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Calendar No. 818

108TH CONGRESS, 2d Session | SENATE | REPORT 108–420

TO ESTABLISH AN INTERGOVERNMENTAL GRANT PROGRAM TO IDENTIFY AND DEVELOP HOMELAND SECURITY INFORMATION, EQUIPMENT, CAPABILITIES, TECHNOLOGIES, AND SERVICES TO FURTHER THE HOMELAND SECURITY NEEDS OF THE UNITED STATES AND TO ADDRESS THE HOMELAND SECURITY NEEDS OF FEDERAL, STATE, AND LOCAL GOVERNMENTS

REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

S. 2635

TO ESTABLISH AN INTERGOVERNMENTAL GRANT PROGRAM TO IDENTIFY AND DEVELOP HOMELAND SECURITY INFORMATION, EQUIPMENT, CAPABILITIES, TECHNOLOGIES, AND SERVICES TO FURTHER THE HOMELAND SECURITY NEEDS OF THE UNITED STATES AND TO ADDRESS THE HOMELAND SECURITY NEEDS OF FEDERAL, STATE, AND LOCAL GOVERNMENTS

NOVEMBER 20, 2004.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

39–010 WASHINGTON : 2004

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Mr. COLLINS, from the Committee on Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 2635]

The Committee on Governmental Affairs, to whom was referred the bill (S. 2635) to establish an intergovernmental grant program to identify and develop homeland security information, equipment, capabilities, technologies, and services to further the homeland security needs of the United States and to address the homeland security needs of Federal, State, and local governments, having considered the same reports favorably thereon, with an amendment, and recommends that the bill do pass.

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I. PURPOSE AND SUMMARY

The purpose of S. 2635 is to establish a grant program to promote joint ventures to identify and develop homeland security information, equipment, capabilities, technologies, and services to further the homeland security needs of Federal, State, and local governments.

II. BACKGROUND

There are few nations with more experience confronting the threat of terrorism than Israel. While terrorism within U.S. borders is relatively new to the United States, Israelis have confronted this danger for decades. Israel's long history of fighting terrorism has spurred Israeli businesses, researchers and academics to develop highly sophisticated homeland security technologies, particularly with respect to border integrity, transportation security, and first responder equipment. Examples include low-tech solutions such as the driver-controlled turnstiles now being installed on Tel Aviv buses, and the high-tech facial-recognition software in use at airports around the world. As the United States pursues new approaches to protecting our nation, it makes sense that the U.S. leverage Israel's extensive expertise in this area.

There are a number of highly successful public-private partnerships between the United States and Israel that lay the foundation for this bill. The Bi-National Industrial Research and Development Foundation (or "BIRD" fund) has funded industrial research and development partnerships between U.S. and Israeli businesses for the past 27 years. BIRD was authorized and funded by Congress in 1977. BIRD has provided investments of $180 million in 600 projects that have contributed to U.S. economic growth. In addition, a pilot project administered by BIRD, the Trilateral Industrial Development (TRIDE) program, supports joint ventures between for-profit firms in the U.S., Israel, and Jordan. TRIDE grants promote research and development, manufacturing, and marketing of new products and technologies.

The Binational Agricultural Research and Development Fund (or "BARD" fund) provides educational institutions with grant opportunities to develop new technologies in drip irrigation, pesticides, fish farming, livestock, poultry, disease control and farm equipment. BARD was authorized and funded by Congress in 1978.

The United States-Israel Binational Science Foundation awards grants that promote research cooperation between scientists from the United States and Israel. The Foundation documented no less than 75 new discoveries that probably would not have been possible without foundation-supported collaboration. These ventures produce information and technology that benefit broader U.S. economic and security interests.

The U.S.-Israel Homeland Security Grant Program established by this bill will provide funds not only to for-profit ventures, but also to educational and non-profit, nongovernmental institutions and between governmental entities.

III. LEGISLATIVE HISTORY

S. 2635 was introduced on July 8, 2004 by Senators Collins and Lieberman and referred to the Committee on Governmental Affairs. On July 21, 2004, the Committee considered S. 2635. An amendment was offered by Senators Collins and Lieberman that improved upon an earlier version of the bill. The earlier version of the bill would have established a program to provide funds to eligible joint homeland security ventures to develop new or modify existing homeland security information, equipment, capabilities, technologies, and services. The substitute amendment specifically fo-

cuses on joint ventures between the United States and Israel. The substitute amendment was agreed to and the Committee ordered the bill, as amended, reported by voice vote.

IV. SECTION-BY-SECTION ANALYSIS

Section 1 sets forth findings regarding Israel's extensive experience in homeland security matters, the history of cooperation between the United States and Israel in developing mutually beneficial technologies, and the successes of grant programs such as the BIRD Foundation in the development of technologies and services applicable to the homeland security of the United States.

Section 2(a) establishes a program between the United States and Israel to identify, develop, or modify existing or near term homeland security information, equipment, capabilities, technologies, and services to further the homeland security of the United States and to address the homeland security needs of federal, state, and local governments.

Section 2(b) directs the Secretary of Homeland Security to conduct a needs assessment of federal, state, and local governments and first responders to identify: the homeland security needs of these governments and first responders; areas where specific homeland security information, equipment, capabilities, technologies, and services could address those needs; and near term and existing homeland security information, equipment, capabilities, technologies, and services developed within the United States and Israel. This section also directs the Secretary of Homeland Security to provide grants, directly or through a non-profit, nongovernmental organization, to eligible applicants to develop, manufacture, sell, or otherwise provide homeland security information, equipment, capabilities, technologies, and services to address the needs identified by the needs assessment.

Section 2(c) specifies that an applicant is eligible to receive a grant under the program established by this bill if the applicant addresses one or more needs of federal, state, and local governments and first responders, as identified through the needs assessment conducted under section 2(b) or otherwise identified by the Secretary of Homeland Security. The applicant must also be a joint venture between a for profit business entity, academic institution or non-profit entity in the United States and a for profit business entity, academic institution or non-profit entity in Israel. The applicant could also be a joint ventures between the government of the United States and Israel. Applicants must also meet any other qualification that the Secretary may require.

Section 2(d) specifies that each eligible applicant seeking a grant must submit to the Secretary of Homeland Security, or to the head of a nonprofit, nongovernmental organization authorized by the Secretary to award the grants, an application that contains: (1) the identification of the joint venture applying for the grant and the identity of each entity participating in the joint venture; (2) a description of the product or service with applications related to homeland security that the applicant is developing, manufacturing, or selling; (3) the development, manufacturing, sales, or other activities related to such product or service that the applicant is seeking to carry out with grant funds; (4) a detailed capital budget for such products or service, including the manner in which the grant

funds will be allocated and expended; and (5) other information that the Secretary of Homeland Security may require.

Section 2(e) directs the Secretary of Homeland Security to establish an advisory board to monitor how grants made under the program are awarded, if the grants are awarded through a nonprofit, nongovernmental body. The advisory board must be comprised of an appropriate representative of the government of the United States, as designated by the Secretary of Homeland Security, and an official designated by the Government of Israel.

Section 2(f) authorizes the Secretary of Homeland Security to impose a condition that the Government of Israel contribute an amount that the Secretary determines appropriate towards a project to be funded by a grant before the disbursement of the proceeds of a grant. The contribution sought towards the project from the government of Israel may not be in an amount in excess of the amount of the grant awarded.

Section 2(g) directs the Secretary of Homeland Security to give priority to those applicants who propose to market the homeland security information, equipment, capabilities, technologies, and services developed or modified with grant funds to federal, state, and local governments and first responders.

Section 2(h) authorizes the Secretary of Homeland Security to require a grant recipient to make available non-federal matching contributions in an amount equal to up to 50 percent of the total proposed cost of the project for which the grant was awarded.

Section 2(i) authorizes the Secretary of Homeland Security, as appropriate, to require a grant recipient to repay the Secretary, or the nonprofit nonprofit, nongovernmental organization authorized by the Secretary, the amount of the grant, interest at an appropriate rate, and such charges for administration of the grant as the Secretary determines appropriate. The Secretary may not require repayment that is more than 150 percent of the amount of the grant, adjusted for inflation.

Section 2(j) authorizes $25 million for fiscal year 2005, and such sums as may be necessary for fiscal year 2006, to carry out the grant program created by this legislation.

V. ESTIMATED COST OF LEGISLATION

S. 2635—A bill to establish an intergovernmental grant program to identify and develop homeland security information, equipment, capabilities, technologies, and services to further the homeland security of the United States and to address the homeland security needs of federal, state, and local governments

Summary: S. 2635 would establish a new grant program between the United States and Israel within the Department of Homeland Security. The bill would require the Secretary of Homeland Security to conduct an assessment of the needs of federal, state, and local governments for security information, equipment, capabilities, technology, or services and to make grants to joint U.S. and Israeli ventures to develop, and manufacture, products and services for those needs. The bill would authorize the appropriation of $25 million in 2005 and amounts necessary for such grants in 2006. CBO estimates that implementing the program would cost $47 million over the 2005–2009 period, assuming the appropriation of the nec-

essary amounts. Enacting the bill would not effect direct spending on receipts.

The Secretary could require the Government of Israel to contribute to any grants made under the bill. Any joint venture between U.S. and Israeli entities would be eligible to apply for the grants, including businesses, academic institutions, or nonprofit organizations. The Secretary could require grant recipients to contribute up to 50 percent of the total proposed cost of any project. If appropriate, the Secretary could require grant amounts to be repaid to the government, including interest costs.

S. 2635 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Public academic institutions may benefit from grants for research and development of homeland security technology; any costs to those institutions would be incurred voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2635 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce).

	By fiscal year, in millions of dollars—				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	25	26	0	0	0
Estimated Outlays	0	8	25	11	3

Basis of estimate: For this estimate, CBO assumes the bill will be enacted near the end of 2004, that the $25 million authorized for 2005 will be appropriated near the start of the fiscal year, and that the same amount (adjusted for anticipated inflation) will be appropriated in 2006.

The bill would require Israel to provide matching funds for grants under the new program. According to information from the Department of State, the United States has not had any discussions with Israel on matching funds. CBO expects that having such discussions and reaching an agreement on funding would delay the start of operations until 2006. Once the program is established, CBO assumes spending would follow a pattern similar to other cost shared partnership programs operated by the National Institute of Standards and Technology.

If the Secretary of Homeland Security uses a nongovernmental organization to manage the grant program, the bill would require him to establish an advisory board to monitor how the grants are awarded. Based on the cost of similar advisory boards, CBO estimates the cost to administer the program would be less than $100,000 each year.

Finally, the bill would authorize the Secretary to require recipients to repay the grant if appropriate. Other programs with similar repayment authority seldom use it and CBO estimates that collections under this provision, if any, would be insignificant.

Intergovernmental and private-sector impact: S. 2635 contains no intergovernmental or private-sector mandates as defined in UMRA. Public academic institutions may benefit from grants for research and development of homeland security technology; any costs to those institutions would be incurred voluntarily.

Estimate prepared by: Federal Costs: Joseph C. Whitehill; Impact on State, Local, and Tribal Governments: Melissa Merrell; and Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill. CBO states that there are no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and no costs on state, local, or tribal governments. The legislation contains no other regulatory impact.

VII. CHANGES IN EXISTING LAW

The enactment of S. 2635 results in no changes to existing law.

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