

110TH CONGRESS
2D SESSION

H. R. 6770

To amend title 31, United States Code, to provide Federal aid and economic stimulus through a one-time revenue grant to the States and their local governments.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2008

Mr. WEINER (for himself, Mrs. MALONEY of New York, and Mr. KING of New York) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

A BILL

To amend title 31, United States Code, to provide Federal aid and economic stimulus through a one-time revenue grant to the States and their local governments.

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

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “State and Local Eco-
5 nomic Stimulus Act”.

6 SEC. 2. FINDINGS.

7 The Congress finds the following:

8 (1) State and local governments are a vital part
9 of our economy and American life. States, cities,

1 counties, school districts, and other localities and ju-
2 risdictions provide health care, education, public
3 safety, and innumerable social services to hundreds
4 of millions of Americans.

5 (2) From September 2007 to June 2008, Amer-
6 ica's unemployment rate increased from 4.7 percent
7 to 5.5 percent, and hundreds of thousands of addi-
8 tional Americans went without jobs.

9 (3) America's economic downturn is causing
10 painful budget problems for State and local govern-
11 ments. The economic slowdown has lowered State
12 and local tax revenues while the need for public serv-
13 ice is expanding. As a result, most States and many
14 localities are suffering budget deficits.

15 (4) Given that 49 of 50 States, and many local
16 governments, are legally required to balance their
17 budgets, the only way these governments can reduce
18 deficits is to cut public services or raise taxes.

19 (5) In 2003, in response to the prior economic
20 downturn, Congress enacted a \$20,000,000,000 fis-
21 cal relief package for States, including authorizing
22 \$10,000,000,000 for flexible anti-recession grants to
23 stimulate the ailing economy and protect vital public
24 services.

1 SEC. 3. ONE-TIME REVENUE GRANT TO STATES AND LOCAL
2 GOVERNMENTS.

3 (a) IN GENERAL.—Chapter 67 of title 31, United
4 States Code, is amended by adding at the end the fol-
5 lowing new section:

6 “§ 6721. One-time revenue grant to States and local
7 governments

8 "(a) APPROPRIATION.—There is appropriated to
9 carry out this section \$40,000,000,000 for fiscal year
10 2009.

11 "(b) ALLOTMENTS.—From the amount appropriated
12 under subsection (a) for fiscal year 2009, the Secretary
13 of the Treasury shall, as soon as practicable after the date
14 of the enactment of this section, allot to each of the States
15 as follows:

16 “(1) BASED ON POPULATION.—

17 “(A) STATE LEVEL.—\$10,000,000,000
18 shall be allotted among States on the basis of
19 the relative population of each such State, de-
20 termined based on data from the 2000 decen-
21 nial census of the United States.

22 “(B) LOCAL GOVERNMENT LEVEL.—
23 \$10,000,000,000 shall be allotted among such
24 States as determined under subparagraph (A)
25 for distribution to the various units of general
26 local government within such States on the

1 basis of the relative population of each such
2 unit within each such State that is unemployed,
3 determined based on the data referred to in
4 subparagraph (A).

5 “(2) BASED ON CHANGE IN UNEMPLOYMENT
6 RATE.—

7 “(A) TIER 1.—

8 “(i) STATE LEVEL.—\$7,500,000,000
9 shall be allotted among States that have
10 experienced a tier 1 unemployment rate on
11 the basis of the relative number of unem-
12 ployed individuals for the period beginning
13 on September 1, 2007, and ending on June
14 30, 2008, in each such State, determined
15 based on unemployment levels for 2007
16 and 2008 from the Bureau of Labor Sta-
17 tistics’ Local Area Unemployment Statis-
18 tics.

19 “(ii) LOCAL GOVERNMENT LEVEL.—
20 \$7,500,000,000 shall be allotted among
21 States that have experienced a tier 1 un-
22 employment rate as determined under
23 clause (i) for distribution to the various
24 units of general local government within
25 such States on the basis of the relative

1 number of unemployed individuals for the
2 period beginning on September 1, 2007,
3 and ending on June 30, 2008, in each such
4 unit within each such State, determined
5 based on the civilian labor force unemploy-
6 ment rate, seasonally adjusted, for Sep-
7 tember 2007 to June 2008 from the Bu-
8 reau of Labor Statistics' Local Area Un-
9 employment Statistics.

10 “(B) TIER 2.—

1 clause (i) for distribution to the various
2 units of general local government within
3 such States on the basis of the relative
4 number of unemployed individuals for the
5 period beginning on September 1, 2007,
6 and ending on June 30, 2008, in each such
7 unit within each such State, determined
8 based on the civilian labor force unemploy-
9 ment rate, seasonally adjusted, for Sep-
10 tember 2007 to June 2008 from the Bu-
11 reau of Labor Statistics' Local Area Un-
12 employment Statistics.

13 “(c) USE OF PAYMENTS.—

14 “(1) IN GENERAL.—Subject to paragraph (2), a
15 State or unit of local government shall use the funds
16 provided under a payment made under this section
17 for a fiscal year to—

18 “(A) provide essential government services;

19 “(B) cover the costs to the State or unit
20 of local government, respectively, of complying
21 with any Federal intergovernmental mandate
22 (as defined in section 421(5) of the Congres-
23 sional Budget Act of 1974) to the extent that
24 the mandate applies to the State or unit of local
25 government, respectively, and the Federal Gov-

1 ernment has not provided funds to cover the
2 costs; or

3 “(C) compensate for a decline in Federal
4 funding to the State or unit of local govern-
5 ment, respectively.

6 “(2) REQUIREMENTS.—A State or unit of local
7 government—

8 “(A) may use funds provided as a payment
9 under this section only for types of expenditures
10 permitted under the most recently approved
11 budget for the State;

12 “(B) may not use the additional Federal
13 funds paid to the State or unit of local govern-
14 ment as a result of this section for purposes of
15 increasing any reserve or rainy day fund main-
16 tained by the State; and

17 “(C) shall expend the additional Federal
18 funds paid to the State or unit of local govern-
19 ment as a result of this section within 1 year
20 after the date on which the State receives such
21 funds.

22 “(3) CERTIFICATION.—In order to receive a
23 payment under this section for a fiscal year, a State
24 or unit of local government shall certify to the Sec-
25 retary of the Treasury with a certification that the

1 proposed use of such funds by the State or unit of
2 local government's, respectively, is consistent with
3 this subsection.

4 “(d) DEFINITIONS.—For purposes of this section—

5 “(1) STATE.—The term ‘State’ means any of
6 the several States, the District of Columbia, and the
7 Commonwealth of Puerto Rico.

8 “(2) UNIT OF GENERAL LOCAL GOVERN-
9 MENT.—

10 “(A) IN GENERAL.—The term ‘unit of gen-
11 eral local government’ means—

12 “(i) a county, parish, township, city,
13 or political subdivision of a county, parish,
14 township, or city, that is a unit of general
15 local government as determined by the Sec-
16 retary of Commerce for general statistical
17 purposes; and

18 “(ii) the District of Columbia, and the
19 recognized governing body of an Indian
20 tribe or Alaskan native village that carries
21 out substantial governmental duties and
22 powers.

23 “(B) TREATMENT OF SUBSUMED AREAS.—
24 For purposes of determining a unit of general

1 local government under this section, the rules
2 under section 6720(c) of this title shall apply.

3 “(3) UNEMPLOYMENT.—With respect to any
4 State or unit of general local government—

5 “(A) TIER 1 UNEMPLOYMENT RATE.—The
6 term ‘tier 1 unemployment rate’ means an un-
7 employment rate for June 2008 that is 0.7 or
8 more percentage points greater than such rate
9 for September 2007.

10 “(B) TIER 2 UNEMPLOYMENT RATE.—The
11 term ‘tier 2 unemployment rate’ means an un-
12 employment rate for June 2008 that is less
13 than 0.7 percent points greater than such rate
14 for September 2007.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
16 tions for chapter 67 of title 31, United States Code, is
17 amended by adding at the end the following new item:

“6721. One-time revenue grant to States and local governments.”.

