Public Law 105–393
105th Congress

An Act

Nov. 13, 1998
[S. 2364]

To reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Economic Development Administration and Appalachian Regional Development Reform Act of 1998.
Urban and rural areas.
42 USC 3121 note.

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Economic Development Administration and Appalachian Regional Development Reform Act of 1998".

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

Sec. 1. Short title; table of contents.

TITLE I—ECONOMIC DEVELOPMENT

Sec. 101. Short title.
Sec. 102. Reauthorization of Public Works and Economic Development Act of 1965.
Sec. 103. Conforming amendment.
Sec. 104. Transition provisions.
Sec. 105. Effective date.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Sec. 201. Short title.
Sec. 202. Findings and purposes.
Sec. 203. Meetings.
Sec. 204. Administrative expenses.
Sec. 205. Compensation of employees.
Sec. 206. Administrative powers of Commission.
Sec. 207. Cost sharing of demonstration health projects.
Sec. 208. Repeal of land stabilization, conservation, and erosion control program.
Sec. 209. Repeal of timber development program.
Sec. 210. Repeal of mining area restoration program.
Sec. 211. Repeal of water resource survey.
Sec. 212. Cost sharing of housing projects.
Sec. 213. Repeal of airport safety improvements program.
Sec. 214. Cost sharing of vocational education and education demonstration projects.
Sec. 215. Repeal of sewage treatment works program.
Sec. 216. Repeal of amendments to Housing Act of 1954.
Sec. 217. Supplements to Federal grant-in-aid programs.
Sec. 218. Program development criteria.
Sec. 219. Distressed and economically strong counties.
Sec. 220. Grants for administrative expenses and commission projects.
Sec. 221. Authorization of appropriations for general program.
Sec. 222. Extension of termination date.
Sec. 223. Technical amendment.

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

TITLE I—ECONOMIC DEVELOPMENT

Economic Development Administration Reform Act of 1998. 42 USC 3121 note.

SEC. 101. SHORT TITLE.

This title may be cited as the "Economic Development Administration Reform Act of 1998".

SEC. 102. REAUTHORIZATION OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965.

(a) FIRST SECTION THROUGH TITLE VI—The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is amended by striking the first section and all that follows through the end of title VI and inserting the following:

"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

42 USC 3121 note.

"(a) SHORT TITLE.—This Act may be cited as the 'Public Works and Economic Development Act of 1965'.

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

"Sec. 1. Short title; table of contents.
"Sec. 2. Findings and declarations.
"Sec. 3. Definitions.

"TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

"Sec. 101. Establishment of economic development partnerships.
"Sec. 102. Cooperation of Federal agencies.
"Sec. 103. Coordination.

"TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

"Sec. 201. Grants for public works and economic development.
"Sec. 202. Base closings and realignments.
"Sec. 203. Grants for planning and grants for administrative expenses.
"Sec. 204. Cost sharing.
"Sec. 205. Supplementary grants.
"Sec. 206. Regulations on relative needs and allocations.
"Sec. 207. Grants for training, research, and technical assistance.
"Sec. 208. Prevention of unfair competition.
"Sec. 209. Grants for economic adjustment.
"Sec. 210. Changed project circumstances.
"Sec. 211. Use of funds in projects constructed under projected cost.
"Sec. 212. Reports by recipients.
"Sec. 213. Prohibition on use of funds for attorney's and consultant's fees.

"TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

"Sec. 301. Eligibility of areas.
"Sec. 302. Comprehensive economic development strategies.

"TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

"Sec. 401. Designation of economic development districts.
"Sec. 402. Termination or modification of economic development districts.
"Sec. 403. Incentives.
"Sec. 404. Provision of comprehensive economic development strategies to Appalachian Regional Commission.
"Sec. 405. Assistance to parts of economic development districts not in eligible areas.

"TITLE V—ADMINISTRATION

"Sec. 501. Assistant Secretary for Economic Development.
"Sec. 502. Economic development information clearinghouse.
"Sec. 503. Consultation with other persons and agencies.
"Sec. 504. Administration, operation, and maintenance.
"Sec. 505. Businesses desiring Federal contracts.
"Sec. 506. Performance evaluations of grant recipients.

"Sec. 507. Notification of reorganization.

"TITLE VI—MISCELLANEOUS

"Sec. 601. Powers of Secretary.
"Sec. 602. Maintenance of standards.
"Sec. 603. Annual report to Congress.
"Sec. 604. Delegation of functions and transfer of funds among Federal agencies.
"Sec. 605. Penalties.
"Sec. 606. Employment of expediters and administrative employees.
"Sec. 607. Maintenance and public inspection of list of approved applications for financial assistance.
"Sec. 608. Records and audits.
"Sec. 609. Relationship to assistance under other law.
"Sec. 610. Acceptance of certifications by applicants.

"TITLE VII—FUNDING

"Sec. 701. General authorization of appropriations.
"Sec. 702. Authorization of appropriations for defense conversion activities.
"Sec. 703. Authorization of appropriations for disaster economic recovery activities.

42 USC 3121.

"SEC. 2. FINDINGS AND DECLARATIONS.

"(a) FINDINGS.—Congress finds that—

"(1) while the economy of the United States is undergoing a sustained period of economic growth resulting in low unemployment and increasing incomes, there continue to be areas suffering economic distress in the form of high unemployment, low incomes, underemployment, and outmigration as well as areas facing sudden economic dislocations due to industrial restructuring and relocation, defense base closures and procurement cutbacks, certain Federal actions (including environmental requirements that result in the removal of economic activities from a locality), and natural disasters;

"(2) as the economy of the United States continues to grow, those distressed areas contain significant human and infrastructure resources that are underused;

"(3) expanding international trade and the increasing pace of technological innovation offer both a challenge and an opportunity to the distressed communities of the United States;

"(4) while economic development is an inherently local process, the Federal Government should work in partnership with public and private local, regional, and State organizations to ensure that existing resources are not wasted and all Americans have an opportunity to participate in the economic growth of the United States;

"(5) in order to avoid wasteful duplication of effort and to limit the burden on distressed communities, Federal, State, and local economic development activities should be better planned and coordinated and Federal program requirements should be simplified and made more consistent;

"(6) the goal of Federal economic development activities should be to work in partnership with local, regional, and State public and private organizations to support the development of private sector businesses and jobs in distressed communities;

"(7) Federal economic development efforts will be more effective if they are coordinated with, and build upon, the trade and technology programs of the United States; and

"(8) under this Act, new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.

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

"(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, and the Federal Government to increase their capacity to develop and implement comprehensive economic development strategies to address existing, or deter impending, economic distress; and

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

"SEC. 3. DEFINITIONS. 42 USC 3122.

"In this Act:

"(1) COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.—The term 'comprehensive economic development strategy' means a comprehensive economic development strategy approved by the Secretary under section 302.

"(2) DEPARTMENT.—The term 'Department' means the Department of Commerce.

"(3) ECONOMIC DEVELOPMENT DISTRICT.—

"(A) IN GENERAL.—The term 'economic development district' means any area in the United States that—

"(i) is composed of areas described in section 301(a) and, to the extent appropriate, neighboring counties or communities; and

"(ii) has been designated by the Secretary as an economic development district under section 401.

"(B) INCLUSION.—The term 'economic development district' includes any economic development district designated by the Secretary under section 403 (as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998).

"(4) ELIGIBLE RECIPIENT.—

"(A) IN GENERAL.—The term 'eligible recipient' means—

"(i) an area described in section 301(a);

"(ii) an economic development district;

"(iii) an Indian tribe;

"(iv) a State;

"(v) a city or other political subdivision of a State or a consortium of political subdivisions;

"(vi) an institution of higher education or a consortium of institutions of higher education; or

"(vii) a public or private nonprofit organization or association acting in cooperation with officials of a political subdivision of a State.

"(B) TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS.—In the case of grants under section 207, the term 'eligible recipient' also includes private individuals and for-profit organizations.

"(5) FEDERAL AGENCY.—The term 'Federal agency' means a department, agency, or instrumentality of the United States.

"(6) GRANT.—The term 'grant' includes a cooperative agreement (within the meaning of chapter 63 of title 31, United States Code).

"(7) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or Regional Corporation (as defined in or established under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.)), that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

"(8) SECRETARY.—The term 'Secretary' means the Secretary of Commerce.

"(9) STATE.—The term 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(10) UNITED STATES.—The term 'United States' means all of the States.

"TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

42 USC 3131.

"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), and multi-State regional 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 and technological capacity to keep pace with the changing global economy.

Regulations.

"(c) INTERGOVERNMENTAL REVIEW.—The Secretary shall promulgate regulations to ensure that appropriate State and local government agencies 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. 102. COOPERATION OF FEDERAL AGENCIES. 42 USC 3132.

"In accordance with applicable laws and subject to the availability of appropriations, each Federal agency shall exercise its powers, duties and functions, and shall cooperate with the Secretary, in such manner as will assist the Secretary in carrying out this title.

"SEC. 103. COORDINATION. 42 USC 3133.

"The Secretary shall coordinate activities relating to the preparation and implementation of comprehensive economic development strategies under this Act with Federal agencies carrying out other Federal programs, States, economic development districts, and other appropriate planning and development organizations.

"TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

"SEC. 201. GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT. 42 USC 3141.

"(a) IN GENERAL.—On the application of an eligible recipient, the Secretary may make grants for—

"(1) acquisition or development of land and improvements for use for a public works, public service, or development facility; and

"(2) acquisition, design and engineering, construction, rehabilitation, alteration, expansion, or improvement of such a facility, including related machinery and equipment.

"(b) CRITERIA FOR GRANT.—The Secretary may make a grant under this section only if the Secretary determines that—

"(1) the project for which the grant is applied for will, directly or indirectly—

"(A) improve the opportunities, in the area where the project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities;

"(B) assist in the creation of additional long-term employment opportunities in the area; or

"(C) primarily benefit the long-term unemployed and members of low-income families;

"(2) the project for which the grant is applied for will fulfill a pressing need of the area, or a part of the area, in which the project is or will be located; and

"(3) the area for which the project is to be carried out has a comprehensive economic development strategy and the project is consistent with the strategy.

"(c) MAXIMUM ASSISTANCE FOR EACH STATE.—Not more than 15 percent of the amounts made available to carry out this section may be expended in any 1 State.

42 USC 3142.

"SEC. 202. BASE CLOSINGS AND REALIGNMENTS.

"Notwithstanding any other provision of law, the Secretary may provide to an eligible recipient any assistance available under this title for a project to be carried out on a military or Department of Energy installation that is closed or scheduled for closure or realignment without requiring that the eligible recipient have title to the property or a leasehold interest in the property for any specified term.

42 USC 3143.

"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.

"(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.

"SEC. 204. COST SHARING. 42 USC 3144.

"(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.

"(b) NON-FEDERAL SHARE.—In determining the amount of the non-Federal share of the cost of a project, the Secretary may provide credit toward the non-Federal share for all contributions both in cash and in-kind, fairly evaluated, including contributions of space, equipment, and services.

"SEC. 205. SUPPLEMENTARY GRANTS. 42 USC 3145.

"(a) DEFINITION OF DESIGNATED FEDERAL GRANT PROGRAM.—In this section, the term 'designated Federal grant program' means any Federal grant program that—

"(1) provides assistance in the construction or equipping of public works, public service, or development facilities;

"(2) the Secretary designates as eligible for an allocation of funds under this section; and

"(3) assists projects that are—

"(A) eligible for assistance under this title; and

"(B) consistent with a comprehensive economic development strategy.

"(b) SUPPLEMENTARY GRANTS.—

"(1) IN GENERAL.—On the application of an eligible recipient, the Secretary may make a supplementary grant for a project for which the eligible recipient is eligible but, because of the eligible recipient's economic situation, for which the eligible recipient cannot provide the required non-Federal share.

"(2) PURPOSES OF GRANTS.—Supplementary grants under paragraph (1) may be made for purposes that shall include enabling eligible recipients to use—

"(A) designated Federal grant programs; and

"(B) direct grants authorized under this title.

"(c) REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.—

"(1) AMOUNT OF SUPPLEMENTARY GRANTS.—Subject to paragraph (4), the amount of a supplementary grant under this title for a project shall not exceed the applicable percentage of the cost of the project established by regulations promulgated by the Secretary, except that the non-Federal share of the cost of a project (including assumptions of debt) shall not be less than 20 percent.

"(2) FORM OF SUPPLEMENTARY GRANTS.—In accordance with such regulations as the Secretary may promulgate, the Secretary shall make supplementary grants by increasing the amounts of grants authorized under this title or by the payment of funds made available under this Act to the heads of the Federal agencies responsible for carrying out the applicable Federal programs.

"(3) FEDERAL SHARE LIMITATIONS SPECIFIED IN OTHER LAWS.—Notwithstanding any requirement as to the amount or source of non-Federal funds that may be applicable to a Federal program, funds provided under this section may be

used to increase the Federal share for specific projects under the program that are carried out in areas described in section 301(a) above the Federal share of the cost of the project authorized by the law governing the program.

"(4) LOWER NON-FEDERAL SHARE.—

"(A) INDIAN TRIBES.—In the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1) or may waive the non-Federal share.

"(B) 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 its effective taxing and borrowing capacity, or in the case of a grant to a nonprofit organization that the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below the percentage specified in paragraph (1).

42 USC 3146.

"SEC. 206. REGULATIONS ON RELATIVE NEEDS AND ALLOCATIONS.

"In promulgating rules, regulations, and procedures for assistance under this title, the Secretary shall ensure that—

"(1) the relative needs of eligible areas are given adequate consideration by the Secretary, as determined based on, among other relevant factors—

"(A) the severity of the rates of unemployment in the eligible areas and the duration of the unemployment;

"(B) the income levels and the extent of underemployment in eligible areas; and

"(C) the outmigration of population from eligible areas and the extent to which the outmigration is causing economic injury in the eligible areas; and

"(2) allocations of assistance under this title are prioritized to ensure that the level of economic distress of an area, rather than a preference for a geographic area or a specific type of economic distress, is the primary factor in allocating the assistance.

42 USC 3147.

"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 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; and

"(G) other activities determined by the Secretary to be appropriate.

"(3) REDUCTION OR WAIVER OF NON-FEDERAL SHARE.—In the case of a project assisted under this section, the Secretary may reduce or waive the non-Federal share, without regard to section 204 or 205, if the Secretary finds that the project is not feasible without, and merits, such a reduction or waiver.

"(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. 208. PREVENTION OF UNFAIR COMPETITION. 42 USC 3148.

"No financial assistance under this Act shall be extended to any project when the result would be to increase the production of goods, materials, or commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services, or facilities, to employ the efficient capacity of existing competitive commercial or industrial enterprises.

"SEC. 209. GRANTS FOR ECONOMIC ADJUSTMENT. 42 USC 3149.

"(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; or

"(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)).

"(d) DIRECT EXPENDITURE OR REDISTRIBUTION BY RECIPIENT.—

"(1) IN GENERAL.—Subject to paragraph (2), an eligible recipient of a grant under this section may directly expend the grant funds or may redistribute the funds to public and private entities in the form of a grant, loan, loan guarantee, payment to reduce interest on a loan guarantee, or other appropriate assistance.

"(2) LIMITATION.—Under paragraph (1), an eligible recipient may not provide any grant to a private for-profit entity.

42 USC 3150.

"SEC. 210. CHANGED PROJECT CIRCUMSTANCES.

"In any case in which a grant (including a supplementary grant described in section 205) has been made by the Secretary under this title (or made under this Act, as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998) for a project, and, after the grant has been made but before completion of the project, the purpose or scope of the project that was the basis of the grant is modified, the Secretary may approve, subject (except for a grant for which funds were obligated in fiscal year 1995) to the availability of appropriations, the use of grant funds for the modified project if the Secretary determines that—

"(1) the modified project meets the requirements of this title and is consistent with the comprehensive economic development strategy submitted as part of the application for the grant; and

"(2) the modifications are necessary to enhance economic development in the area for which the project is being carried out.

42 USC 3151.

"SEC. 211. USE OF FUNDS IN PROJECTS CONSTRUCTED UNDER PROJECTED COST.

"In any case in which a grant (including a supplementary grant described in section 205) has been made by the Secretary under this title (or made under this Act, as in effect on the day before the effective date of the Economic Development Administration Reform Act of 1998) for a construction project, and, after the grant has been made but before completion of the project, the cost of the project based on the designs and specifications that was the basis of the grant has decreased because of decreases in costs—

"(1) the Secretary may approve, subject to the availability of appropriations, the use of the excess funds or a portion of the funds to improve the project; and

"(2) any amount of excess funds remaining after application of paragraph (1) shall be deposited in the general fund of the Treasury.

42 USC 3152.

"SEC. 212. REPORTS BY RECIPIENTS.

Regulations.

"(a) IN GENERAL.—Each recipient of assistance under this title shall submit reports to the Secretary at such intervals and in such manner as the Secretary shall require by regulation, except

that no report shall be required to be submitted more than 10 years after the date of closeout of the assistance award.

"(b) CONTENTS.—Each report shall contain an evaluation of the effectiveness of the economic assistance provided under this title in meeting the need that the assistance was designed to address and in meeting the objectives of this Act.

"SEC. 213. PROHIBITION ON USE OF FUNDS FOR ATTORNEY'S AND CONSULTANT'S FEES. 42 USC 3153.

"Assistance made available under this title shall not be used directly or indirectly for an attorney's or consultant's fee incurred in connection with obtaining grants and contracts under this title.

"TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

"SEC. 301. ELIGIBILITY OF AREAS. 42 USC 3161.

"(a) IN GENERAL.—For a project to be eligible for assistance under section 201 or 209, the project shall be located in an area that, on the date of submission of the application, meets 1 or more of the following criteria:

"(1) LOW PER CAPITA INCOME.—The area has a per capita income of 80 percent or less of the national average.

"(2) UNEMPLOYMENT RATE ABOVE NATIONAL AVERAGE.—The area has an unemployment rate that is, for the most recent 24-month period for which data are available, at least 1 percent greater than the national average unemployment rate.

"(3) UNEMPLOYMENT OR ECONOMIC ADJUSTMENT PROBLEMS.—The area is an area that the Secretary determines has experienced or is about to experience a special need arising from actual or threatened severe unemployment or economic adjustment problems resulting from severe short-term or long-term changes in economic conditions.

"(b) POLITICAL BOUNDARIES OF AREAS.—An area that meets 1 or more of the criteria of subsection (a), including a small area of poverty or high unemployment within a larger community in less economic distress, shall be eligible for assistance under section 201 or 209 without regard to political or other subdivisions or boundaries.

"(c) DOCUMENTATION.—

"(1) IN GENERAL.—A determination of eligibility under subsection (a) shall be supported by the most recent Federal data available, or, if no recent Federal data is available, by the most recent data available through the government of the State in which the area is located.

"(2) ACCEPTANCE BY SECRETARY.—The documentation shall be accepted by the Secretary unless the Secretary determines that the documentation is inaccurate.

"(d) PRIOR DESIGNATIONS.—Any designation of a redevelopment area made before the effective date of the Economic Development Administration Reform Act of 1998 shall not be effective after that effective date.

42 USC 3162.

"SEC. 302. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES.

"(a) IN GENERAL.—The Secretary may provide assistance under section 201 or 209 (except for planning assistance under section 209) to an eligible recipient for a project only if the eligible recipient submits to the Secretary, as part of an application for the assistance—

"(1) an identification of the economic development problems to be addressed using the assistance;

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

"(3)(A) a comprehensive economic development strategy for addressing the economic problems identified under paragraph (1) in a manner that promotes economic development and opportunity, fosters effective transportation access, enhances and protects the environment, and balances resources through sound management of development; and

"(B) a description of how the strategy will solve the problems.

"(b) APPROVAL OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY.—The Secretary shall approve a comprehensive economic development strategy that meets the requirements of subsection (a) to the satisfaction of the Secretary.

"(c) APPROVAL OF OTHER PLAN.—The Secretary may accept as a comprehensive economic development strategy a satisfactory plan developed under another federally supported program.

"TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

42 USC 3171.

"SEC. 401. 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.

"SEC. 402. TERMINATION OR MODIFICATION OF ECONOMIC DEVELOPMENT DISTRICTS.

Regulations. 42 USC 3172.

"The Secretary shall, by regulation, promulgate standards for the termination or modification of the designation of economic development districts.

"SEC. 403. INCENTIVES.

Regulations. 42 USC 3173.

"(a) IN GENERAL.—Subject to the non-Federal share requirement under section 205(c)(1), the Secretary may increase the amount of grant assistance for a project in an economic development district by an amount that does not exceed 10 percent of the cost of the project, in accordance with such regulations as the Secretary shall promulgate, if—

"(1) the project applicant is actively participating in the economic development activities of the district; and

"(2) the project is consistent with the comprehensive economic development strategy of the district.

"(b) REVIEW OF INCENTIVE SYSTEM.—In promulgating regulations under subsection (a), the Secretary shall review the current incentive system to ensure that the system is administered in the most direct and effective manner to achieve active participation by project applicants in the economic development activities of economic development districts.

"SEC. 404. PROVISION OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES TO APPALACHIAN REGIONAL COMMISSION.

42 USC 3174.

"If any part of an economic development district is in the Appalachian region (as defined in section 403 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.)), the economic development district shall ensure that a copy of the comprehensive economic development strategy of the district is provided to the Appalachian Regional Commission established under that Act.

"SEC. 405. ASSISTANCE TO PARTS OF ECONOMIC DEVELOPMENT DISTRICTS NOT IN ELIGIBLE AREAS.

42 USC 3175.

"Notwithstanding section 301, the Secretary may provide such assistance as is available under this Act for a project in a part of an economic development district that is not in an area described in section 301(a), if the project will be of a substantial direct benefit to an area described in section 301(a) that is located in the district.

"TITLE V—ADMINISTRATION

42 USC 3191.

"SEC. 501. ASSISTANT SECRETARY FOR ECONOMIC DEVELOPMENT.

President.

"(a) IN GENERAL.—The Secretary shall carry out this Act through an Assistant Secretary of Commerce for Economic Development, to be appointed by the President, by and with the advice and consent of the Senate.

"(b) COMPENSATION.—The Assistant Secretary of Commerce for Economic Development shall be compensated at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(c) DUTIES.—The Assistant Secretary of Commerce for Economic Development shall carry out such duties as the Secretary shall require and shall serve as the administrator of the Economic Development Administration of the Department.

42 USC 3192.

"SEC. 502. ECONOMIC DEVELOPMENT INFORMATION CLEARINGHOUSE.

"In carrying out this Act, the Secretary shall—

"(1) maintain a central information clearinghouse on matters relating to economic development, economic adjustment, disaster recovery, defense conversion, and trade adjustment programs and activities of the Federal and State governments, including political subdivisions of States;

"(2) assist potential and actual applicants for economic development, economic adjustment, disaster recovery, defense conversion, and trade adjustment assistance under Federal, State, and local laws in locating and applying for the assistance; and

"(3) assist areas described in section 301(a) and other areas by providing to interested persons, communities, industries, and businesses in the areas any technical information, market research, or other forms of assistance, information, or advice that would be useful in alleviating or preventing conditions of excessive unemployment or underemployment in the areas.

42 USC 3193.

"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 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.

42 USC 3194.

"SEC. 504. ADMINISTRATION, OPERATION, AND MAINTENANCE.

"The Secretary shall approve Federal assistance under this Act only if the Secretary is satisfied that the project for which Federal assistance is granted will be properly and efficiently administered, operated, and maintained.

42 USC 3195.

"SEC. 505. BUSINESSES DESIRING FEDERAL CONTRACTS.

"The Secretary may provide the procurement divisions of Federal agencies with a list consisting of—

"(1) the names and addresses of businesses that are located in areas described in section 301(a) and that wish to obtain

Federal Government contracts for the provision of supplies or services; and

"(2) the supplies and services that each business provides.

"SEC. 506. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS. 42 USC 3196.

"(a) IN GENERAL.—The Secretary shall conduct an evaluation of each university center and each economic development district that receives grant assistance under this Act (each referred to in this section as a 'grantee') to assess the grantee's performance and contribution toward retention and creation of employment.

"(b) PURPOSE OF EVALUATIONS OF UNIVERSITY CENTERS.—The purpose of the evaluations of university centers under subsection (a) shall be to determine which university centers are performing well and are worthy of continued grant assistance under this Act, and which should not receive continued assistance, so that university centers that have not previously received assistance may receive assistance.

"(c) TIMING OF EVALUATIONS.—Evaluations under subsection (a) shall be conducted on a continuing basis so that each grantee is evaluated within 3 years after the first award of assistance to the grantee after the effective date of the Economic Development Administration Reform Act of 1998, and at least once every 3 years thereafter, so long as the grantee receives the assistance.

"(d) EVALUATION CRITERIA.—

"(1) ESTABLISHMENT.—The Secretary shall establish criteria for use in conducting evaluations under subsection (a).

"(2) EVALUATION CRITERIA FOR UNIVERSITY CENTERS.—The criteria for evaluation of a university center shall, at a minimum, provide for an assessment of the center's contribution to providing technical assistance, conducting applied research, and disseminating results of the activities of the center.

"(3) EVALUATION CRITERIA FOR ECONOMIC DEVELOPMENT DISTRICTS.—The criteria for evaluation of an economic development district shall, at a minimum, provide for an assessment of management standards, financial accountability, and program performance.

"(e) PEER REVIEW.—In conducting an evaluation of a university center or economic development district under subsection (a), the Secretary shall provide for the participation of at least 1 other university center or economic development district, as appropriate, on a cost-reimbursement basis.

"SEC. 507. NOTIFICATION OF REORGANIZATION. Deadline. 42 USC 3197.

"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.

"TITLE VI—MISCELLANEOUS

"SEC. 601. POWERS OF SECRETARY. 42 USC 3211.

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

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

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

"(3) hold such hearings, sit and act at such times and places, and take such testimony, as the Secretary determines to be appropriate;

"(4) request directly, from any Federal agency, board, commission, office, or independent establishment, such information, suggestions, estimates, and statistics as the Secretary determines to be necessary to carry out this Act (and each Federal agency, board, commission, office, or independent establishment may provide such information, suggestions, estimates, and statistics directly to the Secretary);

Regulations.

"(5) under regulations promulgated by the Secretary—

"(A) assign or sell at public or private sale, or otherwise dispose of for cash or credit, in the Secretary's discretion and on such terms and conditions and for such consideration as the Secretary determines to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by the Secretary in connection with assistance provided under this Act; and

"(B) collect or compromise all obligations assigned to or held by the Secretary in connection with that assistance until such time as the obligations are referred to the Attorney General for suit or collection;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, on such terms and conditions and for such consideration as the Secretary determines to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary in connection with assistance provided under this Act;

"(7) pursue to final collection, by means of compromise or other administrative action, before referral to the Attorney General, all claims against third parties assigned to the Secretary in connection with assistance provided under this Act;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), to the extent appropriate in connection with assistance provided under this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in the Secretary, take any action, including the procurement of the services of attorneys by contract, determined by the Secretary to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with assets held in connection with financial assistance provided under this Act;

"(10)(A) employ experts and consultants or organizations as authorized by section 3109 of title 5, United States Code, except that contracts for such employment may be renewed annually;

"(B) compensate individuals so employed, including compensation for travel time; and

"(C) allow individuals so employed, while away from their homes or regular places of business, travel expenses, including per diem in lieu of subsistence, as authorized by section 5703

of title 5, United States Code, for persons employed intermittently in the Federal Government service;

"(11) establish performance measures for grants and other assistance provided under this Act, and use the performance measures to evaluate the economic impact of economic development assistance programs under this Act, which establishment and use of performance measures shall be provided by the Secretary through—

"(A) officers or employees of the Department;

"(B) the employment of persons under contracts entered into for such purposes; or

"(C) grants to persons, using funds made available to carry out this Act;

"(12) conduct environmental reviews and incur necessary expenses to evaluate and monitor the environmental impact of economic development assistance provided and proposed to be provided under this Act, including expenses associated with the representation and defense of the actions of the Secretary relating to the environmental impact of the assistance, using any funds made available to carry out section 207;

"(13) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, except that no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or the property of the Secretary; and

"(14) establish such rules, regulations, and procedures as the Secretary considers appropriate for carrying out this Act.

"(b) DEFICIENCY JUDGMENTS.—The authority under subsection (a)(7) to pursue claims shall include the authority to obtain deficiency judgments or otherwise pursue claims relating to mortgages assigned to the Secretary.

"(c) INAPPLICABILITY OF CERTAIN OTHER REQUIREMENTS.—Section 3709 of the Revised Statutes (41 U.S.C. 5) shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of assistance provided under this Act if the premium for the insurance or the amount of the services or supplies does not exceed $1,000.

"(d) PROPERTY INTERESTS.—

"(1) IN GENERAL.—The powers of the Secretary under this section, relating to property acquired by the Secretary in connection with assistance provided under this Act, shall extend to property interests of the Secretary relating to projects approved under—

"(A) this Act;

"(B) title I of the Public Works Employment Act of 1976 (42 U.S.C. 6701 et seq.);

"(C) title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.); and

"(D) the Community Emergency Drought Relief Act of 1977 (42 U.S.C. 5184 note; Public Law 95–31).

"(2) RELEASE.—The Secretary may release, in whole or in part, any real property interest, or tangible personal property interest, in connection with a grant after the date that is 20 years after the date on which the grant was awarded.

"(e) POWERS OF CONVEYANCE AND EXECUTION.—The power to convey and to execute, in the name of the Secretary, deeds of

conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest in such property acquired by the Secretary under this Act may be exercised by the Secretary, or by any officer or agent appointed by the Secretary for that purpose, without the execution of any express delegation of power or power of attorney.

Deadline.
42 USC 3213.

"SEC. 603. ANNUAL REPORT TO CONGRESS.

"Not later than July 1, 2000, and July 1 of each year thereafter, the Secretary shall submit to Congress a comprehensive and detailed annual report on the activities of the Secretary under this Act during the most recently completed fiscal year.

42 USC 3214.

"SEC. 604. DELEGATION OF FUNCTIONS AND TRANSFER OF FUNDS AMONG FEDERAL AGENCIES.

"(a) DELEGATION OF FUNCTIONS TO OTHER FEDERAL AGENCIES.—The Secretary may—

"(1) delegate to the heads of other Federal agencies such functions, powers, and duties of the Secretary under this Act as the Secretary determines to be appropriate; and

"(2) authorize the redelegation of the functions, powers, and duties by the heads of the agencies.

"(b) TRANSFER OF FUNDS TO OTHER FEDERAL AGENCIES.—Funds authorized to be appropriated to carry out this Act may be transferred between Federal agencies, if the funds are used for the purposes for which the funds are specifically authorized and appropriated.

"(c) TRANSFER OF FUNDS FROM OTHER FEDERAL AGENCIES.—

"(1) IN GENERAL.—Subject to paragraph (2), for the purposes of this Act, the Secretary may accept transfers of funds from other Federal agencies if the funds are used for the purposes for which (and in accordance with the terms under which) the funds are specifically authorized and appropriated.

"(2) USE OF FUNDS.—The transferred funds—

"(A) shall remain available until expended; and

"(B) may, to the extent necessary to carry out this Act, be transferred to and merged by the Secretary with the appropriations for salaries and expenses.

42 USC 3215.

"SEC. 605. PENALTIES.

"(a) FALSE STATEMENTS; SECURITY OVERVALUATION.—A person that makes any statement that the person knows to be false, or willfully overvalues any security, for the purpose of—

"(1) obtaining for the person or for any applicant any financial assistance under this Act or any extension of the assistance by renewal, deferment, or action, or by any other means, or the acceptance, release, or substitution of security for the assistance;

"(2) influencing in any manner the action of the Secretary; or

"(3) obtaining money, property, or any thing of value, under this Act;

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

"(b) EMBEZZLEMENT AND FRAUD-RELATED CRIMES.—A person that is connected in any capacity with the Secretary in the administration of this Act and that—

"(1) embezzles, abstracts, purloins, or willfully misapplies any funds, securities, or other thing of value, that is pledged or otherwise entrusted to the person;

"(2) with intent to defraud the Secretary or any other person or entity, or to deceive any officer, auditor, or examiner—

"(A) makes any false entry in any book, report, or statement of or to the Secretary; or

"(B) without being duly authorized, draws any order or issue, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof;

"(3) with intent to defraud, participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, grant, commission, contract, or any other act of the Secretary; or

"(4) gives any unauthorized information concerning any future action or plan of the Secretary that might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary;

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

"SEC. 606. EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES. 42 USC 3216.

"Assistance shall not be provided by the Secretary under this Act to any business unless the owners, partners, or officers of the business—

"(1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of the business for the purpose of expediting applications made to the Secretary for assistance of any kind, under this Act, and the fees paid or to be paid to the person for expediting the applications; and Certification.

"(2) execute an agreement binding the business, for the 2-year period beginning on the date on which the assistance is provided by the Secretary to the business, to refrain from employing, offering any office or employment to, or retaining for professional services, any person who, on the date on which the assistance or any part of the assistance was provided, or within the 1-year period ending on that date—

"(A) served as an officer, attorney, agent, or employee of the Department; and

"(B) occupied a position or engaged in activities that the Secretary determines involved discretion with respect to the granting of assistance under this Act.

"SEC. 607. MAINTENANCE AND PUBLIC INSPECTION OF LIST OF APPROVED APPLICATIONS FOR FINANCIAL ASSISTANCE. Records. 42 USC 3217.

"(a) IN GENERAL.—The Secretary shall—

"(1) maintain as a permanent part of the records of the Department a list of applications approved for financial assistance under this Act; and

"(2) make the list available for public inspection during the regular business hours of the Department.

"(b) ADDITIONS TO LIST.—The following information shall be added to the list maintained under subsection (a) as soon as an application described in subsection (a)(1) is approved:

"(1) The name of the applicant and, in the case of a corporate application, the name of each officer and director of the corporation.

"(2) The amount and duration of the financial assistance for which application is made.

"(3) The purposes for which the proceeds of the financial assistance are to be used.

42 USC 3218.

"SEC. 608. RECORDS AND AUDITS.

"(a) RECORDKEEPING AND DISCLOSURE REQUIREMENTS.—Each recipient of assistance under this Act shall keep such records as the Secretary shall require, including records that fully disclose—

"(1) the amount and the disposition by the recipient of the proceeds of the assistance;

"(2) the total cost of the project in connection with which the assistance is given or used;

"(3) the amount and nature of the portion of the cost of the project provided by other sources; and

"(4) such other records as will facilitate an effective audit.

"(b) ACCESS TO BOOKS FOR EXAMINATION AND AUDIT.—The Secretary, the Inspector General of the Department, and the Comptroller General of the United States, or any duly authorized representative, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that relate to assistance received under this Act.

42 USC 3219.

"SEC. 609. RELATIONSHIP TO ASSISTANCE UNDER OTHER LAW.

"(a) PREVIOUSLY AUTHORIZED ASSISTANCE.—Except as otherwise provided in this Act, all financial and technical assistance authorized under this Act shall be in addition to any Federal assistance authorized before the effective date of the Economic Development Administration Reform Act of 1998.

"(b) ASSISTANCE UNDER OTHER ACTS.—Nothing in this Act authorizes or permits any reduction in the amount of Federal assistance that any State or other entity eligible under this Act is entitled to receive under any other Act.

"SEC. 610. ACCEPTANCE OF CERTIFICATIONS BY APPLICANTS.

"Under terms and conditions determined by the Secretary, the Secretary may accept the certifications of an applicant for assistance under this Act that the applicant meets the requirements of this Act.".

(b) TITLE VII.—The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is amended—

42 USC 3222, 3212.

(1) by redesignating section 712 as section 602 and moving that section to appear after section 601 (as amended by subsection (a));

42 USC 3212.

(2) in section 602 (as added by paragraph (1))—

(A) by striking the section heading and all that follows through "All" and inserting the following:

"SEC. 602. MAINTENANCE OF STANDARDS.

"All"; and

(B) by striking "sections 101, 201, 202, 403, 903, and 1003" and inserting "this Act"; and

(3) by striking title VII (as amended by paragraph (1)) and inserting the following: 42 USC 3211 *et seq.*

"TITLE VII—FUNDING

"SEC. 701. GENERAL AUTHORIZATION OF APPROPRIATIONS. 42 USC 3231.

"There are authorized to be appropriated to carry out this Act $397,969,000 for fiscal year 1999, $368,000,000 for fiscal year 2000, $335,000,000 for fiscal year 2001, $335,000,000 for fiscal year 2002, and $335,000,000 for fiscal year 2003, to remain available until expended.

"SEC. 702. AUTHORIZATION OF APPROPRIATIONS FOR DEFENSE CONVERSION ACTIVITIES. 42 USC 3232.

"(a) IN GENERAL.—In addition to amounts made available under section 701, there are authorized to be appropriated such sums as are necessary to carry out section 209(c)(1), to remain available until expended.

"(b) PILOT PROJECTS.—Funds made available under subsection (a) may be used for activities including pilot projects for privatization of, and economic development activities for, closed or realigned military or Department of Energy installations.

"SEC. 703. AUTHORIZATION OF APPROPRIATIONS FOR DISASTER ECONOMIC RECOVERY ACTIVITIES. 42 USC 3233.

"(a) IN GENERAL.—In addition to amounts made available under section 701, there are authorized to be appropriated such sums as are necessary to carry out section 209(c)(2), to remain available until expended.

"(b) FEDERAL SHARE.—The Federal share of the cost of activities funded with amounts made available under subsection (a) shall be up to 100 percent.".

(c) TITLES VIII THROUGH X.—The Public Works and Economic Development Act of 1965 is amended by striking titles VIII through X (42 U.S.C. 3231 et seq.).

SEC. 103. CONFORMING AMENDMENT.

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

SEC. 104. TRANSITION PROVISIONS. 42 USC 3121 note.

(a) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS.—This title, including the amendments made by this title, does not affect the validity of any right, duty, or obligation of the United States or any other person arising under any contract, loan, or other instrument or agreement that was in effect on the day before the effective date of this title.

(b) CONTINUATION OF SUITS.—No action or other proceeding commenced by or against any officer or employee of the Economic Development Administration shall abate by reason of the enactment of this title.

(c) LIQUIDATING ACCOUNT.—The Economic Development Revolving Fund established under section 203 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3143) (as in effect on the day before the effective date of this title) shall continue to be available to the Secretary of Commerce as a liquidating account (as defined in section 502 of the Federal Credit Reform

Act of 1990 (2 U.S.C. 661a)) for payment of obligations and expenses in connection with financial assistance provided under—

(1) the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.);

(2) the Area Redevelopment Act (42 U.S.C. 2501 et seq.); and

(3) the Trade Act of 1974 (19 U.S.C. 2101 et seq.).

(d) ADMINISTRATION.—The Secretary of Commerce shall take such actions authorized before the effective date of this title as are appropriate to administer and liquidate grants, contracts, agreements, loans, obligations, debentures, or guarantees made by the Secretary under law in effect before the effective date of this title.

42 USC 3121 note.

SEC. 105. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on a date determined by the Secretary of Commerce, but not later than 90 days after the date of enactment of this Act.

TITLE II—APPALACHIAN REGIONAL DEVELOPMENT

Appalachian Regional Development Reform Act of 1998.
40 USC app. 1 note.

SEC. 201. SHORT TITLE.

This title may be cited as the "Appalachian Regional Development Reform Act of 1998".

SEC. 202. FINDINGS AND PURPOSES.

Section 2 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by adding at the end the following:

"(c) 1998 FINDINGS AND PURPOSES.—

"(1) FINDINGS.—Congress further finds and declares that, while substantial progress has been made in fulfilling many of the objectives of this Act, rapidly changing national and global economies over the past decade have created new problems and challenges for rural areas throughout the United States and especially for the Appalachian region.

"(2) PURPOSES.—In addition to the purposes stated in subsections (a) and (b), it is the purpose of this Act—

"(A) to assist the Appalachian region in—

"(i) providing the infrastructure necessary for economic and human resource development;

"(ii) developing the region's industry;

"(iii) building entrepreneurial communities;

"(iv) generating a diversified regional economy; and

"(v) making the region's industrial and commercial resources more competitive in national and world markets;

"(B) to provide a framework for coordinating Federal, State, and local initiatives to respond to the economic competitiveness challenges in the Appalachian region through—

"(i) improving the skills of the region's workforce;

"(ii) adapting and applying new technologies for the region's businesses; and

"(iii) improving the access of the region's businesses to the technical and financial resources necessary to development of the businesses; and

"(C) to address the needs of severely and persistently distressed areas of the Appalachian region and focus special attention on the areas of greatest need so as to provide a fairer opportunity for the people of the region to share the quality of life generally enjoyed by citizens across the United States.".

SEC. 203. MEETINGS.

(a) ANNUAL MEETING REQUIREMENT.—Section 101 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) by striking "(a) There" and inserting the following: "(a) IN GENERAL.—

"(1) ESTABLISHMENT.—There"; and

(2) by adding at the end the following:

"(2) MEETINGS.—

"(A) IN GENERAL.—The Commission shall conduct at least 1 meeting each year with the Federal Cochairman and at least a majority of the State members present.".

(b) ADDITIONAL MEETINGS BY ELECTRONIC MEANS.—Section 101 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) in subsection (a)(2) (as added by subsection (a)(2)), by adding at the end the following:

"(B) ADDITIONAL MEETINGS.—The Commission may conduct such additional meetings by electronic means as the Commission considers advisable, including meetings to decide matters requiring an affirmative vote."; and

(2) in the fourth sentence of subsection (c), by striking "to be present".

(c) DECISIONS REQUIRING A QUORUM.—Section 101(b) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking the third sentence and inserting the following: "A decision involving Commission policy, approval of any State, regional, or subregional development plan or implementing investment program, any modification or revision of the Appalachian Regional Commission Code, any allocation of funds among the States, or any designation of a distressed county or an economically strong county shall not be made without a quorum of the State members.".

SEC. 204. ADMINISTRATIVE EXPENSES.

Section 105 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) by striking "(a) For the period" in the first sentence and all that follows through "such expenses" in the second sentence and inserting "Administrative expenses of the Commission"; and

(2) by striking subsection (b).

SEC. 205. COMPENSATION OF EMPLOYEES.

Section 106(2) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "the salary of the alternate to the Federal Cochairman on the Commission as provided in section 101" and inserting "the maximum rate of basic pay for the Senior Executive Service under section 5382 of title

5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title".

SEC. 206. ADMINISTRATIVE POWERS OF COMMISSION.

Section 106(7) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "1982" and inserting "2001".

SEC. 207. COST SHARING OF DEMONSTRATION HEALTH PROJECTS.

(a) OPERATION COSTS.—Section 202(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "100 per centum of the costs thereof" in the first sentence and all that follows through the period at the end of the second sentence and inserting "50 percent of the costs of that operation (or 80 percent of those costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226).".

(b) COST SHARING.—Section 202 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by adding at the end the following:

"(f) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—

"(1) IN GENERAL.—Subject to paragraph (2), after September 30, 1998, a Commission contribution of not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

"(2) DISTRESSED COUNTIES.—In the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226, the maximum Commission contribution under paragraph (1) may be increased to the lesser of—

"(A) 80 percent; or

"(B) the maximum Federal contribution percentage authorized by this section.".

(c) TECHNICAL AMENDMENTS.—Section 202 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) by striking "Secretary of Health, Education, and Welfare" each place it appears and inserting "Secretary of Health and Human Services"; and

(2) in subsection (c), by striking the last sentence.

SEC. 208. REPEAL OF LAND STABILIZATION, CONSERVATION, AND EROSION CONTROL PROGRAM.

Section 203 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 209. REPEAL OF TIMBER DEVELOPMENT PROGRAM.

Section 204 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 210. REPEAL OF MINING AREA RESTORATION PROGRAM.

Section 205 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 211. REPEAL OF WATER RESOURCE SURVEY.

Section 206 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 212. COST SHARING OF HOUSING PROJECTS.

(a) LOANS.—Section 207(b) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the first sentence by striking "80 per centum" and inserting "50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226)".

(b) GRANTS.—Section 207(c)(1) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "80 per centum" and inserting "50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226)".

SEC. 213. REPEAL OF AIRPORT SAFETY IMPROVEMENTS PROGRAM.

Section 208 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 214. COST SHARING OF VOCATIONAL EDUCATION AND EDUCATION DEMONSTRATION PROJECTS.

(a) OPERATION COSTS.—Section 211(b)(3) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "100 per centum of the costs thereof" in the first sentence and all that follows through the period at the end of the second sentence and inserting "50 percent of the costs of that operation (or 80 percent of those costs in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226).".

(b) COST SHARING.—Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by adding at the end the following:

"(c) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—

"(1) IN GENERAL.—Subject to paragraph (2), after September 30, 1998, a Commission contribution of not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

"(2) DISTRESSED COUNTIES.—In the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226, the maximum Commission contribution under paragraph (1) may be increased to the lesser of—

"(A) 80 percent; or

"(B) the maximum Federal contribution percentage authorized by this section.".

(c) TECHNICAL AMENDMENTS.—Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) in subsection (a), by striking "Secretary of Health, Education, and Welfare" and inserting "Secretary of Education"; and

(2) in subsection (b)—

(A) in paragraph (1), by striking "Secretary of the Department of Health, Education, and Welfare" and inserting "Secretary of Education"; and

(B) in paragraph (3), by striking the last sentence.

SEC. 215. REPEAL OF SEWAGE TREATMENT WORKS PROGRAM.

Section 212 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 216. REPEAL OF AMENDMENTS TO HOUSING ACT OF 1954.

Section 213 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is repealed.

SEC. 217. SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS.

(a) AVAILABILITY OF AMOUNTS.—Section 214(a) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the first sentence by striking "the President is authorized to provide funds to the Federal Cochairman to be used" and inserting "the Federal Cochairman may use amounts made available to carry out this section".

(b) COST SHARING.—Section 214(b) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) by striking "(b) The Federal" and inserting the following: "(b) COST SHARING.—

"(1) IN GENERAL.—The Federal"; and

(2) by adding at the end the following:

"(2) MAXIMUM COMMISSION CONTRIBUTION AFTER SEPTEMBER 30, 1998.—

"(A) IN GENERAL.—Subject to subparagraph (B), after September 30, 1998, a Commission contribution of not more than 50 percent of any project cost eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

"(B) DISTRESSED COUNTIES.—In the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226, the maximum Commission contribution under subparagraph (A) may be increased to 80 percent.".

(c) DEFINITION OF FEDERAL GRANT-IN-AID PROGRAMS.— Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the first sentence—

(1) by striking "on or before December 31, 1980,"; and

(2) by striking "Titles I and IX of the Public Works and Economic Development Act of 1965" and inserting "sections 201 and 209 of the Public Works and Economic Development Act of 1965".

(d) LIMITATION ON COVERED ROAD PROJECTS.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the second sentence by inserting "authorized by title 23, United States Code" after "road construction".

SEC. 218. PROGRAM DEVELOPMENT CRITERIA.

(a) CONSIDERATIONS.—Section 224(a)(1) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by inserting before the semicolon at the end the following: "or in a severely and persistently distressed county or area".

(b) OUTCOME MEASUREMENTS.—Section 224(a) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) in paragraph (5), by striking the period at the end and inserting "; and"; and

(2) by adding at the end the following:

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures may be evaluated.".

(c) REMOVAL OF LIMITATIONS.—Section 224 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking subsection (b) and inserting the following:

"(b) LIMITATION.—Financial assistance made available under this Act shall not be used to assist establishments relocating from one area to another.".

(d) CONFORMING AMENDMENT.—Section 302(b)(1) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended in the first sentence by striking "Notwithstanding" and all that follows through "the Commission" and inserting "The Commission".

SEC. 219. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

Part C of title II of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by adding at the end the following:

"SEC. 226. DISTRESSED AND ECONOMICALLY STRONG COUNTIES.

"(a) DESIGNATIONS.—

"(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, and annually thereafter, the Commission, in accordance with such criteria as the Commission may establish, shall— Deadline.

"(A) designate as 'distressed counties' those counties in the region that are the most severely and persistently distressed; and

"(B) designate 2 categories of economically strong counties, consisting of—

"(i) 'competitive counties', which shall be those counties in the region that are approaching economic parity with the rest of the United States; and

"(ii) 'attainment counties', which shall be those counties in the region that have attained or exceeded economic parity with the rest of the United States.

"(2) ANNUAL REVIEW OF DESIGNATIONS.—The Commission shall—

"(A) conduct an annual review of each designation of a county under paragraph (1) to determine if the county still meets the criteria for the designation; and

"(B) renew the designation for another 1-year period only if the county still meets the criteria.

"(b) DISTRESSED COUNTIES.—In program and project development and implementation and in the allocation of appropriations made available to carry out this Act, the Commission shall give special consideration to the needs of those counties for which a distressed county designation is in effect under this section.

"(c) ECONOMICALLY STRONG COUNTIES.—

"(1) COMPETITIVE COUNTIES.—Except as provided in paragraphs (3) and (4), in the case of a project that is carried out in a county for which a competitive county designation is in effect under this section, assistance under this Act shall be limited to not more than 30 percent of the project cost.

"(2) ATTAINMENT COUNTIES.—Except as provided in paragraphs (3) and (4), no funds may be provided under this Act

for a project that is carried out in a county for which an attainment county designation is in effect under this section.

"(3) EXCEPTIONS.—The requirements of paragraphs (1) and (2) shall not apply to—

"(A) any project on the Appalachian development highway system authorized by section 201;

"(B) any local development district administrative project assisted under section 302(a)(1); or

"(C) any multicounty project that is carried out in 2 or more counties designated under this section if—

"(i) at least 1 of the participating counties is designated as a distressed county under this section; and

"(ii) the project will be of substantial direct benefit to 1 or more distressed counties.

"(4) WAIVER.—

"(A) IN GENERAL.—The Commission may waive the requirements of paragraphs (1) and (2) for a project upon a showing by the recipient of assistance for the project of 1 or more of the following:

"(i) The existence of a significant pocket of distress in the part of the county in which the project is carried out.

"(ii) The existence of a significant potential benefit from the project in 1 or more areas of the region outside the designated county.

"(B) REPORTS TO CONGRESS.—The Commission shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives an annual report describing each waiver granted under subparagraph (A) during the period covered by the report.".

SEC. 220. GRANTS FOR ADMINISTRATIVE EXPENSES AND COMMISSION PROJECTS.

(a) AVAILABILITY OF AMOUNTS.—Section 302(a) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) by striking "The President" and inserting "The Commission"; and

(2) in paragraphs (1), (2), and (3), by striking "to the Commission" each place it appears.

(b) COST SHARING.—Section 302(a) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "75 per centum" and inserting "50 percent"; and

(B) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(3) by striking "(a) The" and inserting the following:

"(a) AUTHORIZATION TO MAKE GRANTS.—

"(1) IN GENERAL.—The";

(4) by adjusting the margins of subparagraphs (A), (B), and (C) (as redesignated by paragraph (2)) to reflect the amendment made by paragraph (3); and

(5) by adding at the end the following:

"(2) COST SHARING AFTER SEPTEMBER 30, 1998.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), after September 30, 1998, not more than 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 226) of the costs of any activity eligible for financial assistance under this section may be provided from funds appropriated to carry out this Act.

"(B) DISCRETIONARY GRANTS.—

"(i) IN GENERAL.—Discretionary grants made by the Commission to implement significant regional initiatives, to take advantage of special development opportunities, or to respond to emergency economic distress in the region may be made without regard to the percentage limitations specified in subparagraph (A).

"(ii) LIMITATION ON AGGREGATE AMOUNT.—For each fiscal year, the aggregate amount of discretionary grants referred to in clause (i) shall not exceed 10 percent of the amounts appropriated under section 401 for the fiscal year.".

(c) CONFORMING AND TECHNICAL AMENDMENTS.—

(1) Section 302 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended—

(A) in subsection (b)—

(i) in paragraph (2), by striking "Federal Energy Administration, the Energy Research and Development Administration" and inserting "Secretary of Energy"; and

(ii) by striking paragraphs (3) and (4); and

(B) by striking subsections (d) and (e).

(2) Section 210(a) of title 35, United States Code, is amended—

(A) by striking paragraph (11); and

(B) by redesignating paragraphs (12) through (22) as paragraphs (11) through (21), respectively.

SEC. 221. AUTHORIZATION OF APPROPRIATIONS FOR GENERAL PROGRAM.

Section 401 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended to read as follows:

"SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—In addition to amounts authorized by section 201 and other amounts made available for the Appalachian development highway system program, there are authorized to be appropriated to the Commission to carry out this Act—

"(1) $68,000,000 for fiscal year 1999;

"(2) $69,000,000 for fiscal year 2000; and

"(3) $70,000,000 for fiscal year 2001.

"(b) AVAILABILITY.—Sums made available under subsection (a) shall remain available until expended.".

SEC. 222. EXTENSION OF TERMINATION DATE.

Section 405 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.) is amended by striking "1982" and inserting "2001".

SEC. 223. TECHNICAL AMENDMENT.

Section 5334(a) of title 5, United States Code, is amended in the second sentence by striking "title 40, appendix, or by a regional commission established pursuant to section 3182 of title 42, under section 3186(a)(2) of that title" and inserting "the Appalachian Regional Development Act of 1965 (40 U.S.C. App.)".

Approved November 13, 1998.

LEGISLATIVE HISTORY—S. 2364:

SENATE REPORTS: No. 105–332 (Comm. on Environment and Public Works).
CONGRESSIONAL RECORD, Vol. 144 (1998):
Oct. 12, considered and passed Senate.
Oct. 13, considered and passed House.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 34 (1998):
Nov. 13, Presidential statement.