to collect or compromise all obligations assigned to or held by the Secretary in connection with such assistance until such time as such obligations may be referred to the Attorney General for suit or collection.

“(6) To deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary determines to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary in connection with assistance extended under this Act.

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

“(8) To acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever necessary or appropriate in connection with assistance extended under this Act.

“(9) In addition to any powers, functions, privileges, and immunities otherwise vested in the Secretary, to take any action, including the procurement of the services of attorneys by contract, determined by the Secretary to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with assets held in connection with financial assistance extended under this Act.

“(10) To employ experts and consultants or organizations as authorized by section 3109 of title 5, United States Code, compensate individuals so employed, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently, while so employed, except that contracts for such employment may be renewed annually.

“(11) To establish performance measures for grants and other assistance provided under this Act, and use such performance measures to evaluate the economic impact of economic development assistance programs. The establishment and use of such performance measures shall be provided by the Secretary through members of the Secretary’s staff, through the employment of appropriate parties under contracts entered into for such purposes, or through grants to such parties for such purposes, using any funds made available by appropriation to carry out this Act.

“(12) To conduct environmental reviews and incur necessary expenses to evaluate and monitor the environmental impact of economic development assistance provided and proposed to be provided under this Act, including costs asso-

ciated with the representation and defense of actions of the Secretary related to the environmental impact of such assistance, using any funds made available by appropriation to carry out section 207 of this Act.

“(13) To sue and be sued in any court of record of a State having general jurisdiction or in any United States district court. Jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy, but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or the Secretary’s property.

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

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

“(c) INAPPLICABILITY OF CERTAIN OTHER REQUIREMENTS.—Section 3709 of the Revised Statutes of the United States shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of assistance extended under this Act if the premium for the insurance or the amount of the insurance does not exceed \$1,000.

“(d) PROPERTY INTERESTS.—The powers of the Secretary, pursuant to this section, in relation to property acquired by the Secretary in connection with assistance extended under this Act, shall extend to property interests of the Secretary in relation to projects approved under the Public Works and Economic Development Act of 1965, title I of the Public Works Employment Act of 1976, title II of the Trade Act of 1974, and the Community Emergency Drought Relief Act of 1977.

“(e) POWERS OF CONVEYANCE AND EXECUTION.—The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary, or by any officer or agent appointed by the Secretary for such purpose, without the execution of any express delegation of power or power of attorney.

“SEC. 602. MAINTENANCE OF STANDARDS.

“The Secretary shall continue to implement and enforce the provisions of section 712 of this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998.

“SEC. 603. ANNUAL REPORT TO CONGRESS.

“The Secretary shall transmit a comprehensive and detailed annual report to Congress on the Secretary’s activities under this Act for fiscal year 1998 and each fiscal year thereafter. Such report shall be printed and transmitted to Congress not later than July 1 of the year following the fiscal year with respect to which the report is to be made.

“SEC. 604. USE OF OTHER FACILITIES.

“(a) DELEGATION OF FUNCTIONS TO OTHER FEDERAL DEPARTMENTS AND AGENCIES.—The Secretary may delegate to the heads of other departments and agencies of the Federal Government any of the Secretary’s functions, powers, and duties under this Act as the Secretary may deem appropriate, and authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

“(b) TRANSFER BETWEEN DEPARTMENTS.—Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

“(c) FUNDS TRANSFERRED FROM OTHER DEPARTMENTS AND AGENCIES.—In order to carry out the objectives of this Act, the Secretary may accept transfers of funds from other departments and agencies of the Federal Government if the funds are used for the purposes for which (and in accordance with the terms under which) the funds are specifically authorized and appropriated. Such transferred funds shall remain available until expended, and may be transferred to and merged with the appropriations under the heading ‘salaries and expenses’ by the Secretary to the extent necessary to administer the program.

“SEC. 605. PENALTIES.

“(a) FALSE STATEMENTS, SECURITY OVERVALUATION.—Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for such person or for any applicant any financial assistance

under this Act or any extension of such assistance by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security for such assistance, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

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

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

“(2) with intent to defraud the Secretary or any other politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary or without being duly authorized draws any orders or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof;

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

“(4) gives any unauthorized information concerning any future action or plan of the Secretary that might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

“SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES.

“Financial assistance may not be extended by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise—

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

“(2) execute an agreement binding such business enterprise, for a period of 2 years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within the 1-year period ending on such date, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities that the Secretary determines involves discretion with respect to the granting of assistance under this Act.

“SEC. 607. MAINTENANCE OF RECORDS OF APPROVED APPLICATIONS FOR FINANCIAL ASSISTANCE; PUBLIC INSPECTION.

“(a) MAINTENANCE OF RECORD REQUIRES.—The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under this Act that will be kept available for public inspection during the regular business hours of the Department of Commerce.

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

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

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

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

“SEC. 608. RECORDS AND AUDIT.

“(a) RECORDKEEPING AND DISCLOSURE REQUIREMENTS.—Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records that fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

“(b) ACCESS TO BOOKS FOR EXAMINATION AND AUDIT.—The Secretary, the Inspector General of the Department of Commerce, and the Comptroller General of the

United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.

“SEC. 609. PROHIBITION AGAINST A STATUTORY CONSTRUCTION THAT MIGHT CAUSE DIMINUTION IN OTHER FEDERAL ASSISTANCE.

“All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision of this Act may be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance that any State or other entity eligible under this Act would otherwise be entitled to receive under the provisions of any other Act.

“SEC. 610. ACCEPTANCE OF APPLICANTS’ CERTIFICATIONS.

“The Secretary may accept, when deemed appropriate, the applicants’ certifications to meet the requirements of this Act.

“TITLE VII—FUNDING

“SEC. 701. AUTHORIZATION OF APPROPRIATIONS.

“There is authorized to be appropriated to carry out this Act \$368,000,000 for each of fiscal years 1999 through 2003. Such sums shall remain available until expended.

“SEC. 702. ADMINISTRATIVE EXPENSES.

“In addition to the appropriations authorized by section 701, there are authorized to be appropriated for administrative expenses of the Secretary in carrying out this Act such sums as may be necessary for each of fiscal years 1999 through 2003. Such sums shall remain available until expended.

“SEC. 703. DEFENSE CONVERSION ACTIVITIES.

“In addition to the appropriations authorized by section 701 for defense conversion activities, there are authorized to be appropriated to carry out this Act for each of fiscal years 2000 through 2003 such sums as may be necessary to provide assistance for such activities. Such sums shall remain available until expended.”.

SEC. 102. SAVINGS PROVISIONS.

(a) **EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.**—This Act shall not be construed as affecting the validity of any right, duty, or obligation of the United States or any other person arising out of or pursuant to any contract, loan, or other instrument or agreement that was in effect on the day before the date of enactment of this Act.

(b) **CONTINUATION OF SUITS.**—No action or other proceeding commenced by or against any officer or employee of the Economic Development Administration shall abate by reason of the enactment of this Act.

(c) **LIQUIDATING ACCOUNT.**—The Economic Development Revolving Fund established under section 203 of the Public Works and Economic Development Act of 1965 shall continue to be available to the Secretary as a liquidating account as defined under section 502 of the Federal Credit Reform Act of 1990 for payment of obligations and expenses in connection with financial assistance extended under this Act, the Public Works and Economic Development Act of 1965, the Area Redevelopment Act, and the Trade Act of 1974.

(d) **ADMINISTRATION.**—The Secretary shall take such actions as authorized before the date of enactment of this Act as necessary or appropriate to administer and liquidate existing grants, contracts, agreements, loans, obligations, debentures, or guarantees heretofore made by the Secretary or the Secretary’s delegate pursuant to provisions in effect immediately prior to the date of enactment of this Act.

Subtitle B—Innovative Financing Pilot Programs

SEC. 121. PUBLIC WORKS LOAN GUARANTEES.

(a) **IN GENERAL.**—Upon the joint application of a private lending institution and a State, a political subdivision of a State, an Indian tribe, or a private or public non-profit organization or association, the Secretary of Commerce is authorized to guarantee a loan made by the private lending institution to the State, political subdivision, Indian tribe, or organization or association for any purpose for which the Sec-

retary can make a direct grant under section 201 of the Public Works and Economic Development Act of 1965.

(b) **TERMS AND CONDITIONS.**—A loan guarantee made for a project under this section shall be subject to such terms and conditions as the Secretary may prescribe. Such terms and conditions, at a minimum, shall include the following:

(1) The guarantee may be made only if the Secretary finds that the project meets the requirements of the Public Works and Economic Development Act of 1965.

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

(3) The guarantee may be made only if financial assistance for the project is not otherwise available from private lenders or from other Federal sources on terms that the Secretary finds are likely to permit accomplishment of the project.

(4) The guarantee may be made only if the Secretary finds that there is reasonable expectation of repayment of the loan.

(5) The guarantee may not exceed 30 years.

(c) **FUNDING.**—Not more than 10 percent of the amounts appropriated to carry out section 201 of the Public Works and Economic Development Act of 1965 for each of fiscal years 1999 through 2003 may be used to carry out this section.

SEC. 122. LOAN ASSISTANCE DEMONSTRATION PROGRAM.

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

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

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

(2) inform businesses and nonprofit organizations of the availability of such loan interest rate reduction assistance.

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

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

(2) establish criteria and procedures for selecting recipients under the program with national geographic diversity, ensuring representation of rural and urban areas;

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

(4) provide for the collection and reporting of information sufficient to provide the basis for a determination of the costs and effectiveness of the program.

(d) **ECONOMIC DEVELOPMENT ACTIVITIES DEFINED.**—In this section, the term “economic development activities” means activities that—

(1) are part of a project supported by grant assistance under this Act; or

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

(e) **FUNDING.**—Not more than 10 percent of the amounts appropriated to carry out section 209 of the Public Works and Economic Development Act of 1965 for each of fiscal years 1999 through 2003 may be used to carry out this section.

SEC. 123. LAND CONVEYANCE.

(a) **IN GENERAL.**—The Secretary of Commerce shall convey, at fair market value (as determined by the Secretary), to the city of Two Harbors, Minnesota, or its designee, the parcel of land described in subsection (b).

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

(c) **DELEGATION OF AUTHORITY.**—The Secretary shall carry out this section acting through the Under Secretary of Commerce for Economic Development.

SEC. 124. REPORTS.

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

(b) LONG-TERM PROGRAM.—

(1) STUDY.—The Secretary shall conduct a study regarding the effects and costs of carrying out a long-term and expanded program for guaranteeing loans and making grants under this subtitle, including a determination of national scope.

(2) REPORTS.—Not later than September 30, 2001, the Secretary shall transmit to Congress a report containing the results of the study conducted under paragraph (1), together with any recommendations for carrying out an effective demonstration program of national scope under this subtitle.

SEC. 125. COMPLIANCE WITH BUY AMERICAN ACT.

None of the funds made available to carry out this Act, or any amendment made by this Act, may be expended in violation of the provisions of sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popularly known as the “Buy American Act”) that are applicable to those funds. The Secretary of Commerce shall provide each recipient of such funds notice of the requirements specified in this section and information on methods to comply with such requirements.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

SEC. 201. AMENDMENT OF APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 1 et seq.).

SEC. 202. FINDINGS AND PURPOSES.

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

“(c) 1998 FINDINGS AND PURPOSES.—The Congress further finds and declares that, while substantial progress has been made in fulfilling many of the objectives of this Act, rapidly changing national and global economies over the past decade have created new problems and challenges for rural areas throughout the Nation and especially for the Appalachian region. It is, therefore, also the purpose of this Act to assist the region in providing the infrastructure necessary for economic and human resource development, in developing its industry, in building entrepreneurial communities, in generating a diversified regional economy, and in making its industrial and commercial resources more competitive in national and world markets. It is further the purpose of this Act to provide a framework for coordinating Federal, State, and local initiatives to respond to the economic competitive challenge through improving the skills of the region’s workforce, adapting and applying new technologies for the region’s businesses, and improving the access of the region’s businesses to the technical and financial resources necessary to their development. Finally, it is the purpose of this Act to address the needs of severely and persistently distressed areas of the region and focus special attention on the areas of greatest need so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across this Nation.”.

SEC. 203. MEETINGS.

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

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

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

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

(c) DECISIONS REQUIRING A QUORUM.—Section 101(b) (40 U.S.C. App. 101(b)) is amended by striking the third sentence and inserting the following: “No decision involving Commission policy, approval of State, regional, or subregional development plans or implementing investment programs, any modification or revision of the Appalachian Regional Commission Code, any allocation of funds among the State, or any designation of a distressed county or an economically strong county may be made without a quorum of State members.”.

SEC. 204. ADMINISTRATIVE EXPENSES.

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

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

(2) by striking subsection (b).

SEC. 205. COMPENSATION OF EMPLOYEES.

Section 106(2) (40 U.S.C. App. 106(2)) is amended by striking “the salary of the alternate to the Federal Co-Chairman on the Commission as provided in section 101” and inserting “the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(c) of such title 5”.

SEC. 206. ADMINISTRATIVE POWERS OF COMMISSION.

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

SEC. 207. COST SHARING OF DEMONSTRATION HEALTH PROJECTS.

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

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

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

SEC. 208. REPEAL OF LAND STABILIZATION, CONSERVATION, AND EROSION CONTROL PROGRAM.

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

SEC. 209. REPEAL OF TIMBER DEVELOPMENT PROGRAM.

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

SEC. 210. REPEAL OF MINING AREA RESTORATION PROGRAM.

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

SEC. 211. REPEAL OF WATER RESOURCE SURVEY.

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

SEC. 212. COST SHARING OF HOUSING PROJECTS.

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

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

SEC. 213. REPEAL OF AIRPORT SAFETY IMPROVEMENTS PROGRAM.

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

SEC. 214. COST SHARING OF VOCATIONAL EDUCATION AND EDUCATION DEMONSTRATION PROJECTS.

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

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

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

SEC. 215. SEWAGE TREATMENT WORKS PROGRAM.

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

SEC. 216. REPEAL OF AMENDMENTS TO HOUSING ACT OF 1954.

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

SEC. 217. SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS.

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

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

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

(2) by adding at the end the following:

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

(c) FEDERAL GRANT-IN-AID PROGRAMS DEFINED.—The first sentence of section 214(c) (40 U.S.C. App. 214(c)) is amended by striking “on or before December 31, 1980,”.

(d) LIMITATION ON COVERED ROAD PROJECTS.—The second sentence of section 214(c) is amended by inserting “authorized by title 23, United States Code,” after “road construction”.

SEC. 218. PROGRAM DEVELOPMENT CRITERIA.

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

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

(1) by striking the period at the end of paragraph (5) and inserting “; and”; and

(2) by adding at the end the following:

“(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures may be evaluated.”.

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

“(b) LIMITATION.—Financial assistance made available under this Act may not be used to assist establishments relocating from one area to another.”.

SEC. 219. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

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

“SEC. 226. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

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

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

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

“(A) ‘competitive counties’ which shall be those counties in the region which are approaching economic parity with the rest of the Nation; and

“(B) ‘attainment counties’ which shall be those counties in the region which have attained or exceeded economic parity with the rest of the Nation.

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

“(c) FUNDING PROHIBITION FOR PROJECTS LOCATED IN ECONOMICALLY STRONG COUNTIES.—

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

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

“(3) EXCEPTIONS.—The prohibitions established by paragraphs (1) and (2) shall not apply to—

“(A) projects on the Appalachian development highway system authorized by section 201;

“(B) local development district administrative projects authorized by section 302(a)(1); or

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

“(4) WAIVER.—The prohibitions established by paragraphs (1) and (2) may be waived by the Commission for a particular project upon a showing of one or more of the following:

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

“(B) A significant decline in economic conditions affecting the county which is not reflected in current designation data.

“(C) The existence of a significant potential benefit from the project in areas of the region outside the designated county.”.

SEC. 220. GRANTS FOR ADMINISTRATIVE EXPENSES AND COMMISSION PROJECTS.

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

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

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

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

(1) in paragraph (1) by striking “75 per centum” and inserting “50 percent”; and

(2) by adding at the end the following:

“After September 30, 1998, not more than 50 percent of the cost of any activity eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act (or 80 percent of such costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226); except that discretionary grants 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 such percentage limitations. The aggregate amount of discretionary grants referred to in the preceding sentence in any fiscal year shall not exceed 10 percent of the amounts appropriated under section 401 for such fiscal year.”.

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

(1) by striking paragraphs (3) and (4) of subsection (b);

(2) by striking subsection (d); and

(3) by striking subsection (e).

SEC. 221. AUTHORIZATION OF APPROPRIATIONS FOR GENERAL PROGRAM.

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

“SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

“In addition to amounts authorized by section 201 and amounts made available for the Appalachian development highway system program, there are authorized to be appropriated to the Commission to carry out this Act—

- “(1) \$67,000,000 for fiscal year 1999;
- “(2) \$72,000,000 for fiscal year 2000;
- “(3) \$75,000,000 for fiscal year 2001;
- “(4) \$75,000,000 for fiscal year 2002; and
- “(5) \$80,000,000 for fiscal year 2003.

Such sums shall remain available until expended.”.

SEC. 222. EXTENSION OF TERMINATION DATE.

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

PURPOSE

The purpose of this bill is to reauthorize and reform the programs of the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). This legislation reauthorizes both programs for five years, but does so with significant reforms intended to improve program delivery and decisions and focus funds on cost-effective programs in truly distressed areas.

Authorizations for both the EDA and ARC expired on September 30, 1982. Since then, program funding has been continued through annual appropriations acts. While the Committee, in each Congress since 1982, has reported and passed in the House legislation reauthorizing these programs, no major rewrite of the authorization statutes has been enacted for more than 17 years.

By reforming and reauthorizing the EDA and ARC, the Committee recognizes that there remains a compelling federal interest in assisting distressed communities. Both programs address this interest through locally derived projects to meet local needs to improve the capacity for economic growth and jobs, as well as to respond to changing national and international economic conditions including the effects of defense downsizing and military base closures.

BACKGROUND AND NEED

Over two days of hearings, the Committee heard extensive testimony of the need for a continuing federal program to assist distressed communities. In communities served by the programs of the EDA and ARC, long-term economic deterioration has resulted in poor job creation and weak economic growth. EDA and ARC programs are designed to create jobs and economic growth through a locally oriented planning process that identifies and funds projects that generate long-term jobs and improve the economic health of a community.

Programs administered by the Economic Development Administration successfully help many of the Nation’s most economically distressed areas revitalize their physical and economic structures and provide support to small-and medium-sized businesses to grow and generate long-term jobs and economic opportunity. EDA assistance, which uses a building-block approach that begins with planning, is intended to transition distressed communities to self-sustaining economies that are competitive in a global marketplace.

The Committee notes that while much of the Nation currently enjoys economic prosperity, many areas suffer from high unemployment, low per-capita income, or other indicators of economic distress. In 1998, the United States is experiencing one of the longest

and most robust peace-time economic expansions in history. Yet not everyone has benefited from this growth equally.

According to the most current data available, approximately 13.7 percent of the population or more than 36 million individuals live in poverty (U.S. Census Bureau, 1996). Of the total population, 5.2 percent were unemployed over the past two years (Bureau of Labor Statistics, two-year unadjusted average as of December 31, 1997).

Many of those excluded from this economic prosperity live in declining inner cities, neglected rural areas, Alaska Native villages, or on Indian reservations that lack the basics for economic growth. Others live in communities that once supported America's military needs, but now lack an economic base that is sufficiently diversified to maintain economic vitality; yet others live in communities where a dominant employer has scaled back or closed operations; still others live in communities impacted by international trade. Finally, there are people who live in communities where the productive base has been devastated by natural disasters. All of these people rely on the Economic Development Administration for help to make their local economies self-sustaining.

The Committee has expressed concern over the years regarding the need to concentrate the resources of the Economic Development Administration in the areas of highest economic distress. To support agency efforts, the Committee has included specific distress criteria within the text of this Act. Currently, 96 percent of Public Works grants go to communities with the highest level of distress. The Committee recognizes that the Economic Development Administration has been diligent over the past several years in ensuring that assistance has gone to areas that substantially meet or exceed the criteria outlined in this Act. The Committee further notes that pockets of poverty exist within areas that may as a whole not demonstrate economic distress. Under H.R. 4275, assistance can be targeted to create economic development within pockets of poverty as appropriate and necessary to the mission of the Economic Development Administration.

The Committee has found that the Economic Development Administration has been diligent in responding to Congressional guidance from both the authorizing and appropriations committees to streamline its programs and focus its funds on cost effective programs. The Economic Development Administration has been successfully streamlined having eliminated more than 60 percent of its regulations, reduced agency staff by thirty percent, and simplified the grant application process, including its pre-application and application forms to better serve agency constituencies.

Recent studies have documented that the Economic Development Administration has a proven track record in creating economic growth and jobs in a cost effective manner. A 1998 study of grant programs by Rutgers and Princeton Universities found that for every \$1 million in EDA funding: (1) \$10.08 million in private sector investment was leveraged; (2) the local tax base was increased by \$10.13 million; and (3) 327 permanent jobs were created locally.

In addition, the study found that the number of jobs doubled in the six years after project completion and at project locations: (1) the unemployment rate was 30 percent higher than the state average and 40 percent higher than the national average unemploy-

ment; (2) per capita income was 40 percent less than the state and national averages; and (3) 40 percent more below the poverty level than in the state or Nation.

One phase of this study specifically addressed the 1996 General Accounting Office (GAO) report which stated that GAO could not find a strong causal linkage between a positive economic effect and the economic development assistance EDA provides. Instead, the study found: (1) EDA investments have a statistically significant and positive effect on county total employment; (2) EDA investment yields jobs at the average wage of all jobs locally; (3) A \$10,000 EDA investment produces approximately 9 permanent jobs; and (4) the cost per job for the EDA program is estimated at just over \$1,100 in 1997 dollars.

According to this evidence, EDA grants are among the most cost-effective in government. The study demonstrates that EDA grants are producing their desired effect: providing economic opportunity and permanent jobs in the Nation's most economically distressed communities.

The Economic Development Administration also underwent a successful reorganization; however, the Committee notes that this reorganization was adopted without any official notice to the Committee on Transportation and Infrastructure. H.R. 4275 includes language requiring official pre-notification of such reorganizations to be provided to both the authorizing and appropriations committees.

Further, the Economic Development Administration has successfully implemented program performance measures in compliance with the Government Performance and Results Act of 1993 with validated outcomes. Through a rigorous, systematic review of the portfolio of economic development tools, the Economic Development Administration is working to apply evaluation results to on-going analyses of its programs to gauge performance. In addition, the agency is working closely with the Office of the Inspector General on the timely resolution of outstanding audit issues.

The Economic Development Administration is the only federal agency tasked with the mission of supporting economic development in distressed areas throughout the country and within U.S. territories. In the past, some concerns have been expressed regarding duplication among various departments and agencies. The Committee has found that Economic Development Administration programs meet the specific needs of distressed areas.

A cost-shared approach allows these areas to undertake measures and implement strategies to achieve economic recovery whether caused by long-term economic deterioration or by sudden economic dislocations, natural disasters, or dislocations caused by public or private sector actions. The average federal share of a grant is only 50 percent of project costs.

Through partnerships at federal, state, and local levels, the Economic Development Administration assures consensus and focuses on locally identified economic development priorities and thereby avoids duplication with the programs of other federal agencies. Economic Development Administration investments yield private sector jobs and investment and increase the local tax base. In many instances, the Economic Development Administration is responsible

for the grants management of jointly funded federal assistance. Finally, the Economic Development Administration's programs are unique in that they focus on local economic development strategies and planning.

The agency is an innovator in the field of economic development. In the 1960's, the Economic Development Administration established a nationwide network of locally based regional economic development districts. In the 1970's, the Economic Development Administration created revolving loan funds, business incubators and trade adjustment assistance for firms. In the 1980's and 1990's, the Economic Development Administration became the single federal program to help affected areas with implementation of base reuse plans, developed with assistance from the Department of Defense, Office of Economic Adjustment. In the 1990's, the Economic Development Administration assumed a leadership role in post-disaster economic recovery and is recognized as capable of responding to economic adjustment for trade-impacted and industry-dislocated communities. Economic Development Administration assistance has been called the "lynch-pin" or "gap-financier" that causes successful economic development.

The mission of the Economic Development Administration is not just important to local communities, but to the Nation as a whole. Uneven development undermines U.S. economic performance. It means that some areas have excess fixed capacity while others have to spend tax dollars to build new capacity. Most important of all, when a community lacks key infrastructure and institutional capacity to attract private investment, national productivity is lowered because we, as a Nation, fail to utilize the innovative talents of those people excluded from productive employment.

Therefore, the continued ability of all areas to keep pace with the rapidly changing environments of the world economy is critical to the Nation's prosperity. The programs of the Economic Development Administration create economic opportunity in distressed communities through partnerships with state and regional development organizations; they do so at very low cost, they support private sector investments that are critical to sustaining local economic development; and, they are exceptionally well-managed. The mission of the Economic Development Administration is important today and critical to helping distressed communities adjust to the world economy of the 21st century.

Moreover, the defense adjustment assistance program of the EDA is the only federal program exclusively dedicated to helping communities respond to base closure and realignment and cutbacks in defense procurement. The EDA defense adjustment program, like all EDA programs, relies on flexibility and local control. Communities identify redevelopment priorities and develop plans that are funded by EDA assistance. This assistance can range from infrastructure investment, revolving loan funds, business assistance centers, industrial parks, and various other types of activities.

The Committee has also received testimony that the Appalachian Regional Commission has had a dramatic effect in improving the lives of Appalachian citizens. In its governing structure, the commission has served as a model of state-federal cooperation. Projects are identified at the local level and then the states and the federal

government meet cooperatively to address economic development issues at a regional level. It is a true partnership, requiring agreement between the federal representative and a majority of the governors before any money can be spent.

The ARC's approach provides a maximum of flexibility to local communities, placing at their disposal a wide range of economic development resources—water and sewer infrastructure, training, and business financing. Because this is a partnership, there is a minimum of red tape and bureaucracy. The commission's administrative cost have averaged less than 4 percent of its total budget.

In 1997 alone, ARC grants helped provide water and sewer service for 26,054 households, assisted in the development or retention of 38,509 jobs, provided training and educational activities for more than 70,000 Appalachian residents, and placed 157 doctors in medically underserved areas of the region.

Even with these successes, the job of the ARC is not yet complete. More than one-quarter of Appalachian counties are severely distressed, with above average unemployment rates, poverty rates that are at least 150 percent of the national average, and per capita incomes that are less than two-thirds of the national average. H.R. 4275 recognizes these remaining areas of distress by focusing ARC funds on the most distressed counties, while utilizing a regional approach to economic development.

DESCRIPTION OF THE BILL

For both the EDA and ARC, the elements of local control and flexibility have been keys to their success. Existing statutory authority provides a wide range of economic development tools. Which tool should be used—be it infrastructure investment, a revolving loan fund, planning assistance, or some other type of assistance—is determined at the local level. Both the EDA and ARC utilize planning processes that creates a local consensus and require that a project be part of an overall redevelopment plan.

While the Committee is convinced of the continuing need for the type of federal assistance provided by the programs of the EDA and ARC, serious issues have been raised about the operation of these programs. Key among these issues are: (1) the targeting of federal assistance to truly distressed communities, (2) assuring local control and responsibility, and (3) updating and reforming the underlying statutory authority to ensure that the best projects are selected for investment.

The legislation adopted by the Committee (H.R. 4275) represents a substantial rewrite of these programs. This bill excises outdated and unnecessary programs and provisions in the current statutory authority for both the EDA and ARC. The bill retains only those programs that are cost effective and have successfully worked at the local level. H.R. 4275 changes the eligibility criteria for both programs to ensure that funds are actually targeted to distressed areas. For example, under H.R. 4275, 90 percent of the Nation would no longer be eligible for EDA assistance—only about 36 percent of the Nation would currently be eligible under H.R. 4275's distress criteria.

In rewriting the Public Works and Economic Development Act (PWEDA) of 1965, the Committee eliminated a number of outdated

and unnecessary programs. Specifically, the Committee eliminated authority for direct and guaranteed business loans as provided for by title II of PWEDA, specific authorization for disaster assistance under title VIII of PWEDA (although such assistance may still be provided pursuant to remaining authorities), and job creation programs under title X of PWEDA.

The authorities retained by H.R. 4275 focus funding on proven programs that generate long-term jobs and economic growth. The programs that continue to be authorized are public works infrastructure (title I of PWEDA), planning and technical assistance (title III of PWEDA), and economic/defense adjustment (title IX of PWEDA). The Committee retained the current PWEDA statutory language used to authorize these programs, with limited modifications. Thus, programs currently eligible under these titles will remain eligible for funding.

For example, the Committee recognizes the value of the planning and technical assistance provided by Economic Development Districts to help communities build the local capacity to focus on long-term economic challenges. Funding of these districts has been and remains an integral element of successful economic development grants awarded under this Act. Economic Development Districts also are the coordinating entities for a number of other federal and state programs.

Funding levels for economic development districts have actually decreased from their original levels in addition to not being adjusted for inflation in over 30 years. The average planning grant to districts was approximately \$54,000 at the start of the program in 1966. Today the average planning grant remains only \$54,000. Adjusted for inflation, the value of a 1998 planning grant is only \$10,800, or 20 percent on the dollar, when compared to its original purchasing power in 1966.

For the past 30 years, districts have leveraged and stretched these small but significant planning grants to help thousands of America's small metropolitan and rural communities forge ahead and create jobs and opportunities for their citizens.

The agency's planning assistance program is an excellent tool for fostering local economic development efforts through economic development districts, particularly in rural areas where resources are limited and regional cooperation results in achieving common economic goals.

The agency is encouraged to allow economic development districts to provide funds to purchase geographic information systems and global positioning systems. By using the latest technology, economic development districts can dramatically enhance their ability to map out industrial sites; local sewer lines, access roads and other infrastructure; develop enhanced overall economic development plans; and analyze local economic development trends. The agency is encouraged to provide training for economic development districts that addresses the potential for the systems.

Funding for the University Center program remains eligible for funding by the regional commissions and is subject to peer review under H.R. 4275. The Committee further directs the Economic Development Administration to review its current regulations that allow a university to charge up to 20 percent in indirect costs. The

actual level of charges varies among centers and the Committee believes that keeping such costs low will strengthen the program.

One of the most critical programs currently administered by the EDA is the defense adjustment program. There remains an ongoing need to address community economic adjustment resulting from defense downsizing. This program assists communities affected by base realignments and closures as well as cuts in defense procurement. The 1995 round of Base Reduction and Closure (BRAC) decisions alone will close or realign 146 bases, affecting 100,000 jobs. Because the economic health of many communities is tied to defense bases, the effect of base closure and realignment decisions can have a devastating local effect. Additionally, communities are just now beginning to implement response plans for base closings in previous years. As authorized, communities have a wide range of options to regain economic stability—infrastructure investments, revolving loan funds, business assistance, and planning funds. Assistance is based on a base reuse plan that is locally developed. The Committee notes that this is the only federal program designed to help communities deal with the dislocation resulting from defense downsizing and expects that this program will continue to be fully utilized.

Another effective program has been the funding of revolving loan funds administered by local agencies. Under this program, which continues to be authorized by the bill, initial capital for over 480 local revolving loan fund projects has been provided. These loan funds have made more than 7,200 loans to private sector businesses. Based on 294 reports filed for active revolving loan fund programs in a recent year, these loans leveraged more than \$1.9 billion in private capital. Upon repayment, revolving loan funds stay in the community for further economic development.

One issue that has been brought to the Committee's attention is excess red tape and regulatory requirements imposed on these revolving loan funds, even after initial loans have been recycled through the revolving loan funds. Many of the loans made from these funds are for relatively small amounts and the additional paperwork burden hampers the program's effectiveness. To remedy this problem, the Committee has included a provision directing that a task force be formed to study solutions to this problem. For example, the Committee has heard from local revolving loan fund administrators, such as the city of South Bend, Indiana, who are struggling with administering this program and should be represented on the task force. The bill also provides authority for the sale of the portfolios of revolving loan funds. This change will allow some administrators of revolving loan funds to increase the amount of loans they can award.

The bill continues to include legislative language (included in past bills adopted by the House) that require that approved projects be part of an overall investment strategy. This requirement ensures that federal funds will be used in a coordinated, cost-effective manner.

PROGRAM REFORMS

The bill requires that the Economic Development Administration establish performance measures for grants and other assistance

provided. Such performance measures shall be used to evaluate project proposals and conduct evaluations of projects receiving such assistance. The Committee believes that this provision will lead to a more efficient and effective allocation of grant awards and will ensure that the best projects are selected for investment. The Committee also believes that this provision will provide more information documenting the benefits of assistance provided under this Act. The Committee is encouraged by recent efforts to document and report these benefits and believes that such an evaluation system greatly aids in justifying the merits of the program.

A major criticism levied against the programs of the EDA is that 85 to 90 percent of the Nation is eligible for funding, and, as such, the program is not targeted to distressed areas. The bill addresses this concern by eliminating the grandfathering of eligibility that has led to the current situation, tightening eligibility criteria to areas with true distress, and requiring an applicant to prove distress upon every application.

The Committee eliminated from the bill specific references to areas with activities to "provide immediate useful work to unemployed and underemployed persons" (known as public works impact program areas, or PWIPs) and to "outmigration of population" as separate eligibility factors in section 302. In the Committee's view, these provisions were unnecessary because such areas suffering economic distress would be eligible for assistance under the remaining eligibility factors, e.g., pockets of poverty or high unemployment, or areas that are experiencing a special need.

The Committee appreciates that the Office of Economic Development Information created by section 502 will require the commitment of significant additional resources. Although the Committee recognizes that the ability of EDA to implement all of the provisions of this section is partially dependent upon the availability of sufficient appropriations, the Committee expects EDA to make every effort to utilize available resources to fulfill the intent and purpose of the section. For example, the Committee believes that the office can start immediately using current EDA resources devoted to information dissemination (including current efforts in the defense adjustment area) as well as full use of technological means such as the Internet to run this office in the most cost-effective manner.

In addition, the Committee designates this office as the John E. Corrigan Office of Economic Development Information in recognition of the lifetime of outstanding public service John Corrigan has given the Economic Development Administration and the Nation as the Director of the Philadelphia Regional Office and earlier posts at the Administration's headquarters.

For the new public works loan guarantee authority, the Committee expects the agency to take advantage of this new economic development tool. It is the committee's intent that this new authority be used to demonstrate the usefulness of this concept and that the required report evaluate the program and suggest necessary changes. It is the Committee's intent in both statutory and report language that these loan guarantees under section 201 be directed to local government and eligible non-profit recipients for infrastructure related projects. The Committee has previously rejected the

“Competitive Communities” proposal generated by the Department of Commerce and does not view this initiative as similar in purpose or intent, specifically as the “Competitive Communities” proposal related to assisting specific businesses.

Similarly, the Committee expects EDA to take advantage of the authority to buy down interest rates of eligible recipients. The Committee believes that this unique innovative financing mechanism will enable EDA to better leverage its funds and facilitate more economic growth in economically distressed communities.

In addition, although the Committee is not aware of any EDA or ARC funds that have directly benefited foreign governments, the Committee is concerned with reports of other federal monies that have directly benefited these governments. Therefore, the Committee takes this opportunity to clarify that it intends that no funds authorized by this Act be used to directly benefit a foreign government.

The Committee has included authority in section 205 to waive certain cost sharing requirements in the case of disaster assistance; however, it is the intent of the Committee that this waiver authority is discretionary, not automatic, and would be granted only in instances of true need.

The bill provides authorizations of \$368 million a year for FY 1999 through FY 2003 for ongoing grant programs and such sums authorization for administrative expenses.

APPALACHIAN REGIONAL COMMISSION

After hearing the testimony of witnesses and closely examining the conditions in Appalachia and the operation of the Appalachian Regional Commission (ARC), the Committee strongly endorses the need for the continuation of the programs of the ARC. Further, in this era of devolving authority from Washington to state and local governments, the ARC serves as a model program for state and federal cooperation. H.R. 4275 reauthorizes the ARC for five years, but also adds reforms to target funds to truly distressed regions and repeal obsolete authorizations.

Although the ARC has accomplished much success over its 30 years of existence, there remain profound problems in Appalachia that warrant the continuation of the programs of the ARC. The ARC covers 13 states and 406 counties (including parts of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and all of West Virginia). Of these 406 counties, 108 are severely distressed, with per capita incomes that are less than two-thirds of the national average, poverty rates that are at least 150 percent of the national rate, an unemployment rate that is 150 percent of the national level, and per capita income that is no more than two-thirds of the national level.

The ARC was established to address the special problems of a region that had suffered from neglect. The persistent and widespread economic distress of the region sets it apart from the economic mainstream of the Nation. The regional approach of the ARC allows affected states to work cooperatively to address these issues. ARC programs do not duplicate other federal programs and many distressed Appalachian communities lack the resources to match

other federal programs. Perhaps more important, ARC programs respond to locally identified needs and are extremely flexible in their ability to respond to the unique problems afflicting Appalachian communities. This flexibility includes the ability to package ARC funds and provide resources to bundle together several federal programs.

H.R. 4275 does not change or amend any current authorizations or authorities affecting the 3,025 mile Appalachian Development Highway System. The Transportation Equity Act for the 21st Century (TEA-21) has already provided necessary amendments for the highway program. As such, the amendments in H.R. 4275 focus on the ARC's administration and area development program.

Solid academic evidence exists of the cost-effectiveness of the ARC and the need for continued funding. A 1993 study, funded by the National Science Foundation, documented the contributions ARC has made to economic growth in the region. The study, using statistical "twin" counties outside of the region, found that: (1) counties of Appalachia grew at a faster rate than comparable counties outside of the ARC region and, (2) due to the presence and funding of the ARC, Appalachian counties averaged 48 percent more growth in income and 17 percent greater growth in per capita income. These results held true for all parts of Appalachia, including urban, rural, and distressed counties. Study results indicate that ARC counties enjoy an increase of \$528 in per capita income because of the ARC investments.

ARC REFORMS

Currently, the ARC Federal Cochairman and the Commission have adopted policies to more effectively target ARC resources to truly distressed communities in Appalachia. There is no question that certain areas of the region, in the 30 years since the ARC was established, have become economically competitive and may not necessarily require the additional assistance provided by ARC programs. The Committee strongly endorses the effort to target assistance to distressed areas and has included in H.R. 4275 a number of major provisions that will ensure that funds go where they are most needed.

Specifically, H.R. 4275 requires the Commission, within 90 days of enactment, and annually thereafter, to designate as "distressed counties" those counties in the region that are the most severely and persistently distressed and underdeveloped and designate as "economically strong counties" those counties in the region which have attained substantial economic parity with the rest of the Nation. In the statutory language the Committee has not established the specific criteria to be used for the designation of distressed and economically competitive counties. This discretion is granted to the Commission because the Committee believes that the current Commission is aggressively working to better target ARC funds to the most distressed areas. Nevertheless, the Committee intends to closely monitor the designation process used by the Commission to assess whether further statutory guidance may be needed.

The bill provides that, except in limited circumstances, ARC assistance shall not be provided in economically competitive counties. Further, the matching rate for most area development programs is

statutorily limited to 50 percent unless a county is designated as distressed, in which case the matching rate may go up to 80 percent. These matching rates should be viewed as ceilings and the Commission should continue efforts to achieve the greatest possible degree of non-federal participation.

To further emphasize the need to focus funds on distressed communities, the Committee has amended the findings and purposes of the Appalachian Regional Development Act of 1965 to explicitly state as a priority the addressing of the needs of distressed areas. This emphasis is also added to the program development criteria that the Commission uses pursuant to section 224(a) of the Act.

H.R. 4275 further requires the Commission to use outcome measurements and benchmarks as a program development criteria. The Committee believes that this is an additional protection to ensure that cost-effective, worthy projects are approved.

Total authorizations for the ARC are \$67 million in FY 1999, growing to \$80 million in FY 2003. Consistent with these authorizations, the termination date for the Commission is extended to October 1, 2003.

The Committee has also excised from the Act of number of obsolete authorizations. These obsolete authorizations are either no longer needed or are duplicated by other federal programs. Specifically, H.R. 4275 repeals: section 203, which authorizes projects for land stabilization, conservation, and erosion control; section 204, timber development; section 205, mining area restoration; section 206, a water resource survey; section 208, airport safety projects; section 212, sewage treatment works; and section 213, which related to repealed provisions in the Housing Act of 1954. The Committee has included in the bill a number of other technical changes, many of which have passed the House in previous Congresses, to update the Act and improve the administration of the program.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Act may be cited as the “Economic Development Partnership Act of 1998.”

Section 2. Reauthorization of Public Works and Economic Development Act of 1965 (PWEDA)

Strike the 1965 Act and replace it with the reform bill. Include congressional findings of the need for federal assistance to distressed areas.

Title I—Economic Development Regional Commissions

SUBTITLE A—REAUTHORIZATIONS

Section 101. Establishment of economic development partnerships, cooperation, and coordination

Encourages the Economic Development Administration (EDA) to cooperate with state and local governments in providing assistance under this Act. Such assistance includes appropriate technical assistance and intergovernmental review of project proposals.

Section 102. Cooperation of federal agencies

Encourages other federal agencies to cooperate in carrying out the purposes of this Act.

Title II—Grants for Public Works and Economic Development

Section 201. Public works grants

Provides authority to make grants for infrastructure projects, using the same language provided under Title I of PWEDA. There is a 50 percent cost share for projects.

Section 202. Construction cost increases

Provides for increases in grant funding due to construction cost increases, at the discretion of the EDA, with significant limitations.

Section 203. Planning and administrative expenses

Provides for grant assistance to political entities and planning organizations using essentially the same language as in Title III of the current Public Works and Economic Development Act (PWEDA). Retains planning process requirements and provisions for state plans.

Section 204. Cost sharing

Establishes a 50 percent direct grant rate for projects under this title.

Section 205. Supplementary grants

Provides authority to supplement grants from designated federal grant-in-aid programs as well as authority to supplement the 50 percent direct grant rate for eligible projects. Similar to PWEDA, it provides that grant rates may be increased in very distressed areas.

Section 206. Regulations to ensure relative needs are met

Directs the Secretary to prescribe rules, regulations, and procedures to carry out this title which will assure that for assistance under section 201 adequate consideration is given to the relative needs of eligible areas, as in PWEDA.

Section 207. Training, research, and technical assistance

Provides authority to make direct grants for training, research, and technical assistance, including program evaluation and economic impact analyses, as well as authority to conduct research and technical assistance through staff, through other federal department or agencies, or through contracts or grants. Authority is similar to PWEDA's.

Section 208. Relocation of individuals and businesses

States that grants to eligible recipients must include relocation assistance to affected persons, as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

Section 209. Economic adjustment

Provides authority, as in PWEDA, to make direct grants for public facilities, public services, business development (including a revolving loan fund), planning, technical assistance, and training, including activities to alleviate long-term economic deterioration, and sudden and severe economic dislocations. This includes assistance for communities affected by defense reductions.

Section 210. Direct expenditure or redistribution by recipient

Provides, as in PWEDA, that amounts from grants under section 209 of this title may be used in direct expenditures or through redistribution to public and private entities in grants, loans, loan guarantees, to reduce loan guarantee interest, or other appropriate assistance, but no grant shall be made by a recipient to a private profit-making entity.

Section 211. Changed project circumstances

Provides authority to approve changes in project scope.

Section 212. Use of funds in projects constructed under projected cost

Provides that funds available because of construction projects completed under cost may be used to further improve the project, as determined by the Secretary.

Section 213. Base closings and realignments

Provides authority for assistance under this title due to the closure or realignment of a military or Department of Energy installation for projects to be carried out on such installation or in communities adversely affected by the closure or realignment.

Section 214. Prevention of unfair competition

Prohibits use of funds under this Act for any project resulting in excess capacity using the same language in section 702 of PWEDA.

Section 215. Sale of financial instruments in revolving loan funds

Allows for the sale of financial instruments in revolving loan funds to recapitalize such funds.

Section 216. Reports by recipient

Requires reports from recipients of assistance containing an evaluation of the effectiveness of the economic assistance provided under this Act.

Title III—Definitions, Eligibility and Comprehensive Economic
Development Strategies

Section 301. Definitions

Defines eligible recipient as an area described in section 302(a), an economic development district designated under section 401, an Indian tribe, a State, a city or other political subdivision (subdivision) of a State or a consortium of such subdivisions, an institution of higher education or a consortium of such institutions, or a public or private nonprofit organization or association acting in coopera-

tion with officials of such subdivisions, and includes private individuals and for-profit organizations for grants under section 207. The terms economic development district, economic development center, grant, Indian tribe, Secretary, and State are also defined.

Section 302. Area eligibility

Allows for self-certification by applicants seeking assistance under section 201 or 209, that they meet one of two basic distress criteria established; such certification to be supported by federal data, when available or, in the absence of recent federal data, by data available through the State government. Such documentation shall be accepted by the Secretary unless the Secretary determines the documentation to be inaccurate. The most recent statistics available shall be used.

Area eligibility is similar to that in PWEDA but provides consistency across programs, and simplifies the process of determining eligibility. All prior designations of eligibility are wiped clean: an area must prove eligibility each time it makes a grant application.

Basic criteria are based on unemployment rates and per capita income. The eligibility requirements also allow the consideration of pockets of poverty and special economic adjustment problems.

Section 303. Comprehensive economic development strategy

Requires applicants for assistance under section 201 or 209 (except for planning) to prepare a comprehensive economic development strategy, acceptable to the Secretary, identifying problems to be addressed and the strategy for addressing them. This is similar to overall economic development programs required for PWEDA economic adjustment grants. It provides that plan prepared under another federally supported program may be acceptable.

Title IV—Economic Development Districts

Section 401. Designation of economic development districts and economic development centers

Establishes criteria for the designation of economic development districts and economic development centers, with essentially the same language as in PWEDA.

Section 402. Termination or modification

Authorizes the Secretary to issue regulations describing standards for terminating or modifying designated economic development districts and economic development centers, as in PWEDA.

Section 403. Bonus

Provides authority to increase the amount of grant assistance authorized by section 204 and 205 for projects within designated economic development districts by an amount not to exceed 10 percent of the aggregate cost of any such project, subject to minimum non-federal share, if certain requirements are met, as in PWEDA.

Section 404. Strategy provided to Appalachian Regional Commission

As in PWEDA, requires that each economic development district provide a copy of its comprehensive economic development strategy to the Appalachian Regional Commission, if any part of such proposed district is within the Appalachian region.

Section 405. Parts not within areas described in section 302(a)

Establishes the authority to provide the financial assistance to those parts of an economic development district which are not within an area described in section 302(a), when such assistance will be of a substantial direct benefit to an area described in section 302(a) within such district, as in PWEDA.

Title V—Administration

Section 501. Under Secretary for Economic Development

Provides that the Secretary will administer the Act with the assistance of an Under Secretary of Commerce for Economic Development to be appointed by the President by and with the advice and consent of the Senate; such Under Secretary of Commerce for Economic Development will serve as the administrator of the Economic Development Administration.

Section 502. Office of Economic Development Information

Establishes an office to serve as an information clearinghouse on matters relating to economic development, economic adjustment, disaster recovery, and defense conversion programs and activities of the federal and state governments, including political subdivisions of the States. The office also shall aid applicants and develop information databases and electronic links to information.

Section 503. Consultation with other persons and agencies including the Internet

Authorizes the Secretary to confer with any persons, including representatives of labor, management, agriculture, and government, who can assist with the problems of area and regional unemployment or underemployment, and to consult with interested departments and agencies as deemed appropriate in the performance of the functions vested in the Secretary by this Act, as in PWEDA.

Section 504. Administration, operation, and maintenance

Requires finding that the project for which federal assistance is granted will be properly and efficiently administered, operated, and maintained, using the same language as in section 604 of PWEDA.

Section 505. Firms desiring federal contracts

Provides, as in PWEDA, that the Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the federal government with a list containing the names and addresses of business firms which are located in areas of high economic distress and which are desirous of obtaining government contracts for the furnishing of supplies or services.

Section 506. Technical amendment to Title 5, U.S.C.

Amends section 5316 of Title 5, United States Code, by striking “Administrator for Economic Development.”

Section 507. Notification of reorganization

Requires 30 days notice to be provided to both the Authorizing and Appropriating Committees prior to any reorganization.

Section 508. Performance evaluations of grant recipients

Requires triennial review of the performance of University Center and Economic Development Assistance Grant recipients.

Section 509. Coordination

Promotes coordination with other economic development programs and establishes a Federal Coordinating Council for Economic Development.

Section 510. Economic development revolving loan fund task force

Directs the Secretary of Commerce to establish a task force to examine issues related to the administration of revolving loan funds.

Title VI—Miscellaneous

Section 601. Powers of the Secretary

Provides numerous powers to the Secretary, substantially similar to the authority under PWEDA, to carry out the Secretary’s duties under this Act, including but not limited to those involving a seal, personnel, hearings, the taking of appropriate actions concerning personal property, real property, or evidence thereof, third party claims, the establishment of performance measures for grants and other assistance provided under this Act, and the establishment of such rules, regulations, and procedures as the Secretary considers appropriate in carrying out the provisions of this Act. It includes authority for the Secretary to protect governmental interest in grant property.

Section 602. Maintenance of standards

Directs the Secretary to continue to implement and enforce the provisions of section 712 of PWEDA.

Section 603. Annual report to Congress

Provides for one annual consolidated report to Congress on the Secretary’s activities under this Act, as required under PWEDA.

Section 604. Use of other facilities

Substantially as in PWEDA, provides authority for the Secretary to: delegate to the heads of other departments and agencies of the federal government any of the Secretary’s functions, powers, and duties under this Act as deemed appropriate and to authorize re-delegation by such heads; transfer funds between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated; accept transfers of funds from other departments and agencies of

the federal government if the funds are used for the purposes for which such funds are specifically authorized and appropriated.

Section 605. Penalties

Provides legal penalties using essentially the same language as in section 710 of PWEDA.

Section 606. Employment of expeditors and administrative employees

Provides requirements concerning the employment of expeditors and administrative employees, as in section 711 of PWEDA.

Section 607. Maintenance of records of approved applications for financial assistance; public inspection

Directs the Secretary, as in PWEDA, to maintain as a permanent part of the records of the Department of Commerce, a list of applications approved for financial assistance under this Act and to make such records available for public inspection during the regular business hours of the Department of Commerce.

Section 608. Records and audit

Requires that recipients keep records and provide access for audits using language similar to that in section 714 of PWEDA.

Section 609. Prohibition against a statutory construction which might cause diminution in other federal assistance

As in PWEDA, provides that financial and technical assistance authorized under this Act be in addition to any federal assistance previously authorized, and no provision of this Act be construed as authorizing or permitting any reduction or diminution in the proportional amount of federal assistance which an entity would otherwise receive.

Section 610. Acceptance of applicants' certifications

Provides authority for the Secretary to accept, when deemed appropriate, the applicants' certifications to meet the requirements of this Act.

Title VII—Funding

Section 701. Authorization of appropriations

Authorizes \$368,000,000 for fiscal years 1999 through 2003 for grant programs and such sums for administrative expenses.

Section 702. Defense conversion activities

In addition to the appropriations authorized by section 701, authorizes to be appropriated to carry out this Act such sums as may be necessary to provide assistance for additional defense conversion activities in fiscal years 2000 through 2003.

Section 703. Savings provisions

Provides that existing rights, duties and obligations, and pending suits are not to be affected by this Act, and that the revolving fund

established under section 203 of PWEDA is to continue to be available as a liquidating account.

SUBTITLE B—INNOVATIVE FINDING PILOT PROGRAMS

Section 121. Public works loan guarantees

Provides that up to 10 percent of Title 201 public works funds may be used for loan guarantees to eligible recipients.

Section 122. Loan assistance demonstration program

Provides that up to 10 percent of Title 209 funds may be used for interest rate buy downs for eligible recipients.

Section 123. Land conveyance

The Secretary of Commerce shall convey, at fair market value, land in Two Harbors, Minnesota.

Section 124. Reports

Provides for reports on the effectiveness of the pilot financing programs in section 121 and section 122.

Section 125. Buy America

Funds must be expended in conformance with the Buy America Act.

Appalachian Regional Commission (ARC)

Section 201. References

Provisions amend the Appalachian Regional Development Act of 1965.

Section 202. Findings and purposes

Outlines congressional findings of a continuing need for programs in Appalachia to provide infrastructure and other economic assistance. In particular, the purpose of the Act is to address the needs of severely and persistently distressed and underdeveloped areas of the region so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across this Nation.

Section 203. Meetings

Requires at least one yearly meeting of the Commission with the Federal Cochairman and at least a majority of State members present. Allows additional meetings via electronic means.

Section 204. Authorizations for administrative expenses

Eliminates outdated language.

Section 205. Compensation of employees

Adjusts the compensation of the alternate to the Federal Cochairman.

Section 206. Lease terms

Extend the ARC's current authority to lease space through the year 2003.

Section 207. Cost sharing of demonstration health projects

Limits ARC funding for health and childcare demonstration projects to 50 percent, except that the limit could be raised up to 80 percent for projects located in distressed counties.

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

Repeals section 203 of the Act which authorized projects for land stabilization, conservation, and erosion control.

Section 209. Repeal of timber development program

Repeals section 204 of the Act which authorized projects for timber development.

Section 210. Repeal of mining area restoration program

Repeals section 205 of the Act which authorized projects for mining area restoration.

Section 211. Repeal of water resource survey

Repeals section 206 of the Act which authorized a water resource survey for the region.

Section 212. Cost sharing of housing projects

Limits ARC funding for grants and loans for planning and obtaining financing for low and moderate-income housing construction or rehabilitation projects to 50 percent, except that the limit could be raised up to 80 percent for projects located in distressed counties.

Section 213. Repeal of airport safety improvements program

Repeals section 208 of the Act which authorized airport safety projects.

Section 214. Cost sharing of education programs

Limits ARC funding for vocational education and education demonstration projects to 50 percent, except that the limit could be raised up to 80 percent for projects located in distressed counties.

Section 215. Sewage treatment works program

Repeals section 212 of the Act which authorized projects for sewage treatment works.

Section 216. Repeal of amendments to Housing Act of 1954

Repeals section 213 of the Act which made the ARC an eligible agency to receive comprehensive housing planning grants under provisions of the Housing Act of 1954. Such provisions have since been repealed.

Section 217. Supplements to federal grant-in-aid programs

Limits ARC funding for supplements to other federal grant-in-aid programs with a limit of 50 percent of project costs, except that the limit could be raised up to 80 percent for projects located in distressed counties. Additionally, it clarifies that Title 23 highway projects are not eligible for supplemental grant funding.

Section 218. Program development criteria

Adds recognition of severe and persistent economic distress to the criteria used for consideration of programs and projects to be funded. Also adds criteria to insure that programs and projects will be subject to outcome measurements and benchmarks designed to justify expenditures. Language also removes some dated limitations on types of assistance to be provided by the Commission.

Section 219. Distressed and economically strong counties

Within 90 days of enactment, and annually thereafter, the Commission shall designate distressed and economically strong counties among the counties in the Appalachian region. Such designations will be made by criteria to be established by the Commission. Distressed counties are those that are most severely and persistently distressed and underdeveloped. Economically strong counties are those which have attained substantial economic parity with the rest of the Nation.

The Commission may discontinue an existing designation, except that any designation of a distressed county shall remain in effect for three years.

Funds may not be provided for a project in an economically competitive county, except for projects on the Appalachian Development Highway System, for local development districts, and discretionary grants authorized by section 302(a).

Section 220. Grant for administrative expenses and commission projects

Amends section 302(a) of the Act to provide cost sharing limitations of 50 percent, with up to 80 percent allowed in distressed counties. Exceptions to these cost share limitations on 302(a) grants are made for regional initiatives or emergency situations. Total funds made available for discretionary grants may not exceed 10 percent of total non-highway authorizations under section 401.

Section 221. Authorization of appropriations for general program

Amends section 401 of the Act to authorize for non-highway programs \$67 million in 1999, \$72 million in 2001, \$75 million in 2002, and \$80 million in 2003.

Section 222. Extension of termination date

Amends section 405 of the Act to extend the termination date for the Commission to October 1, 2003.

HEARINGS AND LEGISLATIVE HISTORY

The Subcommittee on Public Buildings and Economic Development held two days of hearings on July 10 and 17, 1997. Testimony was heard from the Assistant Secretary of Commerce for Economic Development, the ARC Federal Cochairman, a representative of the ARC states, and public witnesses.

The subcommittee considered H.R. 4275 on July 22, 1998 and approved the measure on a voice vote without amendment. The Transportation and Infrastructure Committee considered H.R. 4275 in full committee markup on July 24, 1998. A manager's amend-

ment making technical changes was offered by Subcommittee Chairman Kim and adopted by voice vote. Subsequently, the bill was ordered reported by voice vote, a quorum being present. There were no Committee rollcall votes.

ROLLCALL VOTES

Clause 2(1)(2)(B) of rule XI requires each committee report to include the total number of votes cast for and against on each rollcall vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with ordering H.R. 4275 reported, as amended. A motion by Mr. Kim to order H.R. 4275 reported to the House, as amended, was agreed to by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Clause 2(1)(3)(A) of rule XI requires each committee report to contain oversight findings and recommendations required pursuant to clause 2(b)(1) of rule X. The Committee's oversight findings and recommendations are reflected in this report.

COSTS OF THE LEGISLATION

Clause 7 of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XI

1. With respect the requirement of clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

2. With respect to the requirement of clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee on Transportation and Infrastructure has received no report of findings or recommendations from the Committee on Government reform and Oversight on the subject of H.R. 4275, as amended.

3. With respect to the requirement of clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4275 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 6, 1998.

Hon. BUD SHUSTER,
*Chairman, Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4275, the Economic Development Partnership Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Gary Brown (for federal costs) and Lisa Cash Driskill (for the state and local impact).

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 4275—Economic Development Partnership Act of 1998

Summary: H.R. 4275 would reauthorize and modify programs administered by the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). It would authorize the appropriation of \$2.4 billion for these purposes over the 1999–2003 period. CBO estimates that \$1.3 billion of that amount would be spent over the next five years, assuming appropriation of the authorized sums.

The bill also would allow EDA to expend certain funds that, under current law, would not be spent. CBO estimates that such authority would result in direct spending of \$10 million over fiscal years 1999 through 2002 (with no effect in fiscal year 2003). Because H.R. 4275 would affect direct spending, pay-as-you-go procedures would apply.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the federal government: The estimated budgetary impact of H.R. 4275 is shown in the following table. The cost of this legislation fall within budget function 450 (community and regional development).

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
EDA and ARC spending under current law:						
Budget authority	418	0	0	0	0	0
Estimated outlays	506	436	318	209	94	17
Proposed changes:						
Estimated authorization level	0	465	471	475	476	482
Estimated outlays	0	52	150	255	373	459
EDA and ARC spending under H.R. 4275:						
Estimated authorization level ¹	418	465	471	475	476	482
Estimated outlays	506	488	468	464	467	476

(By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002	2003
CHANGES IN DIRECT SPENDING						
Estimated budget authority	0	0	0	0	0	0
Estimated outlays	0	1	3	3	3	0

¹The 1998 level is the amount appropriated for that year for the programs that would be reauthorized by H.R. 4275.

Basis of estimate: For purpose of this estimate, CBO assumes that H.R. 4275 will be enacted by the beginning of fiscal year 1999 and that all amount authorized or estimated to be authorized by the bill will be appropriated for each year. Estimated outlays are based on historical rates of spending for the EDA and ARC programs.

Spending subject to appropriation

Economic Development Administration. H.R. 4275 would authorize the appropriation of \$368 million annually over the 1999–2003 period for the economic development assistance programs of EDA. (The bill would not authorize funding for EDA’s Trade Adjustment Assistance program.) Additionally, the bill would authorize such sums as necessary for administering these programs. Based on information provided by EDA, CBO estimates that administering these programs would require additional spending subject to appropriation of \$30 million in 1999, \$31 million in 2000, \$32 million in 2001, \$33 million in 2002, and \$34 million in 2003.

The bill also would authorize such sums as necessary for assisting communities affected by the downsizing of the Department of Defense and Department of Energy. Based on information provided by EDA, CBO estimates that such additional funding would probably not be necessary unless the Congress enacts legislation requiring additional closings or reductions.

Appalachian Regional Commission. H.R. 4275 would authorize the appropriation of \$67 million in 1999, \$72 million in 2000, \$75 million in 2001, \$75 million in 2002, and \$80 million in 2003 for the economic development programs of the ARC. The bill would not authorize funding for the Appalachian Development Highway System.

Direct spending

Expiring Funds. H.R. 4275 would allow recipients of EDA grants, under certain conditions, to use funds that, under current law, would not be spent because the scope or purpose of the project that they were originally provided for has changed or the cost of the project was lower than anticipated. As is the case under current law, EDA’s authority to spend funds would continue to expire five years after the date on which such funds are obligated. CBO estimates that, under current law, about \$10 million of previously appropriated funding will lapse each year over the 1999–2002 period. From those amounts, CBO estimates that, under H.R. 4275, about \$1 million in additional outlays would occur in 1999 and about \$3 million in additional outlays would occur for each of fiscal years 2000 through 2002.

Expanded Use of EDA Liquidating Account. Enacting H.R. 4275 also would affect direct spending by authorizing EDA to use loan

repayments to pay expenses associated with seizing, protecting, or conveying assets. For example, under the bill, loan proceeds would be available for taking over property that was acquired with an EDA grant but is now being used for purposes that are inconsistent with the terms of the original grant. Once the property was acquired, the funds also could be used to pay the costs of transferring the land to nonfederal ownership (for example, the costs of conducting environmental impact statements). CBO expects that this authority would allow EDA to acquire or convey additional assets and that, on average, the proceeds that would result from conveying these assets would offset any increases in spending, resulting in no significant net change in direct spending for each year.

Pay-as-you-go-considerations: The Balanced Budget and Emergency Deficit Control Act set up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding for years are counted.

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	1	3	3	3	0	0	0	0	0	0
Changes in receipts						Not applicable					

Estimated impact on state, local and tribal governments: H.R. 4275 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would reauthorize the Economic Development Administration and the Appalachian Regional Commission, with most of the money going to grants for public infrastructure and economic development activities. The bill would tighten the eligibility criteria for grant funding and generally drop the maximum federal match from 80 percent to 50 percent, changes that would codify current practice for the two programs.

The bill would also, under certain circumstances, expand the possible uses of grant funds provided for specific projects. Finally, it would establish pilot programs to provide loan guarantees for public works projects and to reduce interest rates on loans for economic development projects.

Estimated impact on the private sector: The bill would impose no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal costs—Gary Brown; impact on state, local, and tribal governments—Lisa Cash Driskill.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (2)(1)(4) of rule XI of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursu-

ant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

[STATEMENT OF PURPOSE

[SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another. Congress further declares that, in furtherance of maintaining the national economy at a high level, the

assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place.

**【TITLE I—GRANTS FOR PUBLIC WORKS AND
DEVELOPMENT FACILITIES**

【SEC. 101. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

【(1) to make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

【(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

【(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

【(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

【(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

【(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as hereinafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

[(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

[(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share.

[In the case of any State or political subdivision thereof which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary shall reduce the non-Federal share below such per centum or shall waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act.

[In case of any community development corporation which the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act.

[Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs.

[Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law.

[The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section.

[In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the projects to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

[(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall

consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

[(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

[SEC. 102. For each of the fiscal years ending June 30, 1975, June 30, 1976, September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, not to exceed \$30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year, and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$7,500,000 of the funds authorized to be appropriated under such section 105 for such period, shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

[SEC. 103. Not more than 15 per centum of the appropriations made pursuant to this title may be expended in any one State.

[SEC. 105. There is hereby authorized to be appropriated to carry out this title not to exceed \$500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through fiscal year ending June 30, 1971, not to exceed \$800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, not to exceed \$200,000,000 for the fiscal year ending June 30, 1974, and not to exceed \$200,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$250,000,000 for the fiscal year ending June 30, 1976, not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$425,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$150,000,000 for the fiscal year ending September 30, 1982. Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974, and not less than 15 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 and June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976,

and the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a)(6) of this Act.

【FINANCIAL ASSISTANCE FOR SEWER FACILITIES

【SEC. 106. No financial assistance, through grants, loans, guarantees, or otherwise, shall be made under this Act to be used directly or indirectly for sewer or other waste disposal facilities unless the Secretary of Health, Education, and Welfare certifies to the Secretary that any waste material carried by such facilities will be adequately treated before it is discharged into any Public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

【CONSTRUCTION COST INCREASES

【SEC. 107. In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall the percentage of the Federal share of such project exceed that originally provided for in such grant.

【TITLE II—OTHER FINANCIAL ASSISTANCE

【PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

【SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

【(1) the project for which financial assistance sought will directly or indirectly—

【(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

【(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

【(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially

further the objectives of the Economic Opportunity Act of 1964;

[(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

[(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

[(4) there is a reasonable expectation of repayment; and

[(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

[(b) Subject to section 710(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not exceed one-half of 1 per centum per annum.

[(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purposes of purchasing evidence of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal years ending June 30, 1975, and June 30, 1976, and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$46,500,000 for the fiscal year ending September 30, 1982.

[(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

[LOANS AND GUARANTEES

[SEC. 202. (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for pur-

poses of this section shall include participation in loans). (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

[(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section, to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. No payment under this paragraph shall result in the interest rate being paid by a borrower on such a guaranteed loan being less than the rate of interest for such a loan if it were made under section 201 of this Act. Payment made to or on behalf of such borrower shall be made no less often than annually.

[(3) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payment of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease, (D) paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to create new or increased employment.

[(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

[(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however,* That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

[(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been ap-

proved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

[(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

[(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

[(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

[(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

[(7) Subject to section 701(5) of this Act, no loan or guarantee, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

[(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

[(9) Loan assistance (other than for a working capital loan) shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

[(A) other funds are available in an amount which together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

[(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such

Federal financial assistance: *Provided, however,* That, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with the objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

[(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

[(10) No such assistance shall be extended unless there shall be submitted to and approval of the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided,* That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

【ECONOMIC DEVELOPMENT FUNDS

【SEC. 203. Funds obtained by the Secretary under section 201; loan funds obtained under section 403, and collections and repayments received under this Act, shall be deposited in an economic development revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 201, 202, and 403, and for the payment of all obligations and expenditures arising in connection therewith. There shall also be credited to the fund such funds as have been paid into the area development fund or may be received from obligations outstanding under the Area Redevelopment Act. The fund shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average ma-

turities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the month of September preceding the fiscal year in which the loans were made.

【REDEVELOPMENT AREA LOAN PROGRAM

【SEC. 204. (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make an interest free loan to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such interest free loan shall be made on condition (1) that the area will use such interest free loan to make loans to carry out such plan, (2) the repayment of any loan made by the area from such interest free loan shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. Any such interest free loan shall be repaid to the United States by a redevelopment area whenever such area has its designation as a redevelopment area terminated or modified under section 402 of this Act. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for title I through IV through fiscal year 1971", approved July 6, 1970 (P.L. 91-304).

【(b)(1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this section in meeting the need it was designed to alleviate and the purposes of this section.

【(2) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate.

【(c) There is authorized to be appropriated to carry out this section not to exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, and September 30, 1979, September 30, 1980, and September 30, 1981.

【TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND
INFORMATION

【SEC. 301. (a) In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include project planning and feasibility studies, management and operational assistance, and studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff, through the payment of funds authorized for this section to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private nonprofit State, area, district, or local organizations. The Secretary, in his discretion, may require the repayment of assistance provided under this subsection and prescribe the terms and conditions of such repayment.

【(b) The Secretary is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of organizations which he determines to be qualified to receive grants-in-aid under subsection (a) hereof, except that in the case of a grant under this subsection to an Indian tribe the Secretary is authorized to defray up to 100 per centum of such expenses. In determining the amount of the non-Federal share of such costs or expenses, the Secretary shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including but not limited to space, equipment, and services. Where practicable grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, such as urban planning grants, authorized under the Housing Act of 1954, as amended, and highway planning and research grants authorized under the Federal-aid Highway Act of 1962, to assure adequate and effective planning and economical use of funds.

【(c) To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study, training, and research to (A) assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas and regions of the Nation, (B) assist in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions to the problems resulting from these conditions, and (C) assist in providing the personnel needs to conduct such programs. The program of study, training, and research may be conducted by the Secretary through members of his staff, through payment of funds authorized for this section to other departments or agencies of the Federal Government, or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such

purposes, or through grants to such individuals, organizations, or institutions, or through conferences, and similar meetings organized for such purposes. The Secretary shall make available to interested individuals and organizations the results of such research. The Secretary shall include in his annual report under section 707 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

[(d) The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

[(e) The Secretary shall establish an independent study board consisting of governmental and non governmental experts to investigate the effects of Government procurement, scientific, technical, and other related policies, upon regional economic development. Any Federal officer or employee may, with the consent of the head of the department or agency in which he is employed, serve as a member of such board, but shall receive no additional compensation for such service. Other members of such board may be compensated in accordance with the provisions of section 701(10). The board shall report its findings, together with recommendations for the better coordination of such policies, to the Secretary, who shall transmit the report to the Congress not later than two years after the enactment of this Act.

[(f) The Secretary is authorized to make grants, enter into contracts or otherwise provide funds for any demonstration project within a redevelopment area or areas which he determines is designed to foster regional productivity and growth, prevent out migration, and otherwise carry out the purposes of this Act.

[SEC. 302. (a) The Secretary is authorized, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including a redevelopment area or an economic development district), to make direct grants to such State, city, or other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. The planning for cities, other political subdivisions, and sub-State planning and development organizations (including redevelopment areas and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economics, defining development goals, determining project opportunities, and formulating and implementing a development program. Any overall State economic development plan pre-

pared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and the economic development districts located in whole or in part within such State. Upon completion of any such plan, the State shall certify to the Secretary (1) that in the preparation of such State plan, the local and economic development district plans were considered and, to the fullest extent possible, such State plan is consistent with such local and economic development district plans, and (2) that such State plan is consistent, with such local and economic development district plans, or, if such State plan is not consistent with such local and economic development district plans, all of the inconsistencies of the State plan with the local and economic development district plans, and the justification for each of these inconsistencies. Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals; to support sound land use, to enhance and protect the environment including the conservation and preservation of open spaces and environmental quality, to provide public services, and to balance physical and human resources through the management and control of physical development. The assistance available under this section may be provided in addition to assistance available under section 301(b) of this Act but shall not supplant such assistance and shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

[(b) In addition, the Secretary is authorized to assist economic development districts in—

[(1) providing technical assistance (other than by grant) to local governments within the district; and

[(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.

[(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

[SEC. 303. (a) There is hereby authorized to be appropriated \$25,000,000 annually for the purposes of Sections 301 and 302 of this Act, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, \$50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and \$35,000,000 for the fiscal year ending June 30, 1974 and \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30,

1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$35,500,000 for the fiscal year ending September 30, 1982.

[(b) Not to exceed \$15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976. September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.

[SUPPLEMENTAL AND BASIC GRANTS

[SEC. 304. (a) There are hereby authorized to be appropriated \$35,000,000 for the fiscal year ending June 30, 1975, and \$75,000,000 for the fiscal year ending June 30, 1976, \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal year ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, and IX of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

[(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

[(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, or IX of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

[(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

[(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which

is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

【TITLE IV—AREA AND DISTRICT ELIGIBILITY

【PART A—REDEVELOPMENT AREAS

【AREA ELIGIBILITY

【SEC. 401. (a) The Secretary shall designate as “redevelopment areas”—

【(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

【(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent twelve consecutive months, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

【(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

【(i) 50 per centum above the national average for three of the preceding four calendar years, or

【(ii) 75 per centum above the national average for two of the preceding three calendar years, or

【(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

【(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

【(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment; *Provided, however,* That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;

【(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three

years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsection 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

[(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965; *Provided, however,* That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

[(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

[(A) a large concentration of low-income persons;

[(B) rural areas having substantial outmigration;

[(C) substantial unemployment; or

[(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

[(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available;

[(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months;

[(9) those areas which the Secretary determines have demonstrated long-term economic deterioration.

[(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however,* That—

[(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

[(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202(b)(10) of this Act within the reasonable time after notification of eligibility for designation, shall not thereafter be des-

ignated prior to the next annual review of eligibility in accordance with section 402 of this Act;

[(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401 (a)(3) or (a)(6); and

[(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a country, or municipality with a population of over twenty-five thousand, whichever in the opinion of the Secretary is appropriate. Nothing in this subsection shall prevent any municipality, designated as a redevelopment area or eligible to be designated as a redevelopment area, from combining with any other community having mutual economic interests and transportation and marketing patterns for the purposes of such designation.

[(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

[(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided*, That the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

[(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

ANNUAL REVIEW OF AREA ELIGIBILITY

[SEC. 402. The Secretary shall conduct an annual review of all areas designated in accordance with section 401 of this Act, and on the basis of such reviews shall terminate or modify such designation whenever such an area no longer satisfies the designation requirements of section 401, but in no event shall such designation of an area be terminated prior to the expiration of the third year after the date such area was so designated. No area previously designated shall retain its designated status unless it maintains a currently approved overall economic development program in accordance with subsection 202(b)(10). No termination of eligibility shall

(1) be made without thirty days' prior notification to the area concerned, (2) affect the validity of any application filed, or contract or undertaking entered into, with respect to such area pursuant to this Act prior to such termination, (3) prevent any such area from again being designated a redevelopment area under section 401 of this Act if the Secretary determines it to be eligible under such section, or (4) be made in the case of any designated area where the Secretary determines that an improvement in the unemployment rate of a designated area is primarily the result of increased employment in occupations not likely to be permanent. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the classification of any area.

【PART B—ECONOMIC DEVELOPMENT DISTRICTS

【SEC. 403. (a) In order that economic development projects of broader geographic significance may be planned and carried out, the Secretary is authorized—

【(1) to designate appropriate “economic development districts” within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

【(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

【(B) the proposed district contains at least one redevelopment area;

【(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

【(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

【(2) to designate as “economic development centers,” in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

【(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation;

【(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

- [(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.
- [(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designed under subsection (a)(2) above, if—
- [(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;
- [(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and
- [(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;
- [(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—
- [(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and
- [(B) the project is consistent with an approved district overall economic development program.
- [(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—
- [(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;
- [(2) to cooperate with the several States—
- [(A) in sponsoring and assisting district economic planning and development groups, and
- [(B) in assisting such district groups to formulate district overall economic development programs;
- [(3) to encourage participation by appropriate local governmental authorities in such economic development districts.
- [(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.
- [(d) As used in this Act, the term “economic development district” refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

[(e) As used in this Act, the term “economic development center” refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

[(f) For the purpose of this Act the term “local government” means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

[(g) There is hereby authorized to be appropriated not to exceed \$50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for financial assistance extended under the provisions of subsection (a)(3) and (A)(4) hereof.

[(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

[(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

[(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of a substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

【PART C—INDIAN ECONOMIC DEVELOPMENT

【SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed \$25,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not

to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

【PART D—UNEMPLOYMENT RATE DETERMINATIONS

【SEC. 405. Whenever any provision of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding relating to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization.

【TITLE VI—ADMINISTRATION

【SEC. 601. (a) The Secretary shall administer this Act and, with the assistance of an Assistant Secretary of Commerce, in addition to those already provided for, shall supervise and direct the Administrator created herein, and coordinate the Federal cochairmen appointed heretofore or subsequent to this Act. The Assistant Secretary created by this section shall be appointed by the President by and with the advice and consent of the Senate. Such Assistant Secretary shall perform such functions as the Secretary may prescribe. There shall be appointed by the President, by and with the advice and consent of the Senate, an Administrator for Economic Development who shall be compensated at the rate provided for level V of the Federal Executive Salary Schedule who shall perform such duties as are assigned by the Secretary.

【(b) Paragraph (12) of subsection (d) of section 303 of the Federal Executive Salary Act of 1964 is amended by striking out “(4)” and inserting in lieu thereof “(5)”.

【(c) Subsection (e) of section 303 of the Federal Executive Salary Act of 1964 is amended by adding at the end thereof the following new paragraph:

【“(100) Administrator for Economic Development.”

【ADVISORY COMMITTEE ON REGIONAL ECONOMIC DEVELOPMENT

【SEC. 602. The Secretary shall appoint a National Public Advisory Committee on Regional Economic Development which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

【CONSULTATION WITH OTHER PERSONS AND AGENCIES

【SEC. 603. (a) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment or underemployment.

【(b) The Secretary may make provisions for such consultation with interested departments and agencies as he may deem appropriate in the performance of the functions vested in him by this Act.

【ADMINISTRATION, OPERATION, AND MAINTENANCE

【SEC. 604. No Federal assistance shall be approved under this Act unless the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

【TITLE VII—MISCELLANEOUS

【POWERS OF SECRETARY

【SEC. 701. In performing his duties under this Act, the Secretary is authorized to—

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

【(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

【(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

【(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collect or compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

【(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

【(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and con-

ditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by him in connection with loans made or evidences of indebtedness purchased under this Act;

[(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

[(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 201, 202, 301, 403, and 503 of this Act;

[(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

[(10) employ experts and consultants or organizations therefor as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), compensate individuals so employed at rates not in excess of \$100 per diem, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b-2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually;

[(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sec-

tions 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

[(12) establish such rules, regulations and procedures as he may deem appropriate in carrying out the provisions of this Act.

【PREVENTION OF UNFAIR COMPETITION

【SEC. 702. No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises.

【SAVINGS PROVISIONS

【SEC. 703. (a) No suit, action, or other proceedings lawfully commenced by or against the Administrator or any other officer of the Area Redevelopment Administration in his official capacity or in relation to the discharge of his official duties under the Area Redevelopment Act, shall abate by reason of the taking effect of the provisions of this Act, but the court may, on motion or supplemental petition filed at any time within twelve months after such taking effect, showing a necessity for the survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the Secretary or the Administrator or such other officer of the Department of Commerce as may be appropriate.

【(b) Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. All rules, regulations, orders, authorizations, delegations, or other actions duly issued, made, or taken by or pursuant to applicable law, prior to the effective date of this Act, by any agency, officer, or office pertaining to any functions, powers, and duties under the Area Redevelopment Act shall continue in full force and effect after the effective date of this Act until modified or rescinded by the Secretary or such other officer of the Department of Commerce as, in accordance with applicable law, may be appropriate.

【TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

【SEC. 704. (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

【(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act or until the expiration of the first period of sixty days following the

effective date of this Act, which shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

[(c) The provisions of this Act shall take effect upon enactment unless herein explicitly otherwise provided.

[(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

[(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed), except (1) for projects specifically authorized by Congress, and (2) for local projects for industrial parks and industrial or commercial areas in communities where the electrical energy or gas supply is, or is threatened to be interrupted or curtailed resulting in a loss of jobs, or where the purpose is to save jobs, or create new jobs, on condition that (A) the Secretary finds that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of the Secretary, will permit accomplishment of the project, and (B) the State or Federal regulatory body regulating such service determines that the facility to be financed will not compete with an existing public utility rendering such a service to the public at rates or charges subject to regulation by such State or Federal regulatory body, or if there is a determination of competition, the State or Federal regulatory body must make a determination that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake. Not more than \$7,000,000 approximated to carry out titles I and II of this Act may be expended annually for such projects.

【SEPARABILITY

【SEC. 705. Notwithstanding any other evidence of the intent of Congress, it is hereby declared to be the intent of Congress that if any provision of this Act or the application thereof to any persons or circumstances shall be adjudged by any court of competent jurisdiction to be invalid such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provision of this Act or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

【APPLICATION OF ACT

【SEC. 706. As used in this Act, the terms "State", "States", and "United States" include the several States, the District of Colum-

bia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

【ANNUAL REPORT

【SEC. 707. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1966. Such report shall be printed and shall be transmitted to the Congress not later than April 1 of the year following the fiscal year with respect to which such report is made.

【USE OF OTHER FACILITIES

【SEC. 708. (a) The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties of this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

【(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

【(c) Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

【APPROPRIATION

【SEC. 709. There are hereby authorized to be appropriated such sums as may be necessary to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act, except that there are hereby authorized to be appropriated to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act not to exceed \$25,000,000 for the fiscal year ending September 30, 1982. Appropriations authorized under this Act shall remain available until expended unless otherwise provided by appropriations Acts.

【PENALTIES

【SEC. 710. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalue any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 101, 201, or 403 or any extension thereof by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

【(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or oth-

erwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report or statement of or to the Secretary, or without being duly authorized draws any orders of issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

【EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

【SEC. 711. No financial assistance shall be extended by the Secretary under section 101, 201, 202, or 403 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

【PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

【SEC. 712. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary shall not extend any financial assistance under sections 101, 201, 202, 403, 903, and 1003, for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

【RECORD OF APPLICATIONS

【SEC. 713. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 101, 201, 202, or 403, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved; (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

【RECORDS AND AUDIT

【SEC. 714. (a) Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

【(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.

【CONFORMING AMENDMENT

【SEC. 715. All benefits heretofore specially made available (and not subsequently revoked) under other Federal programs to persons or to public or private organizations, corporations, or entities in areas designated by the Secretary as “redevelopment areas” under section 5 of the Area Redevelopment Act, are hereby also extended, insofar as practicable, to such areas as may be designated as “redevelopment areas” or “economic development centers” under the authority of section 401 or 403 of this Act: *Provided, however,* That this section shall not be construed as limiting such administrative discretion as may have been conferred under any other law.

【SEC. 716. All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision hereof shall be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance to which any State or other entity eligible under this Act would otherwise be entitled under the provisions of any other Act.

【TITLE VIII—ECONOMIC RECOVERY FOR DISASTER AREAS

【PURPOSE OF TITLE

【SEC. 801. (a) It is the purpose of this title to provide assistance for the economic recovery, after the period of emergency aid and re-

placement of essential facilities and services, of any major disaster area which has suffered a dislocation of its economy of sufficient severity to require (1) assistance in planning for development to replace that lost in the major disaster; (2) continued coordination of assistance available under Federal-aid programs; and (3) continued assistance toward the restoration of the employment base.

[(b) As used in this title, the term "major disaster" means a major disaster declared by the President in accordance with the Disaster Relief and Emergency Assistance Act.

DISASTER RECOVERY PLANNING

[SEC. 802. (a)(1) In the case of any area affected by a major disaster the Governor may request the President for assistance under this title. The Governor, within thirty days after authorization of such assistance by the President, shall designate a Recovery Planning Council for such area or for each part thereof.

[(2) Such Recovery Planning Council shall be composed of not less than five members, a majority of whom shall be local elected officials of political subdivisions within the affected areas, at least one representative of the State, and a representative of the Federal Government appointed by the President in accordance with paragraph (3) of this subsection. During the major disaster, the Federal coordinating officer shall also serve on the Recovery Planning Council.

[(3) The Federal representative on such Recovery Planning Council may be the Chairman of the Federal Regional Council for the affected area, or a member of the Federal Regional Council designated by the Chairman of such Regional Council. The Federal representative on such Recovery Planning Council may be the Federal Cochairman of the Regional Commission established pursuant to title V of this Act, or the Appalachian Regional Development Act of 1965, or his designee, where all of the area affected by a major disaster is within the boundaries of such Commission.

[(4) The Governor may designate an existing multijurisdictional organization as the Recovery Planning Council where such organization complies with paragraph (2) of this subsection with the addition of State and Federal representatives except that if all or part of an area affected by a major disaster is within the jurisdiction of an existing multijurisdictional organization established under title VI of this Act or title III of the Appalachian Regional Development Act of 1965, such organization, with the addition of State and Federal representatives in accordance with paragraph (2) of this subsection, shall be designated by the Governor as the Recovery Planning Council. In any case in which such title III or IV organization is designated as the Recovery Planning Council under this paragraph, some local elected officials of political subdivisions within the affected areas must be appointed to serve on such Recovery Planning Council. Where possible, the organization designated as the Recovery Planning Council shall be or shall be subsequently designated as the appropriate agency required by section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and by the Intergovernmental Cooperation Act of 1968 (Public Law 90-577; 82 Stat. 1098).

[(5) The Recovery Planning Council shall include private citizens as members to the extent feasible, and shall provide for and encourage public participation in its deliberations and decisions.

[(b) The Recovery Planning Council (1) shall review existing plans for the affected area; and (2) may recommend to the Governor and responsible local governments such revisions as it determines necessary for the economic recovery of the area, including the development of new plans and the preparation of a recovery investment plan for the 5-year period following the declaration of the major disaster. The Recovery Planning Council shall accept as one element of the recovery investment plans determinations made under section 406(c) of the Disaster Relief and Emergency Assistance Act.

[(c)(1) A recovery investment plan prepared by a Recovery Planning Council may recommend the revision, deletion, reprogramming, or additional approval of Federal-aid projects and programs within the area—

[(A) for which application has been made but approval not yet granted;

[(B) for which funds have been obligated or approval granted but construction not yet begun;

[(C) for which funds have been or are scheduled to be apportioned within the five years after the declaration of the disaster;

[(D) which may otherwise be available to the area under any State schedule or revised State schedule of priorities; or

[(E) which may reasonably be anticipated as becoming available under existing programs.

[(2) Upon the recommendation of the Recovery Planning Council and the request for the Governor, any funds for projects or programs identified pursuant to paragraph (1) of this subsection may, to any extent consistent with appropriation Acts, be placed in reserve by the responsible Federal agency for use in accordance with such recommendations. Upon the request of the Governor and with the concurrence of affected local governments, such funds may be transferred to the Recovery Planning Council to be expended in the implementation of the recovery investment plan, except that no such transfer may be made unless such expenditure is for a project or program for which such funds originally were made available by an appropriation Act.

[PUBLIC WORKS AND DEVELOPMENT FACILITIES GRANTS AND LOANS

[SEC. 803. (a) The President is authorized to provide funds to any Recovery Planning Council for the implementation of a recovery investment plan by public bodies. Such funds may be used—

[(1) to make loans for the acquisition or development of land and improvements for public works, public service, or development facility usage, including the acquisition or development of parks or open spaces, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, and

[(2) to make supplementary grants to increase the Federal share for projects for which funds are reserved pursuant to

subsection (c)(2) of section 802 of this Act, or other Federal-aid projects in the affected area.

[(b) Grants and loans under this section may be made to any State, local government, or private or public nonprofit organization representing any area or part thereof affected by a major disaster.

[(c) No supplementary grant shall increase the Federal share of the cost of any project to greater than 90 per centum, except in the case of a grant for the benefit of Indians or Alaska Natives, or in the case of any State or local government which the President determines has exhausted its effective taxing and borrowing capacity.

[(d) Loans under this section shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum per annum.

[(e) Financial assistance under this title shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them. Such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Commerce finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

【LOAN GUARANTEES

【SEC. 804. The President is authorized to provide funds to Recovery Planning Councils to guarantee loans made to private borrowers by private lending institutions (1) to aid in financing any project within any area affected by a major disaster for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage including the construction of new buildings, and rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion or enlargement of existing buildings; and (2) for working capital in connection with projects in areas assisted under paragraph (1), upon application of such institution and upon such terms and conditions as the President may prescribe. No such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

【TECHNICAL ASSISTANCE

【SEC. 805. (a) In carrying out the purposes of this title the President is authorized to provide technical assistance which would be useful in facilitating economic recovery in areas affected by major disasters. Such assistance shall include project planning and fea-

sibility studies, management and operational assistance, and studies evaluating the needs of, and developing potentialities for, economic recovery of such areas. Such assistance may be provided by the President directly, through the payment of funds authorized for this title to other departments or agencies of the Federal Government, through the employment of private individuals, partnerships, firms, corporations or suitable institutions, under contracts entered into for such purposes, or through grants-in-aid to appropriate public or private non-profit State, area, district, or local organization.

[(b) The President is authorized to make grants to defray not to exceed 75 per centum of the administrative expenses of Recovery Planning Councils designated pursuant to section 802 of this Act. In determining the amount of the non-Federal share of such costs or expenses, the President shall give due consideration to all contributions both in cash and in kind, fairly evaluated including but not limited to space, equipment, and services. Where practicable, grants-in-aid authorized under this subsection shall be used in conjunction with other available planning grants, to assure adequate and effective planning and economical use of funds.

【TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

【PURPOSE

【SEC. 901. It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions (including long-term economic deterioration), and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

【DEFINITION

【SEC. 902. As used in this title, the term “eligible recipient” means a redevelopment area or economic development district established under title IV of this Act, an Indian tribe, a State, a city or other political subdivision of a State, or consortium of such political subdivisions.

【GRANTS BY SECRETARY

【SEC. 903. (a)(1) The Secretary is authorized to make grants directly to any eligible recipient in an area (A) which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government), or (B) which the Secretary determines has demonstrated long-term economic deterioration, to carry out or develop a plan which meets

the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals and businesses, and other assistance which demonstrably furthers the economic adjustment objectives of this title.

[(2)(A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, payments to reduce interest on loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profit-making entity.

[(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

[(b) No plan shall be approved by the Secretary under this section unless such plan shall—

[(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

[(2) describe each activity planned to meet each such need;

[(3) explain the details of the method of carrying out each such planned activity;

[(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

[(5) be in such form and contain such additional information as the Secretary shall prescribe.

[(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

[(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary may transfer funds available for such grant to the Secretary of Labor and the Secretary of Labor is authorized to provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while the individual is unemployed. Such assistance as the Secretary of Labor may provide shall be available to an individual not otherwise disqualified under State law for unemployment compensation benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of employment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment compensation or of private income protection insurance compensation available to such

individual for such week of employment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

【REPORTS AND EVALUATION

【SEC. 904. (a) Each eligible recipient which receives assistance under this title shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need it was designed to alleviate and the purposes of this title.

【(b) The Secretary shall include in the annual report pursuant to section 707 of this Act a consolidated report with his recommendations, if any, on the assistance authorized under this title, in a form which he deems appropriate.

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 905. There is authorized to be appropriated to carry out this title not to exceed \$75,000,000 for the fiscal year ending June 30, 1975, and \$100,000,000 for the fiscal year ending June 30, 1976, not to exceed \$25,000,000 for the transition quarter ending September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, and not to exceed \$33,000,000 for the fiscal year ending September 30, 1982.

【TITLE X—JOB OPPORTUNITIES PROGRAM

【STATEMENT OF PURPOSE

【SEC. 1001. It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

【DEFINITIONS

【SEC. 1002. For the purpose of this title the term “eligible area” means any area, which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 7 per centum for the most recent calendar quarter or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 which has unemployment equal to or in excess of 7 per centum with special consideration given to areas with unemployment rates above the national average.

【PROGRAM AUTHORIZED

【SEC. 1003. (a) To carry out the purposes of this title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1007 of this title to provide financial assistance to programs and projects identified through the review process described in sec-

tion 1004 to expand or accelerate the job creating impact of such programs or projects for unemployed persons in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected areas have an adequate opportunity to comment on the specific proposal.

[(b) Whenever funds are made available by the Secretary of Commerce under this title for any program or project, the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such assistance shall, except as otherwise provided in this subsection, administer the law authorizing such assistance in accordance with all applicable provisions of that law, except provisions relating to—

[(1) requiring allocation of funds among the States,

[(2) limits upon the total amount of such grants for any period, and

[(3) the Federal contribution to any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any non-Federal contribution cannot reasonably be obtained by the State or local government concerned.

[(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title.

[(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriations of the proposed activity to the number and needs of unemployed persons in the eligible area.

[(e)(1) The Secretary, if the national unemployment rate is equal to or exceeds 7 per centum for the most recent calendar quarter, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent calendar quarter. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the first sentence of this subsection.

[(2) Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs.

【PROGRAM REVIEW

【SEC. 1004. (a) Within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, after the date of enactment of the Public Works and Economic Development Act Amendments of 1976, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b) for which funds could be obligated in such year with Federal financial assistance under this title); and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency, instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

【(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

【(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including, but not limited to, new or revised programs and projects submitted in accordance with this section.

【RULES AND REGULATIONS

【SEC. 1005. The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of applicants for assistance in rural eligible areas and the relative needs of applicants for assistance in urban eligible areas and to any equitable distribution of funds authorized under this title between rural and urban eligible applicants unless this would require project grants to be made in areas which do not meet the criteria of this title.

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 1006. (a) There are hereby authorized to be appropriated to carry out the provisions of this title \$81,250,000 for each calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 per centum on the average. No further appropriations of funds is authorized under this section if a determination is made that the national average rate of unem-

ployment has receded below an average of 7 per centum for the most recent calendar quarter as determined by the Secretary of Labor.

[(b) Funds authorized by subsection (a) are available for grants by the Secretary when the national average unemployment is equal to or in excess of an average of 7 per centum for the most recent calendar quarter. If the national average unemployment rate recedes below an average of 7 per centum for the most recent calendar quarter, the authority of the Secretary to make grants or obligate funds under this title is terminated. Grants may not be made until the national average unemployment has equalled or exceeded an average of 7 per centum for the most recent calendar quarter.]

[(c) Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law.]

[TERMINATION DATE]

[SEC. 1007. Notwithstanding any other provision of this title, no further obligations of funds appropriated under this title shall be made by the Secretary of Commerce after September 30, 1981.]

[CONSTRUCTION COSTS]

[SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs.]

SEC. 2. FINDINGS AND DECLARATION.

(a) *FINDINGS.*—Congress finds that—

(1) *the maintenance of the national economy at a high level is vital to the best interests of the United States, but some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment that cause hardship to many individuals and their families and waste invaluable human resources;*

(2) *to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development, with cooperation among area local governments;*

(3) *Federal financial assistance, including grants for public works and development facilities, to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance domestic prosperity by the establishment of stable and diversified local economies, sustainable development, and improved local conditions, if such assistance is preceded by and consistent with sound, long-range economic planning; and*

(4) *under the provisions of this Act, new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather*

than by merely transferring jobs from one area of the United States to another.

(b) *DECLARATION.*—Congress declares that, in furtherance of maintaining the national economy at a high level—

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

(2) such assistance should be made available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and

(3) such assistance should be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place.

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS, COOPERATION, AND COORDINATION

SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

(a) *IN GENERAL.*—In providing assistance under this Act, the Secretary shall cooperate with States and other entities to ensure that, consistent with national objectives, Federal programs are compatible with, and further the objectives of, State, regional, and local economic development plans and comprehensive economic development strategies.

(b) *TECHNICAL ASSISTANCE.*—The Secretary shall provide to States, local governmental subdivisions of States, sub-State regional organizations (including organizations that cross State boundaries), and multi-State regional organizations technical assistance that the Secretary determines may be necessary or desirable to—

(1) alleviate economic distress;

(2) encourage and support public-private partnerships for the formation and improvement of economic development strategies that promote the growth of the national economy;

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

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

(c) *INTERGOVERNMENTAL REVIEW.*—The Secretary shall issue regulations to ensure that appropriate State and local governmental authorities will be given a reasonable opportunity to review and comment on proposed economic development projects that the Secretary determines may have a significant and direct impact on the economy of the area.

(d) *AGREEMENTS.*—The Secretary may enter into an agreement with 2 or more adjoining States, or an organization consisting of such States, in support of effective economic development. The agreement shall provide for suitable participation by other governmental and non-governmental parties that represent significant interests in and perspectives on economic development in the area.

SEC. 102. COOPERATION OF FEDERAL AGENCIES.

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

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

SEC. 201. PUBLIC WORKS GRANTS.

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

- (1) *acquisition or development of land and improvements for public works, public service, or development facility usage; and*
- (2) *acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment.*

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

- (1) *the project will directly or indirectly—*
 - (A) *tend to improve opportunities in the area in which the project will be located for the successful establishment or expansion of industrial or commercial plants or facilities;*
 - (B) *otherwise assist in the creation of additional long-term employment opportunities for the area; or*
 - (C) *primarily benefit long-term unemployed individuals and members of low-income families;*
- (2) *the project will fulfill all or part of a pressing need of the area in which the project will be located; and*
- (3) *the project is consistent with a comprehensive economic development strategy that has been developed in accordance with section 303 for the area in which the project will be located.*

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

SEC. 202. CONSTRUCTION COST INCREASES.

(a) **IN GENERAL.**—*Subject to subsection (b), the Secretary may increase the amount of a grant (including a supplemental grant) made for a construction project under this title (or title I of this Act, as in effect before the date of enactment of the Economic Development Partnership Act of 1998) if, after the grant has been made but before completion of the project, the cost of the project has increased and if an increase in the amount of the grant is necessary for the satisfactory completion and operation of the project.*

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

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

(2) *the amount of the increase exceeds 15 percent of the original estimated cost of the project; or*

(3) *the amount of the increase exceeds the difference between the estimated cost of the project on the date of the increase and the original estimated cost of the project.*

SEC. 203. PLANNING AND ADMINISTRATIVE EXPENSES.

(a) *DIRECT GRANTS.*—*Upon the application of an eligible recipient, the Secretary may make direct grants for economic development planning and for the administrative expenses of organizations undertaking such planning.*

(b) *PLANNING TO REDUCE UNEMPLOYMENT AND INCREASE INCOMES.*—*The planning for cities, other political subdivisions, Indian tribes, and sub-State planning and development organizations (including areas described in section 302(a) and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes.*

(c) *PLANNING PROCESS.*—*Planning assisted under this section shall be a continuous process, involving public officials and private citizens, in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program.*

(d) *USE OF OTHER FEDERAL FUNDS.*—*Planning assistance received under this section shall be used in conjunction with any other available Federal planning assistance to ensure adequate and effective planning and economical use of funds.*

(e) *STATE PLANS.*—

(1) *PREPARATION OF PLANS.*—*A State plan prepared with assistance under this section shall be prepared cooperatively by the State, political subdivisions of the State, and the economic development district located in whole or in part within the State, as a comprehensive economic development strategy.*

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

(A) *certify to the Secretary that in the preparation of the State plan, the local and economic development district plans were considered and, to the fullest extent possible, the State plan is consistent with such plans; and*

(B) *identify any inconsistencies between the State plan and the local and economic development district plans, with the justification for each inconsistency.*

(3) *CONSIDERATIONS.*—*Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider providing public works to—*

(A) *stimulate and channel development, economic opportunities, and choices for individuals;*

(B) *support sound land use;*

(C) *foster effective transportation access;*

(D) *promote sustainable development;*

(E) *enhance and protect the environment, including the conservation and preservation of open spaces and environmental quality;*

(F) *provide public services;*

(G) *promote technology development; and*

(H) balance physical and human resources through the management and control of physical development.

(4) ANNUAL REPORT.—A State receiving assistance under this subsection shall transmit to the Secretary an annual report on the planning process of the State.

SEC. 204. COST SHARING.

Subject to section 205, the amount of a direct grant for a project under this title may not exceed 50 percent of the cost of the project. In determining the amount of the non-Federal share, the Secretary shall give due consideration to all contributions, both in cash and in kind, fairly evaluated, including contributions of space, equipment, and services.

SEC. 205. SUPPLEMENTARY GRANTS.

(a) AUTHORITY TO MAKE SUPPLEMENTARY GRANTS.—

(1) IN GENERAL.—Upon the application of an eligible recipient, the Secretary may make a supplementary grant for a project for which the applicant is eligible but, because of the economic situation of the applicant, for which the applicant cannot supply the required non-Federal share.

(2) TYPES OF ASSISTANCE.—Supplementary grants under this section may include grants to enable States and other entities within areas described in section 302(a) to take maximum advantage of designated Federal grant-in-aid programs (as defined in subsection (b)(4)), direct grants-in-aid authorized under this title, Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666), and the 11 watersheds authorized by the Flood Control Act of December 22, 1944 (58 Stat. 887).

(b) REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.—

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

(2) FORM OF GRANTS.—Supplementary grants shall be made by the Secretary, in accordance with regulations to be issued by the Secretary, by increasing the amounts of direct grants authorized under this title or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs.

(3) FEDERAL SHARE LIMITATIONS SPECIFIED IN OTHER LAWS.—Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this section may be used for the purpose of increasing the Federal contribution to a project in an area described in section 302(a) under the Federal program above the fixed maximum portion of the cost of the project otherwise authorized by the applicable law.

(4) DESIGNATED FEDERAL GRANT-IN-AID PROGRAMS DEFINED.—In this section, the term “designated Federal grant-in-

aid programs” means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section.

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

(6) *EXCEPTIONS.*—

(A) *GRANTS TO INDIAN TRIBES; DISASTER ASSISTANCE.*—In the case of a grant to an Indian tribe, or in the case of a grant for assistance authorized by section 209(d), the Secretary may reduce the non-Federal share below the percentage specified in subsection (b)(1) or waive the non-Federal share.

(B) *GRANTS TO STATES, POLITICAL SUBDIVISIONS, AND NON-PROFITS.*—In the case of a grant to a State (or a political subdivision of the State) that the Secretary determines has exhausted its effective taxing and borrowing capacity, or in the case of a grant to a non-profit organization that the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below the percentage specified in subsection (b)(1) or may waive the non-Federal share for a project the nature of which the Secretary determines, in writing, warrants the reduction or waiver of the non-Federal share.

SEC. 206. REGULATIONS TO ENSURE RELATIVE NEEDS ARE MET.

The Secretary shall issue rules, regulations, and procedures to carry out this title to ensure that adequate consideration is given to the relative needs of eligible areas. In issuing such rules, regulations, and procedures for assistance under section 201, the Secretary shall consider among other relevant factors—

(1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment; and

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

SEC. 207. TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) *DIRECT GRANTS.*—

(1) *IN GENERAL.*—Upon the application of an eligible recipient, the Secretary may make direct grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment.

(2) *TYPES OF ASSISTANCE.*—Direct grants under this section may include grants for project planning and feasibility studies, demonstrations of innovative activities or strategic economic development investments, management and operational activities or strategic economic development investments, management and operational assistance, establishment of university centers, establishment of business outreach centers, and studies evaluat-

ing the needs of, and development potentialities for, economic growth of areas that the Secretary finds have substantial need for such assistance.

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

(b) *FORMS OF ASSISTANCE.*—In carrying out the Secretary's duties under this Act, the Secretary may—

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

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

(3) provide for the employment of private individuals, partnerships, firms, corporations, or suitable institutions under contracts entered into for such purposes; or

(4) award grants under this title.

SEC. 208. RELOCATION OF INDIVIDUALS AND BUSINESSES.

Grants to eligible recipients under this Act shall include amounts that may be required to provide relocation assistance to affected persons, as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act 1970 (42 U.S.C. 4601 et seq.).

SEC. 209. ECONOMIC ADJUSTMENT.

(a) *DIRECT GRANTS.*—Upon the application of an eligible recipient, the Secretary may make direct grants for public facilities, public services, business development (including a revolving loan fund), planning, technical assistance, training, and other assistance that demonstrably furthers the economic adjustment objectives of this Act, including activities to alleviate long-term economic deterioration and sudden and severe economic dislocations.

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

(1) the project will help the area for which the project is to be undertaken meet a special need arising from—

(A) actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government; or

(B) economic adjustment problems resulting from severe changes in economic conditions (including long-term economic deterioration); and

(2) except with respect to planning projects, the project is consistent with a comprehensive economic development strategy that has been developed in accordance with section 303 for the area for which the project is to be undertaken.

(c) *ACTIVITIES RELATED TO DEFENSE REDUCTIONS.*—In order to help the communities diversify their economies, assistance under this section shall extend to activities identified by communities impacted by military base closures, defense contractor cutbacks, and Department of Energy defense-related reductions. Nothing in this subsection is intended to replace the efforts of the economic adjustment program of the Department of the Defense.

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

(e) *ACTIVITIES RELATED TO INTERNATIONAL TRADE.*—Assistance under this section shall extend to activities identified by communities that have suffered economic injury caused by international trade in order to help the communities restructure their economies.

SEC. 210. DIRECT EXPENDITURE OR REDISTRIBUTION BY RECIPIENT.

Amounts from grants under section 209 may be used in direct expenditures by the eligible recipient or through redistribution by the eligible recipient to public and private entities in grants, loans, loan guarantees, payments to reduce interest on loan guarantees, or other appropriate assistance, but no grant may be made by an eligible recipient to a private profit-making entity.

SEC. 211. CHANGED PROJECT CIRCUMSTANCES.

In any case in which a grant (including a supplemental grant) has been made by the Secretary for a project under this title (or under this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998), and after the grant has been made but before completion of the project, the purpose or scope of the project that was the basis of the grant has changed, the Secretary may approve the use of grant funds for the changed project if the Secretary determines that the changed project meets the requirements of this title and that the changes are necessary to enhance economic development in the area.

SEC. 212. USE OF FUNDS IN PROJECTS CONSTRUCTED UNDER PROJECTED COST.

In any case in which a grant (including a supplemental grant) has been made by the Secretary under this title (or under this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998) for a construction project, and after the grant has been made but before completion of the project, the cost of the project (based upon the designs and specifications that were the basis of the grant) has decreased because of decreases in costs, the underrun funds may be used to improve the project either directly or indirectly, as determined by the Secretary.

SEC. 213. BASE CLOSINGS AND REALIGNMENTS.

(a) *LOCATION OF PROJECTS.*—In any case in which the Secretary determines there is a need for assistance under this title due to the closure or realignment of a military installation or a Department of Energy defense-related installation, the Secretary may make such assistance available for projects to be carried out on the installation and for projects to be carried out in communities adversely affected by the closure or realignment.

(b) *INTEREST IN PROPERTY.*—Notwithstanding any other provision of law, the Secretary may provide to an eligible recipient any assistance made available under this Act for a project to be carried out on a military installation, or a Department of Energy defense-related installation, that is closed or scheduled for closure or realignment without requiring the eligible recipient to have title to the property or a leasehold interest in the property for any specified term.

SEC. 214. PREVENTION OF UNFAIR COMPETITION.

Financial assistance under this Act may not be extended to any project if—

(1) the assistance would result in an increase in the production of goods, materials, or commodities, or the availability of services or facilities; and

(2) there is not sufficient demand for such goods, materials, commodities, services, or facilities to employ the efficient capacity of existing competitive commercial or industrial enterprises.

SEC. 215. SALE OF FINANCIAL INSTRUMENTS IN REVOLVING LOAN FUNDS.

Any loan, loan guarantee, equity, or other financial instrument in the portfolio of a revolving loan fund, including any financial instrument made available using amounts from a grant made before the date of enactment of the Economic Development Partnership Act of 1998, may be sold, encumbered, or pledged at the discretion of the grantee of the fund, to a third party provided that the net proceeds of the transaction—

(1) shall be deposited into the fund and may only be used for activities which are consistent with the purposes of this title; and

(2) shall be subject to the financial management, accounting, reporting, and auditing standards which were applicable to the original grant.

SEC. 216. REPORTS BY RECIPIENT.

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

(b) REQUIREMENTS.—Reports under subsection (a) shall—

(1) be submitted at such intervals and in such manner as the Secretary shall prescribe by regulation, not to exceed 10 years from the time of closeout of the assistance award; and

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

(c) REVOLVING LOAN FUNDS.—

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

(2) LIMITATION.—After final disbursements of assistance to establish a revolving loan fund (including assistance provided before the date of enactment of the Economic Development Partnership Act of 1998), reports of activities of the revolving loan fund may not be required more frequently than annually.

TITLE III—DEFINITIONS, ELIGIBILITY, AND COMPREHENSIVE ECONOMIC DE- VELOPMENT STRATEGIES

SEC. 301. DEFINITIONS.

In this Act, the following definitions apply:

(1) ECONOMIC DEVELOPMENT DISTRICT.—The term “economic development district” means an area in the United States com-

posed of cooperating areas described in section 302(a) and, where appropriate, designated economic development centers and neighboring counties or communities, that has been designated by the Secretary as an economic development district. The term includes any economic development district designated by the Secretary under section 403 of this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998.

(2) *ECONOMIC DEVELOPMENT CENTER.*—The term “economic development center” means an area in the United States that has been identified as an economic development center in an approved comprehensive economic development strategy and that has been designated by the Secretary as eligible for financial assistance under this Act in accordance with the provisions of this Act.

(3) *ELIGIBLE RECIPIENT.*—The term “eligible recipient” means—

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

(B) an economic development district designated under section 401;

(C) an Indian tribe, a State, a city or other political subdivision of a State, or a consortium of such political subdivisions;

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

(E) a public or private nonprofit organization or association acting in cooperation with officials of such political subdivision.

For grants made under section 207, the term also includes private individuals and for-profit organizations.

(4) *GRANT.*—The term “grant” includes a cooperative agreement, as that term is used in the Federal Grant and Cooperative Agreement Act of 1977.

(5) *INDIAN TRIBE.*—The term “Indian tribe” means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(6) *SECRETARY.*—The term “Secretary” means the Secretary of Commerce.

(7) *STATE.*—The terms “State”, “States”, and “United States” include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Palau, and the Commonwealth of the Northern Mariana Islands.

SEC. 302. AREA ELIGIBILITY.

(a) *CERTIFICATION.*—In order to be eligible for assistance under section 201 or 209, a project shall serve an area that meets 1 or more of the following criteria:

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

(2) *The area has an unemployment rate that is at least 1 percent above the national average percentage for the most recent 24-month period for which statistics are available.*

(3) *The area is determined by the Secretary to have experienced, or to be reasonably foreseen as about to experience, a special need to meet an expected rise in unemployment or other economic adjustment problem (including those caused by any action or decision of the Federal Government).*

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

(b) **DOCUMENTATION.**—*An applicant for assistance for a project under section 201 or 209 shall document, as part of an application for the assistance, the eligibility of the project under the criteria of subsection (a) by using Federal data, when available, or, in the absence of recent Federal data, by using data available through the State government. An area meeting the criteria of subsection (a), including a pocket of poverty or high unemployment within a larger community of less economic distress, may be defined without regard to political or other boundaries.*

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

SEC. 303. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.

(a) **IN GENERAL.**—*The Secretary may provide assistance under section 201 or 209 (except planning assistance under section 209) to an applicant for a project only if the applicant submits to the Secretary, as part of an application for the assistance, a comprehensive economic development strategy that—*

(1) *identifies the economic development problems to be addressed using the assistance;*

(2) *identifies past, present, and projected future economic development investments in the area receiving the assistance and public and private participants and sources of funding for the investments; and*

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

(b) **OTHER PLAN.**—*The Secretary may accept as a comprehensive economic development strategy a satisfactory plan prepared under another Federally supported program.*

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS AND ECONOMIC DEVELOPMENT CENTERS.

(a) **IN GENERAL.**—*In order that economic development projects of broader geographic significance may be planned and carried out, the Secretary may take the actions authorized by this section.*

(b) **DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.**—*The Secretary may designate appropriate “economic development dis-*

tricts” within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

(1) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single area described in section 302(a);

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

(3) the proposed district contains 1 or more areas described in section 302(a) or economic development centers identified in an approved district comprehensive economic development strategy as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the areas described in section 302(a) within the district; and

(4) the proposed district has a district comprehensive economic development strategy that—

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

(B) contains a specific program for district cooperation, self-help, and public investment; and

(C) is approved by the State or States affected and by the Secretary.

(c) *DESIGNATION OF ECONOMIC DEVELOPMENT CENTERS.*—The Secretary may designate as “economic development centers”, under regulations to be issued by the Secretary, areas that the Secretary considers appropriate, if—

(1) the proposed center has been identified and included in an approved district comprehensive economic development strategy and recommended by the State or States affected for such special designation;

(2) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the areas described in section 302(a) of the district; and

(3) the proposed center does not have a population in excess of 250,000 according to the most recent Federal census.

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

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

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

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

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

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

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

(3) cooperate with the several States—

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

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

(4) encourage participation by appropriate local governmental authorities in such economic development districts.

SEC. 402. TERMINATION OR MODIFICATION.

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

SEC. 403. BONUS.

Subject to the 20 percent non-Federal share requirement of section 205(b)(1), the Secretary may increase the amount of grant assistance authorized by sections 204 and 205 for projects within designated economic development districts by an amount not to exceed 10 percent of the aggregate cost of the project, in accordance with regulations to be issued by the Secretary, if—

(1) the project applicant is actively participating in the economic development activities of the district; and

(2) the project is consistent with an approved district comprehensive economic development strategy.

SEC 404. STRATEGY PROVIDED TO APPALACHIAN REGIONAL COMMISSION.

An economic development district designated by the Secretary under this title shall ensure that a copy of the district's comprehensive economic development strategy is furnished to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965 if any part of such district is within the Appalachian region.

SEC. 405. PARTS NOT WITHIN AREAS DESCRIBED IN SECTION 302(a).

The Secretary is authorized to provide financial assistance available to an area described in section 302(a) under this Act to those parts of an economic development district that are not within an area described in section 302(a), if the Secretary determines, in writing, that the assistance will be of a substantial direct benefit to an area described in section 302(a) within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for an area described in section 302(a).

TITLE V—ADMINISTRATION

SEC. 501. UNDER SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT.

(a) *APPOINTMENT.*—The Secretary shall administer this Act with assistance of an Under Secretary of Commerce for Economic Development to be appointed by the President by and with the advice and consent of the Senate.

(b) *DUTIES.*—The Under Secretary of Commerce for Economic Development shall perform such functions as the Secretary may prescribe and will serve as the administrator of the Economic Development Administration within the Department of Commerce.

SEC. 502. OFFICE OF ECONOMIC DEVELOPMENT INFORMATION.

(a) *ESTABLISHMENT.*—The Secretary shall establish in the Economic Development Administration an Office of Economic Development Information (hereinafter in this section referred to as the “Office”).

(b) *DUTIES.*—The Office shall—

(1) serve as a central information clearinghouse on matters relating to economic development programs and activities of the Federal Government and State governments, including political subdivisions of States;

(2) help potential and actual applicants for economic development assistance under Federal, State, and local laws in locating and applying for such assistance, including financial and technical assistance; and

(3) develop electronic links or other connections to information databases provided by Federal departments and agencies, State and local governmental agencies, public and private entities, and individuals to assist other such agencies, entities, and individuals in the process of identifying and applying for assistance and resources under economic development programs and activities of the Federal, State, and local governments.

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

(1) Relevant information concerning available economic development programs of the Federal Government, including key contact personnel, descriptions of the application process, eligibility requirements and criteria, selection and follow-up procedures, and other such relevant information.

(2) Relevant information concerning major State and local governmental economic development programs, including lists of appropriate offices, officers, and contact personnel connected with, or involved in, such programs.

(3) Relevant and available economic data and trends, including information about the national, regional, and local impacts of trade agreements, defense spending and downsizing, technological change, and other sources of substantial economic dislocation.

(4) Case studies and best practices in economic development, adjustment, and reinvestment.

(5) *Technology utilization programs, assistance, and resources.*

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

(7) *Information concerning current revolving loan fund programs and finance programs directly related to economic development objectives.*

(8) *Resources that assist in identifying potential sources of capital for businesses, including revolving loan funds, venture capital, and other capital tools.*

(9) *Resources, including geographic information systems, that assist economic developers in understanding and pursuing sustainable development and initiatives.*

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

(1) *An Internet web site, with sorted key locations by economic development related topic, for users to access lists of various Governmentwide and other economic development web site resources.*

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

(3) *On-line electronic access through existing computer network services and publicly available computer database access facilities.*

(4) *Printed manuals and orientation materials.*

(5) *Periodic orientation workshops available to the public.*

(6) *On-call information specialists to address special problems requiring person-to-person assistance.*

(e) **COORDINATION WITH OTHER FEDERAL DEPARTMENTS AND AGENCIES.**—*The Secretary shall enter into such agreements and understandings as may be necessary with other Federal departments and agencies to coordinate the accomplishment of the objectives of this section.*

(f) **ECONOMIC DEVELOPMENT DEFINED.**—*In this section, the term "economic development" includes economic adjustment, disaster recovery, industrial retention, and defense reinvestment.*

SEC. 503. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

(a) **CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.**—*The Secretary may confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of area and regional unemployment.*

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

SEC. 504. ADMINISTRATION, OPERATION, AND MAINTENANCE.

Federal assistance may not be approved under this Act unless the Secretary is satisfied that the project for which the Federal assistance is to be granted will be properly and efficiently administered, operated, and maintained.

SEC. 505. FIRMS DESIRING FEDERAL CONTRACTS.

The Secretary may furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list—

- (1) containing the names and addresses of business firms that are located in areas of high economic distress and are seeking Government contracts for the furnishing of supplies or services; and*
- (2) designating the supplies and services that the firms provide.*

SEC. 506. AMENDMENTS TO TITLE 5, U.S.C.

Title 5, United States Code, is amended—

- (1) in section 5314 by inserting “, Under Secretary of Commerce for Economic Development,” after “Under Secretary of Commerce for Export Administration”; and*
- (2) in section 5316 by striking “Administrator for Economic Development.”.*

SEC. 507. NOTIFICATION OF REORGANIZATION.

The Secretary shall notify the Committees on Transportation and Infrastructure and on Appropriations of the House of Representatives and the Committees on Environment and Public Works and on Appropriations of the Senate of any reorganization of the offices, programs, or activities of the Economic Development Administration on or before the 30th day preceding the date of the reorganization.

SEC. 508. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS.

(a) IN GENERAL.—The Secretary shall conduct an evaluation of each university center and economic development district receiving grant assistance under this Act to assess the grantee’s performance and contribution toward job retention and creation. Evaluations shall be conducted on a continuing basis so that each grantee will be evaluated within 3 years after the first award of assistance to the grantee after the date of enactment of the Economic Development Partnership Act of 1998, and at least once every 3 years thereafter, so long as the grantee continues to receive such assistance.

(b) CRITERIA.—

(1) ESTABLISHMENT.—The Secretary shall establish criteria for use in conducting evaluations under subsection (a).

(2) CRITERIA FOR UNIVERSITY CENTERS.—The criteria for evaluation of a university center shall, at a minimum, provide for an assessment of the center’s contribution to providing technical assistance, conducting applied research, and disseminating results of the center’s activities.

(3) CRITERIA FOR ECONOMIC DEVELOPMENT DISTRICTS.—The criteria for evaluation of an economic development district shall, at a minimum, provide for an assessment of management standards, financial accountability, and program performance.

(c) PEER REVIEW.—In conducting an evaluation of a university center or economic development district under subsection (a), the

Secretary shall provide for the participation of at least one other university center or economic development district, as appropriate, on a cost-reimbursement basis.

SEC. 509. COORDINATION.

(a) *IN GENERAL.*—The Secretary shall actively coordinate with other Federal programs, States, economic development districts, and other appropriate planning and development organizations the activities relating to the requirements for comprehensive economic development strategies and making grants under this Act.

(b) *FEDERAL COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT.*—

(1) *IN GENERAL.*—The Secretary shall establish a Federal Coordinating Council for Economic Development.

(2) *COMPOSITION OF COUNCIL.*—The Council shall be composed of representatives from Federal agencies involved in matters that affect regional economic development.

(3) *DUTIES.*—The Council shall assist in providing a unifying framework for economic and regional development efforts and develop a Governmentwide strategic plan for economic development.

SEC. 510. ECONOMIC DEVELOPMENT REVOLVING LOAN FUND TASK FORCE.

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

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

(1) the Economic Development Administration;

(2) the Office of Inspector General of the Department of Commerce;

(3) current operators of revolving loan funds established with assistance provided under the Public Works and Economic Development Act of 1965; and

(4) economic development organizations.

(c) *DUTIES.*—The Task Force shall review the financial management, accounting, reporting, and auditing standards and requirements of revolving loan funds described in subsection (b)(3).

(d) *RECOMMENDATIONS.*—Based upon its review, the Task Force shall make recommendations to the Secretary to better streamline and lessen revolving loan fund reporting requirements.

TITLE VI—MISCELLANEOUS

SEC. 601. POWERS OF SECRETARY.

(a) *IN GENERAL.*—In performing the Secretary's duties under this Act, the Secretary is authorized to take the following actions:

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

(2) Subject to the civil-service and classification laws, to select, employ, appoint, and fix the compensation of such personnel as may be necessary to carry out the provisions of this Act.

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

(4) *To request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act. Each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary.*

(5) *Under regulations prescribed by the Secretary, to assign or sell at public or private sale, or otherwise dispose of for cash or credit, in the Secretary's discretion and upon such terms and conditions and for such consideration as the Secretary determines to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by the Secretary in connection with assistance extended under the Act, and to collect or compromise all obligations assigned to or held by the Secretary in connection with such assistance until such time as such obligations may be referred to the Attorney General for suit or collection.*

(6) *To deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary determines to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary in connection with assistance extended under this Act.*

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

(8) *To acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever necessary or appropriate in connection with assistance extended under this Act.*

(9) *In addition to any powers, functions, privileges, and immunities otherwise vested in the Secretary, to take any action, including the procurement of the services of attorneys by contract, determined by the Secretary to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with assets held in connection with financial assistance extended under this Act.*

(10) *To employ experts and consultants or organizations as authorized by section 3109 of title 5, United States Code, compensate individuals so employed, including travel time, and allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently, while so employed, except that contracts for such employment may be renewed annually.*

(11) *To establish performance measures for grants and other assistance provided under this Act, and use such performance measures to evaluate the economic impact of economic development assistance programs. The establishment and use of such performance measures shall be provided by the Secretary through members of the Secretary's staff, through the employment of appropriate parties under contracts entered into for such purposes, or through grants to such parties for such purposes, using any funds made available by appropriation to carry out this Act.*

(12) *To conduct environmental reviews and incur necessary expenses to evaluate and monitor the environmental impact of economic development assistance provided and proposed to be provided under this Act, including costs associated with the representation and defense of actions of the Secretary related to the environmental impact of such assistance, using any funds made available by appropriation to carry out section 207 of this Act.*

(13) *To sue and be sued in any court of record of a State having general jurisdiction or in any United States district court. Jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy, but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or the Secretary's property.*

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

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

(c) **INAPPLICABILITY OF CERTAIN OTHER REQUIREMENTS.**—*Section 3709 of the Revised Statutes of the United States shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of assistance extended under this Act if the premium for the insurance or the amount of the insurance does not exceed \$1,000.*

(d) **PROPERTY INTERESTS.**—*The powers of the Secretary, pursuant to this section, in relation to property acquired by the Secretary in connection with assistance extended under this Act, shall extend to property interests of the Secretary in relation to projects approved under the Public Works and Economic Development Act of 1965, title I of the Public Works Employment Act of 1976, title II of the Trade Act of 1974, and the Community Emergency Drought Relief Act of 1977.*

(e) **POWERS OF CONVEYANCE AND EXECUTION.**—*The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary, or by any officer or agent appointed by the Secretary for such purpose,*

without the execution of any express delegation of power or power of attorney.

SEC. 602. MAINTENANCE OF STANDARDS.

The Secretary shall continue to implement and enforce the provisions of section 712 of this Act, as in effect on the day before the date of enactment of the Economic Development Partnership Act of 1998.

SEC. 603. ANNUAL REPORT TO CONGRESS.

The Secretary shall transmit a comprehensive and detailed annual report to Congress on the Secretary's activities under this Act for fiscal year 1998 and each fiscal year thereafter. Such report shall be printed and transmitted to Congress not later than July 1 of the year following the fiscal year with respect to which the report is to be made.

SEC. 604. USE OF OTHER FACILITIES.

(a) **DELEGATION OF FUNCTIONS TO OTHER FEDERAL DEPARTMENTS AND AGENCIES.**—The Secretary may delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as the Secretary may deem appropriate, and authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) **TRANSFER BETWEEN DEPARTMENTS.**—Funds authorized to be appropriated under this Act may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(c) **FUNDS TRANSFERRED FROM OTHER DEPARTMENTS AND AGENCIES.**—In order to carry out the objectives of this Act, the Secretary may accept transfers of funds from other departments and agencies of the Federal Government if the funds are used for the purposes for which (and in accordance with the terms under which) the funds are specifically authorized and appropriated. Such transferred funds shall remain available until expended, and may be transferred to and merged with the appropriations under the heading "salaries and expenses" by the Secretary to the extent necessary to administer the program.

SEC. 605. PENALTIES.

(a) **FALSE STATEMENTS, SECURITY OVERVALUATION.**—Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for such person or for any applicant any financial assistance under this Act or any extension of such assistance by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security for such assistance, or for the purpose of influencing in any way the action of the Secretary or for the purpose of obtaining money, property, or anything of value, under this Act, shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

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

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

(2) with intent to defraud the Secretary or any other politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary or without being duly authorized draws any orders or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof;

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

(4) gives any unauthorized information concerning any future action or plan of the Secretary that might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES.

Financial assistance may not be extended by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise—

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

(2) execute an agreement binding such business enterprise, for a period of 2 years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within the 1-year period ending on such date, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities that the Secretary determines involves discretion with respect to the granting of assistance under this Act.

SEC. 607. MAINTENANCE OF RECORDS OF APPROVED APPLICATIONS FOR FINANCIAL ASSISTANCE; PUBLIC INSPECTION.

(a) **MAINTENANCE OF RECORD REQUIRES.**—The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under this Act that will be kept available for public inspection during the regular business hours of the Department of Commerce.

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

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

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

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

SEC. 608. RECORDS AND AUDIT.

(a) *RECORDKEEPING AND DISCLOSURE REQUIREMENTS.—Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records that fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.*

(b) *ACCESS TO BOOKS FOR EXAMINATION AND AUDIT.—The Secretary, the Inspector General of the Department of Commerce, and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this Act.*

SEC. 609. PROHIBITION AGAINST A STATUTORY CONSTRUCTION THAT MIGHT CAUSE DIMINUTION IN OTHER FEDERAL ASSISTANCE.

All financial and technical assistance authorized under this Act shall be in addition to any Federal assistance previously authorized, and no provision of this Act may be construed as authorizing or permitting any reduction or diminution in the proportional amount of Federal assistance that any State or other entity eligible under this Act would otherwise be entitled to receive under the provisions of any other Act.

SEC. 610. ACCEPTANCE OF APPLICANTS' CERTIFICATIONS.

The Secretary may accept, when deemed appropriate, the applicants' certifications to meet the requirements of this Act.

TITLE VII—FUNDING

SEC. 701. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this Act \$368,000,000 for each of fiscal years 1999 through 2003. Such sums shall remain available until expended.

SEC. 702. ADMINISTRATIVE EXPENSES.

In addition to the appropriations authorized by section 701, there are authorized to be appropriated for administrative expenses of the Secretary in carrying out this Act such sums as may be necessary for each of fiscal years 1999 through 2003. Such sums shall remain available until expended.

SEC. 703. DEFENSE CONVERSION ACTIVITIES.

In addition to the appropriations authorized by section 701 for defense conversion activities, there are authorized to be appropriated to carry out this Act for each of fiscal years 2000 through 2003 such

sums as may be necessary to provide assistance for such activities. Such sums shall remain available until expended.

TITLE 5, UNITED STATES CODE

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PART III—EMPLOYEES

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Subpart D—Pay and Allowances

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CHAPTER 53—PAY RATES AND SYSTEMS

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SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

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§ 5314. Positions at level III

Level III of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Solicitor General of the United States.

* * * * *

Under Secretary of Commerce, Under Secretary of Commerce for Economic Affairs, Under Secretary of Commerce for Export Administration, *Under Secretary of Commerce for Economic Development*, and Under Secretary of Commerce for Travel and Tourism.

* * * * *

§ 5316. Positions at level V

Level V of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Administrator, Bonneville Power Administration, Department of the Interior.

* * * * *

[Administrator for Economic Development.]

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APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

* * * * *

FINDINGS AND STATEMENT OF PURPOSE

SEC. 2. (a) * * *

* * * * *

(c) 1998 FINDINGS AND PURPOSES.—*The Congress further finds and declares that, while substantial progress has been made in fulfilling many of the objectives of this Act, rapidly changing national and global economies over the past decade have created new problems and challenges for rural areas throughout the Nation and especially for the Appalachian region. It is, therefore, also the purpose of this Act to assist the region in providing the infrastructure necessary for economic and human resource development, in developing its industry, in building entrepreneurial communities, in generating a diversified regional economy, and in making its industrial and commercial resources more competitive in national and world markets. It is further the purpose of this Act to provide a framework for coordinating Federal, State, and local initiatives to respond to the economic competitive challenge through improving the skills of the region's workforce, adapting and applying new technologies for the region's businesses, and improving the access of the region's businesses to the technical and financial resources necessary to their development. Finally, it is the purpose of this Act to address the needs of severely and persistently distressed areas of the region and focus special attention on the areas of greatest need so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across this Nation.*

TITLE I—THE APPALACHIAN REGIONAL COMMISSION

MEMBERSHIP AND VOTING

SEC. 101. (a) There is hereby established an Appalachian Regional Commission (hereinafter referred to as the "Commission") which shall be composed of one Federal member, hereinafter referred to as the "Federal Cochairman," appointed by the President by and with the advice and consent of the Senate, and one member from each participating State in the Appalachian region. The Federal Cochairman shall be one of the two Cochairmen of the Commission. Each State member shall be the Governor. The State members of the Commission shall elect a Cochairman of the Commission from among their number for a term of not less than one year. *The Commission shall conduct at least one meeting each year with the Federal Cochairman and at least a majority of the State members present. The Commission may conduct such additional meetings by electronic means as the Commission considers advisable, including meetings to decide matters requiring an affirmative vote.*

(b) Except as provided in section 105, decisions by the Commission shall require the affirmative vote of the Federal Cochairman and of a majority of the State members (exclusive of members representing States delinquent under section 105). In matters coming before the Commission, the Federal Cochairman shall, to the extent practicable, consult with the Federal departments and agencies having an interest in the subject matter. [No decision involving Commission policy, approval of State, regional or subregional

development plans or implementing investment programs, any modification or revision of the Appalachian Regional Commission Code, or any allocation of funds among the States may be made without a quorum of State members present.】 *No decision involving Commission policy, approval of State, regional, or subregional development plans or implementing investment programs, any modification or revision of the Appalachian Regional Commission Code, any allocation of funds among the State, or any designation of a distressed county or an economically strong county may be made without a quorum of State members.* The approval of project and grant proposals shall be a responsibility of the Commission and exercised in accordance with section 303 of this Act.

(c) Each State member may have a single alternate, appointed by the Governor from among the members of the Governor's cabinet or the Governor's personal staff. The President, by and with the advice and consent of the Senate, shall appoint an alternate for the Federal Cochairman. An alternate shall vote in the event of the absence, death, disability, removal, or resignation of the State or Federal representative for which he is an alternate. A State alternate shall not be counted toward the establishment of a quorum of the Commission in any instance in which a quorum of the State members is required 【to be present】. No Commission powers or responsibilities specified in the last two sentences of subsection (b) of this section, nor the vote of any Commission member, may be delegated to any person not a Commission member or who is not entitled to vote in Commission meetings.

* * * * *

ADMINISTRATIVE EXPENSES OF THE COMMISSION

SEC. 105. 【(a) For the period ending on June 30, 1967, the administrative expenses of the Commission shall be paid by the Federal Government. Thereafter, such expenses】 *Administrative expenses of the Commission* shall be paid 50 per centum by the Federal Government and 50 per centum by the States in the region, except that the expenses of the Federal Cochairman, his alternate, and his staff shall be paid solely by the Federal Government. The share to be paid by each State shall be determined by the Commission. The Federal Cochairman shall not participate or vote in such determination. No assistance authorized by this Act shall be furnished to any State or to any political subdivision or any resident of any State, nor shall the State member of the Commission participate or vote in any determination by the Commission while such State is delinquent in payment of its share of such expenses.

【(b) To carry out this section there is hereby authorized to be appropriated to the Commission to be available until expended, not to exceed \$1,900,000 for the two-fiscal-year period ending June 30, 1971. To carry out this section there is hereby authorized to be appropriated to the Commission, to be available until expended not to exceed \$2,700,000 for the two-fiscal-year period ending June 30, 1973 (of such amount not to exceed \$525,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed \$3,000,000 for the two-fiscal-year period ending June 30, 1975 (of such amount not to exceed \$575,000 shall be

available for expenses of the Federal Cochairman, his alternate, and his staff. To carry out this section there is hereby authorized to be appropriated to the Commission, to be available until expended, not to exceed \$4,600,000 for the period beginning July 1, 1975, and ending September 30, 1977, (of such amount not to exceed \$800,000 shall be available for expenses of the Federal Cochairman, his alternate, and his staff), and not to exceed \$5,000,000 for the two-fiscal-year period ending September 30, 1979 (of such amount not to exceed \$900,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed \$6,700,000 for the two-fiscal-year period ending September 30, 1981 (of such amount not to exceed \$1,100,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff), and not to exceed \$2,900,000 for the two-fiscal-year period ending September 30, 1982 (of such amount not to exceed \$400,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff).】

ADMINISTRATIVE POWERS OF COMMISSION

SEC. 106. To carry out its duties under this Act, the Commission is authorized to—

(1) * * *

(2) appoint and fix the compensation of an executive director and such other personnel as may be necessary to enable the Commission to carry out its functions, except that such compensation shall not exceed 【the salary of the alternate to the Federal Cochairman on the Commission as provided in section 101】 *the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(c) of such title 5.* The executive director shall be responsible for carrying out the administrative functions of the Commission, for direction of the Commission staff, and for such other duties as the Commission may assign. No member, alternate, officer, or employee of the Commission, other than the Federal Cochairman on the Commission, his staff, and his alternate and Federal employees detailed to the Commission under paragraph (3) shall be deemed a Federal employee for any purpose.

* * * * *

(7) enter into and perform such contracts, leases (including notwithstanding any other provision of law, the lease of office space for any term expiring no later than September 30, 【1982】 *2003*), cooperative agreements, or other transactions as may be necessary in carrying out its functions and on such terms as it may deem appropriate, with any department, agency, or instrumentality of the United States (which is hereby so authorized to the extent not otherwise prohibited by law) or with any State, or any political subdivision, agency, or instrumentality thereof, or with any person, firm, association, or corporation.

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TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

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DEMONSTRATION HEALTH PROJECTS

SEC. 202. (a) * * *

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(c) Grants under this section for operation (including initial operating funds and operating deficits comprising among other items the costs of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with funds authorized by this section, may be made for up to [100 per centum of the costs thereof for the two-year period beginning, for each component facility or service assisted under any such operating grant, on the first day that such facility or service is in operation as a part of the project. For the next three years of operations such grants shall not exceed 75 per centum of such costs.] *50 per cent of the costs thereof (or 80 percent of such costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226).* The Federal contribution may be provided entirely from funds appropriated to carry out this section or in combination with funds provided under other Federal grant-in-aid programs for the operation of health related facilities and the provision of health and child development services, including title IV, parts A and B, and title XX of the Social Security Act. Notwithstanding any provision of the Social Security Act requiring assistance or services on a statewide basis, if a State provides assistance or services under such a program in any area of the region approved by the Commission, such State shall be considered as meeting such requirement. Notwithstanding any provision of law limiting the Federal share in such other programs, funds appropriated to carry out this section may be used to increase Federal grants for operating components of a demonstration health project to the maximum percentage cost thereof authorized by this subsection. No grant for operation of a demonstration health project shall be made unless the facility is publicly owned, or owned by a public or private nonprofit organization, and is not operated for profit. No grant for operation of a demonstration health project shall be made after five years following the commencement of the initial grant for operation of the project, that child development demonstrations assisted under this section during fiscal year 1979 may, upon State request, be approved under section 303 of this Act for continued support beyond that period if the Commission finds that no Federal, State, or local funds are available to continue such demonstrations. No such grants shall be made unless the Secretary of Health, Education, and Welfare is satisfied that the operation of the project will be conducted under efficient management practices designed to obviate operating deficits. Notwithstanding section 104 of the Public Works and Economic Development Act of 1965 (79 Stat. 554), a health-related facility constructed under title I of that

Act may be a component of a demonstration health project eligible for operating grant assistance under this section.

* * * * *

(f) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—After September 30, 1998, not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act; except that such maximum Commission contribution may be increased to 80 percent, or to the percentage of the maximum Federal contribution authorized by this section, whichever is less, for a project to be carried out in a county for which a distressed county designation is in effect under section 226.

[LAND STABILIZATION, CONSERVATION, AND EROSION CONTROL

[SEC. 203. (a) In order to provide for the control and prevention of erosion and sediment damages in the Appalachian region and to promote the conservation and development of the soil and water resources of the region the Secretary of Agriculture is authorized to enter into agreements of not more than ten years with landowners, operators, and occupiers, individually or collectively, in the Appalachian region determined by him to have control for the period of the agreement of the lands described therein providing for land stabilization, erosion and sediment control, and reclamation through changes in land use, and conservation treatment including the establishment of practices and measures for the conservation and development of soil, water, woodland, wildlife, and recreation resources.

[(b) The landowner, operator, or occupier shall furnish to the Secretary of Agriculture a conservation and development plan setting forth the appropriate and safe land uses and conservation treatment mutually agreed by the Secretary and the landowner operator, or occupier to be needed on the lands for which the plan was prepared.

[(c) Such plan shall be incorporated in an agreement under which the landowner, operator, or occupier shall agree with the Secretary of Agriculture to carry out the land uses and conservation treatment provided for in such plan on the lands described in the agreement in accordance with the terms and conditions thereof.

[(d) In return for such agreement by the landowner, operator, or occupier the Secretary of Agriculture shall be authorized to furnish financial and other assistance to such landowner, operator, or occupier in such amounts and subject to such conditions as the Secretary determines are appropriate and in the public interest for the carrying out of the land uses and conservation treatment set forth in the agreement: *Provided*, That grants hereunder shall not exceed 80 per centum of the costs of carrying out such land uses and conservation treatment on fifty acres of land occupied by such owner, operator, or occupier.

[(e) The Secretary of Agriculture may terminate any agreement with a landowner, operator, or occupier by mutual agreement if the Secretary determines that such termination would be in the public interest, and may agree to such modification of agreements previously entered into hereunder as he deems desirable to carry out

the purposes of this section or to facilitate the practical administration of the program authorized herein.

[(f) Notwithstanding any other provision of law, the Secretary of Agriculture, to the extent he deems it desirable to carry out the purposes of this section, may provide in any agreement hereunder for (1) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of such crop; or (2) surrender of any such history and allotments.

[(g) The Secretary of Agriculture shall be authorized to issue such rules and regulations as he determines are necessary to carry out the provisions of this section.

[(h) In carrying out the provisions of this section, the Secretary of Agriculture shall utilize the services of the Soil Conservation Service, and the State and local committees provided for in section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590(b)), and is authorized to utilize the facilities, services, and authorities of the Commodity Credit Corporation. The Corporation shall not make any expenditures to carry out the provisions of this subsection unless funds specifically appropriated for such purpose have been transferred to it.

[(i) Not to exceed \$19,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section.

[TIMBER DEVELOPMENT ORGANIZATIONS

[SEC. 204. (a) In order that the region shall more fully benefit from the timber stands that are one of its prime assets, the Secretary of Agriculture is authorized to—

[(1) provide technical assistance in the organization and operation, under State law, of private timber development organizations having as their objective the carrying out of timber development programs to improve timber productivity and quality, and increase returns to landowners through establishment of private nonprofit corporations, which on a self-supporting basis may provide (A) continuity of management, good cutting practices, and marketing services, (B) physical consolidation of small holdings or administrative consolidation for efficient management under long-term agreement, (C) management of forest lands, donated to the timber development organizations for demonstrating good forest management, on a profitable and taxpaying basis, and (D) establishment of a permanent fund for perpetuation of the work of the corporations to be composed of donations, real or personal, for educational purposes.

[(2) provide not more than one-half of the initial capital requirements of such timber development organizations through loans under the applicable provisions of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1926 et seq.). Such loans shall not be used for the construction or acquisition of facilities for manufacturing, processing, or marketing forest products, or for physical consolidation of small tim-

ber holdings authorized by (1)(B) above except for the establishment of demonstration units.

[(b) The Secretary of Agriculture is authorized to provide technical assistance, make grants, enter into contracts, or otherwise provide funds, first to colleges, universities and other institutions of higher education (with priority to land grant schools), and thereafter to forest products research institutions in the region and other appropriate public and private organizations, which schools, institutions and organizations have the demonstrated capability to perform such research, for Appalachian hardwood products research, including investigations, studies, and demonstrations, which will further the purposes of this Act. Funds shall be provided only for programs and projects which will contribute significantly to the development of (1) Appalachian hardwood technology, (2) new or improved uses of Appalachian hardwood resources, (3) new or improved processes or methods for producing hardwood products, or (4) new or improved markets for such products. Funds under this section shall be provided solely out of sums specifically appropriated for the purpose of carrying out this Act, and shall not be taken into account in the allocation or distribution of funds pursuant to any other provision of law.

[(c) Not to exceed \$2,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out the purposes of subsection (b) of this section.

【MINING AREA RESTORATION

【SEC. 205. (a) In order to further the economic development of the region by rehabilitating areas presently damaged by deleterious mining practices, the Secretary of the Interior is authorized to—

【(1) make financial contributions to States in the region to seal and fill voids in abandoned coal mines and abandoned oil and gas wells, and to reclaim and rehabilitate lands affected by the strip and surface mining and processing of coal and other minerals, including lands affected by waste piles, in accordance with provisions of the Act of July 15, 1955 (30 U.S.C. 571 et seq.), to the extent applicable, without regard to section 2(b) thereof (30 U.S.C. 572(b)) or to any provisions therein limiting assistance to anthracite coal formation, or the Commonwealth of Pennsylvania; to control and abate mine drainage pollution; and for planning or engineering for any such activities. Grants under this paragraph shall be made wholly out of funds specifically appropriated for the purposes of carrying out this Act.

【(2) plan and execute projects for planning, engineering, or extinguishing underground and outcrop mine fires in the region or to make grants to the States for carrying out such projects, in accordance with the applicable provisions of the Act of August 31, 1954 (30 U.S.C. 551 et seq.), without regard to any provisions therein relating to annual appropriation authorization ceilings. Grants under this paragraph shall be made solely out of funds specifically appropriated for the purpose of carrying out this Act.

[(b) Notwithstanding any other provision of law, the Federal share of mining area restoration project costs carried out under subsection (a) of this section and conducted on lands other than federally owned lands shall not exceed 75 per centum of the total cost thereof. For the purposes of this section, such project costs may include the reasonable value (including donations), of planning, engineering, real property acquisition (limited to the reasonable value of the real property in its unreclaimed state and costs incidental to its acquisition, as determined by the Commission), and such other materials (including, but not limited to, sand, clay, stone, culm, rock, spoil bank and noncombustible materials) and services as may be required for such project.

[(c) Whenever a State, local government, or other nonprofit applicant agrees to indemnify the Federal Government, or its officers, agents, or employees, for all claims of loss or damage resulting from the use and occupation of lands for a project assisted under this section, the Secretary may waive all requirements for the submission of releases, consents, waivers, or similar instruments respecting such lands, but the Secretary may require security as he deems appropriate for any such indemnification agreement.

[(d) No moneys authorized by this Act shall be expended for the purpose of reclaiming, improving, grading, seeding, or reforestation of strip-mined areas, except on lands owned by Federal, State, or local government bodies or by private nonprofit entities organized under State law to be used for public recreation, conservation, community facilities, or public housing.

[WATER RESOURCE SURVEY

[SEC. 206. (a) The Secretary of the Army is hereby authorized and directed to prepare a comprehensive plan for the development and efficient utilization of the water and related resources of the Appalachian region, giving special attention to the need for an increase in the production of economic goods and services within the region as a means of expanding economic opportunities and thus enhancing the welfare of its people, which plan shall constitute an integral and harmonious component of the regional economic development program authorized by this Act.

[(b) This plan may recommend measures for the control of floods, the regulation of the rivers to enhance their value as sources of water supply for industrial and municipal development, the generation of hydroelectric power, the prevention of water pollution by drainage from mines, the development and enhancement of the recreational potentials of the region, the improvement of the rivers for navigation where this would further industrial development at less cost than would the improvement of other modes of transportation, the conservation and efficient utilization of the land resource, and such other measures as may be found necessary to achieve the objectives of this section.

[(c) To insure that the plan prepared by the Secretary of the Army shall constitute a harmonious component of the regional program, he shall consult with the Commission and the following: the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Secretary of the Interior,

Secretary of Transportation, the Tennessee Valley Authority, and the Federal Power Commission.

[(d) The plan prepared pursuant to this section shall be submitted to the Commission. The Commission shall submit the plan to the President with a statement of its views, and the President shall submit the plan to the Congress with his recommendations not later than December 31, 1968.]

[(e) The Federal agencies referred to in subsection (c) of this section are hereby authorized to assist the Secretary of the Army in the preparation of the plan authorized by this section, and the Secretary of the Army is authorized to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary to the preparation of this plan and on such terms as he may deem appropriate, with any department, agency, or instrumentality of the United States or with any State, or any political subdivision, agency, or instrumentality thereof, or with any person, firm, association, or corporation.]

[(f) The plan to be prepared by the Secretary of the Army pursuant to this section shall also be coordinated with all comprehensive river basin plans heretofore or hereafter developed by United States study commissions, interagency committees, or similar planning bodies, for those river systems draining the Appalachian region.]

[(g) Not to exceed \$2,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section.]

ASSISTANCE FOR PLANNING AND OTHER PRELIMINARY EXPENSES OF
PROPOSED LOW- AND MODERATE-INCOME HOUSING PROJECTS

SEC. 207. (a) * * *

(b) No loan under subsection (a) of this section shall exceed [80 per centum] 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226) of the cost of planning and obtaining financing for a project, including, but not limited to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, applications and mortgage commitment fees, legal fees, and construction loan fees and discounts. Such loans shall be made without interest, except that any loan made to an organization established for profit shall bear interest at the prevailing market rate authorized for an insured or guaranteed loan for such project. The Secretary shall require payments of loans made under this section, under such terms and conditions as he may require, upon completion of the project or sooner, and except in the case of a loan to an organization established for profit, may cancel any part or all of such a loan, if he determines that a permanent loan to finance such project cannot be obtained in an amount adequate for repayment of such loan under this section.

(c)(1) Except as provided in paragraph (2) of this subsection, no grant under this section shall exceed [80 per centum] 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226) of those expenses, incident to planning and obtaining financing for a project, which the Secretary considers not to be recover-

able from the proceeds of any permanent loan made to finance such project, and no such grant shall, be made to an organization established for profit.

* * * * *

【APPALACHIAN AIRPORT SAFETY IMPROVEMENTS

【SEC. 208. (a) In order to provide a system of airports in the Appalachian region which can accommodate a greater number of passengers in safety and thereby increase commerce and communication in areas with developmental potential, the Secretary of Transportation (hereafter in this section referred to as the “Secretary”) is authorized to make grants to existing airports for the purpose of enhancing the safety of aviation and airport operations.

【(b) Such airport safety improvement projects may include (A) approach clearance, the removal, lowering, relocation, and marking and lighting of airport hazards, navigation aids, site preparation for navigation aids, and the acquisition of adequate safety equipment (including firefighting and rescue equipment), and (B) any acquisition of land or of any interest therein, or of any easement through or other interest in airspace which is necessary for such projects or to remove or mitigate or prevent or limit the establishment of, airport hazards.

【(c) Grants under this section shall be made solely from funds specifically made available to the President for the purpose of carrying out this Act in accordance with the provisions of this Act, and shall not be taken into account in the computation of the allotments among the States made pursuant to any other provisions of law.

【(d) Except as context otherwise indicates, words and phrases used in this section shall have the same meaning as in the Airport and Airways Development Act of 1970 and the Federal Aviation Act of 1958, as amended.

【(e) Federal assistance to any project under this section shall not exceed 90 per centum of the costs of the project, except for assistance for navigation aids which may be 100 per centum.

【(f) The Secretary is authorized to incur obligations to make grants for airport safety improvement projects, in a total amount not to exceed \$40,000,000 during the period ending June 30, 1975. There are authorized to be appropriated to the President such sums as may be required for liquidation of the obligations incurred under this section.】

* * * * *

PART B—SUPPLEMENTATIONS AND MODIFICATIONS OF EXISTING PROGRAMS

VOCATIONAL EDUCATION FACILITIES AND VOCATIONAL AND TECHNICAL EDUCATION DEMONSTRATION PROJECTS

SEC. 211. (a) * * *

(b)(1) * * *

* * * * *

(3) Grants under this section for operation of components of education demonstration projects, whether or not constructed by funds authorized by this Act, may be made for up to [100 per centum of the costs thereof for the two-year period beginning on the first day that such component is in operation as a part of the project. For the next three years of operation, such grants shall not exceed 75 per centum of such costs.] *50 percent of the costs thereof (or 80 percent of such costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226).* No grants for operation of education demonstration projects shall be made after five years following the commencement of the initial grant for operation of the project. Notwithstanding section 104 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3134), an education-related facility constructed under title I of that Act may be a component of an education demonstration project eligible for operating grant assistance under this section.

(c) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—After September 30, 1998, not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act; except that such maximum Commission contribution may be increased to 80 percent, or to the percentage of the maximum Federal contribution authorized by this section, whichever is less, for a project to be carried out in a county for which a distressed county designation is in effect under section 226.

[SEWAGE TREATMENT WORKS

[SEC. 212. (a) In order to provide facilities to assist in the prevention of pollution of the region's streams and to protect the health and welfare of its citizens, the Secretary of Health, Education, and Welfare is authorized to make grants for the construction of sewage treatment works in accordance with the provisions of the Federal Water Pollution Control Act (33 U.S.C. 466 et seq.), without regard to any provisions therein relating to appropriation authorization ceilings or to allotments among the States. Grants under this section shall be made solely out of funds specifically appropriated for the purpose of carrying out this Act, and shall not be taken into account in the computation of the allotments among the States pursuant to any other provision of law.

[(b) Not to exceed \$6,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section.

[AMENDMENTS TO HOUSING ACT OF 1954

[SEC. 213. (a) Section 701(a) of the Housing Act of 1954 (40 U.S.C. 461(a)) is amended by striking out "and" at the end of clause (8) and all of clause (9) and inserting in lieu thereof the following:

["(9) the Appalachian Regional Commission, for comprehensive planning for the Appalachian region as defined by section 403 of the Appalachian Regional Development Act of 1965; and

["(10) local development districts, certified under section 301 of the Appalachian Regional Development Act of 1965, for com-

prehensive planning for their entire areas, or for metropolitan planning, urban planning, county planning, or small municipality planning within such areas in the Appalachian region, and for planning for Appalachian regional programs.”

[(b) The proviso of the first sentence of section 701(b) of the Housing Act of 1954 is amended by inserting after “States” the words “and local development districts.”]

SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 214. (a) In order to enable the people, States, and local communities of the region, including local development districts, to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, [the President is authorized to provide funds to the Federal Cochairman to be used] *the Federal Cochairman may use amounts made available to carry out this section* for all or any portion of the basic Federal contribution to projects or activities (hereinafter referred to as projects) under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs, as hereafter defined, above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets the applicable requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the Commission determines that the level of Federal and State financial assistance under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region, will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on areas eligible for assistance or authorizations for appropriation in any other Act. Any findings, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant-in-aid program shall be accepted by the Federal Cochairman with respect to a supplemental grant for any project under such program.

(b)(1) The Federal portion of such costs shall not be increased in excess of the percentage established by the Commission, and shall in no event exceed 80 per centum thereof.

(2) *After September 30, 1998, not more than 50 percent of any project cost eligible for financial assistance under this section may*

be provided from funds appropriated to carry out this Act; except that such maximum Commission contribution may be increased to 80 percent for a project to be carried out in a county for which a distressed county designation is in effect under section 226.

(c) The term "Federal grant-in-aid programs" as used in this section means those Federal grant-in-aid programs authorized [on or before December 31, 1980,] by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; title VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; titles I and IX of the Public Works and Economic Development Act of 1965; the housing repair program for homeowners authorized by section 1319 of title 42, United States Code; grants under the Indian Health Service Act (42 Stat. 208); and title I of the Housing and Community Development Act of 1974. The term shall not include (A) the program for the construction of the development highway system authorized by section 201 of this Act or any program relating to highway or road construction *authorized by title 23, United States Code*, or (B) any other program for which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. For the purpose of this section, any sewage treatment works constructed pursuant to section 8(c) of the Federal Water Pollution Control Act without Federal grant-in-aid assistance under such section shall be regarded as if constructed with such assistance.

* * * * *

PART C—GENERAL PROVISIONS

* * * * *

PROGRAM DEVELOPMENT CRITERIA

SEC. 224. (a) In considering programs and projects to be given assistance under this Act, and in establishing a priority ranking of the requests for assistance presented to the Commission, the Commission shall follow procedures that will insure consideration of the following factors:

(1) the relationship of the project or class of projects to overall regional development including its location in an area determined by the State to have a significant potential for growth *or in a severely and persistently distressed county or area*;

* * * * *

(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary

basis, the opportunities for employment, the average level of income, or the economic and social development of the area served by the project[.]; and

(6) *the extent to which the project design provides for detailed outcome measurements by which grant expenditures may be evaluated.*

[(b) No financial assistance shall be authorized under this Act to be used (1) to assist establishments relocating from one area to another; (2) to finance the cost of industrial plants, commercial facilities, machinery, working capital, or other industrial facilities or to enable plant subcontractors to undertake work theretofore performed in another area by other subcontractors or contractors; (3) to finance the cost of facilities for the generation, transmission, or distribution of electric energy; or (4) to finance the cost of facilities for the production, transmission, or distribution of gas (natural, manufactured, or mixed).]

(b) *LIMITATION.—Financial assistance made available under this Act may not be used to assist establishments relocating from one area to another.*

* * * * *

SEC. 226. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

(a) *DESIGNATIONS.—Not later than 90 days after the date of enactment of this section, and annually thereafter, the Commission, in accordance with such criteria as the Commission may establish, shall—*

(1) *designate as “distressed counties” those counties in the region that are the most severely and persistently distressed; and*

(2) *designate two categories of economically strong counties, as follows:*

(A) *“competitive counties” which shall be those counties in the region which are approaching economic parity with the rest of the Nation; and*

(B) *“attainment counties” which shall be those counties in the region which have attained or exceeded economic parity with the rest of the Nation.*

(b) *DISTRESSED COUNTIES.—In program and project development and implementation and in the allocation of appropriations made available to carry out this Act, the Commission shall give special consideration to the needs of those counties for which a distressed designation is in effect under this section.*

(c) *FUNDING PROHIBITION FOR PROJECTS LOCATED IN ECONOMICALLY STRONG COUNTIES.—*

(1) *COMPETITIVE COUNTIES.—Except as provided by paragraphs (3) and (4), assistance under this Act shall be limited to no more than 30 percent of project cost for a project located in a county for which a competitive county designation is in effect under this section.*

(2) *ATTAINMENT COUNTIES.—Except as provided by paragraphs (3) and (4), no funds may be provided under this Act for a project located in a county for which an attainment county designation is in effect under this section.*

(3) *EXCEPTIONS.—The prohibitions established by paragraphs (1) and (2) shall not apply to—*

- (A) projects on the Appalachian development highway system authorized by section 201;
- (B) local development district administrative projects authorized by section 302(a)(1); or
- (C) a multicounty project that includes a county or counties designated as "competitive" or "attainment" under this section provided all participating counties share in the costs and benefits of the project.
- (4) WAIVER.—The prohibitions established by paragraphs (1) and (2) may be waived by the Commission for a particular project upon a showing of one or more of the following:
- (A) The existence of a significant pocket of distress in the part of the county in which the project is located.
- (B) A significant decline in economic conditions affecting the county which is not reflected in current designation data.
- (C) The existence of a significant potential benefit from the project in areas of the region outside the designated county.

TITLE III—ADMINISTRATION

* * * * *

GRANTS FOR ADMINISTRATION EXPENSES OF LOCAL DEVELOPMENT DISTRICTS AND FOR RESEARCH AND DEMONSTRATION PROJECTS

SEC. 302. (a) [The President] *The Commission* is authorized—

- (1) to make grants [to the Commission] for administrative expenses, including the development of areawide plans or action programs and technical assistance activities, of local development districts, but (A) the amount of any such grant shall not exceed [75 per centum] 50 percent of such expenses, (B) no grants for administrative expenses shall be made for a State agency certified as a local development district for a period in excess of three years beginning on the date the initial grant is made for such development district, and (C) the local development district contributions for administrative expenses may be in cash or in kind, fairly evaluated, including but not limited to space, equipment, and services;
- (2) to make grants [to the Commission] for assistance to States for a period not in excess of two years to strengthen the State development planning process for the region and the coordination of State planning under this Act, the Public Works and Economic Development Act of 1965, as amended, and other Federal and State programs; and
- (3) to make grants [to the Commission] for investigation, research, studies, evaluations, and assessments of needs, potentials, or attainment of the people of the region, technical assistance, training programs, demonstrations, and the construction of necessary facilities incident to such activities, which will further the purposes of this Act. Grant funds may be provided entirely from appropriations to carry out this section or in combination with funds available under other Federal or Federal grant-in-aid programs or from any other source. Notwithstand-

ing any provision of law limiting the Federal share in any such other program, funds appropriated to carry out this section may be used to increase such Federal share, as the Commission determines appropriate.

After September 30, 1998, not more than 50 percent of the cost of any activity eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act (or 80 percent of such costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226); except that discretionary grants 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 such percentage limitations. The aggregate amount of discretionary grants referred to in the preceding sentence in any fiscal year shall not exceed 10 percent of the amounts appropriated under section 401 for such fiscal year.

(b)(1) * * *

* * * * *

[(3) The Commission shall conduct a study and report on the status of Appalachian migrants in the destinations to which they have migrated, current migration patterns and implications, and the impact which the Commission program has had, and the potential for such impact, on out-migration and the welfare of Appalachian migrants. The Commission is authorized to conduct pilot projects and demonstrations within the region in connection with such study.

[(4) The Commission shall conduct a study of physical hazards which are constraints on land use in the Appalachian region (with emphasis on mudslides, landslides, sink holes, and subsidence) and the risks associated with such hazards. To the extent practicable, such study shall identify high-risk hazard areas throughout the Appalachian region. The Commission shall submit its report on such study, together with recommendations for means to remove or avoid such constraints on land use, to the Congress not later than twenty-four months after the enactment of this paragraph.]

* * * * *

[(d) Not to exceed \$11,000,000 of the funds authorized in section 401 of this Act for the two-fiscal-year period ending June 30, 1969, shall be available to carry out this section. Not to exceed \$3,000,000 of such authorization shall be available for the purpose of subsection (b).

[(e) No part of any appropriated funds may be expended pursuant to authorization given by this Act involving any scientific or technological research for development activity unless such expenditure is conditioned upon provisions effective to insure that all information, copyrights, uses, processes, patents, and other developments resulting from that activity will be made freely available to the general public. Nothing contained in this subsection shall deprive the owner of any background patent relating to any such activity, without his consent, of any right which that owner may have under that patent. Whenever any information, copyright, use, process, patents, and other development resulting from any such research or development activity conducted in whole or in part with

appropriated funds expended under authorization of this Act is withheld or disposed of by any person, organization, or agency in contravention of the provisions of this subsection, the Attorney General shall institute, upon his own motion or upon request made by any person having knowledge of pertinent facts, an action for the enforcement of the provisions of this subsection in the district court of the United States for any judicial district in which any defendant resides, is found, or has a place of business. Such court shall have jurisdiction to hear and determine such action, and to enter therein such orders and decrees as it shall determine to be required to carry into effect fully the provisions of this subsection. Process of the district court for any judicial district in any action instituted under this subsection may be served in any other judicial district of the United States by the United States marshal thereof. Whenever it appears to the court in which any such action is pending that other parties should be brought before the court in such action, the court may cause such other parties to be summoned from any judicial district of the United States.】

* * * * *

TITLE IV—APPROPRIATIONS AND MISCELLANEOUS PROVISIONS

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 401. In addition to the appropriations authorized in section 105 for administrative expenses, in section 201 for the Appalachian Development Highway System and Local Access Roads, and in section 208 for Appalachian Airport Safety Improvements, there is hereby authorized, to be appropriated to the President, to be available until expended, to carry out this Act, \$268,500,000 for the two-fiscal year period ending June 30, 1971; \$282,000,000 for the two-fiscal year period ending June 30, 1973; and \$294,000,000 for the two-fiscal year period ending June 30, 1975. In addition to the appropriations authorized in section 105 for administrative expenses, and in section 201(g) for the Appalachian development highway system and local access roads, there is authorized to be appropriated to the President, to be available until expended, to carry out this Act, \$340,000,000 for the period beginning July 1, 1975, and ending September 30, 1977, and \$300,000,000 for the two-fiscal year period ending September 30, 1979, and \$300,000,000 for the two-fiscal-year period ending September 30, 1981, and \$50,000,000 for the fiscal year period ending September 30, 1982. No part of the sums authorized in this section for the fiscal year ending September 30, 1982, shall be obligated for any project unless such project was undertaken with funds obligated in a previous fiscal year or is a capital project which was originally approved for funding in fiscal year 1981 and can be started and completed with funds authorized for fiscal year 1982. No part of the sums authorized in this section for the fiscal year ending September 30, 1982, shall be obligated for any project unless such project was undertaken with funds obligated in a previous fiscal year or is a capital project which was originally approved for funding in fiscal year 1981 and

can be started and completed with funds authorized for fiscal year 1982.】

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

In addition to amounts authorized by section 201 and amounts made available for the Appalachian development highway system program, there are authorized to be appropriated to the Commission to carry out this Act—

- (1) \$67,000,000 for fiscal year 1999;
- (2) \$72,000,000 for fiscal year 2000;
- (3) \$75,000,000 for fiscal year 2001;
- (4) \$75,000,000 for fiscal year 2002; and
- (5) \$80,000,000 for fiscal year 2003.

Such sums shall remain available until expended.

* * * * *

TERMINATION

SEC. 405. This Act, other than sections 201 and 403, shall cease to be in effect on October 1, 【1982】 2003.

SUPPLEMENTAL VIEWS

If this committee makes the case that EDA is a program that pays its own way, that has in fact contributed to national and particularly to local and regional economic growth, that the Government in fact does get a fair return on its investment, not only socially but economically and fiscally as well, and if this committee does its job of more narrowly focusing and targeting the EDA and its associated programs, will you and will this administration reconsider your position?¹

In 1981, as Chairman of the Subcommittee on Economic Development, I asked that question of David Stockman, Director of the Office of Management and Budget in the Reagan Administration, at our hearings on reauthorization of the Economic Development Administration (EDA) and Appalachian Regional Commission (ARC). While the Administration's reaction was to stand pat, the House of Representatives answered with a resounding affirmative vote for both EDA and the ARC.

When we bring the pending bill to the floor, we will again be asking that question of the House. The answer is just as resoundingly clear and just as bipartisan today as it was then. I strongly support H.R. 4275, the Economic Development Partnership Act of 1998, and, in fact, we do have a yardstick of measurement: during consideration of the Commerce, Justice, State appropriations bill on August 4, the House rejected by a vote of 327-91 an amendment to cut EDA funds and use the monies for other purposes.

Moreover, the record established in extensive hearings of this Subcommittee demonstrates clearly and convincingly that EDA and the ARC meet and exceed the standards raised in my question.

In 1965, Congress established the Economic Development Administration and Appalachian Regional Commission. Since that time, I have watched—both in my capacity as Administrator of the then-Committee on Public Works and as a Member of Congress for 23 years with service as Chairman and as a Member of the Public Buildings and Economic Development Subcommittee and its predecessor, the Subcommittee on Economic Development—these agencies foster economic growth and create economic opportunity in our Nation's most distressed communities for more than three decades. This Subcommittee directly oversees EDA and the ARC and has extensively documented the success of these programs.

I take this opportunity to highlight some of the findings of the Subcommittee and independent researchers with regard to these economic development programs. I will focus my discussion on EDA

¹ Overview and assessment of economic and regional development programs under the jurisdiction of the Subcommittee on Economic Development; hearings before the Subcomm. on Economic Development of the House Comm. on Public Works and Infrastructure, 97th Cong. 15 (1981).

because several recent studies have evaluated that agency's performance.

THE FIRST 15 YEARS: FINDINGS OF THE 97TH AND 98TH CONGRESSES

In the 97th and 98th Congresses, I served as Chairman of the Subcommittee on Economic Development which held almost thirty days of hearings beginning in 1981 to evaluate the economic development programs of the EDA and ARC. Particular tribute to the success of those hearings must go to my partnership with then-Congressman Bill Clinger (R.-Pa.). Congressman (and former EDA Chief Counsel) Clinger and I worked together to evaluate the agencies and craft the legislation later reported by the Committee. As part of its FY 1981 budget submission, the Reagan Administration proposed to terminate both agencies. The Subcommittee reviewed the track record of both agencies and found that they contributed significantly to the overall economic growth of the Nation, particularly its economically distressed communities.

The Subcommittee's report found that EDA and ARC were able to convert their modest nascent funds into a significant economic return of employment opportunities, private capital, and tax revenues. During its first 15 years, EDA, with a seed investment of \$4.7 billion in Federal funds, helped distressed communities produce 1.4 million private sector jobs; leverage \$9 billion in private capital; and facilitate \$6.5 billion in Federal, State, and local tax dollars. EDA projects returned more in taxes each year than were invested in the program in its entire 15-year history.² Similarly, the Appalachian Regional Commission generated 1.5 million jobs in its first 15 years.³

The Subcommittee also found that the total cost of creating an EDA public works job was about \$22,000 per job: \$3,800 in EDA funds and \$2,200 in other public funds which together leveraged \$16,000 to \$18,000 in private monies.⁴

Moreover, the Subcommittee report highlighted EDA's ability to positively impact both community and business development in economically distressed communities.⁵ Communities such as Scioto County, Ohio exemplified the EDA's power to transform an area through economic assistance. Before the EDA grant, Scioto County was a distressed area. After an EDA Title IX grant, more than 27 firms expanded into the area resulting in the retention of 714 existing jobs, the generation of 1,370 new jobs, and the investment of more than \$270 million of private resources.⁶ The Subcommittee's hearings showed that EDA investments produced similar dramatic impacts in distressed areas such as Jamestown, New York; Duluth,

²Hearing Report on Economic and Regional Development Programs Under the Jurisdiction of the Subcommittee on Economic Development of the Committee on Public Works and Transportation, H.R. Doc. No. 97-3 at 3 (1981).

³Id.

⁴The Subcommittee report cites a study by Abt Associates Inc. and other witnesses for these estimates. In addition to the Abt Study, a General Accounting Office study estimated that an industrial park-related job costs about \$1,500. Id. at 9-10.

⁵See id. at 9.

⁶Id. at 10-11.

Minnesota; Pine Bluff, Arkansas; San Benito, Texas; Oakland, California; Baltimore, Maryland; and Washington, D.C.⁷

33 YEARS AND COUNTING: FINDINGS OF THE 105TH CONGRESS

Today, more than seventeen years since I chaired the Economic Development Subcommittee's examination of EDA and the ARC, these agencies are still an integral element of distressed areas' efforts to rebuild their communities. Moreover, the Subcommittee continues to document the success of these agencies.

In 1997, the House Subcommittee on Public Buildings and Economic Development, under the leadership of Chairman Jay Kim and Ranking Democratic Member Jim Traficant, held hearings to consider the reauthorization of EDA and the ARC.⁸ At the hearings, Dr. Richard W. Burchell, Ph.D. of the Rutgers University Center for Urban Policy Research, testified before the Subcommittee on behalf of a consortium of universities on the consortium's comprehensive study evaluating the success of EDA's public works program.⁹

Public Works Program

That study documents EDA's success in promoting the long-term economic recovery of distressed areas.¹⁰ One of the purposes of the public works program is to stimulate the development of infrastructure in communities, particularly rural areas and cities, stymied in their economic growth. A prime indicator of a community's economic health is the extent of its infrastructure development as a draw to business and industry. At the hearings, Dr. Burchell testified that if it were not for the EDA public works funding, these distressed communities would never have been able to initiate these infrastructure development projects.¹¹

The study evaluated all 203 EDA public works projects completed in FY 1990.¹² These projects were carried out in areas where unemployment and the population below the poverty level are 40 percent higher than the state and national averages. These are also areas where per capita income is typically 40 percent lower than

⁷Witnesses from these distressed areas testified at these hearings that their communities would have continued "their downward spiral" if not for EDA money directly invested in their communities. *Id.* at 9.

⁸See Reauthorization of the Economic Development Administration and the Appalachian Regional Commission; Hearings Before the Subcomm. on Public Buildings and Economic Development of the House Comm. on Transportation and Infrastructure, 105th Cong. 1 (1997) [hereinafter *Hearings 1997*].

⁹The study was conducted by Rutgers, the New Jersey Institute of Technology, Columbia University, the National Association of Regional Councils, Princeton University, and the University of Cincinnati. *Id.* at 72.

¹⁰See *Public Works Program Performance Evaluation; Final Report 3-4* (Rutgers University, Center for Urban Policy ed., 1997) [hereinafter *Public Works Evaluation*].

¹¹Dr. Burchell testified that EDA funding was critical to infrastructure development:

In relatively isolated rural situations, turnarounds might never occur without EDA's early entrance decisions. In urban circumstances, without EDA's timely involvement, neighboring economic forces could negatively impact the possible future of a project. Thus, given either the absence of local resources, or the inability of the public or private capital market in an area to generate the funding necessary to get a project off the ground, infrastructure projects often would not be built absent EDA funding. *Hearings 1997*, supra note 8, at 176 (prepared statement by Dr. Robert W. Burchell, Ph.D.).

¹²Of the 205 initial projects, 203 projects (99%) were completed. Two projects were aborted because of local financial or market reasons. *Id.* at 174. The project breakdown consisted of water/sewer (42.8%); industrial parks (29.1%); buildings (13.3%); roads (8.4%); and marine/tourism projects (6.4%). *Public Works Evaluation*, supra note 10, at 3.

state and national averages.¹³ The study found that 91% of the 203 projects were completed on-time and 52% of these projects were completed under budget.¹⁴

Moreover, the study's statistical findings concerning the public works program's job creation are compelling indicators of EDA's success. Six years after completion, 96 percent of the projects produced permanent jobs. On average, for every \$1 million of EDA funding, each public works period produced 327 permanent jobs.¹⁵

In terms of EDA funding, the cost of this economic development was minimal while the impact on private-sector and government investment proved to be great. On average, EDA created or retained jobs at a cost of \$3,058 per job.¹⁶ In addition, EDA funding leveraged private-sector and other government investment. For every \$1 million of EDA funding, another \$1 million was leveraged in federal, state, or local investment.¹⁷ EDA funding also leveraged private-sector investment in the overwhelming majority (84%) of projects. For every \$1 million of EDA funding, \$10.08 million was leveraged in private-sector investment.¹⁸ These investments are private-sector investments that but for the EDA funds would not have been invested.

The study also found that the economic impact of the public works program extended far beyond the recipients themselves to positively affect public and private economic growth at large. Thirty percent of all public works projects generated nonproject-related jobs while 35 percent produced indirect jobs.¹⁹ These statistics translate into the generation of an additional 50 jobs and \$1.18 million in private sector investment in nonproject-related direct effects, and an additional 64 jobs and \$126,180 in indirect effects for every \$1 million of EDA funding.²⁰

Finally, EDA public works projects have a significant impact on the local tax base. For every \$1 million of EDA funding, the local tax base increased by \$10.13 million from additional private-sector and other investments.²¹

The study confirms what the Subcommittee has found and I have known for many years: EDA's public works program is a resounding success.

Defense Adjustment Program

Since 1987, approximately 2.5 million defense-dependent jobs have been lost because of defense downsizing. EDA created the defense adjustment program to specifically help diversify the economies of communities impacted by military base closures and defense downsizing. The same consortium of universities that conducted the public works study also recently evaluated EDA's defense adjustment program and made their findings available to the

¹³ Hearings, *supra* note 8, at 179.

¹⁴ *Id.* at 181.

¹⁵ *Id.* at 183.

¹⁶ *Id.* at 184.

¹⁷ *Id.*

¹⁸ This statistic does not include public projects. *Id.* at 184.

¹⁹ For purposes of this study, indirect jobs are those jobs that occur because of the project or the project's jobs. *Id.* at 185.

²⁰ *Id.* at 185-6.

²¹ *Id.* at 187.

Committee. The Burchell defense study evaluated all 190 EDA defense adjustment grants approved between FY1992 and FY1995.²²

EDA's defense adjustment program is a direct response to the sudden and severe impacts of military base closures and defense contractor cutbacks. According to the study, these projects were carried out in distressed areas where minority populations and the population below the poverty level are 20 percent higher than state and national averages. These areas also have an average per capita income that is 25 percent lower than state and national averages.²³ The study found that 99 percent of the projects commenced as planned and 80 percent of the projects were completed on-time. Moreover, of the completed defense adjustment projects, about 90 percent of defense construction projects and 100 percent of revolving loan funds came in on or under budget.²⁴

Although the recently completed defense adjustment projects have had only a short time to mature, the study's statistical findings concerning the program's job creation and private-sector investment are compelling indicators of EDA's success: every \$1 million in EDA defense adjustment infrastructure investment produced 124 permanent jobs. EDA created or retained jobs at a cost of \$8.052 per job.²⁵ In addition, EDA funding leveraged private-sector investment. For every \$1 million of EDA funding, \$2.2 million was leveraged in private sector investment.²⁶

The EDA defense adjustment program also makes grants to establish revolving loan funds to help communities diversify their economies. These grants result in similar job creation and private investment success stories. With respect to completed projects (fully loaned), every \$1 million in EDA funding has created 304 permanent jobs; the EDA cost per job is \$3,312.²⁷ Completed projects have generated more than two times the initial EDA investment.²⁸

The study concluded that although the defense adjustment program is only a few years old, the available statistics indicate that these projects will likely contribute significant additional employment growth in the long term.²⁹ Furthermore, the study notes the importance of these EDA projects to communities facing economic despair because of military base closings and the critical nature of EDA as the primary funding source.³⁰

Demonstrably, EDA's defense adjustment program creates jobs, leverages private investment, and increases the local tax base, as does its public works program.

Conclusion

In the early 1960s, President John F. Kennedy often spoke of a national economic policy that would float all boats; they would rise with the general tide of economic growth. For those distressed com-

²² Defense adjustment program; Performance Evaluation 3-4 (Rutgers University Center for Urban Policy Research, ed. 1997).

²³ *Id.* at 4.

²⁴ *Id.*

²⁵ *Id.* at 4-5.

²⁶ *Id.*

²⁷ *Id.* at 6.

²⁸ *Id.*

²⁹ *Id.* at 4-6.

³⁰ *Id.* at 6.

munities, then and now, left behind by the “tide”, drowning in economic despair, EDA serves not only as rescuer, but also as teacher—teaching communities how to build, repair, and maintain the boats necessary to stay afloat in the global economy.

Whether the analysis is from 1981 or 1997, the numbers all point to one conclusion: EDA has been and continues to be a resounding success. Through its targeted infrastructure and business investment, EDA creates permanent jobs in our Nation’s most economically distressed rural and urban communities at a minimal cost of about \$3,000 per job. The EDA investment leverages an enormous amount of private investment that would not exist in these communities if EDA did not serve its catalytic role. Finally, the beneficiaries of EDA grants generate more in taxes each year than are invested in the program.

As a Member of Congress and this Committee for almost a quarter of a century, I can honestly say that I am proud to have fought for EDA/ARC reauthorization seventeen years ago, and I am just as proud to sing their praises today. Simply put, EDA and the ARC help communities help themselves, ultimately helping us all make our Nation stronger.

JAMES L. OBERSTAR.

