

107TH CONGRESS
1ST SESSION

S. 23

To promote a new urban agenda, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2001

Mr. LOTT (for Mr. SPECTER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To promote a new urban agenda, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “New Urban Agenda Act of 2001”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

TITLE I—FEDERAL COMMITMENT TO URBAN ECONOMIC DEVELOPMENT

Sec. 101. Federal purchases from businesses in empowerment zones, enterprise communities, and renewal communities.

Sec. 102. Minimum allocation of foreign assistance for purchase of certain United States goods.

- Sec. 103. Preference for location of manufacturing outreach centers in urban areas.
- Sec. 104. Preference for construction and improvement of Federal facilities in distressed urban areas.
- Sec. 105. Definitions.

TITLE II—TAX INCENTIVES TO STIMULATE URBAN ECONOMIC DEVELOPMENT

- Sec. 201. Treatment of rehabilitation credit under passive activity limitations.
- Sec. 202. Rehabilitation credit allowed to offset portion of alternative minimum tax.
- Sec. 203. Commercial industrial development bonds.
- Sec. 204. Increase in amount of qualified small issue bonds permitted for facilities to be used by related principal users.
- Sec. 205. Simplification of arbitrage interest rebate waiver.
- Sec. 206. Qualified residential rental project bonds partially exempt from State volume cap.
- Sec. 207. Expansion of qualified wages subject to work opportunity credit.
- Sec. 208. Homebuyer credit for empowerment zones, enterprise communities, and renewal communities.

TITLE III—COMMUNITY-BASED HOUSING DEVELOPMENT

- Sec. 301. Block grant study.
- Sec. 302. Homeownership for municipal employees.
- Sec. 303. Community development.

TITLE IV—RESPONSE TO URBAN ENVIRONMENTAL CHALLENGES

- Sec. 401. Release from liability of persons that fulfill requirements of State and local law.
- Sec. 402. Brownfield program.

1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—The Congress finds that—

3 (1) cities in the United States have been facing
4 an economic downhill trend in the past several years;
5 and

6 (2) a new approach to help such cities prosper
7 is necessary.

8 (b) PURPOSES.—It is the purpose of this Act to—

9 (1) provide various incentives for the economic
10 growth of cities in the United States;

1 (2) provide an economic agenda designed to re-
2 verse current urban economic trends; and

3 (3) revitalize the jobs and tax base of such cit-
4 ies without significant new Federal outlays.

5 **TITLE I—FEDERAL COMMIT-**
6 **MENT TO URBAN ECONOMIC**
7 **DEVELOPMENT**

8 **SEC. 101. FEDERAL PURCHASES FROM BUSINESSES IN EM-**
9 **POWERMENT ZONES, ENTERPRISE COMMU-**
10 **NITIES, AND RENEWAL COMMUNITIES.**

11 (a) REQUIREMENTS.—The Office of Federal Procure-
12 ment Policy Act (41 U.S.C. 401 et seq.) is amended by
13 adding at the end the following new section:

14 “PURCHASES FROM BUSINESSES IN EMPOWERMENT
15 ZONES, ENTERPRISE COMMUNITIES, AND RENEWAL
16 COMMUNITIES

17 “SEC. 40. (a) MINIMUM PURCHASE REQUIRE-
18 MENT.—Not less than 15 percent of the total amount ex-
19 pended by executive agencies for the purchase of goods
20 in a fiscal year shall be expended for the purchase of goods
21 from businesses located in empowerment zones, enterprise
22 communities, or renewal communities.

23 “(b) RECYCLED PRODUCTS.—To the maximum ex-
24 tent practicable consistent with applicable law, the head
25 of an executive agency shall purchase recycled products
26 that meet the needs of the executive agency from busi-

1 nesses located in empowerment zones, enterprise commu-
2 nities, or renewal communities.

3 “(c) REGULATIONS.—The Federal Acquisition Regu-
4 lation shall include provisions that ensure the attainment
5 of the minimum purchase requirement set out in sub-
6 section (a).

7 “(d) DEFINITIONS.—In this section:

8 “(1) The term ‘empowerment zone’ means a
9 zone designated as an empowerment zone pursuant
10 to subchapter U of chapter 1 of the Internal Rev-
11 enue Code of 1986 (26 U.S.C. 1391 et seq.).

12 “(2) The term ‘enterprise community’ means a
13 community designated as an enterprise community
14 pursuant to subchapter U of chapter 1 of the Inter-
15 nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

16 “(3) The term ‘renewal community’ means a
17 community designated as a renewal community pur-
18 suant to subchapter X of chapter 1 of the Internal
19 Revenue Code of 1986 (26 U.S.C. 1400E et seq.).”.

20 (b) GSA ASSESSMENT.—(1) Not later than Decem-
21 ber 31, 2001, the Administrator of General Services shall
22 submit to Congress, in writing, the Administrator’s assess-
23 ment of the extent to which executive agencies are com-
24 mitted, by policy and practice, to encouraging and sup-

1 porting economic renewal in empowerment zones, enter-
 2 prise communities, and renewal communities.

3 (2) In this subsection, the term “executive agency”
 4 has the meaning given such term in section 4(1) of the
 5 Office of Federal Procurement Policy Act (41 U.S.C.
 6 403(1)).

7 (c) EFFECTIVE DATE.—Section 40 of the Office of
 8 Federal Procurement Policy Act, as added by subsection
 9 (a), shall take effect on the date of enactment of this Act
 10 and shall apply with respect to fiscal years beginning after
 11 September 30, 2001.

12 (d) CONFORMING AMENDMENT.—The table of con-
 13 tents in section 1(b) of the Office of Federal Procurement
 14 Policy Act is amended by adding at the end the following
 15 new item:

“Sec. 40. Purchases from businesses in empowerment zones, enterprise commu-
 nities, and renewal communities.”.

16 **SEC. 102. MINIMUM ALLOCATION OF FOREIGN ASSISTANCE**
 17 **FOR PURCHASE OF CERTAIN UNITED STATES**
 18 **GOODS.**

19 (a) ALLOCATION OF ASSISTANCE.—Notwithstanding
 20 any other provision of law, effective beginning with fiscal
 21 year 2002, not less than 15 percent of United States as-
 22 sistance provided in a fiscal year shall be provided in the
 23 form of credits which may only be used for the purchase
 24 of United States goods produced, manufactured, or assem-

1 bled in empowerment zones, enterprise communities, or re-
2 newal communities within the United States.

3 (b) UNITED STATES ASSISTANCE.—As used in this
4 section, the term “United States assistance” means—

5 (1) any assistance under the Foreign Assistance
6 Act of 1961 (22 U.S.C. 2151 et seq.);

7 (2) sales or financing of sales under the Arms
8 Export Control Act (22 U.S.C. 2751 et seq.); and

9 (3) assistance and other activities under the
10 Support for East European Democracy (SEED) Act
11 of 1989 (22 U.S.C. 5401 et seq.).

12 **SEC. 103. PREFERENCE FOR LOCATION OF MANUFAC-**
13 **TURING OUTREACH CENTERS IN URBAN**
14 **AREAS.**

15 (a) DESIGNATION.—In designating an organization
16 as a manufacturing outreach center under subsection
17 (c)(11) of section 5 of the Stevenson-Wydler Technology
18 Innovation Act of 1980 (15 U.S.C. 3704), the Secretary
19 of Commerce shall, to the maximum extent practicable,
20 designate organizations that are located in empowerment
21 zones, enterprise communities, or renewal communities.

22 (b) FINANCIAL ASSISTANCE.—In utilizing a competi-
23 tive, merit-based review process to determine the manufac-
24 turing outreach centers to which to provide financial as-
25 sistance under such section, the Secretary shall give such

1 additional preference to centers located in empowerment
2 zones, enterprise communities, and renewal communities
3 as the Secretary determines appropriate in order to ensure
4 the continuing existence of such centers in such zones and
5 communities.

6 **SEC. 104. PREFERENCE FOR CONSTRUCTION AND IM-**
7 **PROVEMENT OF FEDERAL FACILITIES IN DIS-**
8 **TRESSED URBAN AREAS.**

9 (a) DEFINITIONS.—In this section:

10 (1) DISTRESSED URBAN AREA.—The term “dis-
11 tressed urban area” means a city having a popu-
12 lation of more than 100,000 that, as determined by
13 the Secretary of Housing and Urban Development,
14 meets the qualifications for making an urban devel-
15 opment action grant to a community experiencing
16 severe economic distress established for large cities
17 and urban counties under subpart G of part 570 of
18 title 24, Code of Federal Regulations (as in effect on
19 April 1, 1998).

20 (2) EXECUTIVE AGENCY.—The term “Federal
21 agency” means an Executive agency (as defined in
22 section 105 of title 5, United States Code).

23 (3) FACILITY.—The term “facility” means any
24 place where employees of a Federal agency are regu-
25 larly employed.

1 (b) PREFERENCE.—Notwithstanding any other provi-
2 sion of law, in determining the location for the construc-
3 tion of a new facility of an Executive agency, in deter-
4 mining to improve an existing facility, or in determining
5 the location to which to relocate functions of an Executive
6 agency, the head of the Federal agency making the deter-
7 mination shall make best efforts to construct or improve
8 the facility or to relocate the functions in a distressed
9 urban area.

10 (c) URBAN IMPACT STATEMENT.—A determination
11 to construct a new facility of an Executive agency, to im-
12 prove an existing facility, or to relocate the functions of
13 an Executive agency shall not be made until the head of
14 the Executive agency making the determination submits
15 to the President a report that—

16 (1) in the case of a facility to be constructed—

17 (A) identifies at least 1 distressed urban
18 area that would be an appropriate location for
19 the facility;

20 (B) describes the costs and benefits arising
21 from the construction and use of the facility in
22 the distressed urban area, including the effects
23 of the construction and use on the rate of un-
24 employment in the distressed urban area; and

1 (C) describes the effect on the economy of
2 the area of the closure or consolidation, if any,
3 of facilities located in the distressed urban area
4 during the 10-year period ending on the date of
5 the report, including the number of Federal and
6 non-Federal employment positions terminated
7 in the distressed urban area as a result of the
8 closure or consolidation;

9 (2) in the case of a facility to be improved that
10 is not located in a distressed urban area—

11 (A) identifies at least 1 facility located in
12 a distressed urban area that would serve as an
13 appropriate alternative location for the facility;

14 (B) describes the costs and benefits arising
15 from the improvement and use of the facility lo-
16 cated in the distressed urban area as an alter-
17 native location for the facility to be improved,
18 including the effect of the improvement and use
19 of the facility on the rate of unemployment in
20 the distressed urban area; and

21 (C) describes the effect on the economy of
22 the distressed urban area of the closure or con-
23 solidation, if any, of facilities located in the dis-
24 tressed urban area during the 10-year period
25 ending on the date of the report, including the

1 number of Federal and non-Federal employ-
2 ment positions terminated in the distressed
3 urban area as a result of the closure or consoli-
4 dation;

5 (3) in the case of a facility to be improved that
6 is located in a distressed urban area—

7 (A) describes the costs and benefits arising
8 from the improvement and continuing use of
9 the facility in the distressed urban area, includ-
10 ing the effect of the improvement and con-
11 tinuing use on the rate of unemployment in the
12 distressed urban area; and

13 (B) describes the effect on the economy of
14 the distressed urban area of the closure or con-
15 solidation, if any, of facilities located in the dis-
16 tressed urban area during the 10-year period
17 ending on the date of the report, including the
18 number of Federal and non-Federal employ-
19 ment positions terminated in the distressed
20 urban area as a result of the closure or consoli-
21 dation; or

22 (4) in the case of a relocation of functions—

23 (A) identifies at least 1 distressed urban
24 area that would serve as an appropriate loca-
25 tion for the carrying out of the functions;

1 (B) describes the costs and benefits arising
2 from carrying out the functions in the dis-
3 tressed urban area, including the effect of car-
4 rying out the functions on the rate of unem-
5 ployment in the distressed urban area; and

6 (C) describes the effect on the economy of
7 the distressed urban area of the closure or con-
8 solidation, if any, of facilities located in the dis-
9 tressed urban area during the 10-year period
10 ending on the date of the report, including the
11 number of Federal and non-Federal employ-
12 ment positions terminated in the distressed
13 urban area as a result of such closure or con-
14 solidation.

15 (d) **APPLICABILITY TO DEPARTMENT OF DEFENSE**
16 **FACILITIES.**—The requirements set forth in subsections
17 (b) and (c) shall not apply to a determination to construct
18 or improve a facility of the Department of Defense, or to
19 relocate any functions of the Department of Defense, if
20 the President determines that the waiver of the application
21 of the requirements to that facility or relocation is in the
22 national interest.

23 **SEC. 105. DEFINITIONS.**

24 As used in this title:

1 (1) The term “empowerment zone” means a
2 zone designated as an empowerment zone pursuant
3 to subchapter U of chapter 1 of the Internal Rev-
4 enue Code of 1986 (26 U.S.C. 1391 et seq.).

5 (2) The term “enterprise community” means a
6 community designated as an enterprise community
7 pursuant to subchapter U of chapter 1 of the Inter-
8 nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

9 (3) The term “renewal community” means a
10 community designated as a renewal community pur-
11 suant to subchapter X of chapter 1 of the Internal
12 Revenue Code of 1986 (26 U.S.C. 1400E et seq.).

13 **TITLE II—TAX INCENTIVES TO**
14 **STIMULATE URBAN ECO-**
15 **NOMIC DEVELOPMENT**

16 **SEC. 201. TREATMENT OF REHABILITATION CREDIT UNDER**
17 **PASSIVE ACTIVITY LIMITATIONS.**

18 (a) GENERAL RULE.—Paragraphs (2) and (3) of sec-
19 tion 469(i) of the Internal Revenue Code of 1986 (relating
20 to \$25,000 offset for rental real estate activities) are
21 amended to read as follows:

22 “(2) DOLLAR LIMITATIONS.—

23 “(A) IN GENERAL.—Except as otherwise
24 provided in this paragraph, the aggregate
25 amount to which paragraph (1) applies for any

1 taxable year shall not exceed \$25,000, reduced
2 (but not below zero) by 50 percent of the
3 amount (if any) by which the adjusted gross in-
4 come of the taxpayer for the taxable year ex-
5 ceeds \$100,000.

6 “(B) PHASEOUT NOT APPLICABLE TO
7 LOW-INCOME HOUSING CREDIT.—In the case of
8 the portion of the passive activity credit for any
9 taxable year which is attributable to any credit
10 determined under section 42—

11 “(i) subparagraph (A) shall not apply,
12 and

13 “(ii) paragraph (1) shall not apply to
14 the extent that the deduction equivalent of
15 such portion exceeds—

16 “(I) \$25,000, reduced by

17 “(II) the aggregate amount of
18 the passive activity loss (and the de-
19 duction equivalent of any passive ac-
20 tivity credit which is not so attrib-
21 utable and is not attributable to the
22 rehabilitation credit determined under
23 section 47) to which paragraph (1)
24 applies after the application of sub-
25 paragraph (A).

1 “(C) \$55,500 LIMIT FOR REHABILITATION
2 CREDITS.—In the case of the portion of the
3 passive activity credit for any taxable year
4 which is attributable to the rehabilitation credit
5 determined under section 47—

6 “(i) subparagraph (A) shall not apply,
7 and

8 “(ii) paragraph (1) shall not apply to
9 the extent that the deduction equivalent of
10 such portion exceeds—

11 “(I) \$55,500, reduced by

12 “(II) the aggregate amount of
13 the passive activity loss (and the de-
14 duction equivalent of any passive ac-
15 tivity credit which is not so attrib-
16 utable) to which paragraph (1) applies
17 for the taxable year after the applica-
18 tion of subparagraphs (A) and (B).

19 “(3) ADJUSTED GROSS INCOME.—For purposes
20 of paragraph (2)(A), adjusted gross income shall be
21 determined without regard to—

22 “(A) any amount includable in gross in-
23 come under section 86,

24 “(B) any amount excludable from gross in-
25 come under section 135, 911, 931, or 933,

1 “(C) any amount allowable as a deduction
2 under section 219, and

3 “(D) any passive activity loss.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Subparagraph (B) of section 469(i)(4) of
6 the Internal Revenue Code of 1986 is amended to
7 read as follows:

8 “(B) REDUCTION FOR SURVIVING
9 SPOUSE’S EXEMPTION.—For purposes of sub-
10 paragraph (A), the \$25,000 amounts under
11 paragraphs (2)(A) and (2)(B)(ii) and the
12 \$55,500 amount under paragraph (2)(C)(ii)
13 shall each be reduced by the amount of the ex-
14 emption under paragraph (1) (determined with-
15 out regard to the reduction contained in para-
16 graph (2)(A)) which is allowable to the sur-
17 viving spouse of the decedent for the taxable
18 year ending with or within the taxable year of
19 the estate.”.

20 (2) Subparagraph (A) of section 469(i)(5) of
21 such Code is amended by striking clauses (i), (ii),
22 and (iii) and inserting the following new clauses:

23 “(i) ‘\$12,500’ for ‘\$25,000’ in sub-
24 paragraphs (A) and (B)(ii) of paragraph
25 (2),

1 “(ii) ‘\$50,000’ for ‘\$100,000’ in para-
2 graph (2)(A)”, and

3 “(iii) ‘\$27,750’ for ‘\$55,500’ in para-
4 graph (2)(C)(ii).”.

5 (3) The subsection heading for subsection (i) of
6 section 469 of such Code is amended by striking
7 “\$25,000”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to property placed in service on
10 or after the date of enactment of this Act, in taxable years
11 ending on or after such date.

12 **SEC. 202. REHABILITATION CREDIT ALLOWED TO OFFSET**
13 **PORTION OF ALTERNATIVE MINIMUM TAX.**

14 (a) IN GENERAL.—Section 38(c) of the Internal Rev-
15 enue Code of 1986 (relating to limitation based on amount
16 of tax) is amended by redesignating paragraph (3) as
17 paragraph (4) and by inserting after paragraph (2) the
18 following new paragraph:

19 “(3) REHABILITATION INVESTMENT CREDIT
20 MAY OFFSET PORTION OF MINIMUM TAX.—

21 “(A) IN GENERAL.—In the case of the re-
22 habilitation investment tax credit—

23 “(i) this section and section 39 shall
24 be applied separately with respect to such
25 credit, and

1 “(ii) for purposes of applying para-
2 graph (1) to such credit—

3 “(I) the tentative minimum tax
4 under subparagraph (A) thereof shall
5 be reduced by the minimum tax offset
6 amount determined under subpara-
7 graph (B) of this paragraph, and

8 “(II) the limitation under para-
9 graph (1) (as modified by subclause
10 (I)) shall be reduced by the credit al-
11 lowed under subsection (a) for the
12 taxable year (other than the rehabili-
13 tation investment tax credit).

14 “(B) MINIMUM TAX OFFSET AMOUNT.—

15 For purposes of subparagraph (A)(ii)(I), the
16 minimum tax offset amount is an amount equal
17 to—

18 “(i) in the case of a taxpayer not de-
19 scribed in clause (ii), the lesser of—

20 “(I) 25 percent of the tentative
21 minimum tax for the taxable year, or

22 “(II) \$20,000, or

23 “(ii) in the case of a C corporation
24 other than a closely held C corporation (as
25 defined in section 469(j)(1)), 5 percent of

1 the tentative minimum tax for the taxable
2 year.

3 “(C) REHABILITATION INVESTMENT TAX
4 CREDIT.—For purposes of this paragraph, the
5 term ‘regular investment tax credit’ means the
6 portion of the credit under subsection (a) which
7 is attributable to the credit determined under
8 section 47.”.

9 (b) CONFORMING AMENDMENT.—Section 38(d) of
10 the Internal Revenue Code of 1986 (relating to compo-
11 nents of investment credit) is amended by adding at the
12 end the following new paragraph:

13 “(4) SPECIAL RULE FOR REHABILITATION
14 CREDIT.—Notwithstanding paragraphs (1) and (2),
15 the rehabilitation investment tax credit (as defined
16 in subsection (c)(2)(C)) shall be treated as used
17 last.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2000.

21 **SEC. 203. COMMERCIAL INDUSTRIAL DEVELOPMENT**
22 **BONDS.**

23 (a) FACILITY BONDS.—

24 (1) IN GENERAL.—Subsection (a) of section
25 142 of the Internal Revenue Code of 1986 (relating

1 to exempt facility bond) is amended by striking “or”
 2 at the end of paragraph (11), by striking the period
 3 at the end of paragraph (12) and inserting a
 4 comma, and by adding at the end the following new
 5 paragraphs:

6 “(13) sports facilities,

7 “(14) convention or trade show facilities,

8 “(15) freestanding parking facilities,

9 “(16) air or water pollution control facilities, or

10 “(17) industrial parks.”

11 (2) INDUSTRIAL PARKS DEFINED.—Section 142
 12 of such Code is amended by adding at the end the
 13 following new subsection:

14 “(k) INDUSTRIAL PARKS.—A facility shall be treated
 15 as described in subsection (a)(17) only if all of the prop-
 16 erty to be financed by the net proceeds of the issue—

17 “(1) is—

18 “(A) land, and

19 “(B) water, sewage, drainage, or similar
 20 facilities, or transportation, power, or commu-
 21 nication facilities incidental to the use of such
 22 land as an industrial park, and

23 “(2) is not structures or buildings (other than
 24 with respect to facilities described in paragraph
 25 (1)(B)).”

1 (3) CONFORMING AMENDMENTS.—

2 (A) Section 147(c) of such Code (relating
3 to limitation on use for land acquisition) is
4 amended by adding at the end the following
5 new paragraph:

6 “(4) SPECIAL RULE FOR INDUSTRIAL PARKS.—

7 In the case of a bond described in section
8 142(a)(17), paragraph (1)(A) shall be applied by
9 substituting ‘50 percent’ for ‘25 percent.’.”

10 (B) Section 147(e) of such Code (relating
11 to no portion of bonds may be issued for
12 skyboxes, airplanes, gambling establishments,
13 etc.) is amended by striking “A private activity
14 bond” and inserting “Except in the case of a
15 bond described in section 142(a)(13), a private
16 activity bond”.

17 (b) SMALL ISSUE BONDS.—Section 144(a)(12) of the
18 Internal Revenue Code of 1986 (relating to termination
19 of qualified small issue bonds) is amended—

20 (1) by striking “any bond” in subparagraph
21 (A)(i) and inserting “any bond described in subpara-
22 graph (B)”,

23 (2) by striking “a bond” in subparagraph
24 (A)(ii) and inserting “a bond described in subpara-
25 graph (B)”, and

1 (3) by striking subparagraph (B) and inserting
2 the following new subparagraph:

3 “(B) BONDS FOR FARMING PURPOSES.—A
4 bond is described in this subparagraph if it is
5 issued as part of an issue 95 percent or more
6 of the net proceeds of which are to be used to
7 provide any land or property not in accordance
8 with section 147(c)(2).”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to bonds issued after December
11 31, 2000.

12 **SEC. 204. INCREASE IN AMOUNT OF QUALIFIED SMALL**
13 **ISSUE BONDS PERMITTED FOR FACILITIES**
14 **TO BE USED BY RELATED PRINCIPAL USERS.**

15 (a) IN GENERAL.—Clause (i) of section 144(a)(4)(A)
16 of the Internal Revenue Code of 1986 (relating to
17 \$10,000,000 limit in certain cases) is amended by striking
18 “\$10,000,000” and inserting “\$50,000,000”.

19 (b) CLERICAL AMENDMENT.—The heading of para-
20 graph (4) of section 144(a) of the Internal Revenue Code
21 of 1986 is amended by striking “\$10,000,000” and insert-
22 ing “\$50,000,000”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to—

1 (1) obligations issued after the date of enact-
2 ment of this Act, and

3 (2) capital expenditures made after such date
4 with respect to obligations issued on or before such
5 date.

6 **SEC. 205. SIMPLIFICATION OF ARBITRAGE INTEREST RE-**
7 **BATE WAIVER.**

8 (a) IN GENERAL.—Clause (ii) of section 148(f)(4)(C)
9 of the Internal Revenue Code of 1986 (relating to excep-
10 tion from rebate for certain proceeds to be used to finance
11 construction expenditures) is amended to read as follows:

12 “(ii) SPENDING REQUIREMENT.—The
13 spending requirement of this clause is met
14 if 100 percent of the available construction
15 proceeds of the construction issue are
16 spent for the governmental purposes of the
17 issue within the 3-year period beginning on
18 the date the bonds are issued.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Clause (iii) of section 148(f)(4)(C) of the
21 Internal Revenue Code of 1986 (relating to excep-
22 tion for reasonable retainage) is repealed.

23 (2) Subclause (II) of section 148(f)(4)(C)(vi) of
24 such Code (relating to available construction pro-

1 ceeds) is amended by striking “2-year period” and
 2 inserting “3-year period”.

3 (3) Subclause (I) of section 148(f)(4)(C)(vii) of
 4 such Code (relating to election to pay penalty in lieu
 5 of rebate) is amended by striking “, with respect to
 6 each 6-month period after the date the bonds were
 7 issued,” and “, as of the close of such 6-month pe-
 8 riod,”.

9 (4) Clause (viii) of section 148(f)(4)(C) of such
 10 Code (relating to election to terminate 1½ percent
 11 penalty) is amended by striking “to any 6-month pe-
 12 riod” in the matter preceding subclause (I).

13 (5) Clause (ii) of section 148(c)(2)(C) of such
 14 Code (relating to bonds used to provide construction
 15 financing) is amended by striking “2 years” and in-
 16 serting “3 years”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to bonds issued after the date of
 19 enactment of this Act.

20 **SEC. 206. QUALIFIED RESIDENTIAL RENTAL PROJECT**
 21 **BONDS PARTIALLY EXEMPT FROM STATE**
 22 **VOLUME CAP.**

23 (a) IN GENERAL.—Section 146(g) of the Internal
 24 Revenue Code of 1986 (relating to exception for certain
 25 bonds) is amended by striking “and” at the end of para-

1 graph (3), by striking the period at the end of paragraph
 2 (4) and inserting “, and”, and by inserting after para-
 3 graph (4) the following new paragraph:

4 “(5) 75 percent of any exempt facility bond
 5 issued as part of an issue described in section
 6 142(a)(7) (relating to qualified residential rental
 7 projects).”.

8 (b) **EFFECTIVE DATE.**—The amendments made by
 9 this section shall apply to bonds issued after the date of
 10 enactment of this Act.

11 **SEC. 207. EXPANSION OF QUALIFIED WAGES SUBJECT TO**
 12 **WORK OPPORTUNITY CREDIT.**

13 (a) **INCREASE IN PERCENTAGE.**—Section 51(a) of
 14 the Internal Revenue Code of 1986 (relating to determina-
 15 tion of amount) is amended by striking “40 percent” and
 16 inserting “50 percent”.

17 (b) **FIRST 3 YEARS OF WAGES SUBJECT TO CRED-**
 18 **IT.**—Section 51 of the Internal Revenue Code of 1986 (re-
 19 lating to amount of credit) is amended—

20 (1) in subsections (a) and (b)(3), by striking
 21 “first-year”; and

22 (2) in subsection (b)—

23 (A) by striking paragraphs (1) and (2) and
 24 inserting the following new paragraph:

1 “(1) IN GENERAL.—The term ‘qualified wages’
2 means the wages paid or incurred by the employer
3 during the taxable year—

4 “(A) with respect to an individual who is
5 a member of a targeted group, and

6 “(B) attributable to service rendered by
7 such individual during the 3-year period begin-
8 ning with the day the individual begins work for
9 the employer.”; and

10 (B) by redesignating paragraph (3) as
11 paragraph (2).

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to individuals who begin work for
14 the employer after the date of enactment of this Act.

15 **SEC. 208. HOMEBUYER CREDIT FOR EMPOWERMENT**
16 **ZONES, ENTERPRISE COMMUNITIES, AND RE-**
17 **NEWAL COMMUNITIES.**

18 (a) IN GENERAL.—Part II of subchapter U of chap-
19 ter 1 of the Internal Revenue Code of 1986 is amended
20 by adding at the end the following new section:

21 **“SEC. 1395. HOMEBUYER CREDIT.**

22 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
23 dividual who purchases a principal residence in an em-
24 powerment zone or enterprise community during any tax-
25 able year, there shall be allowed as a credit against the

1 tax imposed by this chapter for the taxable year an
 2 amount equal to so much of the purchase price of the resi-
 3 dence as does not exceed \$5,000.

4 “(b) LIMITATIONS.—

5 “(1) LIMITATION BASED ON MODIFIED AD-
 6 JUSTED GROSS INCOME.—

7 “(A) IN GENERAL.—The amount allowable
 8 as a credit under subsection (a) (determined
 9 without regard to this subsection and sub-
 10 section (d)) for the taxable year shall be re-
 11 duced (but not below zero) by the amount
 12 which bears the same ratio to the credit so al-
 13 lowable as—

14 “(i) the excess (if any) of—

15 “(I) the taxpayer’s modified ad-
 16 justed gross income for such taxable
 17 year, over

18 “(II) \$70,000 (\$110,000 in the
 19 case of a joint return), bears to

20 “(ii) \$20,000.

21 “(B) MODIFIED ADJUSTED GROSS IN-
 22 COME.—For purposes of subparagraph (A), the
 23 term ‘modified adjusted gross income’ means
 24 the adjusted gross income of the taxpayer for
 25 the taxable year increased by any amount ex-

1 cluded from gross income under section 911,
2 931, or 933.

3 “(2) PURCHASE PRICE LIMITATION.—A credit
4 shall not be allowed under subsection (a) with re-
5 spect to the purchase of a residence the purchase
6 price of which exceeds \$225,000.

7 “(c) PRINCIPAL RESIDENCE.—For purposes of this
8 section, the term ‘principal residence’ has the same mean-
9 ing as when used in section 121.

10 “(d) CARRYOVER OF CREDIT.—If the credit allowable
11 under subsection (a) exceeds the limitation imposed by
12 section 26(a) for such taxable year reduced by the sum
13 of the credits allowable under subpart A of part IV of sub-
14 chapter A (other than this section), such excess shall be
15 carried to the succeeding taxable year and added to the
16 credit allowable under subsection (a) for such taxable year.

17 “(e) SPECIAL RULES.—For purposes of this
18 section—

19 “(1) ALLOCATION OF DOLLAR LIMITATION.—

20 “(A) MARRIED INDIVIDUALS FILING SEPA-
21 RATELY.—In the case of a married individual
22 filing a separate return, subsection (a) shall be
23 applied by substituting ‘\$2,500’ for ‘\$5,000’.

24 “(B) OTHER TAXPAYERS.—If 2 or more
25 individuals who are not married purchase a

1 principal residence, the amount of the credit al-
2 lowed under subsection (a) shall be allocated
3 among such individuals in such manner as the
4 Secretary may prescribe, except that the total
5 amount of the credits allowed to all such indi-
6 viduals shall not exceed \$5,000.

7 “(2) PURCHASE.—

8 “(A) IN GENERAL.—The term ‘purchase’
9 means any acquisition, but only if—

10 “(i) the property is not acquired from
11 a person whose relationship to the person
12 acquiring it would result in the disallow-
13 ance of losses under section 267 or 707(b)
14 (but, in applying section 267 (b) and (c)
15 for purposes of this section, paragraph (4)
16 of section 267(c) shall be treated as pro-
17 viding that the family of an individual shall
18 include only his spouse, ancestors, and lin-
19 eal descendants), and

20 “(ii) the basis of the property in the
21 hands of the person acquiring it is not
22 determined—

23 “(I) in whole or in part by ref-
24 erence to the adjusted basis of such

1 property in the hands of the person
2 from whom acquired, or

3 “(II) under section 1014(a) (re-
4 lating to property acquired from a de-
5 cedent).

6 “(B) CONSTRUCTION.—A residence which
7 is constructed by the taxpayer shall be treated
8 as purchased by the taxpayer on the date the
9 taxpayer first occupies such residence.

10 “(3) PURCHASE PRICE.—The term ‘purchase
11 price’ means the adjusted basis of the principal resi-
12 dence on the date such residence is purchased.

13 “(f) REPORTING.—If the Secretary requires informa-
14 tion reporting under section 6045 by a person described
15 in subsection (e)(2) thereof to verify the eligibility of tax-
16 payers for the credit allowable by this section, the excep-
17 tion provided by section 6045(e)(5) shall not apply.

18 “(g) CREDIT TREATED AS NONREFUNDABLE PER-
19 SONAL CREDIT.—For purposes of this title, the credit al-
20 lowed by this section shall be treated as a credit allowable
21 under subpart A of part IV of subchapter A of this chap-
22 ter.

23 “(h) BASIS ADJUSTMENT.—For purposes of this sub-
24 title, if a credit is allowed under this section with respect
25 to the purchase of any residence, the basis of such resi-

1 dence shall be reduced by the amount of the credit so al-
2 lowed.

3 “(i) APPLICATION OF SECTION.—This section shall
4 apply to property purchased after December 31, 2001, and
5 before January 1, 2005.”.

6 (b) APPLICATION TO RENEWAL COMMUNITIES.—
7 Part III of subchapter X of the Internal Revenue Code
8 of 1986 is amended by adding at the end the following
9 new section:

10 **“SEC. 1400K. HOMEBUYER CREDIT.**

11 “For purposes of section 1395, a renewal community
12 shall be treated as an empowerment zone.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Part II of subchapter U of chapter 1 of the
15 Internal Revenue Code of 1986 is amended to read
16 as follows:

17 **“PART II—INCENTIVES FOR EMPOWERMENT**
18 **ZONES AND ENTERPRISE COMMUNITIES.”.**

19 (2) The table of parts of subchapter U of chap-
20 ter 1 of such Code is amended to read as follows:

“Part II. Incentives for empowerment zones and enterprise com-
munities.”.

21 (3) The table of sections of part II of sub-
22 chapter U of chapter 1 of such Code is amended by
23 adding at the end the following new item:

“Sec. 1395. Homebuyer credit.”.

1 (4) The table of sections of part III of sub-
 2 chapter X of chapter 1 of such Code is amended by
 3 adding at the end the following new item:

 “Sec. 1400K. Homebuyer credit.”.

4 **TITLE III—COMMUNITY-BASED**
 5 **HOUSING DEVELOPMENT**

6 **SEC. 301. BLOCK GRANT STUDY.**

7 (a) STUDY.—

8 (1) IN GENERAL.—The Secretary of Housing
 9 and Urban Development shall conduct a study
 10 regarding—

11 (A) the feasibility of consolidating existing
 12 public and low-income housing programs under
 13 the United States Housing Act of 1937 into a
 14 comprehensive block grant system of Federal
 15 aid that—

16 (i) provides assistance on an annual
 17 basis;

18 (ii) maximizes funding certainty and
 19 flexibility; and

20 (iii) minimizes paperwork and delay;
 21 and

22 (B) the possibility of administering future
 23 public and low-income housing programs under
 24 the United States Housing Act of 1937 in ac-
 25 cordance with such a block grant system.

1 (2) PUBLIC HOUSING/SECTION 8 MOVING TO
2 WORK DEMONSTRATION.—In conducting the study
3 described in paragraph (1), the Secretary of Hous-
4 ing and Urban Development shall consider data
5 from and assessments of the demonstration program
6 conducted under section 204 of the Omnibus Con-
7 solidated Rescissions and Appropriations Act of
8 1996 (Public Law 104–134, 110 Stat. 1321).

9 (b) REPORT TO COMPTROLLER GENERAL.—Not later
10 than 18 months after the date of enactment of this Act,
11 the Secretary of Housing and Urban Development shall
12 submit to the Comptroller General of the United States
13 a report that includes—

14 (1) the results of the study conducted under
15 subsection (a); and

16 (2) any recommendations for legislation.

17 (c) REPORT TO CONGRESS.—Not later than 24
18 months after the date of enactment of this Act, the Comp-
19 troller General of the United States shall submit to the
20 Congress a report that includes—

21 (1) an analysis of the report submitted under
22 subsection (b); and

23 (2) any recommendations for legislation.

1 **SEC. 302. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

2 (a) ELIGIBLE ACTIVITIES.—Section 215(b)(2) of the
3 Cranston-Gonzalez National Affordable Housing Act (42
4 U.S.C. 12745(b)(2)) is amended to read as follows:

5 “(2) is the principal residence of an owner
6 who—

7 “(A) is a member of a family that qualifies
8 as a low-income family—

9 “(i) in the case of a contract to pur-
10 chase existing housing, at the time of pur-
11 chase;

12 “(ii) in the case of a lease-purchase
13 agreement for existing housing or for hous-
14 ing to be constructed, at the time the
15 agreement is signed; or

16 “(iii) in the case of a contract to pur-
17 chase housing to be constructed, at the
18 time the contract is signed; or

19 “(B)(i) is a uniformed employee (which
20 shall include policemen, firemen, and sanitation
21 and other maintenance workers) or a teacher
22 who is an employee of the participating jurisdic-
23 tion (or an agency or school district serving
24 such jurisdiction) that is investing funds made
25 available under this subtitle to support home-
26 ownership of the residence; and

1 “(ii) is a member of a family whose in-
2 come, at the time referred to in clause (i), (ii),
3 or (iii) of subparagraph (A), as appropriate,
4 and as determined by the Secretary with ad-
5 justments for smaller and larger families, does
6 not exceed 115 percent of the median income of
7 the area;”.

8 (b) INCOME TARGETING.—Section 214(2) of the
9 Cranston-Gonzalez National Affordable Housing Act (42
10 U.S.C. 12744(2)) is amended by inserting before the semi-
11 colon the following: “or families described in section
12 215(b)(2)(B)”.

13 (c) ELIGIBLE INVESTMENTS.—Section 212(b) of the
14 Cranston-Gonzalez National Affordable Housing Act (42
15 U.S.C. 12742(b)) is amended by adding at the end the
16 following: “Notwithstanding the preceding sentence, in the
17 case of homeownership assistance for residences of owners
18 described in section 215(b)(2)(B), funds made available
19 under this subtitle may only be invested (A) to provide
20 amounts for downpayments on mortgages, (B) to pay rea-
21 sonable closing costs normally associated with the pur-
22 chase of a residence, (C) to obtain pre- or post-purchase
23 counseling relating to the financial and other obligations
24 of homeownership, or (D) to subsidize mortgage interest
25 rates.”.

1 **SEC. 303. COMMUNITY DEVELOPMENT.**

2 (a) **ELIGIBLE ACTIVITIES.**—Section 105(a) of the
3 Housing and Community Development Act of 1974 (42
4 U.S.C. 5305(a)), is amended—

5 (1) in paragraph (22)(C), by striking “and” at
6 the end;

7 (2) in paragraph (23), by striking the period at
8 the end and inserting a semicolon;

9 (3) in paragraph (24), by striking “and” at the
10 end;

11 (4) in paragraph (25), by striking the period at
12 the end and inserting “; and”; and

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

14 “(26) provision of direct assistance to facilitate
15 and expand homeownership among uniformed em-
16 ployees (including policemen, firemen, and sanitation
17 and other maintenance workers) of, and teachers
18 who are employees of, the metropolitan city or urban
19 county (or an agency or school district serving such
20 city or county) receiving grant amounts under this
21 title pursuant to section 106(b), or the unit of gen-
22 eral local government (or an agency or school dis-
23 trict serving such unit) receiving such grant
24 amounts pursuant to section 106(d), except that,
25 notwithstanding section 102(a)(20)(B) or any other
26 provision of this title, such assistance may be pro-

1 vided on behalf of such employees whose family in-
2 comes do not exceed 115 percent of the median in-
3 come of the area involved, as determined by the Sec-
4 retary with adjustments for smaller and larger fami-
5 lies, and except that such assistance shall be used
6 only for acquiring principal residences for such em-
7 ployees by—

8 “(A) providing amounts for downpayments
9 on mortgages;

10 “(B) paying reasonable closing costs nor-
11 mally associated with the purchase of a resi-
12 dence;

13 “(C) obtaining pre- or post-purchase coun-
14 seling relating to the financial and other obliga-
15 tions of homeownership; or

16 “(D) subsidizing mortgage interest rates.”.

17 (b) PRIMARY OBJECTIVES.—Section 105(c) of the
18 Housing and Community Development Act of 1974 (42
19 U.S.C. 5305(c)) is amended by adding at the end the fol-
20 lowing:

21 “(5) HOMEOWNERSHIP ASSISTANCE FOR MU-
22 NICIPAL EMPLOYEES.—Notwithstanding any other
23 provision of this title, any assisted activity described
24 in subsection (a)(26) shall be considered, for pur-
25 poses of this title, to benefit persons of low and

1 moderate income and shall be directed toward the
 2 objective under section 101(e)(3).”.

3 **TITLE IV—RESPONSE TO URBAN**
 4 **ENVIRONMENTAL CHALLENGES**

5 **SEC. 401. RELEASE FROM LIABILITY OF PERSONS THAT**
 6 **FULFILL REQUIREMENTS OF STATE AND**
 7 **LOCAL LAW.**

8 Section 107 of the Comprehensive Environmental Re-
 9 sponse, Compensation, and Liability Act of 1980 (42
 10 U.S.C. 9607) is amended by adding at the end the fol-
 11 lowing:

12 “(o) RELEASE FROM LIABILITY OF PERSONS THAT
 13 FULFILL REQUIREMENTS OF STATE AND LOCAL LAW.—

14 “(1) DEFINITION OF URBAN NONLISTED FACIL-
 15 ITY.—In this subsection, the term ‘urban nonlisted
 16 facility’ means a facility that is not listed or pro-
 17 posed for listing on the National Priorities List.

18 “(2) ENFORCEMENT AUTHORITY.—Neither the
 19 President nor any other person may bring an admin-
 20 istrative or judicial enforcement action under this
 21 Act with respect to an urban nonlisted facility
 22 against a person that has fulfilled all requirements
 23 applicable to the person under State and local law
 24 to conduct a response action at the urban nonlisted
 25 facility, as evidenced by a release from liability

1 issued by authorized State and local officials, to the
2 extent that the administrative or judicial action
3 would seek to require response action that is within
4 the scope of the response action conducted in ac-
5 cordance with State and local law.”.

6 **SEC. 402. BROWNFIELD PROGRAM.**

7 Title I of the Comprehensive Environmental Re-
8 sponse, Compensation, and Liability Act of 1980 (42
9 U.S.C. 9601 et seq.) is amended by adding at the end
10 the following:

11 **“SEC. 128. BROWNFIELD PROGRAM.**

12 “(a) DEFINITION OF BROWNFIELD FACILITY.—

13 “(1) IN GENERAL.—In this section, the term
14 ‘brownfield facility’ means a parcel of land that con-
15 tains an abandoned, idled, or underused commercial
16 or industrial facility, the expansion or redevelopment
17 of which is complicated by the presence or potential
18 presence of a hazardous substance.

19 “(2) EXCLUSIONS.—The term ‘brownfield facil-
20 ity’ does not include—

21 “(A) a facility that is the subject of a re-
22 moval or planned removal under this title;

23 “(B) a facility that is listed or has been
24 proposed for listing on the National Priorities

1 List or that has been removed from the Na-
2 tional Priorities List;

3 “(C) a facility that is subject to corrective
4 action under section 3004(u) or 3008(h) of the
5 Solid Waste Disposal Act (42 U.S.C. 6924(u),
6 6928(h)) at the time at which an application
7 for a grant or loan concerning the facility is
8 submitted under this section;

9 “(D) a land disposal unit with respect to
10 which—

11 “(i) a closure notification under sub-
12 title C of the Solid Waste Disposal Act (42
13 U.S.C. 6921 et seq.) has been submitted;
14 and

15 “(ii) closure requirements have been
16 specified in a closure plan or permit;

17 “(E) a facility with respect to which an ad-
18 ministrative order on consent or judicial con-
19 sent decree requiring cleanup has been entered
20 into by the United States under—

21 “(i) the Toxic Substances Control Act
22 (15 U.S.C. 2601 et seq.);

23 “(ii) the Federal Water Pollution
24 Control Act (33 U.S.C. 1251 et seq.);

1 “(iii) the Safe Drinking Water Act
2 (42 U.S.C. 300f et seq.);

3 “(iv) the Solid Waste Disposal Act
4 (42 U.S.C. 6901 et seq.); or

5 “(v) this Act;

6 “(F) a facility that is owned or operated
7 by a department, agency, or instrumentality of
8 the United States; or

9 “(G) a portion of a facility, for which por-
10 tion, assistance for response activity has been
11 obtained under subtitle I of the Solid Waste
12 Disposal Act (42 U.S.C. 6991 et seq.) from the
13 Leaking Underground Storage Tank Trust
14 Fund established under section 9508 of the In-
15 ternal Revenue Code of 1986.

16 “(b) BROWNFIELD PROGRAM.—

17 “(1) IN GENERAL.—There is established within
18 the Environmental Protection Agency a brownfield
19 program.

20 “(2) COMPONENTS.—Under the brownfield pro-
21 gram, the Administrator may—

22 “(A) expend funds to examine, identify as
23 brownfield facilities, and include in the
24 brownfield program, idle or underused indus-
25 trial and commercial facilities; and

1 “(B) provide grants to State and local gov-
2 ernments to clean up brownfield facilities and
3 return brownfield facilities to productive use.

4 “(c) MAINTENANCE OF PREEXISTING BROWNFIELD
5 PROGRAM.—In carrying out subsection (b), the Adminis-
6 trator shall maintain any brownfield program established
7 by the Administrator before the date of enactment of this
8 section.

9 “(d) MAXIMUM GRANT AMOUNT.—A grant under
10 subsection (b)(2)(B) shall not exceed \$200,000 with re-
11 spect to any brownfield facility.

12 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated out of the Hazardous
14 Substance Superfund to carry out this section—

15 “(1) \$100,000,000 for fiscal year 2002;

16 “(2) \$105,000,000 for fiscal year 2003; and

17 “(3) \$110,000,000 for fiscal year 2004.”.

○