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ECONOMIC DEVELOPMENT REVITALIZATION ACT OF 2011

MAY 2, 2011.—Ordered to be printed

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

R E P O R T

[To accompany S. 782]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, which considered the bill (S. 782) to amend the Public Works and Economic Development Act of 1965 to reauthorize that Act, and for other purposes, having considered the same, reports favorably thereon with amendment and recommends that the bill, as amended, do pass.

PURPOSE OF THE LEGISLATION

The Economic Development Revitalization Act of 2011 amends the Public Works and Economic Development Act of 1965 to authorize programs of the Economic Development Administration (EDA) for an additional five years.

GENERAL STATEMENT AND BACKGROUND

Established under the Public Works and Economic Development Act of 1965, the Economic Development Administration (EDA) has long worked to promote job creation and to accelerate industrial and commercial growth in communities suffering from limited job opportunities, low per capita income levels, or similar economic distress.

Over the past four decades, EDA has established a history of helping economically distressed communities foster the jobs and businesses necessary to maintain strong, healthy communities. Working in partnership with state and local governments, regional economic development organizations, public and private nonprofit organizations, universities, and Indian tribes, EDA provides grants

to help communities establish foundations for sustained economic development.

EDA's work is particularly important today and can be of significant help to communities in retaining existing jobs and attracting new jobs. From providing funding for water and sewer improvements to helping manufacturers and producers become more competitive in a global marketplace, the EDA provides valuable assistance to communities across our nation.

By design, EDA investments are targeted to spur large amounts of private sector investment. Between 2005 and 2010, EDA awarded \$1.2 billion in construction-related and revolving loan fund projects through its regular appropriations. The approximately 925 investments are expected to create more than 314,000 jobs, and to leverage large amounts of private sector investment. Based on past research, each dollar of EDA funding is expected to attract nearly seven dollars in private sector investment.

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

The Economic Development Revitalization Act of 2011 makes several changes to EDA programs including: changing the current cost sharing requirements to allow an increased federal share for areas in which unemployment is especially high and per capita income is especially low; allowing for increases in the amount of planning program assistance; modifying the existing Revolving Loan Fund program to allow recipients to convert an existing, but no longer needed revolving loan fund, to carry out another EDA eligible project; and modifying existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the Government's interest using a depreciated figure based on the project's estimated useful life.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 designates the short title of the Act as the 'Economic Development Revitalization Act of 2011'.

Section 2. Findings and declarations

Section 2 updates the findings of the Public Works and Economic Development Act of 1965 (the Act) to include the location of information technology and manufacturing jobs in the United States as one of the means by which communities can develop a more competitive and diversified economic base.

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

Section 3. Definitions

Section 3 adds the Southeast Crescent Regional Commission, Northern Border Regional Commission, and Southwest Border Regional Commission established by section 15301(a) of title 40, U.S.C. to the definition of Regional Commissions.

Section 4. Economic development partnerships

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

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

Section 5. Encouragement of certain coordination

Subsection (1) amends the Act to emphasize that EDA should consult and cooperate with its Federal, State, and local governmental partners.

Subsection (2) specifies that EDA should cooperate with the Department of Labor on economic and workforce development strategies and the promotion of regional innovation clusters.

Section 6. Additional support for enterprise development organizations within the public works program

This section broadens the activities for which EDA can provide grants through Section 201 of the Act to include planning, technical assistance, business development assistance and other forms of assistance the Secretary determines are necessary or useful to support the establishment and operation of public works, public service or development facilities.

Although this section provides EDA with additional flexibility in the awarding of grants, the Committee believes EDA should maintain the construction focus of this program for the great majority of its investments.

Section 7. Grants for planning and grants for administrative expenses

Subsection (1) includes fostering innovation and entrepreneurship, fostering regional collaboration, and facilitating a stakeholder process that takes into account local and regional assets and global economic change on the list of items to be achieved through the EDA planning process.

Subsection (2) specifies that a state's economic development planning should consider the ability of public works to support development practices that enhance energy and water efficiency, reduce the dependence of the United States on foreign oil, and encourage efficient coordination and leveraging of public and private investments.

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

Subsection (3) adds a new subsection (e) to Section 203 of the Act that authorizes the Secretary to provide additional assistance to highly distressed regions that are eligible for a grant rate of 80 percent or higher, and a new subsection (f) that authorizes the Secretary to provide additional assistance or a larger federal share to organizations who are planning on a regional scale.

Section 8. Cost sharing

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

Subsection (b) inserts a new (c)(1) in the Act which allows for an increase in Federal share for communities that meet the following requirements: the federal share may be increased up to 60 percent for communities with a 24-month unemployment rate of at least 150 percent of the national average or a 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) clarifies that the Secretary may establish additional eligibility criteria that would allow for increased federal share in areas impacted by severe outmigration, sudden and severe economic dislocations, and other economic circumstances, as long as the Federal shares established under this criteria do not exceed 80 percent.

Subsection (b) amends subsection (c)(2) of the Act as redesignated to strike ‘may’ and require the Secretary to provide to Indian Tribes a Federal share of 75 percent, which may be increased to 100 percent. It also adds a new subsection (c)(5) to the Act which allows the Secretary to increase the Federal share up to 100 percent for an area that has had a major disaster or emergency declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for up to 18 months following the disaster or emergency designation.

Section 9. Grants for training, research, and technical assistance

Section 9 clarifies that the Secretary may make grants that would be useful in alleviating or preventing unemployment, outmigration, underemployment, or in assisting in the location of information technology and manufacturing jobs in the United States. In addition, this section states that grants may be used for a peer exchange program to promote industry-leading practices and innovations relating to the organizational development, program delivery, and regional initiatives of EDDs.

Section 10. Enhancement of recipient flexibility to deal with project assets

Section 10(a) provides explicit authority for EDA to help communities respond to economic adjustment problems caused by the expansion of defense facilities, not just defense-related closures and realignments.

Section 10(a) also specifies that communities whose economies have been injured by the loss of information technology, manufacturing, natural resources-based, agricultural, or service sector jobs shall be eligible for assistance to reinvest in and diversify their economies.

Section 10(b) requires that the Secretary shall periodically solicit input on the revolving loan fund program from fund grantees, national experts, and employees of Federal agencies with knowledge of international, national, regional, and statewide trends, innovations, and noteworthy practices relating to business development finance, including public and private lending and technical assistance intermediaries.

Section 10(b) also provides flexibility to the revolving loan fund program by allowing the recipient of a revolving loan fund that is no longer needed to submit to the Secretary a request to approve the conversion of the revolving loan fund assistance to other eligible projects. This subsection also authorizes the Secretary to use up to 2 percent of the amounts made available for grants under section 209 to improve the management of the revolving loan fund program.

Section 11. Renewable energy program

Section 11 authorizes EDA to provide grants of up to \$5 million for each of fiscal years 2011 through 2015 for the redevelopment of brownfield sites through the use of one or more renewable energy technologies including, but not limited to, solar, wind, and geothermal technologies.

Section 12. Energy efficiency and economic development

Section 12 adds a new section to the Act which specifies that EDA shall support economic development practices that enhance energy and water efficiency, and reduce the dependence of the United States on foreign oil.

Section 13. Comprehensive economic development strategies improvements

Section 13 makes minor technical changes to clarify that comprehensive economic development strategies must address economic development opportunities, as well as the economic development problems communities' face, and that such strategies must efficiently increase the effective use and functionality of resources.

Section 14. Designation of economic development districts

Section 14 specifies that each EDD shall engage in a full range of economic activities including: coordinating and implementing economic development; carrying out economic development research, planning, implementation and advisory functions; and coordinating the development and implementation of the comprehensive economic development strategy with other Federal, State, local, and private organizations. This section also allows EDDs to enter into contracts for services to accomplish these activities.

One function of EDDs is to coordinate with other Federal, State, local, and private organizations, including with Federal agencies that provide grants or loans, or award a substantial number of contracts to the communities in the EDD. For example, EDDs should coordinate with the Forest Service, or other relevant agencies, in the case of timber sale, service, or stewardship contracts. Coordination should be executed in a manner to help the communities understand the probable levels of Federal support or contracts so that

the communities can adequately and accurately plan for their economic future.

Section 15. Consultation with other persons and agencies

Section 15 adds area and regional outmigration to the list of items for which the Secretary may consult with other persons and agencies who may be of assistance.

Section 16. Notification of reorganization

Section 16 moves the State of Montana from the purview of the Denver Regional Office to the Seattle Regional Office.

Section 17. Administrative expenses

Section 17 amends Section 604 of the Act, which authorizes EDA to delegate functions to other Federal agencies, and to transfer to and receive funds from other Federal agencies. The amendment allows EDA to use 3 percent of the transferred funds, in the case of projects not involving construction, and 5 percent of the transferred funds, in the case of projects involving construction, for administrative expenses incident to projects associated with the transfers.

Section 18. Maintenance of effort

Section 18 modifies existing maintenance of effort rules to allow recipients of grants that are more than 10 years old to buy out the Government's interest using a depreciated figure based on the project's estimated useful life.

Section 19. Extension of authorization of appropriations

Section 19 authorizes EDA for an additional five years (fiscal year 2011 through fiscal year 2015) at \$500 million per year.

Section 20. Funding for grants for planning and grants for administrative expenses

Section 20 provides that not less than the lesser of 12 percent and \$31 million shall be provided each year for grants for planning and administrative expenses. The amount made available each year for grants for planning and administrative expenses will increase to an amount equal to: the greater of \$32 million and 11 percent if \$291 million or more is appropriated for economic development assistance programs; the greater of \$33 million and 10 percent if \$330 million or more is appropriated for economic development assistance programs; the greater of \$34 million and 10 percent if \$340 million or more is appropriated for economic development assistance programs; and, the greater of \$35 million and 10 percent if \$350 million or more is appropriated for economic development assistance programs.

Section 21. Report on duplicative programs

Section 21 requires the Government Accountability Office to report to the Environment and Public Works Committee of the Senate within 90 days after enactment with a list of programs or portions of programs from other federal agencies, including the Department of Housing and Urban Development, Department of Agriculture, and the Small Business Administration, that are duplicative of programs administered by EDA.

LEGISLATIVE HISTORY

The most recent EDA authorization, the Economic Development Administration Reauthorization Act of 2004, expired on September 30, 2008. The Committee met on April 14, 2011, to consider S. 782, the Economic Development Revitalization Act of 2011. Inhofe Amendment #1, directing the Government Accountability Office to compile a list of programs from other federal agencies that are duplicative of programs administered by EDA, was adopted by unanimous consent. The bill was then ordered to be reported favorably by voice vote.

HEARINGS

In the 110th Congress, the Committee held a hearing on September 9, 2008, entitled, 'Economic Development Administration Oversight'. The Committee also met on September 17, 2008, to consider an original bill (S. 3551), the Economic Development Revitalization Act of 2008, which is very similar to this year's legislation. The bill was ordered to be reported favorably by voice vote without amendment.

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

On November 18, 2009, the Committee met to consider S. 2778, the Economic Development Revitalization Act of 2009, which is very similar to this year's legislation. A quorum of the Committee being present, S. 2778 was reported favorably with amendment by a roll call vote of 18 yeas and 1 not recorded.

On May 18, 2010, the Committee held a hearing entitled, 'Federal Response to the Recent Oil Spill in the Gulf of Mexico.' Assistant Secretary John Fernandez testified at that hearing regarding EDA's response to the Oil Spill in the Gulf.

ROLL CALL VOTES

The Committee on Environment and Public Works met to consider S. 782, the Economic Development Revitalization Act on April 14, 2011. A quorum of the Committee being present, S. 782 was reported favorably with 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, consistent with the findings of the Congressional Budget Office, that S. 782 does not create any new private sector mandates as defined in the Unfunded Mandates Reform Act, nor will it cause any adverse impact on the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (Public Law 104-4), the committee finds, in accordance with the findings of the Congressional Budget Office noted below, that S.

782 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.

April 26, 2011.

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 S. 782, the Economic Development Revitalization Act of 2011.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Daniel Hoople.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 782—Economic Development Revitalization Act of 2011

Summary: S. 782 would reauthorize funding for existing programs of the Economic Development Administration (EDA) through 2015. Assuming appropriation of the specified amounts, CBO estimates that implementing this bill would cost about \$1.5 billion through 2016 and an additional \$760 million after that year. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 782 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 782 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—						
	2011	2012	2013	2014	2015	2016	2011–2016
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Authorization Level ^a	254	500	500	500	500	0	2,254
Estimated Outlays	0	38	190	300	456	510	1,494

^aThe Congress provided \$246 million to the EDA for fiscal year 2011 (see Public Law 112–10). CBO assumes that a supplemental appropriation would be provided to increase the overall funding level for the agency to the amount authorized by the bill.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted before the end of fiscal year 2011 and that amounts specified in the bill will be appropriated for each year (including amounts authorized for the current fiscal year).

S. 782 would authorize the appropriation of \$500 million in each of fiscal years 2011 through 2015 for EDA to provide various types of assistance to encourage economic development in distressed areas. For 2011, the Congress has thus far provided a total of \$246 million to EDA (see Public Law 112–10), leaving \$254 million remaining from the authorization level in the bill for 2011 of \$500 million.

Of amounts authorized by the bill for each year, at least \$31 million would be spent on a grant program for planning and administrative expenses (the amount authorized for this activity would vary based on actual appropriations). This amount is roughly

equivalent to the amount allocated for this activity in 2011, CBO estimates. The bill also would allocate \$5 million per year for grants to redevelop abandoned or underdeveloped property through the use of renewable energy technologies.

Based on historical spending patterns, CBO estimates that assistance provided by EDA would cost about \$1.5 billion over the 2011–2016 period, and \$760 million after 2016.

S. 782 also would make several changes to the amount of assistance that may be provided to each grantee. Under current law, the federal government covers 50 percent of the cost for most projects, plus up to an additional 30 percent based on the relative needs of the region in which the project is located (as measured by unemployment rates and per capita income). The legislation would lower the threshold at which that additional federal assistance would be provided. In addition, the minimum federal share for grants made to Indian tribes would increase from 50 percent to 75 percent, and the maximum federal share of all projects located in a Presidentially declared disaster area would increase to 100 percent. Such changes would not significantly alter the pace of expenditures for EDA programs and would have no effect on the federal budget, CBO estimates.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: S. 782 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grants and technical assistance authorized in the bill for economic development projects. Any costs to those governments, including matching funds, would be incurred voluntarily as a condition of receiving federal assistance.

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

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

CHANGES IN EXISTING LAW

In compliance with section 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows: Existing law proposed to be omitted is enclosed in [black brackets], new matter is printed in *italic*, existing law in which no change is proposed is shown in roman:

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PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

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SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(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. Repealed]**
- 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.
- Sec. 214. Special impact areas.
- Sec. 215. Performance awards.
- Sec. 216. Planning performance awards.
- Sec. 217. Direct expenditure or redistribution by recipient.
- Sec. 218. Brightfields demonstration program.
- Sec. 219. *Energy efficiency and economic development.*

* * * * *

SEC. 2. FINDINGS AND DECLARATIONS.

(a) FINDINGS.—Congress finds that—

- (1) there continue to be areas of the United States experiencing chronic high unemployment, underemployment, outmigration, and low per capita incomes, as well as areas facing sudden and severe economic dislocations because of structural economic changes, changing trade patterns, certain Federal actions (including environmental requirements that result in the removal of economic activities from a locality), and natural disasters;
- (2) economic growth in the States, cities, and rural areas of the United States is produced by expanding economic opportunities, expanding free enterprise through trade, developing and strengthening public infrastructure, and creating a climate for job creation and business development;
- (3) the goal of Federal economic development programs is to raise the standard of living for all citizens and increase the wealth and overall rate of growth of the economy by encouraging communities to develop a more competitive and diversified economic base by—
 - (A) creating an environment that promotes economic activity by improving and expanding public infrastructure;
 - (B) promoting job creation through increased innovation, productivity, and entrepreneurship; and
 - (C) empowering local and regional communities experiencing chronic high unemployment and low per capita income to develop private sector business and attract increased private sector capital investment, *including the location of information technology and manufacturing jobs in the United States;*

* * * * *

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

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

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

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

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

(4) assistance under this Act should be made available to promote the productive reuse of abandoned industrial facilities and the redevelopment of brownfields.

SEC. 3. DEFINITIONS.

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 economic development district;

(ii) an Indian tribe;

(iii) a State;

(iv) a city or other political subdivision of a State, including a special purpose unit of a State or local government engaged in economic or infrastructure devel-

opment activities, or a consortium of political subdivisions;

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

(vi) 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) 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 established by section 15301(a)(1) of title 40, United States Code;

(F) the Northern Border Regional Commission established by section 15301(a)(3) of title 40, United States Code; and

(G) the Southwest Border Regional Commission established by section 15301(a)(2) of title 40, United States Code.

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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, *economic development districts, university centers*, as the Secretary determines is appropriate to—

(1) alleviate economic distress;

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

(2) encourage and support public-private partnerships for the formation and improvement of regional economic development strategies that sustain and promote innovation and entrepreneurship that is critical to economic competitiveness across the United States; and

(3) promote investment in infrastructure, *innovation, entrepreneurship, beneficial 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.

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SEC. 102. COOPERATION OF FEDERAL AGENCIES.

[In accordance with]

(a) *IN GENERAL.*—*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.

(b) *GOVERNMENTAL COOPERATION.*—

(1) *IN GENERAL.*—*The Secretary is authorized and encouraged to consult and cooperate with other agencies, including representatives of the Federal Government, State and local governments, and consortia of governmental organizations, that can assist in addressing challenges and capitalize on opportunities that require intergovernmental coordination.*

(2) *LABOR.*—*In carrying out paragraph (1), the Secretary shall cooperate with the Secretary of Labor to support economic and workforce development strategies and the promotion of regional innovation clusters.*

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SEC. 201. GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT.

(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[.]; and

(3) *other activities the conduct of which the Secretary determines would be necessary or useful to support the establishment and operation of those facilities on an ongoing basis, including—*

(A) related planning, technical assistance, and business development assistance to enable the recipient to bring together regional assets and encourage entrepreneurial development; and

(B) to the extent needed to support entrepreneurial development, revolving loan funds pursuant to section 209.

* * * * *

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.]

(4) formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes by fostering innovation and entrepreneurship;

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

(6) facilitating a stakeholder process that assists the community or region in creating an economic development vision that takes into account local and regional assets (including natural, social, community, and geographical resources) and global economic change.

(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, to the maximum extent practicable, 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) COORDINATION.—Before providing assistance for a State plan under this section, the Secretary shall consider the extent to which the State will consider local and economic development district plans.

(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;
- (D) assist in carrying out the workforce investment strategy of a State;
- (E) promote the use of technology in economic development, including access to high-speed telecommunications; **[and]**
- (F) balance resources through the sound management of physical development**[.]**; and
- (G) support development practices that—
 - (i) enhance energy and water efficiency;
 - (ii) reduce the dependence of the United States on foreign oil; and
 - (iii) encourage efficient coordination and leveraging of public and private investments.

(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.

(e) ADDITIONAL AMOUNTS TO ADDRESS SEVERE NEED.—In determining the amount of funds to provide a recipient for planning assistance under this section, the Secretary shall take into account those recipients located in regions that are—

- (1) eligible for an investment rate of 80 percent or higher; or
- (2) experiencing severe need due to long-term economic deterioration or sudden and severe economic distress.

(f) ENCOURAGING PLANNING ASSISTANCE ON A BROADER REGIONAL SCALE.—In order to encourage district organizations to develop regional economic competitiveness strategies on a broader basis in collaboration with other district organizations and entities outside the confines of a single economic development district, the Secretary may increase—

- (1) the Federal share otherwise applicable to the recipients; or
- (2) the amount of Federal assistance to the recipients.

* * * * *

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, except as otherwise expressly provided in this Act.

* * * * *

(c) INCREASE IN FEDERAL SHARE.—

(1) RELATIVE NEEDS OF AN AREA.—

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

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

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

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

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

[(2)](3) CERTAIN STATES, POLITICAL SUBDIVISIONS, AND 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 [or underemployment], *outmigration*, or *underemployment*, or in assisting in the location of information technology and manufacturing jobs in the United States.

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

- (A) project planning and feasibility studies;
- (B) demonstrations of innovative activities or strategic economic development investments;
- (C) management and operational assistance;
- (D) establishment of university centers;
- (E) establishment of business outreach centers;
- (F) studies evaluating the needs of, and development potential for, economic growth of areas that the Secretary determines have substantial need for the assistance;
- (G) studies that evaluate the effectiveness of coordinating projects funded under this Act with projects funded under other Acts;
- (H) assessment, marketing, and establishment of business clusters; [and]
- (I) *a peer exchange program to promote industry-leading practices and innovations relating to the organizational development, program delivery, and regional initiatives of economic development districts; and*
- [(I)](J) other activities determined by the Secretary to be appropriate.

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

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

- (1) provide research and technical assistance through officers or employees of the Department;
- (2) pay funds made available to carry out this section to Federal agencies; or
- (3) employ private individuals, partnerships, businesses, corporations, or appropriate institutions under contracts entered into for that purpose.

* * * * *

SEC. 209. GRANTS FOR ECONOMIC ADJUSTMENT.

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

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

- (1) the project will help the area to meet a special need arising from—
 - (A) actual or threatened severe unemployment; or
 - (B) economic adjustment problems resulting from severe changes in economic conditions; and
- (2) the area for which a project is to be carried out has a comprehensive economic development strategy and the project is consistent with the strategy, except that this paragraph shall not apply to planning projects.

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

(1) military base closures, realignments, or mission growth, defense contractor reductions in force, or Department of Energy defense-related funding reductions, for help in—

- (A) diversifying the economies of the communities; or*
- (B) otherwise supporting the economic adjustment activities of the Secretary of Defense through projects to be carried out on Federal Government installations or elsewhere in the communities;*

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

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

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

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

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

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

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

(2) COMMENTS.—

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

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

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

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

(i) the public; and

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

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

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

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

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

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

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

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

exempted by rule or regulation of the Securities and Exchange Commission.

(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 request to convert assistance that 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.—In this section, the term “brightfield site” means a brownfield site that is redeveloped through the incorporation of 1 or more solar energy technologies.]

(a) DEFINITION OF RENEWABLE ENERGY SITE.—In this section, the term ‘renewable energy site’ means a brownfield site that is redeveloped through the incorporation of 1 or more renewable energy technologies, including, but not limited to, solar, wind, and geothermal technologies.

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

(1) use 1 or more [solar energy technologies]renewable energy technologies, including, but not limited to, solar, wind, and geothermal technologies to develop abandoned or contaminated sites for commercial use; and

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

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

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$5,000,000 for each of fiscal years [2004 through 2008]2011 through 2015, to remain available until expended.

SEC. 219. ENERGY EFFICIENCY AND ECONOMIC DEVELOPMENT.

In administering programs under this Act, the Secretary shall support activities that employ economic development practices that—

- (1) enhance energy and water efficiency; and
- (2) reduce the dependence of the United States on foreign oil.

* * * * *

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

* * * * *

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 recipi-

ent submits to the Secretary, as part of an application for the assistance—

(1) an identification of the economic development problems *and opportunities* 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**, *private, and nonprofit* participants and sources of funding for the investments; and

(3)(A) a comprehensive economic development strategy for addressing the economic problems *and opportunities* identified under paragraph (1) in a manner that promotes economic development and opportunity, fosters effective transportation access, maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy, **promotes the use** *promotes the effective use of technology in economic development (including access to high-speed telecommunications), enhances and protects the environment, and* **balances** *optimizes* resources through sound management of development; and

(B) a description of how the strategy will solve the problems *and take advantage of the opportunities*.

(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.—

(1) IN GENERAL.—The Secretary may accept as a comprehensive economic development strategy a satisfactory plan developed under another federally, *State, or locally* supported program.

(2) EXISTING STRATEGY.—To the maximum extent practicable, a plan submitted under this paragraph shall be consistent and coordinated with any existing comprehensive economic development strategy for the area.

* * * * *

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.

(c) **OPERATIONS.**—

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

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

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

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

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

* * * * *

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.

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

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SEC. 507. 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.*

* * * * *

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 be used for administrative expenses incident to the projects associated with the transfers to the extent that the expenses do not exceed—*

(i) *3 percent, in the case of projects not involving construction; and*

(ii) *5 percent, in the case of projects involving construction; and*

[(B)](C) 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.

* * * * *

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 uni-

form administration of this Act, notwithstanding any estimated useful life period that otherwise relates to the assistance.

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

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

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TITLE VII—FUNDING

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;
- [(2) \$425,000,000 for fiscal year 2005;
- [(3) \$450,000,000 for fiscal year 2006;
- [(4) \$475,000,000 for fiscal year 2007; and
- [(5) \$500,000,000 for fiscal year 2008.]]*expended, \$500,000,000 for each of fiscal years 2011 through 2015.*

(b) *SALARIES AND EXPENSES.*—There are authorized to be appropriated for salaries and expenses of administering this Act, to remain available until expended—

- (1) \$33,377,000 for fiscal year 2004; and
- (2) such sums as are necessary for each fiscal year thereafter.

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[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, there shall be made available to provide grants under section 203 an amount equal to not less than the lesser of—

- (1) 12 percent; and
- (2) \$31,000,000.

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

(1) if the total amount made available under section 701(a) for the fiscal year is equal to or greater than \$291,000,000, an amount equal to the greater of—

(A) \$32,000,000; and

(B) 11 percent of the total amount made available under section 701(a) for the fiscal year;

(2) if the total amount made available under section 701(a) for the fiscal year is equal to or greater than \$330,000,000, an amount equal to the greater of—

(A) \$33,000,000; and

(B) 10 percent of the total amount made available under section 701(a) for the fiscal year;

(3) if the total amount made available under section 701(a) for the fiscal year is equal to or greater than \$340,000,000, an amount equal to the greater of—

(A) \$34,000,000; and

(B) 10 percent of the total amount made available under section 701(a) for the fiscal year; or

(4) if the total amount made available under section 701(a) for the fiscal year is equal to or greater than \$350,000,000, an amount equal to the greater of—

(A) \$35,000,000; and

(B) 10 percent of the total amount made available under section 701(a) for the fiscal year.

* * * * *

