

ECONOMIC DEVELOPMENT PARTNERSHIP ACT OF 1995

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JULY 18, 1996.—Ordered to be printed
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Mr. SHUSTER, from the Committee on Transportation and
Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 2145]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 2145) 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 without amendment and recommend that the bill do pass.

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: (1) improve program delivery and decisions, (2) focus funds on cost-effective programs in truly distressed areas, and (3) contribute to deficit reduction.

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 legislation reauthorizing these programs, no major rewrite of the authorization statutes has occurred for more than 15 years. This legislation updates both authorizations by including reforms that retain and improve the effective elements of both the EDA and ARC, while saving money and eliminating unnecessary programs.

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 in-

terest 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 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.

Many of the specific EDA and ARC programs fund infrastructure investment (for example, EDA's current Title 1 Public Works program and the ARC's 3,025 mile Appalachian Development Highway System). Clearly, appropriate infrastructure investment is often a necessary step to businesses deciding to expand and create new jobs. For example, a 1987 survey of local development districts across the Appalachian region showed that between 1980 and 1986, 560,000 jobs (81 percent of all new jobs) were created in the Appalachian counties with a major highway, compared with 134,000 jobs created in counties without a major highway. In addition, a recent survey of economic development professionals identified infrastructure investment as the top impediment to local economic growth.

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 the 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.

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) providing more state and local control and responsibility, and (3) updating and reforming the underlying statutory authority to define the appropriate federal role and ensure that the best projects are selected for investment.

The legislation adopted by the Committee (H.R. 2145) 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. 2145 changes the eligibility criteria for both programs to ensure that funds are actually targeted to distressed areas. For example, under H.R. 2145, 90 percent of the nation would no longer be eligible for EDA assistance.

For the EDA, H.R. 2145 significantly reforms the program delivery mechanism to augment the working partnership between the states and the federal government to fund locally identified priorities. By shifting additional responsibility for project decisions to the state level, the legislation will provide greater accountability for project decisions and will ensure that the best projects are selected for investment. Testimony received by the Committee, particularly on a bipartisan basis by all 13 governors in the ARC, points to the regional commission approach as a model program of state-federal cooperation.

H.R. 2145 abolishes the current EDA and replaces its programs' decision and delivery process with a series of eight state-federal regional commissions to administer the economic development programs. In adopting the regional commission approach for EDA programs, the Committee concluded that there still remains a need for a separate regional commission to administer the programs of the Appalachian Regional Commission. The Committee's primary considerations in retaining the Appalachian Regional Commission were the continuing indicators of significant economic distress for Appalachia and the lack of overlap between most EDA and ARC programs.

DESCRIPTION OF BILL

ECONOMIC DEVELOPMENT REGIONAL COMMISSIONS

In conducting oversight over both the EDA and ARC, the Committee heard strong endorsements in favor of the commission approach utilized by the ARC as a model program for state-federal cooperation. The Appalachian governors, on a bipartisan basis, unanimously support the ARC model. Their testimony and letters cited the cooperative decision-making process, a minimum of red tape and bureaucracy, and a regional approach to problem solving.

For example, Governor Fordice of Mississippi wrote:

* * * I am not a proponent of federal big-spending programs * * * However, the Appalachian Regional Commission is different * * * if one were to use one federal agency as a model for reorganizing other federal agencies, I would strongly suggest the Appalachian Regional Commission as worth of imitation.

Governor Caperton of West Virginia wrote:

I am deeply aware of the value of the ARC's unique fiscal partnership with local, state, and federal participation. It is exactly this partnership that has allowed the Commission to construct a program of great flexibility, permitting each state to address its own needs and goals, while developing strong interregional cooperation.

Upon reviewing the testimony, the Committee determined that such a regional approach would improve the quality of core EDA programs' decision and delivery processes. As incorporated in H.R. 2145, this regional approach divides the nation into eight regions. Each region shall establish a regional commission to make program decisions and administer the economic development programs. These commissions would have authority to hire staff and take other action that may be necessary to administer the program.

Like the ARC, the combined governors in a regional commission would collectively have one vote on commission decisions through a state cochairman. The one vote by the state cochairman would be determined through a majority vote of the governors represented at the commission. The other vote would be held by a federal cochairman, who would serve as the cochairman for each of the eight commissions. Since each cochairman would only control 50 percent of the vote, this structure effectively requires agreement between the states and the federal government on grant and policy decisions. The experience with the ARC is that this structure has not resulted in gridlock, but rather a cooperative approach which benefits both the states and federal government.

The administrative costs of the commissions would be split 50/50 by the states and the federal government, as is the case with the ARC. The Committee expects that this structure will result in a significant reduction in federal employees. For example, at the beginning of FY 1995, there were approximately 350 EDA employees. In contrast, the ARC operates with only seven federal employees and approximately 50 non-federal workers employed by the commission.

No state would be required to be a member of a commission. However, for a project to be approved by a commission, it must be certified by the State member of the Regional Commission who represents the applicant and must be determined by the Federal Cochairman as included in an investment strategy approved by the Regional Commission.

The eight regions established in the bill generally follow the current regional structure utilized by the EDA. The Committee believes that these regional groupings will foster cooperation and synergies among states in identifying and funding economic development projects. The Committee is aware of the current formula used by the EDA to allocate funds among EDA regions which is based on measures of economic distress. H.R. 2145 gives authority to the Federal Cochairman to allocate funds among the eight newly created regional commissions. The Committee has not chosen to codify a statutory formula for the allocation of funds among the eight regions but expects that newly created Federal Cochairman will use a similar formula, based on distress, to allocate funds among commissions. In addition, the Federal Cochairman is given authority to use up to 10 percent of available funds, prior to allocation to the commissions, to independently make grants under programs provided for in H.R. 2145.

The bill abolishes the EDA and establishes an Office of Economic Development in the Department of Commerce, headed by an Under Secretary of Commerce for Economic Development, who shall serve as the Federal Cochairman. The Office may issue rules, regula-

tions, and policies to implement the programs. In the event that the Department of Commerce is abolished by a law enacted after the effective date of the Economic Development Partnership Act of 1995, the President is authorized to establish an independent agency to carry out the duties of this Act. Again, this provision adopts the model used by the ARC, which operates as an independent agency. The bill includes a number of savings provisions to ensure an orderly transition.

Adapting provisions applicable to the ARC, the bill provides a number of legal safeguards and penalties to ensure that employees of the regional commissions are subject to penalties for financial wrongdoing and conflicts of interest. There is also a requirement of maintenance of public records, as well as audits and record keeping, for projects approved by the commissions. To minimize red tape, however, the bill also provides authority to the commissions, when deemed appropriate, to accept applicants' certifications to meet the requirements of the Act. The bill also continues prohibitions against direct grants to private profit making entities.

REMAINING EFFECTIVE PROGRAMS

In rewriting the Public Works and Economic Development Act (PWEDA) of 1965, the Committee eliminated a number of outdated and unnecessary programs as eligible for grants by the regional commissions. Specifically, the Committee eliminated authority for direct and guaranteed 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. 2145 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 by the regional commissions.

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. Under the regional commission approach, the Committee sees a continuing need for the local planning 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. Under the regional commission approach, the Committee sees a continuing need for the local planning assistance provided by these districts in order to have an effective program. Economic Development Districts also are the coordinating entities for a number of other Federal and State programs.

Funding for the University Center program remains eligible for funding by the regional commissions. The Committee further recognizes that this program has developed and implemented a peer review component of its annual program evaluation and the Committee encourages the Federal Cochairman and the several Commission to continue systematic peer review.

To clarify current statutory authority, the committee has specifically identified business outreach centers as eligible for planning and technical assistance to assist isolated small businesses. The Committee also intends that the deletion of obsolete statutory authority for the operation of health projects (section 102 of the existing PWEDA statute) in no way precludes the funding of health related projects that otherwise meet statutory criteria.

There are numerous economic development efforts underway to provide health care services via telemedicine technology. One such project that has been brought to the Committee's attention is the Lake Superior Rural Health Information Network (LSRHIN). The LSRHIN, which would link health care professionals in three states with community hospitals and specialty clinics, would play a critical role in attracting new employers to this economically distressed and medically underserved region. Under the regional commission approach adopted in H.R. 2145, the ultimate decision on the funding of this project will be made by the responsible regional commission, in consultation with the State of Minnesota. Another project that has been brought to the Committee's attention is the Laboratory for Business Innovation, at the Stevens Institute of Technology in New Jersey. Clearly, this project is eligible for funding under the authorities provided in H.R. 2145 and the Committee has noted the strong support of community, educational, and political leaders in New Jersey. Under the regional commission approach adopted in H.R. 2145, the ultimate decision on the funding of this project will be made by the responsible regional commission, in consultation with the State of New Jersey.

One of the most critical programs currently administered by the EDA, and retained under the regional commission approach in H.R. 2145, 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. For example, Fort Polk and Leesville, Louisiana, have experienced a cumulative loss of \$156 million in salaries and 7,800 jobs through several rounds of alignments. 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 by the regional commissions. The bill also specifically authorizes an Office of Economic Development to serve as a clearinghouse for economic development information, including defense conversion and adjustment assistance.

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 language—adopted by the House in the previous Congress—defederalizing these loan funds once initial loans have been repaid. To ensure that defederalization does not provide any opportunity for future abuse of these funds, the legislation also includes protections requiring that future loans may only be used for activities which are consistent with the purposes of this title and shall be subject to the financial management, accounting, reporting, and auditing standards which were originally applicable to the grant. 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. In addition, the Committee specifically retains the statutory authority to enable the regional commissions to provide grants to reduce interest rates on loans for economic development activities. The Committee believes this authority can facilitate community economic development and supports use of this economic development tool.

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 insures that federal funds will be used in a coordinated, cost effective manner.

PROGRAM REFORMS

The bill requires that the Federal Cochairman 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. In evaluating the current EDA program, the Committee has been frustrated by the

historic lack of an ongoing effort by the EDA to rigorously track the benefits resulting from EDA assistance. The Committee is encouraged by recent efforts to document and report these benefits and believes that such an evaluation system will greatly aid 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 in several ways. First, since local and state governments must concur in grant decisions under the regional commission approach, there is more local accountability included in grant decision making. Second, the bill eliminates the grandfathering of eligibility that has led to the current situation, tightens eligibility criteria to areas with true distress, and requires an applicant to prove distress upon every application.

While making the program more efficient and effective through the regional commission approach, the bill also contributes to deficit reduction by cutting specific authorizations by 25 percent, to \$340 million a year for the fiscal years 1996–2000. In addition, because adjustment requirements to respond to future defense cutbacks and base closures and realignments are not clear at this point, the bill includes such sums authorizations for defense conversion activities. The additional defense conversion funds may include pilot projects for privatization and economic development activities for closed or realigned military installations.

Because the regional commission approach can result in a much smaller federal bureaucracy, the Committee believes that overall administrative expenses within the \$340 million total will fall from current levels. Also, while the decisions on project funding are decided by the regional commissions, the Committee does not see a need for major shifts in funding among types of programs currently supported by the EDA.

APPALACHIAN REGIONAL COMMISSION

After hearing the testimony of witnesses and closely examining the conditions in Appalachia and the operation of the ARC, the Committee strongly endorses the need for the continuation of the programs of the ARC. Further, in this area of devolving authority from Washington to state and local governments, the ARC serves as a model program for state and Federal cooperation. H.R. 2145 reauthorizes the ARC for five years, but also adds reforms to contribute to deficit reduction, 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 399 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 399 counties, 115 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, and unemployment that is 150 percent 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.

Further, the 3,025 mile Appalachian development highway system is only 75 percent complete. Critical segments of the system, which are necessary to provide the highway network to fully link the region with national and international markets and opportunities, remain unbuilt. In effect, the highway system bridges the regional and economic isolation of Appalachia. The interstate highway system largely bypassed the mountainous Appalachian region because of low use and high costs. The ARC highway system was designed to remedy this omission through a long-term commitment to a highway system based on economic development. Congress and the Administration have recognized the importance of this system to the entire nation through the inclusion of nearly all of the 3,025 miles as part of the designated National Highway System.

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. 2145 a number of major provisions that will ensure that funds go where they are most needed.

Specifically, Section 226 of H.R. 2145 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 competitive counties” those counties in the region which have attained substantial economic parity with the rest of the Nation. In the statutory language of H.R. 2145, 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 (including the funding of the highway system), ARC assistance shall not be provided in economically competitive counties. Further, the matching rate for most area development programs is statutorily limited a 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. 2145 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 cut by \$100 million from \$282 million to \$182 million a year for fiscal years 1996 through 2000. Consistent with these authorizations, the termination date for the Commission is extended to October 1, 2000.

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. 2145 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 1995,” with an October 1, 1995, effective date.

TITLE I—PUBLIC WORKS AND ECONOMIC DEVELOPMENT

Section 101. Reauthorization of Public Works and Economic Development Act of 1965 (PWEDA)

Reenacts the Public Works and Economic Development Act of 1965 with the following eight titles:

Section 2. Findings and Declaration

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

TITLE I—ECONOMIC DEVELOPMENT REGIONAL COMMISSIONS

Section 101. Establishment of Regional Commissions

Establishes the regional commissions based on the model used to set up the Appalachian Region Commission. Sets requirements for commission voting. Both the Federal Co-Chairman and the States must agree on commission decisions.

Section 102. Cooperation of Federal Agencies

Encourages Federal agencies to Cooperation with the commissions.

Section 103. Administrative Expenses

Establishes that the Federal Government and states each pay 50 percent of the administrative expenses of the commissions. Each commission shall allocate the share of expenses within a region. A state delinquent in its payments shall not be eligible to participate in commission votes and shall not be eligible to receive assistance authorized by this Act.

Section 104. Administrative Powers

Lists a number of administrative powers necessary to operate the commissions. The Commissions will have the authority to contract with the Office of Personnel Management to continue pension contributions for former Federal employees hired by the Commissions.

Section 105. Establishment of Regions

Divides the nation into eight regional commissions. No state shall be required to participate in any program under the Act.

TITLE II—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

Section 201. Direct and Supplementary Grants

Provides authority to make grants for infrastructure projects, using the same language provided under Title I of PWEDA. Retains current authority to make supplement grants to other Federal programs.

Section 202. Construction Cost Increases

Provides for increases in grant funding due to construction cost increases, at the discretion of the commission.

Section 203. Use of Funds in Projects Constructed Under Projected Cost

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

Section 204. Changed Project Circumstances

Commissions may provide that grant funds can be used for a project that has a change in scope.

TITLE III—SPECIAL ECONOMIC DEVELOPMENT AND
ADJUSTMENT ASSISTANCE

Section 301. Statement of Purpose

States that this Title funds projects necessary to respond to sudden and severe economic dislocations.

Section 302. Grants by Regional Commissions

Establishes eligibility for grants under this title. The Secretary shall establish criteria to be used. Grants may be used for a broad range of economic development assistance, including grants, loans, and loan guarantees. Includes language previously included in annual appropriations acts allowing funds to be used at closed or realigned military installations.

Section 303. Annual Reports by Recipient

Requires grant recipients to report to commissions on the use and effectiveness of grant funds.

Section 304. Sale of Financial Instruments in Revolving Loan Funds

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

Section 305. Treatment of Revolving Loan Funds

Includes language adopted by the House last year to provide administrative relief to EDA funded revolving loan funds by defederalizing the funds.

TITLE IV—TECHNICAL ASSISTANCE, RESEARCH, AND
INFORMATION

Section 401. Technical Assistance

Provides that commissions may fund planning assistance grants. This authority is the same as that currently provided by PWEDA. Grants may be made to development districts, university centers, or other eligible entities. Commissions may also provide grants for planning technical assistance.

Section 402. Economic Development Planning

Provides authority to make annual planning grants to development districts. Requires that such planning involve local public officials and private citizens.

TITLE V—ELIGIBILITY AND INVESTMENT STRATEGIES

Section 501. Eligible Recipient Defined

Eligibility is granted to state and local governments, Indian tribes, development districts, and non-profits working with local governments.

Section 502. Area Eligibility

Sets eligibility criteria of: (1) per capita income of 80 percent or less of the national average, (2) unemployment rate 1 percent above the national average for the most recent 24-month period, (3) sudden and severe job loss, or (4) a pocket of poverty. Prior designations of eligibility are terminated. An area must qualify for assistance each time it makes a grant application.

Section 503. Investment Strategy

Requires applicants for assistance to have an approved investment strategy to show how the assistance will be of benefit and how it will be coordinated with other economic development activities.

Section 504. Approval of Projects

Consistent with the Regional Commission approach, clarifies that state certification is required for a project to be approved.

Section 510. Designation of Economic Development Districts and Economic Development Centers

Provides criteria and a process for the designation of economic development districts.

TITLE VI—ADMINISTRATION

Section 601. Appointment of Under Secretary

Provides for an Under Secretary to perform the duties of the Federal Co-Chairman for the commissions.

Section 602. Office of Economic Development

Establishes an Office of Economic Development to carry out the Secretary's duties under this Act, including the issuance of rules, regulations, and policies. It shall be the duty of the Under Secretary in administering the Office to serve as a federal clearinghouse for economic development information. This office would also provide such assistance for communities responding to base closure, base realignments and other defense cutbacks.

Section 603. Consultation with Other Persons and Agencies

Provides for consultations with other agencies and outside interests.

Section 604. Administration, Operation, and Maintenance

Provides for assurances of Federal interests in grant funds.

Section 605. Authority to Establish Independent Agency in Event Department of Commerce is Abolished

Provides that the President is authorized to establish an independent agency to carry out the duties of the Secretary under this Act if the Department of Commerce is abolished.

Section 606. Treatment of Economic Development Regional Commission Employees

Provides preferential hiring rights at the regional commissions or in the Office of Economic Development for current EDA employees.

Section 610. Abolishment

Abolishes the Economic Development Administration.

Section 611. Conclusion of Business

Provides for the Secretary of Commerce to conclude outstanding affairs of the EDA.

Section 612. Savings Provisions

Includes ministerial provisions necessary to terminate EDA.

Section 613. Amendment to Title 5, U.S.C.

Abolishes position of Administrator of Economic Development

TITLE VII—MISCELLANEOUS

Section 701. Powers of Secretary

Provides numerous powers to the Federal Co-Chairman necessary to carry out duties under this Act. The Federal Co-Chairman may make discretionary grants from funds withheld from distribution to the Regional Commissions. Such grants may not total more than 10 percent of appropriated funds.

Section 702. Allocation of Funds

The Federal Co-Chairman shall establish a formula for the equitable allocation among the regional commissions of amounts appropriated to carry out this Act.

Section 703. Performance Measures.

Provides for the establishment of performance measures to ensure that assistance is spent in a cost-effective manner.

Section 704. Maintenance of Standards

Continues in effect provisions of section 712 of PWEDA.

Section 705. Transfer of Functions

Provides for the transfer of other minor authorities.

Section 706. Definition of State

For this Act, defines state to include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Marshall Islands, Micronesia, and the Northern Mariana Islands.

Section 707. Annual Report to Congress

Provides for one annual consolidated report to Congress on the activities of the commissions and Federal Co-Chairman.

Section 708. Use of Other Facilities

Allows for the delegation of certain authorities to other Federal agencies. Also allows funds to be transferred between agencies.

Section 709. Penalties

Provides legal penalties currently used included in PWEDA.

Section 710. Employment of Expeditors and Administrative Employees

Sets conditions on funding of certain business enterprises to protect from conflicts of interest.

Section 711. Personal Financial Interests

Provides protection against conflicts of interest by members and employees of Regional Commissions.

Section 712. Maintenance of Records of Approved Applications for Financial Assistance; Public Inspection

Requires the Federal Co-Chairman to keep a public record of grants and applications.

Section 713. Records and Audit

Requires grant recipients to follow record keeping and audit requirements.

Section 714. Prohibition Against a Statutory Construction Which Might Cause Diminution in Other Federal Assistance

Provides that all funding authorized in this Act shall be in addition to funding provided under other Federal programs.

Section 715. Acceptance of Applicant's Certifications

Allows for self-certification by applicants, at the discretion of the commissions.

TITLE VIII—FUNDING

Section 801. Authorization of Appropriations

Authorizes \$340 million per year, for Fiscal Years 1996, 1997, 1998, 1999, and 2000, to carry out the purposes of this Act. This is a \$100 million a year reduction from FY 1995 levels.

Section 802. Defense Conversion Activities

In addition to authorization under Sec. 801, provides such sums as may be necessary to provide assistance for defense conversion activities.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Section 201. References

Provisions amend 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. The purposes of the Act include addressing 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 Co-chairman and at least a majority of State members present. Allows additional meetings via electronic means.

Section 204. Authorizations for Administrative Expenses

Authorizes \$3.645 million per fiscal year, from 1996 through 2000, for administrative expenses. Of the total, not more than \$1.245 million shall be for the expenses of the Federal Co-chairman. States will continue to share in the administrative costs of the ARC.

Section 205. Lease Terms

Extends the ARC's current authority to lease space through the year 2000.

Section 206. Highway System Authorizations

Authorizes \$90 million each fiscal year, from 1996 through 2000, for construction of the 3,025 mile Appalachian Development Highway System. In addition, a technical change is made to conform the federal matching rate for prefinanced ARC highways.

Section 207. Cost Sharing of Demonstration Health Projects

Limits ARC funding for health and child care 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, 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 Competitive Counties

Within 90 days of enactment, and annually thereafter, the Commission shall designate distressed and economically competitive counties among the 399 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 competitive 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 subsection 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 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 \$88.355 million for each fiscal year, from 1996 to 2000, for the non-highway program.

Section 222. Extension of Termination Date

Amends Section 405 of the Act to extend the termination date for the Commission to October 1, 2000.

HEARINGS AND LEGISLATIVE HISTORY

The Subcommittee on Public Buildings and Economic Development held two days of hearings on February 10 and 22, 1995. Testimony was heard from the Assistant Secretary of Commerce for

Economic Development, the ARC Federal Co-Chairman, a representative of the ARC states, and public witnesses, including businesses which have generated jobs and economic growth due to the programs of the EDA and ARC.

The subcommittee considered the ARC portion of the bill (Title II) on June 20, 1995, as a committee print. No amendments were offered and the subcommittee approved the print on a voice vote. On July 25, 1995, the subcommittee considered the EDA portion of the bill (Title I) as a committee print. No amendments were offered and the subcommittee approved the print on a voice vote. These two subcommittee actions were combined and introduced as H.R. 2145, the "Economic Development Partnership Act of 1995," on July 31, 1995. The Transportation and Infrastructure Committee considered H.R. 2145 in full committee markup on August 2, 1995. No amendments were offered and the bill was ordered reported by voice vote, a quorum being present. There were no committee roll call votes.

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.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 2145 will have no significant inflationary impact on prices and costs in the operation of the national economy.

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 403 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 to 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 such findings or recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 2145.

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 403 of the Congressional Budget Act of 1974, the Committee has received the

following cost estimate for H.R. 2145 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 29, 1995.

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. 2145, the Economic Development Partnership Act of 1995.

Enacting H.R. 2145 would affect both direct spending and receipts. Therefore, pay-as-you-go procedures would apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

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

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2145.
2. Bill title: Economic Development Partnership Act of 1995.
3. Bill status: As ordered reported by the House Committee on Transportation and Infrastructure on August 2, 1995.
4. Bill purpose: H.R. 2145 would abolish the Economic Development Administration (EDA), establish an Office of Economic Development (OED) within the Department of Commerce, and authorize the activities of the Appalachian Regional Commission (ARC) for fiscal years 1996 through 2000. In addition, the bill would:
 - Establish eight regional commissions under the OED that would make grants to designated areas for various purposes;
 - Require each participating state to pay a share of the administrative expenses of the regional commissions;
 - Establish penalties for lack of full disclosure by persons who are connected to both a regional commission and an applying organization or who receive any compensation from outside the state and federal governments for their work with regional commissions;
 - Authorize the President to establish the OED as an independent agency in the event that the Department of Commerce is terminated;
 - Provide for the conclusion of the outstanding affairs of the EDA by the Secretary of Commerce;
 - Repeal several programs within the ARC; and
 - Change the proportion of costs of several ARC programs that the federal government will share with states.
5. Estimated cost to the Federal Government: Assuming that the full amounts authorized are appropriated for each year, CBO estimates that spending under H.R. 2145 would total about \$3.5 billion over the next five years, as shown in the following table.

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
SPENDING SUBJECT TO APPROPRIATIONS ACTION						
Spending under current law:						
Budget authority ¹	732					
Estimated outlays	520	546	441	278	168	49
Proposed changes:						
Estimated authorization level		622	622	622	622	622
Estimated outlays		22	156	334	462	482
Spending under H.R. 1175:						
Estimated authorization level ¹	732	622	622	622	622	622
Estimated outlays	520	568	597	611	630	631
ADDITIONAL REVENUES AND DIRECT SPENDING						
Estimated revenues		(²)				
Direct Spending:						
Estimated budget authority ¹			(²)	(²)	(²)	(²)
Estimated outlays			(²)	(²)	(²)	(²)

¹The 1995 level is the amount actually appropriated for the year.²Less than \$500,000.

The costs of this bill fall within budget function 450.

6. Basis of estimate: The bill would authorize appropriations of \$340 million for fiscal years 1996 through 2000 for the activities of the Office of Economic Development (OED). In addition, such sums as necessary would be authorized for eligible defense conversion activities carried out by the OED. CBO estimates that \$100 million per year would be needed. The average amount appropriated for these activities over the past 4 years is about \$80 million. With the closure or downsizing of the largest number of bases so far about to begin in 1996, demand for these funds is expected to increase. Further, the bill would authorize appropriations of \$182 million each fiscal year from 1996 through 2000 for ARC activities. Outlays are based on the historical spending patterns of these programs.

In total, we estimate an authorization level of \$622 million per year for the activities authorized in H.R. 2145. By comparison, appropriations for EDA and ARC activities total \$732 million in fiscal year 1995.

H.R. 2145 also would establish criminal penalties that are estimated to cause receipts to increase by less than \$500,000 each fiscal year. Criminal fines would be deposited in the Crime Victims Fund and would be spent without further appropriation in the following year. Thus, over time, any increase in federal revenues from criminal penalties would be offset by new direct spending.

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. Because certain sections of this bill would affect direct spending and receipts, pay-as-you-go procedures would apply. CBO estimates that the amounts involved would be less than \$500,000 per year. The following table summarizes the estimated pay-as-you-go impact of this bill.

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998
Change in outlays	0	0	0	0
Change in receipts	0	0	0	0

8. Estimated cost to State and local governments: Despite termination of the Economic Development Agency, which in recent years has provided around \$418 million in grant assistance to states and localities, CBO estimates that states and localities would continue to receive about the same amount in grants through the newly created Office of Economic Development. The bill would authorize \$340 million per year for OED, which includes funding for OED'S salaries and expenses. By also authorizing funds for assisting states and localities with defense conversion activities (which CBO estimates would amount to an additional \$100 million per year), the bill would provide a level of grant funding close to that provided under current law.

States that chose to participate in the creation of the eight Economic Development Regional Commissions would be required to pay fifty percent of the commissions' administrative expenses. Relative to the grant amounts these states would receive, however, CBO does not expect these amounts to be significant.

The thirteen states that currently receive grants from the ARC—primarily in the mid-Atlantic and southeast regions—would continue to receive such assistance, but at a lower level (\$182 million compared to \$282 million under current law). Several programs within the ARC would be repealed and the cost-sharing arrangements for most other programs would be changed to require state and local governments to pay larger shares of the costs of projects funded by the ARC. The only exception would be for counties designated as “distressed,” which would pay less than other counties.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Federal cost estimate: Rachel Robertson; State and local estimate: Pepper Santalucia.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

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

AN ACT To provide grants for public works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the “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 other-

wise 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 here-in-after 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 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 pro-

gram 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 to 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 supplemental 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 purposes 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 approved 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 eq-

uitable 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 approved by 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 there-

of, 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 maturities 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 makes 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 au-

thorized 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 on 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 prepared 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 title 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 designated 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 county, 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 sub-

sections. 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 conditions 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, in-

cluding 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 sections 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 cumu-

lative 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 ex-

tended 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 Columbia, 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 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 ap-

propriated 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 overvalues 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 otherwise 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 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 FORTH-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 FR 3176; 64 Stat. 1267; 5 U.S.C. 133z15), and section 2 of the Act of June 13, 1964, 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 per-

sons 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 replacement 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 feasibility 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 con-

ditions (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 section 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 unemployment 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 that 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;*

(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 the domestic prosperity by the establishment of stable and diversified local economies 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 REGIONAL COMMISSIONS

SEC. 101. ESTABLISHMENT OF REGIONAL COMMISSIONS.

(a) *ESTABLISHMENT.—There is established for each region established by section 105 an Economic Development Regional Commission (hereinafter in this Act referred to as a “Regional Commission”).*

(b) *MEMBERSHIP.—*

(1) *IN GENERAL.—Each Regional Commission shall be composed of 1 Federal member and 1 State member from each participating State in the region represented by the Regional Commission.*

(2) *FEDERAL COCHAIRPERSON.—The Federal member of each Regional Commission shall be the Secretary of Commerce (hereinafter in this Act referred to as the “Secretary”). The Secretary shall serve as the Federal Cochairperson of each Regional Commission.*

(3) *STATE MEMBERS.*—

(A) *IN GENERAL.*—Each State member of a Regional Commission shall be the chief executive officer of the State. The State members of a Regional Commission shall elect a Co-chairperson from among such State members for a term of not less than 1 year.

(B) *ALTERNATES.*—Each State member of a Regional Commission may have a single alternate, appointed by the Chief Executive Officer from among members of the Chief Executive Officer's cabinet or the Chief Executive Officer's personal staff. An alternate shall vote in the event of the absence, death, disability, removal, or resignation of the State representative for which he or she 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.

(c) *DECISIONMAKING.*—

(1) *VOTING.*—Decisions by a Regional Commission shall require an affirmative vote of the Secretary (or the Secretary's designee) and of the majority of the State members.

(2) *QUORUM.*—No decision of a Regional Commission involving Commission policy, developing investment strategies, or allocating funds among States may be made without the Secretary (or the Secretary's designee) and a quorum of the State members present. For purposes of this Act, the Secretary (or the Secretary's designee) and a majority of the State members shall constitute a quorum.

SEC. 102. COOPERATION OF FEDERAL AGENCIES.

Each Federal department and agency, in accordance with applicable laws and within the limits of available funds, shall cooperate with each Regional Commission in order to assist the Regional Commission in carrying out the functions of the Regional Commission.

SEC. 103. ADMINISTRATIVE EXPENSES.

(a) *PAYMENT BY STATES.*—Fifty percent of the administrative expenses of a Regional Commission (other than the expenses of the Secretary) shall be paid by the States in the region represented by the Regional Commission and the remaining 50 percent of such expenses shall be paid by the Federal Government. The expenses of the Secretary and the Secretary's staff shall be paid solely by the Federal Government.

(b) *DETERMINATION OF STATE SHARE.*—The share of the administrative expenses to be paid by each State shall be determined by the Regional Commission. The Secretary shall not participate or vote in such determination.

(c) *DELINQUENT PAYMENTS.*—No assistance authorized by this Act shall be furnished to any State or to any political subdivision or resident of a State, nor shall the State member of a Regional Commission participate or vote in any determination by the Regional Commission, while such State is delinquent in the payment of such State's share of the administrative expenses of the Regional Commission.

SEC. 104. ADMINISTRATIVE POWERS.

To carry out its duties under this Act, consistent with regulations issued by the Secretary, a Regional Commission may take any of the following actions:

(1) Adopt, amend, and repeal bylaws and rules governing the conduct of the Regional Commission's business and the performance of its functions.

(2) Appoint and fix the pay of an executive director and such other personnel as may be necessary to enable the Regional Commission to carry out its functions; except that the compensation for any individual so appointed shall not exceed the rate of basic pay for level V of the Executive Schedule and no member, officer, or employee of the Regional Commission, other than the Secretary, employees of the Secretary, and any Federal employees detailed under paragraph (3), shall be deemed a Federal employee for any purpose.

(3) Request the head of a Federal department or agency to detail to temporary duty with the Regional Commission such personnel within the administrative jurisdiction of such head as the Regional Commission may need for carrying out its functions, and each such detail shall be without loss of seniority, pay, or other employee status.

(4) Arrange for the services of personnel from any State or local government or any subdivision or agency thereof, or any intergovernmental agency.

(5) Make arrangements, including contracts, with any participating State government for inclusion in a suitable retirement and employee benefits system of such of its personnel as may not be eligible for, or continue in, another governmental retirement or employee benefit system, or otherwise provide for such coverage of its personnel. The Director of the Office of Personnel Management is authorized to contract with a Regional Commission for continued coverage of any Regional Commission employee who, on a date in the 6-month period ending on the date of Regional Commission employment, was a Federal employee, in the retirement program and other employee benefit programs of the Federal Government.

(6) Accept, use, and dispose of gifts or donations of services or property, real, personal, or mixed, tangible or intangible.

(7) Subject to the requirements of the Federal Property and Administrative Services Act of 1949, enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in carrying out the Regional Commission's functions and on such terms as the Regional Commission may deem appropriate, with any department, agency, or instrumentality of the United States, or with any person, firm, association, or corporation.

(8) Take such other actions and incur such other expenses as may be necessary and appropriate.

SEC. 105. ESTABLISHMENT OF REGIONS.

(a) *IN GENERAL.*—For the purposes of this Act, there are established 8 regions of the United States as follows:

(1) *REGION I.*—Region I shall be composed of the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

(2) *REGION II.*—Region II shall be composed of the States of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

(3) *REGION III.*—Region III shall be composed of the States of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

(4) *REGION IV.*—Region IV shall be composed of the States of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Utah, and Wyoming.

(5) *REGION V.*—Region V shall be composed of the State of California.

(6) *REGION VI.*—Region VI shall be composed of the States of Alaska, Arizona, Hawaii, Idaho, Nevada, Oregon, and Washington and American Samoa, Guam, the Marshall Islands, Micronesia, and the Northern Mariana Islands.

(7) *REGION VII.*—Region VII shall be composed of the States of Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, and West Virginia and the District of Columbia.

(8) *REGION VIII.*—Region VIII shall be composed of the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and Puerto Rico and the Virgin Islands.

(b) *PARTICIPATION NOT REQUIRED.*—No State shall be required to participate in any program under this Act.

TITLE II—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

SEC. 201. DIRECT AND SUPPLEMENTARY GRANTS.

(a) *IN GENERAL.*—Upon the application of any eligible recipient, a Regional Commission may—

(1) make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within an area described in section 502(a), if the Regional Commission 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;

(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 investment strategy as provided by section 503 and such project is consistent with such strategy; and

(D) in the case of an area described in section 502(a)(4), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area; and

(2) make supplementary grants in order to enable the States and other entities within areas described in section 502(a) to take maximum advantage of designated Federal grant-in-aid programs (as defined in subsection (c)(4)), 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), and the 11 watersheds authorized by the Flood Control Act of December 22, 1944 (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

(b) *COST SHARING.*—Subject to subsection (c), the amount of any direct grant under this subsection for any project shall not exceed 50 percent of the cost of such project.

(c) *REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.*—

(1) *AMOUNT OF SUPPLEMENTARY GRANTS.*—

(A) *IN GENERAL.*—Except as provided by subparagraph (B), 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 percent of such cost.

(B) *EXCEPTIONS.*—Notwithstanding subparagraph (A)—

(i) in the case of a grant to an Indian tribe, a Regional Commission may reduce the non-Federal share below the percentage specified in subparagraph (A) or may waive the non-Federal share;

(ii) in the case of any State or a political subdivision of the State which the Regional Commission determines has exhausted its effective taxing and borrowing capacity, the Regional Commission shall reduce the non-Federal share below the percentage specified in subparagraph (A) or shall waive the non-Federal share in the case of such a grant for a project in an area described in section 502(a)(4); and

(iii) in case of any community development corporation which the Regional Commission determines has exhausted its effective borrowing capacity, the Regional Commission may reduce the non-Federal share below the percentage specified in subparagraph (A) or waive the non-Federal share in the case of such a grant for a project in an area described in section 502(a)(4).

(2) *FORM OF SUPPLEMENTARY GRANTS.*—Supplementary grants shall be made by a Regional Commission, in accordance with such regulations as the Secretary may 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.

(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 subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in areas described in section 502(a) under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law.

(4) **DESIGNATED FEDERAL GRANT-IN-AID PROGRAMS DEFINED.**—In this subsection, 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 any supplementary grant available to any project under this section, a Regional Commission shall take into consideration the relative needs of the area and the nature of the projects to be assisted.

(d) **REGULATIONS.**—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 under-employment in eligible areas.

(e) **REVIEW AND COMMENT UPON PROJECTS BY LOCAL GOVERNMENTAL AUTHORITIES.**—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. 202. CONSTRUCTION COST INCREASES.

In any case where a grant (including a supplemental grant) has been made by a Regional Commission 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 Regional Commission, 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.

SEC. 203. USE OF FUNDS IN PROJECTS CONSTRUCTED UNDER PROJECTED COST.

In any case where a grant (including a supplemental grant) has been made by a Regional Commission 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 decreased because of decreases in costs, such underrun funds may be used to improve the project either directly or indirectly as determined by the Regional Commission.

SEC. 204. CHANGED PROJECT CIRCUMSTANCES.

In any case where a grant (including a supplemental grant) has been made by a Regional Commission under this title for a project, and after such grant has been made but before completion of the project, the purpose or scope of such project based upon the designs and specifications which were the basis of the grant has changed, the Regional Commission may approve the use of grant funds on such changed project if the Regional Commission determines that such changed project meets the requirements of this title and that such changes are necessary to enhance economic development in the area.

TITLE III—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

SEC. 301. STATEMENT OF PURPOSE.

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.

SEC. 302. GRANTS BY REGIONAL COMMISSIONS.

(a) IN GENERAL.—A Regional Commission is authorized to make grants directly to any eligible recipient in an area which the Regional Commission determines, in accordance with criteria to be established by the Secretary by regulation—

(1) 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

(2) has demonstrated long-term economic deterioration.

(b) PURPOSES.—Amounts from grants under subsection (a) shall be used by an eligible recipient to carry out or develop an investment strategy which—

(1) meets the requirements of section 503; and

(2) is approved by the Regional Commission.

(c) *TYPES OF ASSISTANCE.*—*In carrying out an investment strategy using amounts from grants under subsection (a), an eligible recipient may provide assistance for any of the following:*

- (1) *Public facilities.*
- (2) *Public services.*
- (3) *Business development.*
- (4) *Planning.*
- (5) *Research and technical assistance.*
- (6) *Administrative expenses.*
- (7) *Training.*
- (8) *Relocation of individuals and businesses.*
- (9) *Other assistance which demonstrably furthers the economic adjustment objectives of this title.*

(d) *DIRECT EXPENDITURE OR REDISTRIBUTION BY RECIPIENT.*—*Amounts from grants under subsection (a) 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 shall be made by an eligible recipient to a private profit-making entity.*

(e) *COORDINATION.*—*A Regional Commission to the extent practicable shall coordinate the activities relating to the requirements for investment strategies and making grants and loans under this title with other Federal programs, States, economic development districts, and other appropriate planning and development organizations.*

(f) *BASE CLOSINGS AND REALIGNMENTS.*—

(1) *LOCATION OF PROJECTS.*—*In any case in which a Regional Commission determines a need for assistance under subsection (a) due to the closure or realignment of a military installation, the Regional Commission may make such assistance available for projects to be carried out on the military installation and for projects to be carried out in communities adversely affected by the closure or realignment.*

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

SEC. 303. ANNUAL REPORTS BY RECIPIENT.

Each eligible recipient which receives assistance under this title from a Regional Commission shall annually during the period such assistance continue to make a full and complete report to the Regional Commission, in such manner as the Regional Commission 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.

SEC. 304. 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 effective date of the Economic Development Partnership Act of 1995, 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 originally applicable to the grant.

SEC. 305. TREATMENT OF REVOLVING LOAN FUNDS.

(a) *IN GENERAL.*—Amounts from grants made under this title which are used by an eligible recipient to establish a revolving loan fund shall not be treated, except as provided by subsection (b), as amounts derived from Federal funds for the purposes of any Federal law after such amounts are loaned from the fund to a borrower and repaid to the fund.

(b) *EXCEPTIONS.*—Amounts described in subsection (a) which are loaned from a revolving loan fund to a borrower and repaid to the fund—

(1) 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 originally applicable to the grant.

(c) *REGULATIONS.*—Not later than 30 days after the effective date of the Economic Development Partnership Act of 1995, the Secretary shall issue regulations to carry out subsection (a).

(d) *PUBLIC REVIEW AND COMMENT.*—Before issuing any final guidelines or administrative manuals governing the operation of revolving loan funds established using amounts from grants under this title, the Secretary shall provide reasonable opportunity for public review of and comment on such guidelines and administrative manuals.

(e) *APPLICABILITY TO PAST GRANTS.*—The requirements of this section applicable to amounts from grants made under this title shall also apply to amounts from grants made, before the effective date of the Economic Development Partnership Act of 1995, under title I of this Act, as in effect on the day before such effective date.

TITLE IV—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

SEC. 401. TECHNICAL ASSISTANCE.

(a) *IN GENERAL.*—In carrying out its duties under this Act, a Regional Commission may provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment to areas which the Regional Commis-

sion finds have substantial need for such assistance. Such assistance shall include project planning and feasibility studies, management and operational assistance, establishment of business outreach centers, and studies evaluating the needs of, and development potentialities for, economic growth of such areas.

(b) PROCEDURES AND TERMS.—

(1) MANNER OF PROVIDING ASSISTANCE.—Assistance may be provided by a Regional Commission through—

(A) members of the Regional Commission's staff;

(B) the payment of funds authorized for this section to departments or agencies of the Federal Government;

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

(D) grants-in-aid to appropriate public or private non-profit State, area, district, or local organizations.

(2) REPAYMENT TERMS.—A Regional Commission, in its discretion, may require the repayment of assistance provided under this subsection and prescribe the terms and conditions of such repayment.

(c) GRANTS COVERING ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—A Regional Commission may make grants to defray not to exceed 75 percent of the administrative expenses of organizations which the Regional Commission determines to be qualified to receive grants-in-aid under subsections (a) and (b); except that in the case of a grant under this subsection to an Indian tribe, the Regional Commission is authorized to defray up to 100 percent of such expenses.

(2) DETERMINATION OF NON-FEDERAL SHARE.—In determining the amount of the non-Federal share of such costs or expenses, a Regional Commission shall give due consideration to all contributions both in cash and in kind, fairly evaluated, including contributions of space, equipment, and services.

(3) USE OF GRANTS WITH PLANNING GRANTS.—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.

(d) AVAILABILITY OF TECHNICAL INFORMATION; FEDERAL PROCUREMENT.—A Regional Commission shall aid areas described in section 502(a) 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 Regional Commission 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 described in section 502(a) 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.

SEC. 402. ECONOMIC DEVELOPMENT PLANNING.**(a) DIRECT GRANTS.—**

(1) *IN GENERAL.*—A Regional Commission may, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including an area described in section 502(a) or an economic development district), make direct grants to such State, city, or other political subdivision, or organization to pay up to 80 percent of the cost for economic development planning.

(2) *PLANNING PROJECTS SPECIFICALLY INCLUDED.*—The planning for cities, other political subdivisions, and sub-State planning and development organizations (including areas described in section 502(a) and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes.

(3) *PLANNING PROCESS.*—The planning 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.

(4) *COORDINATION OF ASSISTANCE UNDER SECTION 401(c).*—The assistance available under this section may be provided in addition to assistance available under section 401(c) but shall not supplant such assistance.

(b) COMPLIANCE WITH REVIEW PROCEDURE.—The planning assistance authorized under this title shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

TITLE V—ELIGIBILITY AND INVESTMENT STRATEGIES

PART A—ELIGIBILITY

SEC. 501. ELIGIBLE RECIPIENT DEFINED.

In this Act, the term “eligible recipient” means an area described in section 502(a), an economic development district designated under section 510, an Indian tribe, a State, a city or other political subdivision of a State, or a consortium of such political subdivisions, or a public or private nonprofit organization or association acting in cooperation with officials of such political subdivisions.

SEC. 502. AREA ELIGIBILITY.

(a) CERTIFICATION.—In order to be eligible for assistance under title II, an applicant seeking assistance to undertake a project in an area shall certify, as part of an application for such assistance, that the area on the date of submission of such application 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 1 percent above the national average percentage for the most recent 24-month period for which statistics are available.

(3) *The area has experienced or is about to experience a sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area.*

(4) *The area is a community or neighborhood (defined without regard to political or other subdivisions or boundaries) which the Secretary determines has one or more of the following conditions:*

(A) *A large concentration of low-income persons.*

(B) *Rural areas having substantial out-migration.*

(C) *Substantial unemployment.*

(b) *DOCUMENTATION.—A certification made under subsection (a) shall be supported by Federal data, when available, and in other cases by data available through the State government. Such documentation shall be accepted by a Regional Commission unless it is determined to be inaccurate. The most recent statistics available shall be used.*

(c) *SPECIAL RULE.—An area which a Regional Commission determines has 1 or more of the conditions described in subsection (a)(4)—*

(1) *shall not be subject to the requirements of subparagraphs (A) and (C) of section 201(a)(1); and*

(2) *shall not be eligible to meet the requirements of section 510(a)(1)(B).*

(d) *PRIOR DESIGNATIONS.—Any designation of a redevelopment area made before the effective date of the Economic Development Partnership Act of 1995 shall not be effective after such effective date.*

SEC. 503. INVESTMENT STRATEGY.

A Regional Commission may provide assistance under titles II and III to an applicant for a project only if the applicant submits to the Regional Commission, as part of an application for such assistance, and the Regional Commission approves an investment strategy which—

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

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

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

(4) *provides a description of the project necessary to implement the strategy, estimates of costs, and timetables; and*

(5) *provides a summary of public and private resources expected to be available for the project.*

SEC. 504. APPROVAL OF PROJECTS.

Only applications for grants or other assistance under this Act for specific projects shall be approved which are certified by the State member of the Regional Commission representing such applicant and determined by the Secretary—

- (1) to be included in a State investment strategy approved by the Regional Commission;
- (2) to have adequate assurance that the project will be properly administered, operated, and maintained; and
- (3) to otherwise meet the requirements for assistance under this Act.

PART B—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 510. 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, a Regional Commission may—

(1) 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 area described in section 502(a);

(B) the proposed district contains at least 1 area described in section 502(a);

(C) the proposed district contains 1 or more areas described in section 502(a) or economic development centers identified in an approved district investment strategy as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the areas described in section 502(a) within the district; and

(D) the proposed district has a district investment strategy 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 Regional Commission;

(2) designate as “economic development centers”, in accordance with such regulations as the Secretary shall prescribe, such areas as the Regional Commission may deem appropriate, if—

(A) the proposed center has been identified and included in an approved district investment strategy 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 areas described in section 502(a) of the district; and

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

(3) provide financial assistance in accordance with the criteria of this Act, except as may be herein otherwise provided, for

projects in economic development centers designated under subsection (a)(2), if—

(A) the project will further the objectives of the investment strategy 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 percent non-Federal share required for any project by section 201(c), increase the amount of grant assistance authorized by section 201 for projects within areas described in section 502(a), by an amount not to exceed 10 percent of the aggregate cost of any such project, in accordance with such regulations as the Secretary shall prescribe if—

(A) the area described in section 502(a) 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 investment strategy.

(b) **AUTHORITIES.**—In designating economic development districts and approving district investment strategies under subsection (a), a Regional Commission may, under regulations prescribed by the Secretary—

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

(2) 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 investment strategies; and

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

(c) **TERMINATION OR MODIFICATION OF DESIGNATIONS.**—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) **DEFINITIONS.**—In this Act, the following definitions apply:

(1) **ECONOMIC DEVELOPMENT DISTRICT.**—The term “economic development district” refers to any area within the United States composed of cooperating areas described in section 502(a) and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by a Regional Commission as an economic development district. Such term includes any economic development district designated by the Secretary under section 403 of this Act, as in effect on the day before the effective date of the Economic Development Partnership Act of 1995.

(2) **ECONOMIC DEVELOPMENT CENTER.**—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 investment strategy and which has been designated by a Regional Commission as eligible for financial assistance under this Act in accordance with the provisions of this section.

(3) LOCAL GOVERNMENT.—The term “local government” means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(e) PARTS OF ECONOMIC DEVELOPMENT DISTRICTS NOT WITHIN AREAS DESCRIBED IN SECTION 502(a).—A Regional Commission is authorized to provide the financial assistance which is available to an area described in section 502(a) under this Act to those parts of an economic development district which are not within an area described in section 502(a), when such assistance will be of a substantial direct benefit to an area described in section 502(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 502(a); except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized subsection (a)(4).

TITLE VI—ADMINISTRATION

PART A—GENERAL PROVISIONS

SEC. 601. APPOINTMENT OF UNDER SECRETARY.

(a) IN GENERAL.—The Secretary shall carry out the Secretary’s duties under this Act acting through 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) AMENDMENT TO TITLE 5, U.S.C.—Section 5314 of title 5, United States Code, is amended by inserting “Under Secretary of Commerce for Economic Development,” after “Under Secretary of Commerce,”.

SEC. 602. OFFICE OF ECONOMIC DEVELOPMENT.

(a) ESTABLISHMENT.—The Secretary shall establish an Office of Economic Development (hereinafter in this section referred to as the “Office”) within the Department of Commerce.

(b) FUNCTIONS.—The head of the Office shall be the Under Secretary of Commerce for Economic Development who shall assist the Secretary in carrying out the Secretary’s duties under this Act, including the issuance of rules, regulations, and policies.

(c) CLEARINGHOUSE.—It shall be a duty of the Under Secretary in administering the Office—

(1) to serve as a central 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; and

(2) to help potential and actual applicants for economic development, economic adjustment, disaster recovery, and defense conversion assistance under Federal, State, and local laws in

locating and applying for such assistance, including financial and technical assistance.

SEC. 603. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

(a) *CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.*—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) *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. 604. ADMINISTRATION, OPERATION, AND MAINTENANCE.

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.

SEC. 605. AUTHORITY TO ESTABLISH INDEPENDENT AGENCY IN EVENT DEPARTMENT OF COMMERCE IS ABOLISHED.

In the event that the Department of Commerce is abolished by a law enacted after the effective date of the Economic Development Partnership Act of 1995, the President is authorized to establish an independent agency to carry out the duties of the Secretary under this Act.

SEC. 606. TREATMENT OF ECONOMIC DEVELOPMENT EMPLOYEES.

In considering applications for employment at Regional Commissions or in the Office of Economic Development, preference shall be given to current Economic Development Administration employees.

PART B—ABOLISHMENT OF ECONOMIC DEVELOPMENT ADMINISTRATION

SEC. 610. ABOLISHMENT.

The Economic Development Administration of the Department of Commerce is abolished.

SEC. 611. CONCLUSION OF BUSINESS.

The Secretary shall provide for the conclusion of any outstanding affairs of the Economic Development Administration, including matters affecting the disposition of personnel.

SEC. 612. SAVINGS PROVISIONS.

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

(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 part; except that the Secretary shall be substituted for such officer or employee as a party to any such action or proceeding.

SEC. 613. AMENDMENT TO TITLE 5, U.S.C.

Section 5316 of title 5, United States Code, is amended by striking "Administrator for Economic Development."

TITLE VII—MISCELLANEOUS

SEC. 701. POWERS OF SECRETARY.

(a) IN GENERAL.—In performing the Secretary's duties under this Act, the Secretary is authorized to—

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

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

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

(4) 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;

(5) under regulations prescribed by the Secretary, 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 this Act, and 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) 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) 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 this Act;

(8) acquire, in any lawful manner and in accordance with the requirements of the Federal Property and Administrative Services Act of 1949, any property (real, personal, or mixed, tangible or intangible), whenever necessary or appropriate to the conduct of the activities authorized under this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in the Secretary, 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) employ experts and consultants or organizations as authorized by section 3109 of title 5, United States Code, 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 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) 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 the Secretary's property;

(12) make discretionary grants, pursuant to authorities otherwise available to a Regional Commission under this Act and without regard to the requirements of section 504, to implement significant regional initiatives, to take advantage of special development opportunities, or to respond to emergency economic distress in the region from the funds withheld from distribution to the Regional Commissions; except that the aggregate amount of such discretionary grants in any fiscal year may not exceed 10 percent of the amounts appropriated under title VIII for such fiscal year; and

(13) 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) **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. 702. ALLOCATION OF FUNDS.

The Secretary shall establish a formula for the equitable allocation among the Regional Commissions of amounts appropriated to carry out this Act.

SEC. 703. PERFORMANCE MEASURES.

The Secretary shall establish performance measures for grants and other assistance provided under this Act. Such performance measures shall be used to evaluate project proposals and conduct evaluations of projects receiving such assistance.

SEC. 704. 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 effective date of the Economic Development Partnership Act of 1995.

SEC. 705. TRANSFER OF FUNCTIONS.

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 such Act are hereby vested in the Secretary.

SEC. 706. DEFINITION OF STATE.

In this Act, the terms "State", "States", and "United States" include the several States and each of the other political entities included in a region established by section 105.

SEC. 707. ANNUAL REPORT TO CONGRESS.

The Secretary shall transmit a comprehensive and detailed annual report to Congress of the Secretary's and each Regional Commission's operations under this Act for each fiscal year beginning with the fiscal year ending September 30, 1996. Such report shall be printed and shall be transmitted to Congress not later than April 1 of the year following the fiscal year with respect to which such report is made.

SEC. 708. 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 to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) DEPARTMENT AND AGENCY EXECUTION OF DELEGATED AUTHORITY.—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) 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.

(d) 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. 709. 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 a Regional Commission 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 or a Regional Commission, 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 a Regional Commission 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 a Regional Commission, 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 a Regional Commission; or

(4) gives any unauthorized information concerning any future action or plan of the Secretary or a Regional Commission 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 or a Regional Commission,

shall be fined under title 18, United States Code, imprisoned for not more than 5 years, or both.

SEC. 710. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES.

No financial assistance shall be extended by a Regional Commission under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise—

(1) certify to the Regional Commission 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 Regional Commission 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 Regional Commission 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 which the Regional Commission determines involves discretion with respect to the granting of assistance under this Act.

SEC. 711. PERSONAL FINANCIAL INTERESTS.

(a) *IN GENERAL.*—Except as permitted by subsection (b), no State member or alternate and no officer or employee of a Regional Commission shall participate personally and substantially as member, alternate, officer, or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter in which, to the individual's knowledge, the individual, the individual's spouse, minor child, partner, organization (other than a State or political subdivision thereof) in which the individual is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the individual is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment, has a financial interest. Any individual who shall violate the provisions of this subsection shall be fined under title 18, United States Code, imprisoned for not more than 2 years, or both.

(b) *EXCEPTION.*—Subsection (a) shall not apply if the State member, alternate, officer, or employee first advises the Regional Commission of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter and makes full disclosure of the financial interest and receives in advance a written determination made by the Regional Commission that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Regional Commission may expect from such State member, alternate, officer, or employee.

(c) *SALARIES.*—No State member or alternate of a Regional Commission shall receive any salary, or any contribution to or supplementation of salary for the individual's services on the Regional Commission from any source other than the State of the individual. No individual detailed to serve the Regional Commission under authority of section 104 shall receive any salary or any contribution to or supplementation of salary for the individual's services on the Regional Commission from any source other than the

State, local, or intergovernmental department or agency from which he was detailed or from the Regional Commission. Any individual who shall violate the provisions of this subsection shall be fined under title 18, United States Code, imprisoned for not more than 1 year, or both.

(d) **NONAPPLICABILITY TO FEDERAL OFFICIALS.**—Notwithstanding any other provision of this section, the Secretary (or the Secretary's designee on a Regional Regional Commission) and any Federal officers or employees detailed to duty with a Regional Commission pursuant to section 104 shall not be subject to such provisions but shall remain subject to sections 202 through 209 of title 18, United States Code.

(e) **AUTHORITY TO RESCIND CERTAIN AGREEMENTS.**—A Regional Commission may, in the Regional Commission's discretion, declare void and rescind any agreement to extend financial assistance under this Act entered into by the Regional Commission in relation to which the Regional Commission finds that there has been a violation of subsection (a) or (c) of this section or any of the provisions of sections 202 through 209 of title 18, United States Code.

SEC. 712. MAINTENANCE OF RECORDS OF APPROVED APPLICATIONS FOR FINANCIAL ASSISTANCE; PUBLIC INSPECTION.

(a) **MAINTENANCE OF RECORD REQUIRED.**—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, which shall 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. 713. 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 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) **ACCESS TO BOOKS FOR EXAMINATION AND AUDIT.**—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.

SEC. 714. PROHIBITION AGAINST A STATUTORY CONSTRUCTION WHICH 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 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.

SEC. 715. ACCEPTANCE OF APPLICANTS' CERTIFICATIONS.

A Regional Commission may accept, when deemed appropriate, the applicants' certifications to meet the requirements of this Act.

TITLE VIII—FUNDING

SEC. 801. AUTHORIZATION OF APPROPRIATIONS

There is authorized to be appropriated to carry out this Act \$340,000,000 per fiscal year for each of fiscal years 1996, 1997, 1998, 1999, and 2000. Such sums shall remain available until expended.

SEC. 802. DEFENSE CONVERSION ACTIVITIES.

In addition to the appropriations authorized by section 801, there are authorized to be appropriated to carry out this Act such sums as may be necessary to provide assistance for defense conversion activities. Such funding may include pilot projects for privatization and economic development activities for closed or realigned military installations. 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 Development*, Under Secretary of Commerce for Economic Affairs, Under Secretary of Commerce for Export Administration and Under Secretary of Commerce for Travel and Tourism.

Under Secretaries of State (5).

* * * * *

§ 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 of the National Capital Transportation Agency.

Associate Administrators of the Small Business Administration (4).

* * * * *

[Administrator for Economic Development.]

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APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

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FINDINGS AND STATEMENT OF PURPOSE

SEC. 2. (a) * * *

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(c) *1995 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 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.

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 competitive 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) * * *

[(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).]

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) *IN GENERAL.*—*There is authorized to be appropriated to carry out this section \$3,645,000 per fiscal year for each of fiscal years 1996 through 2000. Such sums shall remain available until expended.*

(2) *EXPENSES OF FEDERAL COCHAIRMAN.*—*Of the amounts appropriated pursuant to paragraph (1), not to exceed \$1,245,000 per fiscal year for each of fiscal years 1996 through 2000 shall be available for expenses of the Federal Cochairman, the Federal Cochairman's alternate, and the Federal Cochairman's staff.*

ADMINISTRATIVE POWERS OF COMMISSION

SEC. 106. To carry out its duties under this Act, the Commission is authorized to—

(1) * * *

* * * * *

(7) *subject to the requirements of the Federal Property and Administrative Services Act of 1949, 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] 2000), 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.

(8) *subject to the requirements of the Federal Property and Administrative Services Act of 1949*, maintain a temporary office in the District of Columbia and establish a permanent office at such a central and appropriate location as it may select and field offices as such other places as it may deem appropriate.

* * * * *

TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM

SEC. 201. (a) * * *

* * * * *

[(g) To carry out this section there is hereby authorized to be appropriated to the President, to be available until expended, \$175,000,000 for the fiscal year ending June 30, 1971; \$175,000,000 for the fiscal year ending June 30, 1972; \$180,000,000 for the fiscal year ending June 30, 1973; \$180,000,000 for the fiscal year ending June 30, 1974; \$185,000,000 for the fiscal year ending June 30, 1975; \$185,000,000 for the fiscal year ending June 30, 1976; \$185,000,000 for the fiscal year ending June 30, 1977; \$250,000,000 for the fiscal year 1978; \$300,000,000 for the fiscal year 1979; \$300,000,000 for the fiscal year 1980; and \$215,000,000 for fiscal year 1981, and \$65,000,000 for fiscal year 1982.]

(g) *AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$90,000,000 per fiscal year for each of fiscal years 1996 through 2000. Such sums shall remain available until expended.*

(h)(1) When a participating State proceeds to construct a segment of a development highway without the aid of Federal funds, in accordance with all procedures and requirements applicable to the construction of segments of Appalachian development highways with such funds, except insofar as such procedures and requirements limit a State to the construction of projects for which Federal funds have previously been appropriated, the Secretary, upon application by the State and with the approval of the Commission, is authorized to pay to the State the Federal share not to exceed [70 per centum] 80 percent of the costs of the construction of such segment, from any sums appropriated and allocated to such State to carry out this section.

* * * * *

TITLE II—SPECIAL APPALACHIAN PROGRAMS

PART A—NEW PROGRAMS

* * * * *

SEC. 202. (a) * * *

* * * * *

(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, 1995.*—After September 30, 1995, 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 timber 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) makes 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 recoverable 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 coun-*

ty 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, 1995.*—After September 30, 1995, 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 comprehensive 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, 1995, 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; Library Services and Construction Act; 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 and underdeveloped 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 justified.*

[(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.—No financial assistance made available under this Act may be used to assist establishments relocating from one area to another.*

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SEC. 226. DISTRESSED AND ECONOMICALLY COMPETITIVE COUNTIES.

(a) *DESIGNATIONS.—Not later than 90 days after the effective date of the Economic Development Partnership Act of 1995, 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 underdeveloped; and*

(2) *designate as “economically competitive counties” those counties in the region which have attained substantial economic parity with the rest of the Nation.*

(b) *PERIOD OF EFFECTIVENESS.—In making annual designations under subsection (a), the Commission may discontinue an existing designation at the discretion of the Commission; except that any designation of a distressed county shall remain in effect for the 3-year period beginning on the date of the designation.*

(d) *FUNDING PROHIBITION FOR PROJECTS LOCATED IN ECONOMICALLY COMPETITIVE COUNTIES.—*

(1) *IN GENERAL.—Except as provided by paragraph (2), no funds may be provided under this Act for a project located in a county for which an economically competitive county designation is in effect under this section.*

(2) *EXCEPTIONS.—The prohibition established by paragraph (1) shall not apply to—*

(1) *projects on the Appalachian development highway system authorized by section 201;*

(2) *local development district administrative projects authorized by section 302(a)(1); or*

(3) *discretionary grants authorized by section 302(a).*

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. Notwithstanding 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, 1995, 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 mi-

grants. 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.]

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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 the appropriations authorized by section 105 for administrative expenses and by section 201(g) for the Appalachian development highway system and local access roads, there is authorized to be appropriated to the Commission to carry out this Act \$88,355,000 per fiscal year for each of fiscal years 1996 through 2000. Such sums shall remain available until expended.

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TERMINATION

SEC. 405. This Act, other than section 201, shall cease to be in effect on October 1, 【1982】 2000.

