

REAUTHORIZATION OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT
ACT OF 1965

A BILL

To reauthorize and improve the programs authorized by the Public Works and Economic Development Act of 1965.

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

SECTION 1. SHORT TITLE.

SHORT TITLE.— This Act may be cited as the 'Economic Development Administration Reauthorization Act of 2003'.

SEC. 2. FINDINGS AND DECLARATIONS. Section 2 of the Public Works and Economic Development Act of 1965, as amended ("PWEDA") (42 U.S.C. § 3121), is revised to read as follows:

"SEC. 2. FINDINGS AND DECLARATIONS.

"(a) FINDINGS.— Congress finds that —

"(1) while the fundamentals for growth in the American economy remain strong, there continue to be areas experiencing chronic high unemployment, underemployment, low per capita incomes, and outmigration as well as areas facing sudden and severe economic dislocations due to 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) sustained economic growth in our Nation, States, cities and rural areas is produced by expanding free enterprise through trade and enhanced competitiveness of regions;

"(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 local and regional communities to develop a more competitive and diversified economic base by:

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

“(B) empowering local and regional communities experiencing chronic high unemployment and low per capita income to attract substantially increased private-sector capital investment;

“(4) while economic development is an inherently local process, the Federal Government should work in partnership with public and private local, regional, Tribal and State organizations to maximize the impact of existing resources and enable regions, communities, and citizens to participate more fully in the American dream and national prosperity;

“(5) in order to avoid wasteful duplication of effort and achieve meaningful, long-lasting results, Federal, State, Tribal and local economic development activities should have a clear focus, improved coordination, a comprehensive approach, common measures of success, and simplified and consistent requirements; and

“(6) Federal economic development efforts will be more effective if they are coordinated with, and build upon, the trade, workforce investment, and technology programs of the United States.

“(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, Indian Tribes, the States, and the Federal Government to increase their capacity to develop and implement comprehensive economic development strategies to enhance regional competitiveness in the global economy and support long-term development of regional economies; and

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

SEC. 3. DEFINITIONS.

Section 3 of PWEDA (42 U.S.C. § 3122) is amended as follows:

(1) Subparagraph (4)(A) of this section is amended by striking subparagraph (i) and re-designating successive subparagraphs (ii) through (vii) as (i) through (vi) and revising subparagraph (iv) as re-designated to read as follows:

“(iv) a city or other political subdivision of a State, including a special purpose unit of State or local government, or a consortium of political subdivisions;”.

(2) Subparagraph 4(B) is amended by adding at the end thereof a new sentence:

“The requirement under subparagraph (A)(vi) that the nonprofit organization or association is ‘acting in cooperation with officials of a political subdivision of a State’ does not apply in the case of research, training and technical assistance grants under section 207 that are national or regional in scope.”.

(3) Paragraphs (8), (9) and (10) are amended by re-designating them as paragraphs (9), (10) and (11) and a new paragraph (8) is added as follows:

“(8) REGIONAL COMMISSIONS.— The term ‘Regional Commissions’ as used in section 403 of this Act refers to the regional economic development authorities: the Delta Regional Authority (Pub. L. No. 106-554, Sec. 1(a)(4) [Div. B, title VI], 114 Stat. 2763A-268) (7 U.S.C. § 2009aa et seq.), the Denali Commission (Pub. L. No. 105-277, Div. C, title III, 112 Stat. 2681-637) (42 U.S.C. § 3121 note), and the Northern Great Plains Regional Authority (Pub. L. No. 107-171, 116 Stat. 375) (7 U.S.C. § 2009bb et seq.).”.

(4) A new paragraph (12) is added at the end to read as follows:

“(12) UNIVERSITY CENTER.— The term ‘university center’ refers to a University Center for Economic Development established pursuant to the authority of section 207(a)(2)(D) of this Act.”.

SEC. 4. WORKING WITH NONPROFIT ORGANIZATIONS IN ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

Section 101 of PWEDA (42 U.S.C. § 3131) is amended as follows:

(1) In subsection (b) strike “and multi-State regional organizations” and insert in lieu thereof “*multi-State regional organizations, and nonprofit organizations*”.

(2) In subsection (d), strike “adjoining” each time it occurs.

SEC. 5. SUB-GRANTS IN CONNECTION WITH PUBLIC WORKS PROJECTS.

Section 201 of PWEDA (42 U.S.C. § 3141) is amended by adding a new subsection (d) as follows:

“(d) SUB-GRANTS.— (1) Subject to paragraph (2), a recipient of a grant under this section may directly expend the grant funds or may redistribute the funds in the form of a sub-grant to other recipients eligible to receive assistance under this section to fund required components of the scope of work approved for the project.

“(2) Under paragraph (1), a recipient may not redistribute grant funds to a for-profit entity.”.

SEC. 6. CLARIFICATION OF GRANTS FOR STATE PLANNING.

Section 203 of PWEDA (42 U.S.C. § 3143) is amended as follows:

(1) Revise paragraph (1) of subsection (d) to read as follows:

“(1) Development.— Any State plan developed with assistance under this section shall, to the maximum extent practicable, take into consideration regional economic development strategies.”;

(2) Strike paragraph (3) of subsection (d) in its entirety and re-designate paragraphs (4) and (5) as (3) and (4);

(3) Revise re-designated paragraph (3) of subsection (d) by striking “and” at the end of subparagraph (C) and re-designating current subparagraph (D) as (E) and adding a new subparagraph (D) to read as follows:

“(D) assist in carrying out state’s workforce investment strategy (as outlined in the State plan required under section 112 of the Workforce Investment Act of 1998 (29 U.S.C. § 2822)); and”;

(4) Add a new subsection (e) at the end thereof as follows:

“(e) SUB-GRANTS.—(1) Subject to paragraph (2), a recipient of a grant under this section may directly expend the grant funds or may redistribute the funds in the form of a sub-grant to other recipients eligible to receive assistance under this section to fund required components of the scope of work approved for the project.

“(2) Under paragraph (1), a recipient may not redistribute grant funds to a for-profit entity.”.

SEC. 7. SIMPLIFICATION OF DETERMINATION OF GRANT RATES.

Sections 204 and 205 of PWEDA (42 U.S.C. §§ 3144, 3145) are amended to read as follows:

“SEC. 204. COST SHARING.

“(a) FEDERAL SHARE.— The Secretary shall issue regulations to establish the applicable grant rates for projects based on the relative needs of the areas in which the projects are located. Except as provided in subsection (c) below, the amount of a grant for a project under this title may not exceed 80 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, and assumptions of debt.

“(c) INCREASE IN FEDERAL SHARE.—

“(1) INDIAN TRIBES.— In the case of a grant to an Indian tribe, the Secretary may increase the Federal share above the percentage specified in subsection (a) up to 100 percent of the cost of the project.

“(2) 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 increase the Federal share above the percentage specified in subsection (a) up to 100 percent of the cost of the project.

“SEC. 205. GRANTS SUPPLEMENTING OTHER AGENCY GRANTS. (42 U.S.C. § 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) is designated as eligible for an allocation of funds under this section by the Secretary; 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.— Subject to subsection (c) below, in order to assist eligible recipients to take advantage of designated Federal grant programs, 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 recipient’s economic situation, for which the eligible recipient cannot provide the required non-Federal share.

“(c) REQUIREMENTS APPLICABLE TO SUPPLEMENTARY GRANTS.—

“(1) Amount of supplementary grants.— The share of the project cost supported by a supplementary grant under this section may not exceed the applicable grant rate under section 204.

“(2) Form of supplementary grants.— The Secretary shall make supplementary grants by

“(A) the payment of funds made available under this Act to the heads of the Federal agencies responsible for carrying out the applicable Federal programs, or

“(B) the award of funds under this Act which will be combined with funds transferred from other Federal agencies in projects administered by the Secretary.”.

“(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.”.

SEC. 8. REGULATIONS ON ALLOCATIONS TO ENSURE JOB CREATION POTENTIAL.

Subsection 206 of PWEDA (42 U.S.C. § 3146) is amended by striking “and” at the end of subparagraph (1)(C), inserting “and” at the end of paragraph (2), and adding a new paragraph (3) at the end thereof to read as follows:

“(3) allocations of assistance under this title promote job creation through increased innovation, productivity, and entrepreneurship, and financial assistance

extended pursuant to such allocations will have a high probability of meeting or exceeding applicable performance requirements established in connection with extension of the assistance.”.

SEC. 9. INCREASED FLEXIBILITY IN GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) Section 207 of PWEDA (42 U.S.C. § 3147) is amended by striking “and” at the end of subparagraph (2)(F) of subsection (a), re-designating current subparagraph (G) as (H), and adding a new subparagraph (G) to read as follows:

“(G) studies that evaluate the effectiveness of collaborations between projects funded under this Act with projects funded under the Workforce Investment Act of 1998 (29 U.S.C. § 2801 et seq.); and”.

(b) Section 207 is further amended by adding a new subsection (c) to read as follows:

“(c) SUB-GRANTS.—A recipient of a grant under this section may directly expend the grant funds or may redistribute the funds in the form of a sub-grant to other recipients eligible to receive assistance under this section to fund required components of the scope of work approved for the project.”.

SEC. 10. REMOVAL OF SECTION.

Section 208 of PWEDA (42 U.S.C. § 3148) is stricken in its entirety and insert in lieu thereof: “SEC. 208. [Repealed].”.

SEC. 11. IMPROVEMENTS IN ADMINISTRATION GRANTS FOR ECONOMIC ADJUSTMENT INVOLVING REVOLVING LOAN FUND PROJECTS.

(a) Subsection (d) of section 209 of PWEDA (42 U.S.C. § 3149) is amended by striking “an eligible” in each case it occurs in paragraphs (1) and (2) and inserting in lieu thereof “a recipient”.

(b) Section 209 of PWEDA (42 U.S.C. § 3149) is amended by adding a new subsection (e) at the end thereof as follows:

“(e) SPECIAL PROVISIONS RELATING TO REVOLVING LOAN FUND GRANTS.— The Secretary shall promulgate regulations to ensure the proper operation and financial integrity of revolving loan funds established by recipients with assistance under this section.

“(1) Efficient Administration.— In order to improve the ability to manage and administer the Federal interest in revolving loan funds and in accordance with regulations issued for such purposes, the Secretary may amend and consolidate grant agreements governing revolving loan funds to provide flexibility with respect to lending areas and borrower criteria. In addition, the Secretary may assign or transfer assets of a revolving loan fund to a third party for the purpose of liquidation and a third party may retain assets of the fund to defray costs related to liquidation. The Secretary may also take such other actions with respect to management and administration as the Secretary determines to be appropriate to carry out the purposes of this Act, including actions to enable revolving loan fund operators to sell or securitize loans to the secondary market (except that such actions may not include issuance of a Federal guaranty by the Secretary).

“(2) Release of Federal Interests.— The Secretary may release, in whole or in part, any property interest in connection with a revolving loan fund grant after the date that is 20 years after the date on which the grant was awarded, provided that the recipient—

“(A) is in compliance with the terms of its grant and operating the fund at an acceptable level of performance as determined by the Secretary; and

“(B) reimburses the government prior to the release for the amount of the Secretary’s investment in the fund or the pro-rata share of the fund at the time of the release, whichever is less.

“Any action taken by the Secretary pursuant to this subsection with respect to a revolving loan fund shall not constitute a new obligation provided that all grant funds associated with the original grant award have been disbursed to the recipient.”.

SEC. 12. USE OF FUNDS IN PROJECTS CONSTRUCTED UNDER PROJECTED COST.

Section 211 of PWEDA (42 U.S.C. § 3151) is amended to read as follows:

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

“In any case in which the Secretary has made a grant for a construction project under sections 201 or 209 of this title, and before closeout of the project, the Secretary determines that the cost of the project based on the designs and specifications that were the basis of the grant has decreased because of decreases in costs—

“(1) without further appropriations action, the Secretary may approve the use of the excess funds or a portion of the funds to improve the project;

“(2) any amount of excess funds remaining after application of paragraph (1) may used for other investments authorized for support under this Act.

In addition to paragraphs (1) and (2) of this section, in the event of construction underruns in projects utilizing funds transferred from other Federal agencies pursuant to section 604 of this Act, the Secretary may utilize these funds in conjunction with paragraphs (1) or (2) with the approval of the originating agency or will return the funds to the originating agency.”.

SEC. 13. SPECIAL IMPACT AREAS.

Title II of PWEDA is further amended by adding a new section 214 as follows:

“SEC. 214. SPECIAL IMPACT AREAS.

“SPECIAL IMPACT AREAS.—The Secretary is authorized to make grants, enter into contracts and provide technical assistance for projects and programs that the Secretary finds will fulfill a pressing need of the area and be useful in alleviating or preventing conditions of excessive unemployment or underemployment or assist in providing useful employment opportunities for the unemployed or underemployed residents in the area. In

extending assistance under this section, the Secretary may waive, in whole or in part, as appropriate, the provisions of section 302 of this Act provided that the Secretary determines that such assistance will carry out the purposes of the Act.”.

SEC. 14. PERFORMANCE INCENTIVES.

Title II of PWEDA is further amended by adding a new section 215 as follows:

“SEC. 215. PERFORMANCE INCENTIVES.

“(a) In accordance with regulations issued for such purposes, the Secretary may award transferable performance credits in an amount that does not exceed 10 percent of the grant amount awarded under sections 201 or 209 of this Act on or after the effective date of this amendment. The Secretary shall base such performance incentives on the extent to which a recipient meets or exceeds performance requirements established in connection with extension of the assistance.

“(b) A recipient awarded a transferable performance credit under this section may redeem the credit to increase the Federal share of a subsequent grant funded under sections 201 and 209 of this Act above the maximum Federal share allowable under section 204 up to 80 percent of the project cost. A performance credit must be redeemed within 5 years of its issue date.

“(c) An original recipient may also sell or transfer the credit in its entirety to another eligible recipient for use in connection with a grant approved by the Secretary under this Act without reimbursement to the Secretary for redemption in accordance with subsection (b) above.

“(d) The Secretary shall attach such terms and conditions or limitations as the Secretary deems appropriate in issuing a performance credit. Performance credits shall be paid out of appropriations for economic development assistance programs made available in the year of redemption to the extent of availability.

“(e) The Secretary shall include information regarding issuance of performance credits in the annual report under section 603 of this Act.”.

SEC. 15. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES.

Sub-paragraph (a)(3)(A) of section 302 of PWEDA (42 U.S.C. § 3162) is amended by adding *“maximizes effective development and use of the workforce (consistent with any applicable state and local workforce investment strategy under the Workforce Investment Act of 1998 (29 U.S.C. § 2801 et seq.),”* between “access,” and “enhances”.

SEC. 16. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.

Sub-paragraph (a)(3)(B) of section 401 of PWEDA (42 U.S.C. § 3171) is amended by striking “by each affected State and”.

SEC. 17. DISTRICT INCENTIVES.

Section 403 of PWEDA (42 U.S.C. § 3173) is amended by striking it in its entirety and re-designating sections 404 and 405 as sections 403 and 404. Section 403 as re-designated is amended by adding at the end the following new sentence:

“If any part of an economic development district is in a region covered by one or more other Regional Commissions as defined in section 3(8) of this Act, the economic development district shall ensure that a copy of the comprehensive economic development strategy of the district is provided to the affected regional commission.”.

SEC. 18. ECONOMIC DEVELOPMENT INFORMATION CLEARINGHOUSE.

Section 502 of PWEDA (42 U.S.C. § 3192) is amended to read as follows:

“SEC 502. ECONOMIC DEVELOPMENT INFORMATION CLEARINGHOUSE

“In carrying out this Act, the Secretary shall–

“(1) maintain a central information clearinghouse on the Internet with information on economic development, economic adjustment, disaster recovery, defense conversion, and trade adjustment programs and activities of the Federal government, links to State economic development organizations, and links to other appropriate economic development resources;

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

“(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; and

“(4) obtain appropriate information from other Federal agencies needed to carry out the duties under this Act.”.

SEC. 19. REMOVAL OF UNUSED AUTHORITY.

Section 505 of PWEDA (42 U.S.C. § 3195) is amended by striking it in its entirety and sections 506 and 507 are re-designated as sections 505 and 506.

SEC. 20. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS.

Section 505 of PWEDA (42 U.S.C. § 3196) as re-designated is amended as follows:

(1) In subsection (c), strike “after the effective date of the Economic Development Administration Reform Act of 1998”.

(2) In paragraph (d)(2), strike “and” before “disseminating results” and insert “; *and measuring the outcome-based results of the university centers’ activities*” before the period at the end thereof.

(3) In paragraph (d)(3) of section 506, insert before the period at the end thereof “*as evidenced by outcome-based results, including the number of jobs created or retained, and amount of private-sector funds leveraged*”.

(4) In subsection (e) of section 506, strike “university center or” each occasion it occurs.

SEC. 21. CITATION CORRECTIONS.

Section 602 of PWEDA (42 U.S.C. § 3212) is amended by striking the citations to “40 U.S.C. § 276A-276A-5” and “section 276c” and inserting in lieu thereof, “40 U.S.C. § 3141 *et seq.*” and “*section 3145*” respectively.

SEC. 22. DELETION OF UNNECESSARY PROVISION.

Section 609 of PWEDA (42 U.S.C. § 3219) is amended by striking subsection (a) in its entirety and striking the subsection designation “(b)”.

SEC. 23. GENERAL AUTHORIZATION OF APPROPRIATIONS.

Section 701 of PWEDA (42 U.S.C. § 3231) is amended to read as follows:

“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 \$331,027,000 for fiscal year 2004, and such sums as may be necessary for fiscal years 2005, 2006, 2007, and 2008, to remain available until expended.

“(b) SALARIES AND EXPENSES.— There are authorized to be appropriated for salaries and expenses of administering this Act \$33,377,000 for fiscal year 2004, and such sums as may be necessary for each of the fiscal years from 2005 through 2008, to remain available until expended.”.