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ECONOMIC DEVELOPMENT REVITALIZATION ACT OF 2009

JANUARY 20, 2010.—Ordered to be printed

Mrs. BOXER, from the Committee on Environment and Public Works, submitted the following

R E P O R T

[To accompany S. 2778]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, which considered the bill (S. 2778) to amend the Public Works and Economic Development Act of 1965 to reauthorize that Act, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

PURPOSE OF THE LEGISLATION

The Economic Development Revitalization Act of 2009 amends the Public Works and Economic Development Act of 1965 to authorize programs of the Economic Development Administration (EDA) for an additional five years.

GENERAL STATEMENT AND BACKGROUND

With the Public Works and Economic Development Act of 1965, Congress and President Lyndon Johnson created the Economic Development Administration (EDA) for job promotion and to accelerate industrial and commercial growth in communities suffering from limited job opportunities, low per capita income levels, or similar economic distress.

As a federal agency whose main focus is on promoting private sector job growth in economically underserved communities, EDA pursues regional comprehensive strategic development. Working in partnership with state and local governments, regional economic development organizations, public and private nonprofit organizations, universities, and Indian tribes, EDA provides grants ("invest-

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ments") to help communities establish foundations for sustained economic development.

The EDA has a long history of helping economically distressed communities foster the jobs and businesses necessary to maintain strong, healthy communities, and the work of EDA is particularly important today. During this time of economic distress a strong EDA can be of significant help to communities in retaining existing jobs and attracting new jobs.

From providing funding for water and sewer improvements to helping manufacturers and producers become more competitive in a global marketplace, the EDA provides valuable assistance to communities across our nation. By design, these investments are targeted to spur large amounts of private sector investment. EDA awarded nearly $1 billion in construction related and revolving loan fund (RLF) projects from 2004 to 2008. These investments are expected to create approximately 172,000 jobs at an average cost of about $5,700 per job over the next nine years. Additionally, these construction and RLF investments are expected to leverage large amounts of private sector investment. Based on past research, it is expected that each dollar of EDA funding attracts at least $10 in private sector investment.

Reauthorization of the Economic Development Administration will help ensure that the agency is able to continue investing in and creating jobs in distressed communities nationwide.

The Economic Development Revitalization Act of 2009 makes several changes to EDA programs including changing the current cost sharing requirements to allow an increased federal share for areas in which unemployment is especially high and per capita income is especially low; allowing for increases in the amount of planning program assistance; modifying the existing Revolving Loan Fund program to allow recipients to convert an existing, but no longer needed revolving loan fund, to carry out another EDA eligible project; and modifying existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the Government's interest using a depreciated figure based on the project's estimated useful life.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 designates the short title of the Act as the 'Economic Development Revitalization Act of 2009'.

Section 2. Findings and declarations

Section 2 updates the Public Works and Economic Development Act's (the Act) findings to include the location of information technology and manufacturing jobs in the United States as one of the means by which communities can develop a more competitive and diversified economic base.

This section also modifies the Act's declarations to state that distressed communities should be encouraged to promote the formation of business incubators, as appropriate, to promote innovation and entrepreneurship.

Section 3. Definitions

Section 3 adds the Southeast Crescent Regional Commission, Northern Border Regional Commission, and Southwest Border Regional Commission established by section 15401(a) of title 40, U.S.C. to the definition of Regional Commissions.

Section 4. Economic development partnerships

Subsection (1) lists economic development districts (EDDs) and university centers as eligible to receive technical assistance from the Secretary of Commerce, and highlights promoting innovation, entrepreneurship, and sustainable development as eligible purposes for which the Secretary can provide technical assistance.

Subsection (2) adds EDDs to the list of entities to which the Secretary must provide reasonable opportunity to review and comment on proposed projects that may have a significant impact on the economy in the area.

Section 5. Grants for planning and grants for administrative expenses

Subsection (1) includes "fostering regional collaboration among local jurisdictions and organizations" in the list of items to be achieved through the EDA planning process, which involves public officials and private citizens.

Subsection (2) requires states that receive planning assistance from EDA to provide a copy of their annual report on the planning process to each EDD within the state.

Section 6. Cost sharing

Subsection (a) modifies existing cost sharing requirements to clarify that the Federal share shall not exceed 50 percent, unless otherwise provided for.

Subsection (b) inserts a new (c)(1) in the Act which allows for an increase in Federal share for communities that meet the following requirements: the federal share may be increased up to 60 percent for communities with a 24-month unemployment rate of at least 150 percent of the national average or per capita income of not more than 70 percent of the national average; the Federal share may be increased up to 70 percent for communities with a 24-month unemployment rate of at least 175 percent of the national average or a per capita income that is not more than 60 percent of the national average; the Federal share may be increased up to 80 percent for communities with a 24-month unemployment rate of at least 200 percent of the national average or a per capita income that is not more than 50 percent of the national average.

This subsection also clarifies that the Secretary may establish additional eligibility criteria that would allow for increased federal share in areas impacted by severe outmigration, sudden and severe economic dislocations, and other economic circumstances, as long as the Federal shares established under this criteria do not exceed 80 percent.

Subsection (b) amends subsection (c)(2) of the Act as redesignated to strike "may" and require the Secretary to provide to Indian Tribes a Federal share of 75 percent, which may be increased to 100 percent.

Subsection (b) also adds a new subsection (c)(5) to the Act which allows the Secretary to increase the Federal share up to 100 percent for an area that has had a major disaster or emergency declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for up to 18 months following the disaster or emergency designation.

Section 7. Grants for training, research, and technical assistance

Section 7 clarifies that the Secretary may make grants that would be useful in alleviating or preventing outmigration, underemployment, or in assisting in the location of information technology and manufacturing jobs in the United States. In addition, this section states that grants may be used for a peer exchange program to promote industry-leading practices and innovations relating to the organizational development, program delivery, and regional initiatives of EDDs.

Section 8. Enhancement of recipient flexibility to deal with project assets

Section 8(a) specifies that communities whose economies have been injured by the loss of information technology, manufacturing, natural resources-based, agricultural, or service sector jobs shall be eligible for assistance to reinvest in and diversify their economies.

Section 8(b) requires that the Secretary shall periodically solicit input on the revolving loan fund program from fund grantees, national experts, and employees of Federal agencies with knowledge of international, national, regional, and statewide trends, innovations, and noteworthy practices relating to business development finance, including public and private lending and technical assistance intermediaries.

Section 8(b) also provides flexibility to the revolving loan fund program by allowing the recipient of a revolving loan fund that is no longer needed to submit to the Secretary a request to approve the conversion of the revolving loan fund assistance to other eligible projects. This subsection also authorizes the Secretary to use up to 2 percent of the amounts made available for grants under section 209 to be used to improve the management of the revolving loan fund program.

Section 9. Brightfields demonstration program

Section 9 extends authorization for the Brightfields Demonstration Program through fiscal year 2013.

Section 10. Designation of economic development districts

Section 10 specifies that each EDD shall engage in a full range of economic activities including: coordinating and implementing economic development activities; carrying out economic development research, planning, implementation and advisory funding; and coordinating the development and implementation of the comprehensive economic development strategy with other local, State, Federal, and private organizations. This section also allows EDDs to enter into contracts for services to accomplish these activities.

One function of EDDs is to coordinate with other Federal, State, local and private organizations, including with Federal agencies that provide grants or loans, or award a substantial number of con-

tracts to the communities in the EDD. For example, EDDs should coordinate with the Forest Service, or other relevant agencies, in the case of timber sale, service, or stewardship contracts. Coordination should be executed in a manner to help the communities understand the probable levels of Federal support or contracts so that the communities can adequately and accurately plan for their economic future.

Section 11. Consultation with other persons and agencies

Section 11 includes area and regional outmigration as an issue regarding which the Secretary may consult with other persons and agencies who may be of assistance.

Section 12. Notification of reorganization

Section 12 moves the State of Montana from the purview of the Denver Regional Office to the Seattle Regional Office.

Section 13. Maintenance of effort

Section 13 modifies existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the Government's interest using a depreciated figure based on the project's estimated useful life.

Section 14. Extension of authorization of appropriations

Section 14 authorizes EDA for an additional five years (fiscal year 2009 through fiscal year 2013) at $500 million per year.

Section 15. Funding for grants for planning and grants for administrative expenses

Section 15 maintains the current requirement that $27 million shall be available each year for grants for planning and administrative expenses and requires an increase to $28 million if appropriations for the economic development assistance programs are equal to or greater than $280 million, to $29.5 million if appropriations for the economic development assistance programs are equal to or greater than $320 million, to $31 million if appropriations for the economic development assistance programs are equal to or greater than $350 million, to $32.5 million if appropriations for the economic development assistance programs are equal to or greater than $380 million, and to $34.5 million if appropriations for the economic development assistance programs are equal to or greater than $420 million.

LEGISLATIVE HISTORY

The most recent EDA authorization, the Economic Development Administration Reauthorization Act of 2004, expired on September 30, 2008. The Committee met on November 18, 2009, to consider S. 2778, the Economic Development Revitalization Act of 2009. Boxer Amendment #1, to encourage the location of information technology and manufacturing jobs in the United States, was adopted by voice vote. The bill was then ordered to be reported favorably with amendment by a roll call vote of 18 yeas and 1 not recorded.

HEARINGS

In the 110th Congress, the Committee held a hearing on September 9, 2008, entitled, "Economic Development Administration Oversight". The Committee also met on September 17, 2008, to consider an original bill (S. _____), the Economic Development Revitalization Act of 2008, which is very similar to this year's legislation. The bill was ordered to be reported favorably by voice vote without amendment.

During the 111th Congress, on May 21, 2009, the Committee held a hearing entitled, "Oversight of the Economic Development Administration." The purpose of the hearing was to examine the Economic Development Administration's use of recent disaster and stimulus funding and to explore issues and ideas for reauthorization.

ROLLCALL VOTES

The Committee on Environment and Public Works met to consider S. 2778, the Economic Development Revitalization Act on November 18, 2009. A quorum of the Committee being present, S. 2778 was reported favorably with amendment by a roll call vote of 18 yeas and 1 not recorded.

REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the committee finds, consistent with the findings of the Congressional Budget Office, that S. 2778 does not create any new private sector mandates as defined in the Unfunded Mandates Reform Act, nor will it cause any adverse impact on the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (Public Law 104–4), the committee finds, in accordance with the findings of the Congressional Budget Office noted below, that S. 2778 would impose no Federal intergovernmental unfunded mandates on State, local or tribal governments, and that the bill contains no new private-sector mandates as defined in UMRA.

S. 2778—Economic Development Revitalization Act of 2009

Summary: S. 2778 would reauthorize funding for existing programs of the Economic Development Administration (EDA) through 2013. The legislation also would authorize appropriations for EDA to rebuild certain abandoned or underutilized property using solar energy technology (brightfields). Assuming appropriation of the specified amounts, CBO estimates that implementing this bill would cost about $1.3 billion over the next five years and an additional $760 million after 2014. Enacting S. 2778 would not affect direct spending or revenues.

S. 2778 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2778 is shown in the following table. The costs

of this legislation fall within budget function 450 (community and regional development).

	By fiscal year, in millions of dollars—					
	2010	2011	2012	2013	2014	2010–2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Economic Development Assistance Programs:						
Authorization Level	500	500	500	500	0	2,000
Estimated Outlays	25	135	245	385	460	1,250
Brightfields Demonstration Program:						
Authorization Level	5	5	5	5	0	20
Estimated Outlays	0	1	2	4	5	12
Total Changes:						
Authorization Level	505	505	505	505	0	2,020
Estimated Outlays	25	136	247	389	465	1,262

Note: * = less than $500.000.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the middle of fiscal year 2010 and that amounts specified in the bill will be appropriated for each year.

Economic development assistance programs

S. 2778 would authorize the appropriation of $500 million in each of fiscal years 2010 through 2013 for EDA to provide various types of assistance to encourage economic development in distressed areas. For 2009, the Congress provided a total of $430 million to EDA, including $150 million that was provided by the American Recovery and Reinvestment Act of 2009 and $40 million for the new Trade Adjustment Assistance for Communities program (see Public Laws 111–5, 111–8, and 111–32).

Of amounts authorized by the bill, $34.5 million would be spent on grants for planning and administrative expenses (the amount would vary based on actual appropriations). Based on historical spending patterns of EDA programs, CBO estimates that assistance provided under this legislation would cost $1.25 billion over the next five years, with residual spending of about $750 million occurring in later years.

Brightfields demonstration program

S. 2778 would authorize the appropriation of $5 million in each of fiscal years 2010 through 2013 for EDA to establish a demonstration program to develop brownfield sites (abandoned or underutilized property where redevelopment is hampered by actual or potential environmental contamination) using solar energy technologies. Based on the spending patterns of similar EDA projects, CBO estimates that implementing this program would cost $12 million over the 2010–2014 period, with residual spending occurring in later years.

Other changes

The legislation would increase the maximum federal cost for EDA projects. Under current law, the federal government covers 50 percent of a project's cost, plus up to an additional 30 percent based on the relative needs of the region in which the project is located (as measured by unemployment rates and per capita income). S. 2778 would lower the threshold at which additional federal assistance could be triggered due to relative need. The legislation also

would increase the minimum federal share for projects of Indian tribes from 50 percent to 75 percent and increase the maximum federal share of all projects located in a Presidentially declared disaster area to 100 percent.

CBO does not expect that these changes would significantly alter the expenditures of EDA programs. As such, we estimate that implementing these provisions would have no effect on the federal budget over the next five years.

Intergovernmental and private-sector impact: S. 2778 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grants and technical assistance for economic development projects. Any costs to these governments, including matching funds, would be incurred voluntarily as a condition of federal assistance.

Estimate prepared by: Federal Costs: Daniel Hoople; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

In compliance with section 12 of rule XXVI of the Standing Rules of the Senate, 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:

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PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

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SEC. 2. 42 U.S.C. 3121 FINDINGS AND DECLARATIONS.

(a) FINDINGS.—Congress finds that—

(1) there continue to be areas of the United States experiencing chronic high unemployment, underemployment, outmigration, and low per capita incomes, as well as areas facing sudden and severe economic dislocations because of structural economic changes, changing trade patterns, certain Federal actions (including environmental requirements that result in the removal of economic activities from a locality), and natural disasters;

(2) economic growth in the States, cities, and rural areas of the United States is produced by expanding economic opportunities, expanding free enterprise through trade, developing and strengthening public infrastructure, and creating a climate for job creation and business development;

(3) the goal of Federal economic development programs is to raise the standard of living for all citizens and increase the wealth and overall rate of growth of the economy by encouraging communities to develop a more competitive and diversified economic base by—

(A) creating an environment that promotes economic activity by improving and expanding public infrastructure;

(B) promoting job creation through increased innovation, productivity, and entrepreneurship; and

(C) empowering local and regional communities experiencing chronic high unemployment and low per capita income to develop private sector business and attract increased private sector capital investment, *including the location of information technology and manufacturing jobs in the United States;*

* * * * * * *

(b) DECLARATIONS.—In order to promote a strong and growing economy throughout the United States, Congress declares that—

(1) assistance under this Act should be made available to both rural- and urban-distressed communities;

(2) local communities should work in partnership with neighboring communities, the States, Indian tribes, and the Federal Government to increase the capacity of the local communities to develop and implement comprehensive economic development strategies to alleviate economic distress and enhance competitiveness in the global economy;

[(3) whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to support entrepreneurship to take advantage of the development opportunities afforded by technological innovation and expanding newly opened global markets; and**]**

(3) whether suffering from long-term distress or a sudden economic dislocation, distressed communities should be encouraged to promote innovation and entrepreneurship, including, as appropriate, the support of the formation of business incubators in economically distressed areas, so as to help regions to create higher-skill, higher-wage jobs and foster the participation of those regions in the global marketplace;

* * * * * * *

SEC. 3. 42 U.S.C. 3122 DEFINITIONS.

In this Act:

(1) * * *

* * * * * * *

(8) REGIONAL COMMISSIONS.—The term "Regional Commission" means—

(A) the Appalachian Regional Commission established under chapter 143 of title 40, United States Code;

(B) the Delta Regional Authority established under subtitle F of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009 et seq.);

(C) the Denali Commission established under the Denali Commission Act of 1998 (42 U.S.C. 3121 note; 112 Stat. 2681–637 et seq.); **[**and**]**

(D) the Northern Great Plains Regional Authority established under subtitle G of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009bb et seq.)**[**.**]***;and*

(E) the Southeast Crescent Regional Commission, Northern Border Regional Commission, and Southwest Border

Regional Commission established by section 15301(a) of title 40, United States Code.

* * * * * * *

SEC. 101. 42 U.S.C. 3131 ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

(a) IN GENERAL.—In providing assistance under this title, the Secretary shall cooperate with States and other entities to ensure that, consistent with national objectives, Federal programs are compatible with and further the objectives of State, regional, and local economic development plans and comprehensive economic development strategies.

(b) TECHNICAL ASSISTANCE.—The Secretary may provide such technical assistance to States, political subdivisions of States, sub-State regional organizations (including organizations that cross State boundaries), and multi-State regional organizations*economic development districts, university centers,* as the Secretary determines is appropriate to—

(1) alleviate economic distress;

(2) encourage and support public-private partnerships for the formation and improvement of economic development strategies that sustain and promote economic development across the United States; and

(3) promote investment in infrastructure,*innovation, entrepreneurship, sustainable development,* and technological capacity to keep pace with the changing global economy.

(c) INTERGOVERNMENTAL REVIEW.—The Secretary shall promulgate regulations to ensure that appropriate State and local government agencies*(including economic development districts)* have been given a reasonable opportunity to review and comment on proposed projects under this title that the Secretary determines may have a significant direct impact on the economy of the area.

(d) COOPERATION AGREEMENTS.—

(1) IN GENERAL.—The Secretary may enter into a cooperation agreement with any 2 or more adjoining States, or an organization of any 2 or more adjoining States, in support of effective economic development.

(2) PARTICIPATION.—Each cooperation agreement shall provide for suitable participation by other governmental and nongovernmental entities that are representative of significant interests in and perspectives on economic development in an area.

* * * * * * *

SEC. 203. 42 U.S.C. 3143 GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—On the application of an eligible recipient, the Secretary may make grants to pay the costs of economic development planning and the administrative expenses of organizations that carry out the planning.

(b) PLANNING PROCESS.—Planning assisted under this title shall be a continuous process involving public officials and private citizens in—

(1) analyzing local economies;

(2) defining economic development goals;

(3) determining project opportunities; [and]

(4) formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes[.]*;and*

(5) fostering regional collaboration among local jurisdictions and organizations.

(c) USE OF PLANNING ASSISTANCE.—Planning assistance under this title shall be used in conjunction with any other available Federal planning assistance to ensure adequate and effective planning and economical use of funds.

(d) STATE PLANS.—

(1) DEVELOPMENT.—Any State plan developed with assistance under this section shall be developed cooperatively by the State, political subdivisions of the State, and the economic development districts located wholly or partially in the State.

(2) COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.—As a condition of receipt of assistance for a State plan under this subsection, the State shall have or develop a comprehensive economic development strategy.

(3) CERTIFICATION TO THE SECRETARY.—On completion of a State plan developed with assistance under this section, the State shall—

(A) certify to the Secretary that, in the development of the State plan, local and economic development district plans were considered and, to the maximum extent practicable, the State plan is consistent with the local and economic development district plans; and

(B) identify any inconsistencies between the State plan and the local and economic development district plans and provide a justification for each inconsistency.

(4) COMPREHENSIVE PLANNING PROCESS.—Any overall State economic development planning assisted under this section shall be a part of a comprehensive planning process that shall consider the provision of public works to—

(A) promote economic development and opportunity;

(B) foster effective transportation access;

(C) enhance and protect the environment; and

(D) balance resources through the sound management of physical development.

(5) REPORT TO SECRETARY.—Each State that receives assistance for the development of a plan under this [subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.]*subsection shall—*

(A) submit to the Secretary an annual report on the planning process assisted under this subsection; and

(B) provide a copy of each annual report to each economic development district within the State.

* * * * * * *

SEC. 204. 42 U.S.C. 3144 COST SHARING.

(a) FEDERAL SHARE.—Subject to section 205, the amount of a grant for a project under this title [shall not exceed 50 percent of the cost of the project.]*shall not exceed 50 percent, except as otherwise expressly provided in this Act.*

(b) NON-FEDERAL SHARE.—In determining the amount of the non-Federal share of the cost of a project, the Secretary may pro-

vide credit toward the non-Federal share for all contributions both in cash and in-kind, fairly evaluated, including contributions of space, equipment, and services.

(c) INCREASE IN FEDERAL SHARE.—

(1) RELATIVE NEEDS OF AN AREA.—

(A) 150-PERCENT HIGHER UNEMPLOYMENT RATE.—*In the case of a grant made in an area for which the 24-month unemployment rate is at least 150 percent of the national average or the per capita income is not more than 70 percent of the national average, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 60 percent of the cost of the project.*

(B) 175-PERCENT HIGHER UNEMPLOYMENT RATE.—*In the case of a grant made in an area for which the 24-month unemployment rate is at least 175 percent of the national average or the per capita income is not more than 60 percent of the national average, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 70 percent of the cost of the project.*

(C) 200-PERCENT HIGHER UNEMPLOYMENT RATE.—*In the case of a grant made in an area for which the 24-month unemployment rate is at least 200 percent of the national average or the per capita income is not more than 50 percent of the national average, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 80 percent of the cost of the project.*

(D) ADDITIONAL CRITERIA.—*The Secretary may establish eligibility criteria in addition to the criteria described in this paragraph to address areas impacted by severe out-migration, sudden and severe economic dislocations, and other economic circumstances, on the condition that a Federal share established for such eligibility criteria shall not exceed 80 percent.*—

[(1)**]***(2)* INDIAN TRIBES.—In the case of a grant to an Indian tribe for a project under this title, the Secretary **[**may**]***shall* increase the Federal share above the percentage specified in subsection (a)*to 75 percent of the cost of the project, and may increase* up to 100 percent of the cost of the project.

[(2)**]***(3)* CERTAIN STATES, POLITICAL SUBDIVISIONS, AND NONPROFIT ORGANIZATIONS.—In the case of a grant to a State, or a political subdivision of a State, that the Secretary determines has exhausted the effective taxing and borrowing capacity of the State or political subdivision, or in the case of a grant to a nonprofit organization that the Secretary determines has exhausted the effective borrowing capacity of the nonprofit organization, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 100 percent of the cost of the project.

[(3)**]***(4)* TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.—In the case of a grant provided under section 207, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 100 percent of the cost of the project if the Secretary determines that the project funded by the grant merits, and is not feasible without, such an increase.

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

* * * * * * *

SEC. 207. 42 U.S.C. 3147 GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) IN GENERAL.—

(1) GRANTS.—On the application of an eligible recipient, the Secretary may make grants for training, research, and technical assistance, including grants for program evaluation and economic impact analyses, that would be useful in alleviating or preventing conditions of excessive unemployment [or underemployment], *outmigration, or underemployment, or in assisting in the location of information technology and manufacturing jobs in the United States*.

(2) TYPES OF ASSISTANCE.—Grants under paragraph (1) may be used for—

(A) project planning and feasibility studies;

(B) demonstrations of innovative activities or strategic economic development investments;

(C) management and operational assistance;

(D) establishment of university centers;

(E) establishment of business outreach centers;

(F) studies evaluating the needs of, and development potential for, economic growth of areas that the Secretary determines have substantial need for the assistance;

(G) studies that evaluate the effectiveness of coordinating projects funded under this Act with projects funded under other Acts;

(H) assessment, marketing, and establishment of business clusters; [and]

(I) a peer exchange program to promote industry-leading practices and innovations relating to the organizational development, program delivery, and regional initiatives of economic development districts; and

[(I)]*(J)* other activities determined by the Secretary to be appropriate.

(3) COOPERATION REQUIREMENT.—In the case of a project assisted under this section that is national or regional in scope, the Secretary may waive the provision in section 3(4)(A)(vi) requiring a nonprofit organization or association to act in cooperation with officials of a political subdivision of a State.

(b) METHODS OF PROVISION OF ASSISTANCE.—In providing research and technical assistance under this section, the Secretary, in addition to making grants under subsection (a), may—

(1) provide research and technical assistance through officers or employees of the Department;

(2) pay funds made available to carry out this section to Federal agencies; or

(3) employ private individuals, partnerships, businesses, corporations, or appropriate institutions under contracts entered into for that purpose.

* * * * * * *

SEC. 209. 42 U.S.C. 3149 GRANTS FOR ECONOMIC ADJUSTMENT.

(a) IN GENERAL.—On the application of an eligible recipient, the Secretary may make grants for development of public facilities, public services, business development (including funding of a revolving loan fund), planning, technical assistance, training, and any other assistance to alleviate long-term economic deterioration and sudden and severe economic dislocation and further the economic adjustment objectives of this title.

(b) CRITERIA FOR ASSISTANCE.—The Secretary may provide assistance under this section only if the Secretary determines that—

(1) the project will help the area to meet a special need arising from—

(A) actual or threatened severe unemployment; or

(B) economic adjustment problems resulting from severe changes in economic conditions; and

(2) the area for which a project is to be carried out has a comprehensive economic development strategy and the project is consistent with the strategy, except that this paragraph shall not apply to planning projects.

(c) PARTICULAR COMMUNITY ASSISTANCE.—Assistance under this section may include assistance provided for activities identified by communities, the economies of which are injured by—

(1) military base closures or realignments, defense contractor reductions in force, or Department of Energy defense-related funding reductions, for help in diversifying their economies through projects to be carried out on Federal Government installations or elsewhere in the communities;

(2) disasters or emergencies, in areas with respect to which a major disaster or emergency has been declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), for post-disaster economic recovery;

(3) international trade, for help in economic restructuring of the communities;

(4) fishery failures, in areas with respect to which a determination that there is a commercial fishery failure has been made under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)); or

[(5) the loss of manufacturing jobs, for reinvesting in and diversifying the economies of the communities.]

(5) the loss of information technology, manufacturing, natural resource-based, agricultural, or service sector jobs, for reinvesting in and diversifying the economies of the communities.

(d) SPECIAL PROVISIONS RELATING TO REVOLVING LOAN FUND GRANTS.—

(1) IN GENERAL.—The Secretary shall promulgate regulations to maintain the proper operation and financial integrity of revolving loan funds established by recipients with assistance under this section.

(*2*) COMMENTS.—

(A) IN GENERAL.—*The Secretary shall periodically solicit from the individuals and entities described in subparagraph (B)—*

(i) comments regarding the guidelines and performance requirements for the revolving loan fund program; and

(ii) recommendations for improving the performance of the program and grantees under the program.

(B) DESCRIPTION OF INDIVIDUALS AND ENTITIES.—The individuals and entities referred to in subparagraph (A) are—

(i) the public; and

(ii) in particular, revolving loan fund grantees, national experts, and employees of Federal agencies with knowledge of international, national, regional, and statewide trends, innovations, and noteworthy practices relating to business development finance, including public and private lending and technical assistance intermediaries.

[(2)]*(3)* EFFICIENT ADMINISTRATION.—The Secretary may—

(A) at the request of a grantee, amend and consolidate grant agreements governing revolving loan funds to provide flexibility with respect to lending areas and borrower criteria;

(B) assign or transfer assets of a revolving loan fund to third party for the purpose of liquidation, and the third party may retain assets of the fund to defray costs related to liquidation; and

(C) take such actions as are appropriate to enable revolving loan fund operators to sell or securitize loans (except that the actions may not include issuance of a Federal guaranty by the Secretary).

[(3)]*(4)* TREATMENT OF ACTIONS.—An action taken by the Secretary under this subsection with respect to a revolving loan fund shall not constitute a new obligation if all grant funds associated with the original grant award have been disbursed to the recipient.

[(4)]*(5)* PRESERVATION OF SECURITIES LAWS.—

(A) NOT TREATED AS EXEMPTED SECURITIES.—No securities issued pursuant to [paragraph (2)(C)]*paragraph (3)(C)* shall be treated as exempted securities for purposes of the Securities Act of 1933 (15 U.S.C. 77a et seq.) or the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), unless exempted by rule or regulation of the Securities and Exchange Commission.

(6) CONVERSION OF PROJECT ASSETS.—

(A) REQUEST.—*If a recipient determines that a revolving loan fund established using assistance provided under this section is no longer needed, or that the recipient could make better use of the assistance in light of the current economic development needs of the recipient if the assistance was made available to carry out any other project that meets the requirements of this Act, the recipient may submit to the Secretary a request to approve the conversion of the assistance.*

(B) METHODS OF CONVERSION.—*A recipient the request to convert assistance of which is approved under subparagraph (A) may accomplish the conversion by—*

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

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

(C) REQUIREMENTS.—

(i) SALE.—

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

(II) TREATMENT.—*For purposes of subclause (I), a project described in that subclause shall be considered to be eligible under section 301.*

(ii) RETENTION OF REPAYMENTS.—Retention by a recipient of any repayment under subparagraph (B)(ii) shall be carried out in accordance with a strategic reuse plan approved by the Secretary that provides for the increase of capital over time until sufficient amounts (including interest earned on the amounts) are accumulated to fund other projects that meet the requirements of this Act.

(D) TERMS AND CONDITIONS.—*The Secretary may require such terms and conditions regarding a proposed conversion of the use of assistance under this paragraph as the Secretary determines to be appropriate.*

(E) EXPEDIENCY REQUIREMENT.—*The Secretary shall ensure that any assistance intended to be converted for use pursuant to this paragraph is used in an expeditious manner.*

(7) PROGRAM ADMINISTRATION.—*The Secretary may allocate not more than 2 percent of the amounts made available for grants under this section for the development and maintenance of an automated tracking and monitoring system to ensure the proper operation and financial integrity of the revolving loan program established under this section.*

(B) PRESERVATION.—Except as provided in subparagraph (A), no provision of this subsection or any regulation promulgated by the Secretary under this subsection supersedes or otherwise affects the application of the securities laws (as the term is defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))) or the rules, regulations, or orders of the Securities and Exchange Commission or a self-regulatory organization under that Commission.

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SEC. 218. 42 U.S.C. 3154d BRIGHTFIELDS DEMONSTRATION PROGRAM.

(a) DEFINITION OF BRIGHTFIELD SITE.—In this section, the term "brightfield site" means a brownfield site that is redeveloped through the incorporation of 1 or more solar energy technologies.

(b) DEMONSTRATION PROGRAM.—On the application of an eligible recipient, the Secretary may make a grant for a project for the development of a brightfield site if the Secretary determines that the project will—

(1) use 1 or more solar energy technologies to develop abandoned or contaminated sites for commercial use; and

(2) improve the commercial and economic opportunities in the area in which the project is located.

(c) SAVINGS CLAUSE.—To the extent that any portion of a grant awarded under subsection (b) involves remediation, the remediation shall be subject to section 612.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years [2004 through 2008]*2009 through 2013,* to remain available until expended.

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SEC. 401. 42 U.S.C. 3171 DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.

(a) IN GENERAL.—In order that economic development projects of broad geographic significance may be planned and carried out, the Secretary may designate appropriate economic development districts in the United States, with the concurrence of the States in which the districts will be wholly or partially located, if—

(1) 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 301(a);

(2) the proposed district contains at least 1 area described in section 301(a); and

(3) the proposed district has a comprehensive economic development strategy that—

(A) contains a specific program for intra-district cooperation, self-help, and public investment; and

(B) is approved by each affected State and by the Secretary.

(b) AUTHORITIES.—The Secretary may, under regulations promulgated by the Secretary—

(1) invite the States to determine boundaries for proposed economic development districts;

(2) cooperate with the States—

(A) in sponsoring and assisting district economic planning and economic development groups; and

(B) in assisting the district groups in formulating comprehensive economic development strategies for districts; and

(3) encourage participation by appropriate local government entities in the economic development districts.

(c) OPERATIONS.—

(1) IN GENERAL.—*Each economic development district shall engage in the full range of economic development activities included in the list contained in the comprehensive economic development strategy of the economic development district that has been approved by the Economic Development Administration, including—*

(A) coordinating and implementing economic development activities in the economic development district;

(B) carrying out economic development research, planning, implementation, and advisory functions identified in the comprehensive economic development strategy; and

(C) coordinating the development and implementation of the comprehensive economic development strategy with other Federal, State, local, and private organizations.

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

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SEC. 503. 42 U.S.C. 3193 CONSULTATION WITH OTHER PERSONS AND AGENCIES.

(a) CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.—The Secretary may consult with any persons, including representatives of labor, management, agriculture, and government, who can assist in addressing the problems of area and regional unemployment, *outmigration,* or underemployment.

(b) CONSULTATION ON ADMINISTRATION OF ACT.—The Secretary may provide for such consultation with interested Federal agencies as the Secretary determines to be appropriate in the performance of the duties of the Secretary under this Act.

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SEC. 507. 42 U.S.C. 3197 NOTIFICATION OF REORGANIZATION.

[Not later than]

(a) NOTIFICATION.—*Not later than* 30 days before the date of any reorganization of the offices, programs, or activities of the Economic Development Administration, the Secretary shall provide notification of the reorganization to the Committee on Environment and Public Works and the Committee on Appropriations of the Senate, and the Committee on Transportation and Infrastructure and the Committee on Appropriations of the House of Representatives.

(b) STATE OF MONTANA.—*The State of Montana shall be served by the Seattle office of the Economic Development Administration.*

TITLE VI—MISCELLANEOUS

SEC. 601. 42 U.S.C. 3211 POWERS OF SECRETARY.

(a) IN GENERAL.—In carrying out the duties of the Secretary under this Act, the Secretary may—

(1) * * *

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SEC. 613. MAINTENANCE OF EFFORT.

(a) EXPECTED PERIOD OF BEST EFFORTS.—

(1) ESTABLISHMENT.—*To carry out the purposes of this Act, before providing investment assistance for a construction project under this Act, the Secretary shall establish the expected period during which the recipient of the assistance shall make best efforts to achieve the economic development objectives of the assistance.*

(2) TREATMENT OF PROPERTY.—*To obtain the best efforts of a recipient during the period established under paragraph (1), during that period—*

(A) any property that is acquired or improved, in whole or in part, using investment assistance under this Act shall be held in trust by the recipient for the benefit of the project; and

(B) the Secretary shall retain an undivided equitable reversionary interest in the property.

(3) TERMINATION OF FEDERAL INTEREST.—

(A) IN GENERAL.—*Beginning on the date on which the Secretary determines that a recipient has fulfilled the obligations of the recipient for the applicable period under paragraph (1), taking into consideration the economic conditions existing during that period, the Secretary may terminate the reversionary interest of the Secretary in any applicable property under paragraph (2)(B).*

(B) ALTERNATIVE METHOD OF TERMINATION.—

(i) IN GENERAL.—*On a determination by a recipient that the economic development needs of the recipient have changed during the period beginning on the date on which investment assistance for a construction project is provided under this Act and ending on the expiration of the expected period established for the project under paragraph (1), the recipient may submit to the Secretary a request to terminate the reversionary interest of the Secretary in property of the project under paragraph (2)(B) before the date described in subparagraph (A).*

(ii) APPROVAL.—*The Secretary may approve a request of a recipient under clause (i) if—*

(I) in any case in which the request is submitted during the 10-year period beginning on the date on which assistance is initially provided under this Act for the applicable project, the recipient repays to the Secretary an amount equal to 100 percent of the fair market value of the pro rata Federal share of the project; or

(II) in any case in which the request is submitted after the expiration of the 10-year period described in subclause (I), the recipient repays to the Secretary an amount equal to the fair market value of the pro rata Federal share of the project as if that value had been amortized over the period established under paragraph (1), based on a straight-line depreciation of the project throughout the estimated useful life of the project.

(b) TERMS AND CONDITIONS.—*The Secretary may establish such terms and conditions under this section as the Secretary determines to be appropriate, including by extending the period of a reversionary interest of the Secretary under subsection (a)(2)(B) in any case in which the Secretary determines that the performance of a recipient is unsatisfactory.*

(c) PREVIOUSLY EXTENDED ASSISTANCE.—*With respect to any recipient to which the term of provision of assistance was extended*

under this Act before the date of enactment of this section, the Secretary may approve a request of the recipient under subsection (a) in accordance with the requirements of this section to ensure uniform administration of this Act, notwithstanding any estimated useful life period that otherwise relates to the assistance.

(d) CONVERSION OF USE.—*If a recipient of assistance under this Act demonstrates to the Secretary that the intended use of the project for which assistance was provided under this Act no longer represents the best use of the property used for the project, the Secretary may approve a request by the recipient to convert the property to a different use for the remainder of the term of the Federal interest in the property, subject to the condition that the new use shall be consistent with the purposes of this Act.*

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

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SEC. 701. 42 U.S.C. 3231 GENERAL AUTHORIZATION OF APPROPRIATIONS.

(a) ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS. There are authorized to be appropriated for economic development assistance programs to carry out this Act, to remain available until [expended—

[(1) $400,000,000 for fiscal year 2004;

[(2) $425,000,000 for fiscal year 2005;

[(3) $450,000,000 for fiscal year 2006;

[(4) $475,000,000 for fiscal year 2007; and

[(5) $500,000,000 for fiscal year 2008." *expended, $500,000,000 for each of fiscal years 2009 through 2013.*

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[SEC. 704. 42 U.S.C. 3234 FUNDING FOR GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

Of the amounts made available under section 701 for each fiscal year, not less than $27,000,000 shall be made available for grants provided under section 203.]

SEC. 704. FUNDING FOR GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

(a) IN GENERAL—*Subject to subsection (b), of the amounts made available under section 701 for each fiscal year, not less than $27,000,000 shall be made available to provide grants under section 203.*

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

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

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

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

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

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

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