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### ECONOMIC DEVELOPMENT REVITALIZATION ACT OF 2008

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SEPTEMBER 24 (legislative day, SEPTEMBER 17), 2008.—Ordered to be printed

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

### R E P O R T

together with

### ADDITIONAL VIEWS

[To accompany S. 3551]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, which considered an original bill (S. 3551) 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 without amendment and recommends that the bill do pass.

#### PURPOSE OF THE LEGISLATION

The Economic Development Revitalization Act of 2008 amends the Public Works and Economic Development Act (PWEDA) of 1965 to authorize the programs of the Economic Development Administration (EDA) for an additional five years. The current EDA authorization, the Economic Development Administration Reauthorization Act of 2004, expires on September 30, 2008.

#### 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. An agency within the Department of

Commerce, EDA's stated mission is to "lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the world-wide economy."

As the only federal agency focused solely 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 ("investments") to help communities establish foundations for sustained economic development.

As demonstrated by an independent auditor, EDA has established a proven record of using increasingly limited resources to complete projects in a timely manner that leverages private sector investment. At a hearing before the Subcommittee on Transportation and Infrastructure on September 9, 2008, Ben Erulkar, Deputy Assistant Secretary of Commerce for Economic Development and EDA Chief Operating Officer, testified that, "From FY 2004 to date, EDA awarded over \$1.29 billion in investments, of which \$983 million was for construction investments that are expected to create 392,413 jobs at an average cost of \$2,507 per job. On average, for this timeframe, every dollar in taxpayer money is expected to attract \$33 in private capital investment."

The Economic Development Revitalization Act of 2008 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 or 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 2008".

##### *Section 2. Definitions*

Section 2 amends section 3(8) of PWEDA to add 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 3. Economic development partnerships*

Section 3 amends section 101 of PWEDA in three primary ways. First, it lists economic development districts 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 may provide technical assistance.

Second, it adds economic development districts 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.

Third, it codifies the EDA's Excellence in Economic Development Awards program and authorizes the use of no more than \$2,000 per year to purchase plaques, bowls or similar articles that may be given to award winners to commemorate their accomplishments.

*Section 4. Grants for planning and grants for administrative expenses*

Section 4 amends section 203 of PWEDA to include "fostering regional collaboration among local jurisdictions and organizations" in the list of items the EDA planning process, which involves public officials and private citizens, should include and to require states that receive planning assistance from EDA to provide a copy of their annual report on the planning process to each economic development district within the state.

*Section 5. Cost sharing*

Subsection (a) of Section 5 amends section 204(a) of PWEDA to establish a Federal share of not to exceed 50 percent of the cost of a project.

Subsection (b) amends section 204(c) of PWEDA to insert a new (c)(1) to allow 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.

Subsection (b) amends subsection 204(c)(2) as redesignated to 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 204(c)(5) to allow 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 6. Grants for training, research, and technical assistance*

Section 6 amends section 207(a) of PWEDA to clarify that the Secretary may make grants that would be useful in alleviating or preventing outmigration, and that grants may be used for a peer exchange program to promote industry-leading practices and inno-

vations relating to the organizational development, program delivery, and regional initiatives of economic development districts.

*Section 7. Enhancement of recipient flexibility to deal with project assets*

Section 7(a) amends section 209(c)(5) of PWEDA to specify that communities whose economies have been injured by the loss of natural resources-based, agricultural, or service sector jobs shall be eligible for assistance to reinvest in and diversify their economies.

Section 7(b) amends section 209(d) of PWEDA to require 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 7(b) also provides flexibility to the revolving loan fund program by allowing the Secretary to approve a recipient's request to convert project assets to a different EDA eligible use when the recipient determines project assets could be better used elsewhere. 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 8. Brightfields Demonstration Program*

Section 8 amends section 218(d) of PWEDA to extend the authorization for the Brightfields Demonstration Program through fiscal year 2013.

*Section 9. Designation of Economic Development Districts*

Section 9 amends section 401 of PWEDA to specify that each Economic Development District 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 organization. This section also allows Economic Development Districts to enter into contracts for services to accomplish these activities.

*Section 10. Consultation with other persons and agencies*

Section 10 amends section 503(a) of PWEDA to include area and regional outmigration as an issue regarding which the Secretary may consult with other persons and agencies who may be of assistance.

*Section 11. Notification of reorganization*

Section 11 amends section 507 of PWEDA to move the State of Montana from the purview of the Denver Regional Office to the Seattle Regional Office.

*Section 12. Maintenance of effort*

Section 12 adds a new section to the end of Title VI of PWEDA to modify 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 13. Extension of authorization of appropriations*

Section 13 amends section 701(a) of PWEDA to authorize the programs of the EDA for an additional five years at the following funding levels: \$400 million for fiscal year 2009; \$425 million for fiscal year 2010; \$450 million for fiscal year 2011; \$475 million for fiscal year 2012; and \$500 million for fiscal year 2013.

*Section 14. Funding for grants for planning and grants for administrative expenses*

Section 14 amends section 704 of PWEDA to maintain the current requirement that a minimum of \$27 million shall be available each year for grants for planning and administrative expenses and to require an increase as follows: to a minimum of \$28 million if appropriations for the economic development assistance programs equal or exceed \$280 million; to a minimum of \$29.5 million if appropriations equal or exceed \$320 million; to a minimum of \$31 million if appropriations equal or exceed \$350 million; to a minimum of \$32.5 million if appropriations equal or exceed \$380 million; and to a minimum of \$34.5 million if appropriations equal or exceed \$420 million.

## LEGISLATIVE HISTORY

The Committee met on September 17, 2008, to consider an original bill, the Economic Development Revitalization Act of 2008. The bill was ordered to be reported favorably without amendment.

## HEARINGS

The Committee held a hearing on September 9, 2008, entitled, "Economic Development Administration Oversight". The purpose of the hearing was to explore issues relevant to reauthorization of the Economic Development Administration. Witnesses included Mr. Benjamin Erulkar, Deputy Assistant Secretary of Commerce for Economic Development and U.S. EDA Chief Operating Officer; the Honorable Todd J. Zinser, Inspector General of the Department of Commerce; the Honorable David Edgerley, Secretary of the Maryland Department of Business and Economic Development; Ms. Leanne Mazer, Executive Director of the Tri-County Council for Western Maryland on behalf of the National Association of Development Organizations; and the Honorable Larry Thoma, Mayor of the City of Elgin, Oklahoma.

## ROLLCALL VOTES

There were no rollcall votes on this bill. The Committee on Environment and Public Works met to consider an original bill, the Economic Development Revitalization Act on September 17, 2008. A

quorum of the Committee being present, the original bill was reported favorably without amendment by voice vote.

#### REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the committee finds that this bill does not create any additional regulatory burdens, 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 this bill 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. Any costs these governments incur, including providing matching funds, would be incurred voluntarily.

SEPTEMBER 19, 2008.

Hon. BARBARA BOXER,  
*Chairman, Committee on Environment and Public Works,*  
*U.S. Senate, Washington, DC.*

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Economic Development Revitalization Act of 2008.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Daniel Hoople, who can be reached at 226-2860.

Sincerely,

PETER R. ORSZAG.

Enclosure.

#### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

##### *S. 3551—Economic Development Revitalization Act of 2008*

Summary: This legislation would reauthorize the Economic Development Administration (EDA) through 2013. Assuming appropriation of the specified amounts, CBO estimates that implementing this bill would cost about \$1.1 billion over the 2009-2013 period and about \$1.2 billion thereafter. Enacting this legislation would not affect direct spending or revenues.

This bill 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 the legislation 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—					2008- 2013
	2009	2010	2011	2012	2013	
SPENDING SUBJECT TO APPROPRIATION						
Authorization Level .....	400	425	450	475	500	2,250

	By fiscal year, in millions of dollars—					
	2009	2010	2011	2012	2013	2008–2013
Estimated Outlays .....	20	109	204	328	428	1,089

Basis of estimate: This legislation would authorize the appropriation of \$400 million in 2009 and \$2.25 billion over the next five years for EDA to provide various types of grants to encourage economic development in distressed communities. The bill also would increase the federal share of the cost for economic development projects undertaken by Indian tribes and those located in disaster-declared areas. For fiscal year 2008, the Congress provided about \$350 million to EDA assistance programs in regular and supplemental appropriations (see Public Laws 110–161 and 110–252).

For this estimate CBO assumes this legislation will be enacted at the beginning of fiscal year 2009 and amounts specified in the bill will be appropriated. Based on historical spending patterns of EDA programs, CBO estimates that assistance provided by the EDA under this legislation would cost about \$1.1 billion over the next five years.

Intergovernmental and private-sector impact: This bill contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from funds for economic development activities authorized by this bill. Any costs these governments incur, including providing matching funds, would be incurred voluntarily.

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

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

#### ADDITIONAL VIEWS OF SENATOR JAMES M. INHOFE

I am pleased that the Economic Development Revitalization Act of 2008 as reported by the Committee on Environment and Public Works includes several provisions that were included in the bill I introduced on July 15, 2008, to reauthorize the Economic Development Administration (EDA) (S. 3264). I believe the program improvements and funding levels in both bills will allow EDA to continue its very successful work in assisting local communities in creating wealth and minimizing poverty by promoting favorable business environments to attract private investment and encourage long-term economic growth.

I am disappointed, however, by the insensitivity shown to faith-based organizations in this bill. As my bill did, this bill codifies the Excellence in Economic Development Awards program that was established by EDA in 1999. This award program is intended to recognize projects and entities that demonstrate innovative economic development strategies, best practices and outstanding results.

The first three awards were bestowed in 2000, and the program has been expanded to now include eight award categories. One category established in 2003 is the "Community and Faith-Based Social Entrepreneurship" award. Nominees and winners of this award typically have been community and faith-based organizations that provide job training for underserved populations, such as the physically or mentally disabled.

In the bill as reported, this award category is amended to be just the "community entrepreneurship" award. My bill codified the current award category (Community and Faith-Based Social Entrepreneurship). I see absolutely no reason why faith-based organizations should be left out of this award program. There can be no concerns with the issue of separation of church and state as this program does not provide any federal assistance as a reward, nor does it impact eligibility requirements or criteria for evaluating EDA grant applications. In fact, these award winners are not necessarily even previous EDA grant recipients.

Faith-based organizations should not be given preference under this award program, but neither should they purposely be left out of consideration. It currently is a level playing field, and Congress should not change that as this bill does.

JAMES M. INHOFE.

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:

\* \* \* \* \*

**PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965**

\* \* \* \* \*

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

(a) FINDINGS.—Congress finds that—

(1) \* \* \*

\* \* \* \* \*

**SEC. 3. DEFINITIONS.**

In this Act:

(1) COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.—

\* \* \*

\* \* \* \* \*

(8) REGIONAL COMMISSIONS.—The term “Regional Commissions” 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. 2009aa 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. 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), multi-State regional organizations, *economic de-*

*velopment districts, university centers, and nonprofit organizations 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 States, or an organization of any 2 or more States, in support of effective economic development.

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

(e) **EXCELLENCE IN ECONOMIC DEVELOPMENT AWARDS.**—

(1) **ESTABLISHMENT OF PROGRAM.**—*To recognize innovative economic development strategies of national significance, the Secretary may establish and carry out a program, to be known as the “Excellence in Economic Development Award Program” (referred to in this subsection as the “program”).*

(2) **ELIGIBLE ENTITIES.**—*To be eligible for recognition under the program, an entity shall be an eligible recipient that is not a for-profit organization or institution.*

(3) **NOMINATIONS.**—*Before making an award under the program, the Secretary shall solicit nominations publicly, in accordance with such selection and evaluation procedures as the Secretary may establish in the solicitation.*

(4) **CATEGORIES.**—*The categories of awards under the program shall include awards for—*

(A) *urban or suburban economic development;*

(B) *rural economic development;*

(C) *environmental or energy economic development;*

(D) *economic diversification strategies that respond to economic dislocations, including economic dislocations caused by natural disasters and military base realignment and closure actions;*

(E) *university-led strategies to enhance economic development;*

(F) *community entrepreneurship;*

(G) *historic preservation-led strategies to enhance economic development; and*

- (H) *such other categories as the Secretary determines to be appropriate.*
- (5) *PROVISION OF AWARDS.—The Secretary may provide to each entity selected to receive an award under this subsection a plaque, bowl, or similar article to commemorate the accomplishments of the entity.*
- (6) *FUNDING.—Of amounts made available to carry out this Act, the Secretary may use not more than \$2,000 for each fiscal year to carry out this subsection.*

\* \* \* \* \*

**SEC. 203. 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.*

\* \* \* \* \*

(d) **STATE PLANS.**—

(1) **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. COST SHARING.**

(a) **FEDERAL SHARE.**—Except as provided in subsection (c), the Federal share of the cost of any project carried out under this title **[**shall not exceed—

- [**(1) 50 percent; plus
- [**(2) an additional percent that—
  - [**(A) shall not exceed 30 percent; and
  - [**(B) is based on the relative needs of the area in which the project will be located, as determined in accordance

with regulations promulgated by the Secretary.]shall not exceed 50 percent.

\* \* \* \* \*

(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 related economic circumstances.

[(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 NON-PROFIT 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. 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, *outmigration*, or underemployment.

(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.

\* \* \* \* \*

**SEC. 209. GRANTS FOR ECONOMIC ADJUSTMENT.**

(a) IN GENERAL.—\* \* \*

\* \* \* \* \*

(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) \* \* \*

\* \* \* \* \*

(5) the loss of 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.

(B) PRESERVATION.—Except as provided in subparagraph (A), no provision of this subsection or any regulation promulgated by the Secretary under this subsection supercedes 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.

(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.

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**SEC. 218. BRIGHTFIELDS DEMONSTRATION PROGRAM.**

(a) *DEFINITION OF BRIGHTFIELD SITE.*—\* \* \*

\* \* \* \* \*

(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. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.**

(a) *IN GENERAL.*—\* \* \*

\* \* \* \* \*

(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 local, State, Federal, 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. 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.

\* \* \* \* \*

**SEC. 507. 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.*

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**TITLE VI—MISCELLANEOUS**

**SEC. 601. POWERS OF SECRETARY.**

(a) **IN GENERAL.**—\* \* \*

\* \* \* \* \*

**SEC. 612. SAVINGS CLAUSE.**

To the extent that any portion of grants made under this Act are used for an economic development project that involves remediation, the remediation shall be conducted in compliance with all applicable Federal, State, and local laws and standards.

**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.

\* \* \* \* \*

**SEC. 701. 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~~2009;
- (2) \$425,000,000 for fiscal year ~~2005~~2010;
- (3) \$450,000,000 for fiscal year ~~2006~~2011;
- (4) \$475,000,000 for fiscal year ~~2007~~2012; and
- (5) \$500,000,000 for fiscal year ~~2008~~2013

\* \* \* \* \*

**[SEC. 704. 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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