

Calendar No. 254

111TH CONGRESS
2^D SESSION

S. 2778

[Report No. 111-114]

To amend the Public Works and Economic Development Act of 1965 to reauthorize that Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2009

Mrs. BOXER (for herself, Mr. INHOFE, Mr. BAUCUS, Mr. VOINOVICH, Mr. MERKLEY, and Mr. VITTER) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

JANUARY 20, 2010

Reported by Mrs. BOXER, with amendments

[Omit the part struck through and insert the part printed in *italie*]

A BILL

To amend the Public Works and Economic Development Act of 1965 to reauthorize that Act, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Economic Development
5 Revitalization Act of 2009”.

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

2 Section 2(b) of the Public Works and Economic De-
 3 velopment Act of 1965 (42 U.S.C. 3121(b)) is amended
 4 by striking paragraph (3) and inserting the following:

5 **SEC. 2. FINDINGS AND DECLARATIONS.**

6 *Section 2 of the Public Works and Economic Develop-*
 7 *ment Act of 1965 (42 U.S.C. 3121) is amended—*

8 *(1) in subsection (a)(3)(C), by inserting “, in-*
 9 *cluding the location of information technology and*
 10 *manufacturing jobs in the United States” after “in-*
 11 *vestment”; and*

12 *(2) in subsection (b), by striking paragraph (3)*
 13 *and inserting the following:*

14 “(3) whether suffering from long-term distress
 15 or a sudden economic dislocation, distressed commu-
 16 nities should be encouraged to promote innovation
 17 and entrepreneurship, including, as appropriate, the
 18 support of the formation of business incubators in
 19 economically distressed areas, so as to help regions
 20 to create higher-skill, higher-wage jobs and foster
 21 the participation of those regions in the global mar-
 22 ketplace; and”.

23 **SEC. 3. DEFINITIONS.**

24 Section 3(8) of the Public Works and Economic De-
 25 velopment Act of 1965 (42 U.S.C. 3122(8)) is amended—

1 (1) in subparagraph (C), by striking “and” at
2 the end;

3 (2) in subparagraph (D), by striking the period
4 at the end and inserting “; and”; and

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

6 “(E) the Southeast Crescent Regional
7 Commission, Northern Border Regional Com-
8 mission, and Southwest Border Regional Com-
9 mission established by section 15301(a) of title
10 40, United States Code.”.

11 **SEC. 4. ECONOMIC DEVELOPMENT PARTNERSHIPS.**

12 Section 101 of the Public Works and Economic De-
13 velopment Act of 1965 (42 U.S.C. 3131) is amended—

14 (1) in subsection (b)—

15 (A) in the matter preceding paragraph (1),
16 by inserting “economic development districts,
17 university centers,” after “multi-State regional
18 organizations,”; and

19 (B) in paragraph (3), by inserting “, inno-
20 vation, entrepreneurship, sustainable develop-
21 ment,” after “infrastructure”; and

22 (2) in subsection (c), by inserting “(including
23 economic development districts)” after “local govern-
24 ment agencies”.

1 **SEC. 5. GRANTS FOR PLANNING AND GRANTS FOR ADMIN-**
 2 **ISTRATIVE EXPENSES.**

3 Section 203 of the Public Works and Economic De-
 4 velopment Act of 1965 (42 U.S.C. 3143) is amended—

5 (1) in subsection (b)—

6 (A) in paragraph (3), by striking “and” at
 7 the end;

8 (B) in paragraph (4), by striking the pe-
 9 riod at the end and inserting “; and”; and

10 (C) by adding at the end the following:

11 “(5) fostering regional collaboration among
 12 local jurisdictions and organizations.”; and

13 (2) in subsection (d)(5), by striking “subsection
 14 shall” and all that follows through the end of the
 15 paragraph and inserting the following: “subsection
 16 shall—

17 “(A) submit to the Secretary an annual re-
 18 port on the planning process assisted under this
 19 subsection; and

20 “(B) provide a copy of each annual report
 21 to each economic development district within
 22 the State.”.

23 **SEC. 6. COST SHARING.**

24 (a) FEDERAL SHARE.—Section 204(a) of the Public
 25 Works and Economic Development Act of 1965 (42
 26 U.S.C. 3144(a)) is amended by striking “shall not ex-

1 ceed—” and all that follows through the end of the sub-
 2 section and inserting “shall not exceed 50 percent, except
 3 as otherwise expressly provided in this Act.”.

4 (b) INCREASE IN FEDERAL SHARE.—Section 204(c)
 5 of the Public Works and Economic Development Act of
 6 1965 (42 U.S.C. 3144(c)) is amended—

7 (1) by redesignating paragraphs (1) through
 8 (3) as paragraphs (2) through (4), respectively;

9 (2) by inserting before paragraph (2) (as redesi-
 10 gnated by paragraph (1)) the following:

11 “(1) RELATIVE NEEDS OF AN AREA.—

12 “(A) 150-PERCENT HIGHER UNEMPLOY-
 13 MENT RATE.—In the case of a grant made in
 14 an area for which the 24-month unemployment
 15 rate is at least 150 percent of the national aver-
 16 age or the per capita income is not more than
 17 70 percent of the national average, the Sec-
 18 retary may increase the Federal share above the
 19 percentage specified in subsection (a) up to 60
 20 percent of the cost of the project.

21 “(B) 175-PERCENT HIGHER UNEMPLOY-
 22 MENT RATE.—In the case of a grant made in
 23 an area for which the 24-month unemployment
 24 rate is at least 175 percent of the national aver-
 25 age or the per capita income is not more than

1 60 percent of the national average, the Sec-
2 retary may increase the Federal share above the
3 percentage specified in subsection (a) up to 70
4 percent of the cost of the project.

5 “(C) 200-PERCENT HIGHER UNEMPLOY-
6 MENT RATE.—In the case of a grant made in
7 an area for which the 24-month unemployment
8 rate is at least 200 percent of the national aver-
9 age or the per capita income is not more than
10 50 percent of the national average, the Sec-
11 retary may increase the Federal share above the
12 percentage specified in subsection (a) up to 80
13 percent of the cost of the project.

14 “(D) ADDITIONAL CRITERIA.—The Sec-
15 retary may establish eligibility criteria in addi-
16 tion to the criteria described in this paragraph
17 to address areas impacted by severe outmigra-
18 tion, sudden and severe economic dislocations,
19 and other economic circumstances, on the con-
20 dition that a Federal share established for such
21 eligibility criteria shall not exceed 80 percent.”;

22 (3) in paragraph (2) (as redesignated by para-
23 graph (1))—

24 (A) by striking “may” and inserting
25 “shall”; and

1 (B) by inserting “to 75 percent of the cost
2 of the project, and may increase” after “sub-
3 section (a)”;

4 (4) by adding at the end the following:

5 “(5) **FEDERALLY DECLARED DISASTER**
6 **AREAS.**—In the case of a grant for an area with re-
7 spect to which a major disaster or emergency has
8 been declared under the Robert T. Stafford Disaster
9 Relief and Emergency Assistance Act (42 U.S.C.
10 5121 et seq.) during the 18-month period ending on
11 the date on which the Federal share is determined,
12 the Secretary may increase the Federal share above
13 the percentage specified in subsection (a) up to 100
14 percent of the cost of the project.”.

15 **SEC. 7. GRANTS FOR TRAINING, RESEARCH, AND TECH-**
16 **NICAL ASSISTANCE.**

17 Section 207(a) of the Public Works and Economic
18 Development Act of 1965 (42 U.S.C. 3147(a)) is amend-
19 ed—

20 ~~(1) in paragraph (1), by inserting “, outmigra-~~
21 ~~tion,” after “unemployment”; and~~

22 (1) *in paragraph (1), by striking “or under-*
23 *employment” and inserting “, outmigration, or*
24 *underemployment, or in assisting in the location of*

1 *information technology and manufacturing jobs in the*
 2 *United States”;* and

3 (2) in paragraph (2)—

4 (A) in subparagraph (H), by striking
 5 “and” at the end;

6 (B) by redesignating subparagraph (I) as
 7 subparagraph (J); and

8 (C) by inserting after subparagraph (H)
 9 the following:

10 “(I) a peer exchange program to promote
 11 industry-leading practices and innovations relat-
 12 ing to the organizational development, program
 13 delivery, and regional initiatives of economic de-
 14 velopment districts; and”.

15 **SEC. 8. ENHANCEMENT OF RECIPIENT FLEXIBILITY TO**
 16 **DEAL WITH PROJECT ASSETS.**

17 ~~(a) PARTICULAR COMMUNITY ASSISTANCE.—Section~~
 18 ~~209(c)(5) of the Public Works and Economic Development~~
 19 ~~Act of 1965 (42 U.S.C. 3149(c)(5)) is amended by insert-~~
 20 ~~ing “, natural resource-based, agricultural, or service sec-~~
 21 ~~tor” after “manufacturing”.~~

22 *(a) PARTICULAR COMMUNITY ASSISTANCE.—Section*
 23 *209(c) of the Public Works and Economic Development Act*
 24 *of 1965 (42 U.S.C. 3149(c)) is amended by striking para-*
 25 *graph (5) and inserting the following:*

1 “(5) the loss of information technology, manufac-
 2 turing, natural resource-based, agricultural, or service
 3 sector jobs, for reinvesting in and diversifying the
 4 economies of the communities.”.

5 (b) REVOLVING LOAN FUND PROGRAM FLEXI-
 6 BILITY.—Section 209(d) of the Public Works and Eco-
 7 nomic Development Act of 1965 (42 U.S.C. 3149(d)) is
 8 amended—

9 (1) by redesignating paragraphs (2) through
 10 (4) as paragraphs (3) through (5), respectively;

11 (2) by inserting after paragraph (1) the fol-
 12 lowing:

13 “(2) COMMENTS.—

14 “(A) IN GENERAL.—The Secretary shall
 15 periodically solicit from the individuals and en-
 16 tities described in subparagraph (B)—

17 “(i) comments regarding the guide-
 18 lines and performance requirements for the
 19 revolving loan fund program; and

20 “(ii) recommendations for improving
 21 the performance of the program and grant-
 22 ees under the program.

23 “(B) DESCRIPTION OF INDIVIDUALS AND
 24 ENTITIES.—The individuals and entities re-
 25 ferred to in subparagraph (A) are—

1 “(i) the public; and

2 “(ii) in particular, revolving loan fund
3 grantees, national experts, and employees
4 of Federal agencies with knowledge of
5 international, national, regional, and state-
6 wide trends, innovations, and noteworthy
7 practices relating to business development
8 finance, including public and private lend-
9 ing and technical assistance inter-
10 mediaries.”;

11 (3) in subparagraph (A) of paragraph (5) (as
12 redesignated by paragraph (1)), by striking “para-
13 graph (2)(C)” and inserting “paragraph (3)(C)”;
14 and

15 (4) by adding at the end the following:

16 “(6) CONVERSION OF PROJECT ASSETS.—

17 “(A) REQUEST.—If a recipient determines
18 that a revolving loan fund established using as-
19 sistance provided under this section is no longer
20 needed, or that the recipient could make better
21 use of the assistance in light of the current eco-
22 nomic development needs of the recipient if the
23 assistance was made available to carry out any
24 other project that meets the requirements of
25 this Act, the recipient may submit to the Sec-

1 retary a request to approve the conversion of
2 the assistance.

3 “(B) METHODS OF CONVERSION.—A re-
4 cipient the request to convert assistance of
5 which is approved under subparagraph (A) may
6 accomplish the conversion by—

7 “(i) selling to a third party any assets
8 of the applicable revolving loan fund; or

9 “(ii) retaining repayments of principal
10 and interest amounts on loans provided
11 through the applicable revolving loan fund.

12 “(C) REQUIREMENTS.—

13 “(i) SALE.—

14 “(I) IN GENERAL.—Subject to
15 subclause (II), a recipient shall use
16 the net proceeds from a sale of assets
17 under subparagraph (B)(i) to pay any
18 portion of the costs of 1 or more
19 projects that meet the requirements of
20 this Act.

21 “(II) TREATMENT.—For pur-
22 poses of subclause (I), a project de-
23 scribed in that subclause shall be con-
24 sidered to be eligible under section
25 301.

1 “(ii) RETENTION OF REPAYMENTS.—
2 Retention by a recipient of any repayment
3 under subparagraph (B)(ii) shall be carried
4 out in accordance with a strategic reuse
5 plan approved by the Secretary that pro-
6 vides for the increase of capital over time
7 until sufficient amounts (including interest
8 earned on the amounts) are accumulated
9 to fund other projects that meet the re-
10 quirements of this Act.

11 “(D) TERMS AND CONDITIONS.—The Sec-
12 retary may require such terms and conditions
13 regarding a proposed conversion of the use of
14 assistance under this paragraph as the Sec-
15 retary determines to be appropriate.

16 “(E) EXPEDIENCY REQUIREMENT.—The
17 Secretary shall ensure that any assistance in-
18 tended to be converted for use pursuant to this
19 paragraph is used in an expeditious manner.

20 “(7) PROGRAM ADMINISTRATION.—The Sec-
21 retary may allocate not more than 2 percent of the
22 amounts made available for grants under this sec-
23 tion for the development and maintenance of an
24 automated tracking and monitoring system to ensure
25 the proper operation and financial integrity of the

1 revolving loan program established under this sec-
 2 tion.”.

3 **SEC. 9. BRIGHTFIELDS DEMONSTRATION PROGRAM.**

4 Section 218(d) of the Public Works and Economic
 5 Development Act of 1965 (42 U.S.C. 3154d(d)) is amend-
 6 ed by striking “2004 through 2008” and inserting “2009
 7 through 2013”.

8 **SEC. 10. DESIGNATION OF ECONOMIC DEVELOPMENT DIS-**
 9 **TRICTS.**

10 Section 401 of the Public Works and Economic De-
 11 velopment Act of 1965 (42 U.S.C. 3171) is amended by
 12 adding at the end the following:

13 “(c) OPERATIONS.—

14 “(1) IN GENERAL.—Each economic develop-
 15 ment district shall engage in the full range of eco-
 16 nomic development activities included in the list con-
 17 tained in the comprehensive economic development
 18 strategy of the economic development district that
 19 has been approved by the Economic Development
 20 Administration, including—

21 “(A) coordinating and implementing eco-
 22 nomic development activities in the economic
 23 development district;

24 “(B) carrying out economic development
 25 research, planning, implementation, and advi-

1 sory functions identified in the comprehensive
2 economic development strategy; and

3 “(C) coordinating the development and im-
4 plementation of the comprehensive economic de-
5 velopment strategy with other Federal, State,
6 local, and private organizations.

7 “(2) CONTRACTS.—An economic development
8 district may elect to enter into contracts for services
9 to accomplish the activities described in paragraph
10 (1).”.

11 **SEC. 11. CONSULTATION WITH OTHER PERSONS AND AGEN-**
12 **CIES.**

13 Section 503(a) of the Public Works and Economic
14 Development Act of 1965 (42 U.S.C. 3193(a)) is amended
15 by inserting “, outmigration,” after “regional unemploy-
16 ment”.

17 **SEC. 12. NOTIFICATION OF REORGANIZATION.**

18 Section 507 of the Public Works and Economic De-
19 velopment Act of 1965 (42 U.S.C. 3197) is amended—

20 (1) by striking “Not later than” and inserting
21 the following:

22 “(a) NOTIFICATION.—Not later than”; and

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

1 “(b) STATE OF MONTANA.—The State of Montana
2 shall be served by the Seattle office of the Economic De-
3 velopment Administration.”.

4 **SEC. 13. MAINTENANCE OF EFFORT.**

5 Title VI of the Public Works and Economic Develop-
6 ment Act of 1965 (42 U.S.C. 3211 et seq.) is amended
7 by adding at the end the following:

8 **“SEC. 613. MAINTENANCE OF EFFORT.**

9 “(a) EXPECTED PERIOD OF BEST EFFORTS.—

10 “(1) ESTABLISHMENT.—To carry out the pur-
11 poses of this Act, before providing investment assist-
12 ance for a construction project under this Act, the
13 Secretary shall establish the expected period during
14 which the recipient of the assistance shall make best
15 efforts to achieve the economic development objec-
16 tives of the assistance.

17 “(2) TREATMENT OF PROPERTY.—To obtain
18 the best efforts of a recipient during the period es-
19 tablished under paragraph (1), during that period—

20 “(A) any property that is acquired or im-
21 proved, in whole or in part, using investment
22 assistance under this Act shall be held in trust
23 by the recipient for the benefit of the project;
24 and

1 “(B) the Secretary shall retain an undi-
2 vided equitable reversionary interest in the
3 property.

4 “(3) TERMINATION OF FEDERAL INTEREST.—

5 “(A) IN GENERAL.—Beginning on the date
6 on which the Secretary determines that a recipi-
7 ent has fulfilled the obligations of the recipient
8 for the applicable period under paragraph (1),
9 taking into consideration the economic condi-
10 tions existing during that period, the Secretary
11 may terminate the reversionary interest of the
12 Secretary in any applicable property under
13 paragraph (2)(B).

14 “(B) ALTERNATIVE METHOD OF TERMI-
15 NATION.—

16 “(i) IN GENERAL.—On a determina-
17 tion by a recipient that the economic devel-
18 opment needs of the recipient have
19 changed during the period beginning on
20 the date on which investment assistance
21 for a construction project is provided
22 under this Act and ending on the expira-
23 tion of the expected period established for
24 the project under paragraph (1), the re-
25 cipient may submit to the Secretary a re-

1 quest to terminate the reversionary inter-
2 est of the Secretary in property of the
3 project under paragraph (2)(B) before the
4 date described in subparagraph (A).

5 “(ii) APPROVAL.—The Secretary may
6 approve a request of a recipient under
7 clause (i) if—

8 “(I) in any case in which the re-
9 quest is submitted during the 10-year
10 period beginning on the date on which
11 assistance is initially provided under
12 this Act for the applicable project, the
13 recipient repays to the Secretary an
14 amount equal to 100 percent of the
15 fair market value of the pro rata Fed-
16 eral share of the project; or

17 “(II) in any case in which the re-
18 quest is submitted after the expiration
19 of the 10-year period described in sub-
20 clause (I), the recipient repays to the
21 Secretary an amount equal to the fair
22 market value of the pro rata Federal
23 share of the project as if that value
24 had been amortized over the period
25 established under paragraph (1),

1 based on a straight-line depreciation
2 of the project throughout the esti-
3 mated useful life of the project.

4 “(b) TERMS AND CONDITIONS.—The Secretary may
5 establish such terms and conditions under this section as
6 the Secretary determines to be appropriate, including by
7 extending the period of a reversionary interest of the Sec-
8 retary under subsection (a)(2)(B) in any case in which the
9 Secretary determines that the performance of a recipient
10 is unsatisfactory.

11 “(c) PREVIOUSLY EXTENDED ASSISTANCE.—With
12 respect to any recipient to which the term of provision of
13 assistance was extended under this Act before the date
14 of enactment of this section, the Secretary may approve
15 a request of the recipient under subsection (a) in accord-
16 ance with the requirements of this section to ensure uni-
17 form administration of this Act, notwithstanding any esti-
18 mated useful life period that otherwise relates to the as-
19 sistance.

20 “(d) CONVERSION OF USE.—If a recipient of assist-
21 ance under this Act demonstrates to the Secretary that
22 the intended use of the project for which assistance was
23 provided under this Act no longer represents the best use
24 of the property used for the project, the Secretary may
25 approve a request by the recipient to convert the property

1 to a different use for the remainder of the term of the
 2 Federal interest in the property, subject to the condition
 3 that the new use shall be consistent with the purposes of
 4 this Act.

5 “(e) STATUS OF AUTHORITY.—The authority of the
 6 Secretary under this section is in addition to any authority
 7 of the Secretary pursuant to any law or grant agreement
 8 in effect on the date of enactment of this section.”.

9 **SEC. 14. EXTENSION OF AUTHORIZATION OF APPROPRIA-**
 10 **TIONS.**

11 Section 701(a) of the Public Works and Economic
 12 Development Act of 1965 (42 U.S.C. 3231(a)) is amended
 13 by striking “expended—” and all that follows through
 14 paragraph (5) and inserting “expended, \$500,000,000 for
 15 each of fiscal years 2009 through 2013.”.

16 **SEC. 15. FUNDING FOR GRANTS FOR PLANNING AND**
 17 **GRANTS FOR ADMINISTRATIVE EXPENSES.**

18 Section 704 of the Public Works and Economic De-
 19 velopment Act of 1965 (42 U.S.C. 3234) is amended to
 20 read as follows:

21 **“SEC. 704. FUNDING FOR GRANTS FOR PLANNING AND**
 22 **GRANTS FOR ADMINISTRATIVE EXPENSES.**

23 “(a) IN GENERAL.—Subject to subsection (b), of the
 24 amounts made available under section 701 for each fiscal

1 year, not less than \$27,000,000 shall be made available
2 to provide grants under section 203.

3 “(b) SUBJECT TO TOTAL APPROPRIATIONS.—For
4 any fiscal year, the amount made available pursuant to
5 subsection (a) shall be increased to—

6 “(1) \$28,000,000, if the total amount made
7 available under subsection 701(a) for the fiscal year
8 is equal to or greater than \$280,000,000;

9 “(2) \$29,500,000, if the total amount made
10 available under subsection 701(a) for the fiscal year
11 is equal to or greater than \$320,000,000;

12 “(3) \$31,000,000, if the total amount made
13 available under subsection 701(a) for the fiscal year
14 is equal to or greater than \$350,000,000;

15 “(4) \$32,500,000, if the total amount made
16 available under subsection 701(a) for the fiscal year
17 is equal to or greater than \$380,000,000; and

18 “(5) \$34,500,000, if the total amount made
19 available under subsection 701(a) for the fiscal year
20 is equal to or greater than \$420,000,000.”.

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