



James L. Oberstar

H.R. _____, THE "ECONOMIC REVITALIZATION AND INNOVATION ACT OF 2010"

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

July 28, 2010

Madam Speaker, I rise today to introduce H.R. _____, the "Economic Revitalization and Innovation Act of 2010", to authorize the programs of the Economic Development Administration (EDA) for five years. This legislation creates new programs and adds additional flexibility to EDA's current authorities to ensure that EDA will continue to meet the challenges of high unemployment in economically distressed communities and the need for innovative job creation programs.

In 1965, I served as a staff member of the Committee on Public Works when President Lyndon B. Johnson signed the Public Works and Economic Development Act into law, creating EDA. I was a strong supporter of EDA then and I continue to support the agency now, 45 years later.

I know EDA works because I have seen it work first-hand: providing infrastructure investment, job training, and planning funds to create jobs and economic opportunities in economically distressed communities across the nation – from blighted urban and rural communities

to regions devastated by natural disasters. In fact, we need look no further than in Congress' own back yard where EDA provided critical funding to reconstruct the Eastern Market facility, which was destroyed in a fire. Eastern Market, with assistance from EDA's flexible and responsive programs, was quickly rebuilt, restoring not only bricks and mortar, but economic opportunity for small businesses and jobs for the local community.

In the current difficult economic climate, EDA plays a strategic role in supporting the efforts of economically distressed communities to cope with a diverse range of economic disruptions and move toward recovery. Part of EDA's success is due to the fact that it truly operates its programs as an investor, seeking to obtain the maximum impact for the Federal dollar. EDA investments are also instrumental in attracting private capital to communities. In fact, in fiscal year 2009, EDA invested \$466 million in infrastructure that attracted \$11.7 billion in private investment – or \$25 for every \$1 of Federal investment.

What enables EDA to operate such effective programs is its extensive network of more than 800 local economic development partners across the country. These partners, with assistance from EDA, perform the rigorous regional planning activities necessary to ensure viable, locally-supported, job-creating projects that EDA then funds on a competitive basis. Such projects include:

- construction of a job training center in Delaware to train former auto workers in green building technology and alternative energy systems;
- expansion of port infrastructure in Georgia to allow for increased exports of U.S. manufactured products;
- conversion of an obsolete furniture factory in Mississippi to train workers for new advanced manufacturing positions; and
- expansion of rail infrastructure in Tennessee to service a new industrial park where the first Volkswagen automobile plant in the United States will locate.

These projects are just a handful of EDA's efforts to create jobs and provide the building blocks for economic development in economically distressed communities throughout the nation.

H.R. _____, the "Economic Revitalization and Innovation Act of 2010", reauthorizes EDA for five years and provides the necessary funding and investment tools to enable EDA to help regional and local communities raise the standard of living for their citizens, increase the overall rate of economic growth by expanding economic opportunities, increasing international competitiveness, and fostering a climate to create jobs.

H.R. _____ provides \$500 million for Economic Development Administration (EDA) investments for each of fiscal years (FY) 2011 through FY 2015, for a total authorization of **\$2.5 billion**. This annual investment level is equal to the FY 2008 authorization level, but represents a significant increase over current appropriations levels.

Specifically, the bill authorizes:

- **\$2.225 billion** for economic development investments, including public works and economic adjustment grants;
- **\$180 million** for planning grants to Economic Development Districts (EDDs);
- **\$50 million** for university centers in States (including D.C.) without such centers; and
- **such sums as necessary** for EDA administrative expenses.

The authorized funding levels in H.R. _____ will support grants to economically distressed communities, increased staffing to assist communities, and new and expanded programs.

With more than 8.4 million jobs lost during the recent recession, the call from the American people is “jobs, jobs, jobs”. H.R. ____ is a considered response to this dire need. Major provisions in H.R. ____ that accomplish the goal of increasing jobs and support to distressed communities include:

- Providing loan guarantees (up to a total of \$500 million) to construct business incubators and science and research parks;
- \$25 million in annual funding to support green and alternative energy investments;
- Direct funding using EDA’s existing network of non-profit lenders to lend to technology and manufacturing companies;
- Increased funding to EDA’s network of local planning organizations;
- Assistance to communities to incentivize manufacturing and technology companies to locate or relocate to the United States from overseas, or “on-shoring”;
- Funding and direction to EDA and its local planning partner organizations to capitalize on economic development opportunities from high-speed rail; and
- Greater flexibility in EDA funding to allow communities to adapt to new economic circumstances, such as high home foreclosures and reduced tax revenues.

By focusing EDA’s efforts on proven programs and projects such as business incubators, which tend to generate the greatest number of long-term jobs, we can help facilitate and support the economic renaissance that so many communities need.

I cannot overstate the importance of this legislation. I am sure that every Member has seen firsthand the devastation of lost jobs and distressed communities. As we consider reauthorization of EDA, we must recognize the current economic picture is unsettled: investor confidence and enthusiasm has given way to uncertainty and wariness of future development opportunities. However, EDA, the only Federal agency tasked with the mission of supporting economic development in distressed areas from the ground up, must be empowered to continue to identify

opportunities for future economic growth, job creation, and global competitiveness using its expertise and model of proven success.

A complete summary of H.R. _____, the “Economic Revitalization and Innovation Act of 2010”, is included with my statement.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
H.R. _____, THE “ECONOMIC REVITALIZATION AND INNOVATION ACT OF 2010”
INTRODUCED BY THE HONORABLE JAMES L. OBERSTAR,
THE HONORABLE ELEANOR HOLMES NORTON, AND OTHER MEMBERS OF THE COMMITTEE
July 28, 2010

AUTHORIZED FUNDING LEVELS AND JOB CREATION GOALS

- **Authorized Funding Levels:** H.R. _____, the “Economic Revitalization and Innovation Act of 2010”, provides \$500 million for Economic Development Administration (EDA) investments for each of fiscal years (FY) 2011 through FY 2015, for a total authorization of **\$2.5 billion**. This annual investment level is equal to the FY 2008 authorization level, but represents a significant increase over current appropriations levels.

Specifically, the bill authorizes:

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 - **\$180 million** for planning grants to Economic Development Districts (EDDs);
 - **\$50 million** for university centers in States (including D.C.) without such centers; and
 - **such sums as necessary** for EDA administrative expenses.
- **Job Creation Goals:** Requires that recipients of EDA assistance establish job creation goals as a condition of receipt of EDA assistance, and penalizes recipients for failure to satisfy job creation goals.

EXPANDED SUPPORT FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS

- **Loan Guarantee Funding:** Provides a total of \$500 million in loan guarantees (i.e., a guarantee of non-Federal financing) to enable EDA to provide loan guarantees for the construction and development of business incubators and science and research parks.

- **Construction Funding:** Continues funding for the construction or expansion of business incubators and science and research park facilities under EDA’s public works grant program (requiring matching funds).
- **Operations Funding:** Clarifies EDA’s ability to provide business incubator operating support.

HIGH-SPEED RAIL ECONOMIC DEVELOPMENT AND SUSTAINABLE ECONOMIC DEVELOPMENT

- **High-speed Rail Economic Development:** Requires EDA to coordinate and evaluate opportunities (including studies and reports) related to high-speed rail projects in conjunction with its local economic development partners and the Department of Transportation. In addition, the bill directs university centers to conduct research and provide technical assistance to communities with respect to the economic development opportunities related to high-speed rail projects. Provides \$500,000 per year to EDDs for high-speed rail economic development planning.
- **Sustainable Economic Development:** Creates a new program for investment (\$25 million annually) in projects focused on economic development and job creation connected to alternative energy technologies (photovoltaic, wind, and geothermal), including assistance to communities for business attraction or retention and alternative energy focused job training analyses.

“ON-SHORING” OF JOBS TO THE UNITED STATES AND INCENTIVES TO ENCOURAGE PRIVATE SECTOR INVESTMENT IN TECHNOLOGY AND MANUFACTURING COMPANIES

- **On-Shoring Incentive:** Establishes three separate programs to allow or provide preference for EDA investment assistance to projects that locate or relocate technology and manufacturing companies to the United States, including:
 - **Incubator Loan Guarantee Program** to provide assistance to a facility that will house technology or manufacturing companies locating or relocating to the United States;
 - **Sustainable Economic Development Program** to provide assistance to support the efforts of communities to attract technology and manufacturing businesses locating or relocating to the United States; and
 - **Equity Financing Program** to establish preference for a Revolving Loan Fund (RLF) equity investment for technology and manufacturing companies that locate or relocate to the United States.

- **Equity Financing:** Creates a new program that allows EDA's current RLF program to be used to fund investment (up to \$250,000 per company) in exchange for equity. This program will leverage the network of existing RLF third-party, non-profit intermediaries to administer the program. Provides preference to incubator companies, companies commercializing technology at science and research parks, and technology or manufacturing companies locating or relocating to the United States.

FLEXIBILITY IN ECONOMIC DEVELOPMENT FUNDING OF PROJECTS

- **Revolving Loan Funds and Construction Projects:** Provides EDA grant recipients with authority (pursuant to EDA approval) to redirect funds for new projects that meet EDA criteria.
- **BRAC- and Department of Defense-Impacted Communities:** Authorizes EDA to consider "mission growth" of Defense Base Closure and Realignment (BRAC) or Department of Defense-impacted communities as a criterion for assistance, and allows EDA to consider economic opportunities and not simply economic injury as a basis for assistance to these communities.
- **Declining Tax Revenue Communities:** Authorizes EDA to consider communities' declining tax revenues as the basis for increased Federal share of project costs or an eligibility determination, such as substantial home foreclosure rates creating economic conditions allowing grant assistance to particular communities or regions.

DEFINED ROLE FOR ECONOMIC DEVELOPMENT DISTRICTS AND INCENTIVES FOR REGIONAL PLANNING

- **Role of EDDs:** Clearly defines the responsibilities of an EDD in statute to ensure that local communities have an established role in developing economic development projects.
- **Multi-Regional Planning and Incentives:** Allows EDDs to consolidate without the current penalty of reduced EDD funding.