

ECONOMIC REVITALIZATION AND INNOVATION ACT OF
2010

SEPTEMBER 29, 2010.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. OBERSTAR, from the Committee on Transportation and
Infrastructure, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5897]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 5897) to reauthorize and improve programs and activities carried out under the Public Works and Economic Development Act of 1965, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Economic Revitalization and Innovation Act of 2010”.

(b) **TABLE OF CONTENTS.**—

Sec. 1. Short title; table of contents.

Sec. 2. Amendments to Public Works and Economic Development Act of 1965.

Sec. 3. Findings and declarations.

Sec. 4. Definitions.

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

Sec. 101. Establishment of economic development partnerships.

Sec. 102. Encouragement of certain coordination.

Sec. 103. Coordination with respect to high-speed rail.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

Sec. 201. Grants for public works and economic development.

- Sec. 202. Grants for planning and grants for administrative expenses.
- Sec. 203. Cost sharing.
- Sec. 204. Grants for training, research, and technical assistance.
- Sec. 205. Financial assistance for business incubators and science and research parks.
- Sec. 206. Grants for economic adjustment.
- Sec. 207. Sustainable economic development demonstration program.
- Sec. 208. Job creation goals.
- Sec. 209. Prohibition with respect to use of assistance.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

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

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

- Sec. 401. Designation of economic development districts.
- Sec. 402. Termination or modification of economic development districts.

TITLE V—ADMINISTRATION

- Sec. 501. Consultation with other persons and agencies.
- Sec. 502. Performance evaluations of grant recipients.
- Sec. 503. Economic development representatives.
- Sec. 504. Limitation on certain positions.

TITLE VI—MISCELLANEOUS

- Sec. 601. Annual report to Congress.
- Sec. 602. Maintenance of effort.

TITLE VII—FUNDING

- Sec. 701. General authorization of appropriations.
- Sec. 702. Funding for grants for planning and grants for administrative expenses.
- Sec. 703. Funding for financial assistance for business incubators and science and research parks.
- Sec. 704. Funding for sustainable economic development demonstration program.
- Sec. 705. Funding for grants for training, research, and technical assistance.

SEC. 2. AMENDMENTS TO PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.).

SEC. 3. FINDINGS AND DECLARATIONS.

(a) FINDINGS.—Section 2(a) (42 U.S.C. 3121(a)) is amended to read as follows:

“(a) FINDINGS.—Congress finds that—

“(1) sustainable economic growth in the 21st century depends upon economic development strategies that include investment in essential infrastructure that fosters innovation, entrepreneurship, and competition in the global marketplace;

“(2) there continue to be areas of the United States experiencing chronic high unemployment, underemployment, outmigration, and low per capita income, as well as areas facing sudden and severe economic dislocations due to structural economic changes, increasing international competition, certain Federal actions (including defense-related facility closures and realignment and actions required to counteract the depletion of natural resources), and natural disasters;

“(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 regions and communities to develop a more competitive and diversified economic base, including by—

“(A) expanding economic opportunities, increasing international competitiveness, and creating a climate supportive of job creation and business development;

“(B) creating an environment that promotes public infrastructure investments that maximize sustainable development practices;

“(C) promoting private sector job creation through increased innovation, productivity, and entrepreneurship; and

“(D) empowering local and regional communities experiencing chronic high unemployment, underemployment, outmigration, and low per capita income to develop private sector business and attract increased domestic and foreign private sector capital investment, including through the location of information technology, agribusiness, alternative energy, manufacturing, and bioscience jobs in the United States and the relocation of such jobs to the United States;

“(4) economic growth in the States, including in both cities and rural areas, can best be promoted by helping communities invest in regional strategies that build upon unique competitive advantages and are designed to foster innovation and entrepreneurship in all segments of the community’s economy;

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

“(6) in order to avoid 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, and simplified and consistent requirements; and

“(7) Federal economic development efforts will be more effective if the efforts are coordinated with, and build upon, the trade, workforce investment, higher education, transportation, energy, environmental protection, and technology programs of the United States.”.

(b) DECLARATIONS.—Section 2(b) (42 U.S.C. 3121(b)) is amended to read as follows:

“(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 distressed communities in both rural and urban areas;

“(2) local communities should work in partnership with neighboring communities, economic development districts, States, Indian tribes, institutions of higher education, national security laboratories, the private sector, and the Federal Government to increase the capacity of those local communities to develop and implement comprehensive economic development strategies to alleviate economic distress and enhance competitiveness in the global economy, including national security laboratories;

“(3) whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to take affirmative steps to promote innovation and entrepreneurship, including through the formation of business incubators, to help create higher skill, higher wage jobs and foster the participation of those distressed communities in the global marketplace;

“(4) assistance under this Act should be made available to promote sustainable economic development practices, to assist communities with the productive reuse of abandoned industrial facilities and the redevelopment of brownfields, and to leverage significant Federal investments in high-speed rail corridors and other transportation infrastructure; and

“(5) research assistance under this Act should help regions across the United States leverage the economic assets of those regions in a comprehensive manner and should enhance the Economic Development Administration’s ability to provide an economic development framework to assist distressed communities and regions, with particular emphasis on revitalizing the manufacturing, agribusiness, and bioscience industries and the linkages between urban and rural communities.”.

SEC. 4. DEFINITIONS.

Section 3(8) (42 U.S.C. 3122(8)) is amended—

(1) in subparagraph (C) by striking “and” at the end;

(2) in subparagraph (D) by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(E) the Southeast Crescent Regional Commission established under section 15301(a) of title 40, United States Code;

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

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

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

(a) TECHNICAL ASSISTANCE.—Section 101(b) (42 U.S.C. 3131(b)) is amended—

(1) in the matter preceding paragraph (1) by inserting after “nonprofit organizations” the following: “, including economic development districts and university centers.”; and

(2) by striking paragraphs (2) and (3) and inserting the following:

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

“(3) promote investment in infrastructure, innovation, entrepreneurship, sustainable development, and technological capacity (including with respect to advanced technologies in all industry sectors) to keep pace with the changing global economy.”.

(b) INTERGOVERNMENTAL REVIEW.—Section 101(c) (42 U.S.C. 3131(c)) is amended by inserting after “government agencies” the following: “and appropriate economic development districts”.

SEC. 102. ENCOURAGEMENT OF CERTAIN COORDINATION.

(a) IN GENERAL.—Title I (42 U.S.C. 3131 et seq.) is amended by adding at the end the following:

“SEC. 104. ENCOURAGEMENT OF CERTAIN COORDINATION.

“In carrying out this Act, the Secretary is authorized and encouraged to consult and cooperate with any Federal, State, or local government agency or consortium of governmental organizations that can assist in addressing challenges and capitalizing on opportunities that require coordination, including the Department of Labor with respect to supporting economic and workforce development strategies and promoting regional innovation clusters.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) is amended by inserting after the item relating to section 103 the following:

“Sec. 104. Encouragement of certain coordination.”.

SEC. 103. COORDINATION WITH RESPECT TO HIGH-SPEED RAIL.

(a) IN GENERAL.—Title I (42 U.S.C. 3131 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 105. COORDINATION WITH RESPECT TO HIGH-SPEED RAIL.

“The Secretary shall coordinate activities carried out under this Act, as appropriate, with the Department of Transportation and other relevant Federal agencies, State and local governments, economic development districts, Indian tribes, and planning and development organizations to leverage and maximize the economic development potential of Federal investments in high-speed rail projects. In carrying out this section, the Secretary shall conduct studies and disseminate reports, as appropriate, with respect to high-speed rail projects.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 104 the following:

“Sec. 105. Coordination with respect to high-speed rail.”.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

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

Section 201(a)(1) (42 U.S.C. 3141(a)(1)) is amended by inserting after “development facility” the following: “(including a facility of a business incubator or a science and research park (as such terms are defined in section 208(a)))”.

SEC. 202. GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—Section 203(a) (42 U.S.C. 3143(a)) is amended by inserting after “administrative expenses” the following: “(including indirect costs determined eligible in an applicable Office of Management and Budget circular)”.

(b) PLANNING PROCESS.—Section 203(b) (42 U.S.C. 3143(b)) is amended—

(1) in paragraph (3) by striking “and” at the end;

(2) in paragraph (4) by striking “and increase incomes.” and inserting “and systemic economic distress and increase incomes by fostering entrepreneurship and innovation across all regional industry sectors; and”; and

(3) by adding at the end the following:

“(5) fostering regional collaboration.”.

(c) STATE PLANS.—Section 203(d)(4) (42 U.S.C. 3143(d)(4)) is amended—

(1) in the matter preceding subparagraph (A) by inserting after “public works” the following: “and other types of assistance”;

(2) in subparagraph (C) by inserting after “environment” the following: “, including through efficient energy production, utilization, and facility development”;

(3) in subparagraph (E)—

(A) by inserting after “use” the following: “and deployment”; and

(B) by striking “and” at the end;

(4) in subparagraph (F) by striking the period at the end and inserting “, and”; and

(5) by adding at the end the following:

“(G) support sustainable development practices and the efficient coordination and leveraging of public and private investments.”.

SEC. 203. COST SHARING.

Section 204(c) (42 U.S.C. 3144(c)) is amended—

(1) in paragraph (2) by inserting after “State or political subdivision” the following: “or that the Secretary determines has been affected by substantial declines in tax revenue”; and

(2) in paragraph (3)—

(A) in the heading by striking “TRAINING” and inserting “PLANNING, TRAINING”;

(B) by striking “section 207” and inserting “section 203 or 207”; and

(C) by inserting after “such an increase” the following: “or if grant supported activities will include regional planning to build on competitive advantages available regionally”.

SEC. 204. GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) GRANTS.—Section 207(a)(1) (42 U.S.C. 3147(a)(1)) is amended by striking “or underemployment” and inserting “, underemployment, or outmigration”.

(b) TYPES OF ASSISTANCE.—Section 207(a)(2) (42 U.S.C. 3147(a)(2)) is amended—

(1) in subparagraph (D) by inserting after “centers” the following: “, with the goal that at least one university center is established in each State”; and

(2) by striking subparagraphs (H) and (I) and inserting the following:

“(H) studies that evaluate the effectiveness of regional innovation clusters and determine best practices with respect to the support provided by entrepreneurial infrastructure, including business incubators;

“(I) a peer exchange program to promote best practices and innovation with respect to the organizational development, program delivery, and regional initiatives of economic development districts;

“(J) development and promotion of performance measures and best practices with respect to commercialization and entrepreneurship;

“(K) developing or implementing county or municipal government efficiency assessments related to economic development or community viability; and

“(L) other activities determined by the Secretary to be appropriate.”.

(c) HIGH-SPEED RAIL.—Section 207(a) (42 U.S.C. 3147(a)) is amended by adding at the end the following:

“(4) HIGH-SPEED RAIL.—In making a grant under this subsection for the establishment of a university center, the Secretary shall ensure, if appropriate, that the activities of the center will include conducting research and providing technical assistance to leverage and maximize the economic development potential of Federal investments in high-speed rail projects.”.

SEC. 205. FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

(a) IN GENERAL.—Title II (42 U.S.C. 3141 et seq.) is amended by inserting after section 207 the following:

“SEC. 208. FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

“(a) DEFINITIONS.—In this section, the following definitions apply:

“(1) BUSINESS INCUBATOR.—The term ‘business incubator’ means a program established to foster the creation of new businesses and accelerate the growth of early-stage businesses by providing entrepreneurs and early-stage businesses with the resources and services to produce viable businesses that can help create jobs in and restore vitality to communities.

“(2) BUSINESS INCUBATOR DEVELOPMENT PROJECT.—The term ‘business incubator development project’ means a project to construct or alter facilities for a business incubator, including the acquisition of real property necessary to carry out the construction or alteration.

“(3) SCIENCE AND RESEARCH PARK.—The term ‘science and research park’ means a program that—

- “(A) includes property and buildings designed primarily for—
- “(i) research and development activities conducted by public-private partners;
 - “(ii) technology- and science-based businesses; or
 - “(iii) research and development support services;
- “(B) includes a contractual relationship with one or more institutions of higher education or government or nonprofit research laboratories, including national security laboratories;
- “(C) has a primary mission of—
- “(i) promoting research and development through industry partnerships, assisting the growth of new ventures, and promoting innovation-driven economic development;
 - “(ii) facilitating the transfer of technology and business skills between researchers and industry teams; and
 - “(iii) promoting technology-led economic development for the community or region in which the program is located; and
- “(D) is owned by a government or nonprofit entity (although the government or nonprofit entity may enter into partnerships or joint ventures with for-profit entities to develop or manage specific components of the program).
- “(4) SCIENCE AND RESEARCH PARK DEVELOPMENT PROJECT.—The term ‘science and research park development project’ means a project to construct or alter facilities for a science and research park, including the acquisition of real property necessary to carry out the construction or alteration.
- “(b) FINANCIAL ASSISTANCE.—On the application of an eligible recipient, the Secretary may provide financial assistance in accordance with this section to assist the development of business incubators and science and research parks.
- “(c) GRANTS FOR PLANS FOR SCIENCE AND RESEARCH PARKS.—
- “(1) GRANT AUTHORITY.—In accordance with this subsection, the Secretary may award a grant to an eligible recipient for the development of a feasibility study or development plan, or both, with respect to a science and research park development project.
 - “(2) AMOUNT OF A GRANT.—A grant awarded under paragraph (1) may not be in an amount that exceeds \$750,000.
 - “(3) SELECTION PROCESS.—
 - “(A) SELECTION CRITERIA.—Not later than 180 days after the date of enactment of the Economic Revitalization and Innovation Act of 2010, the Secretary shall publish the criteria to be utilized for the selection of grant recipients under paragraph (1).
 - “(B) COMPETITION REQUIRED.—The Secretary shall award grants under paragraph (1) pursuant to a full and open competition.
 - “(C) GEOGRAPHIC DIVERSITY.—In awarding grants under paragraph (1), the Secretary shall ensure, to the extent practicable, that grant recipients represent diverse geographic areas of the United States, including rural and urban areas.
 - “(4) PROGRAM LIMIT.—The Secretary may not award, in the aggregate, more than \$7,500,000 in grants under paragraph (1).
- “(d) LOAN GUARANTEES FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.—
- “(1) GUARANTEE AUTHORITY.—In accordance with this subsection, the Secretary may guarantee a loan of an eligible recipient to assist the carrying out of a business incubator development project or a science and research park development project.
 - “(2) GUARANTEE PERCENTAGE.—In guaranteeing a loan under paragraph (1), the Secretary may guarantee up to 80 percent of the principal amount of the loan.
 - “(3) SELECTION OF GUARANTEE RECIPIENTS.—
 - “(A) CREDITWORTHINESS.—The Secretary may not guarantee a loan under paragraph (1) unless the Secretary has determined that there is a reasonable assurance of repayment with respect to the loan.
 - “(B) GRANT RECIPIENTS.—A recipient of a grant under subsection (c) for the development of a feasibility study or development plan, or both, is not eligible for a loan guarantee under paragraph (1) until the recipient has completed the study or plan, or both, for which the grant was provided (as determined by the Secretary).
 - “(4) TERM OF LOAN.—The term of a loan guaranteed under paragraph (1) may not exceed the lesser of—
 - “(A) 30 years; or
 - “(B) 90 percent of the useful life of any physical asset to be financed by such loan.

“(5) SUBORDINATION.—An obligation relating to a loan guarantee under paragraph (1) may not be subordinated to another debt contracted by the borrower or to any other claims against the borrower in the case of default.

“(6) OTHER TERMS AND CONDITIONS.—Except as otherwise specified in this subsection, a loan guarantee under paragraph (1) shall be subject to such terms and conditions as the Secretary may prescribe.

“(7) REVIEW.—

“(A) IN GENERAL.—The Secretary shall periodically assess the risks associated with loans guaranteed under paragraph (1).

“(B) COMPTROLLER GENERAL REPORT.—Not later than 2 years after the date of enactment of the Economic Revitalization and Innovation Act of 2010, the Comptroller General shall—

“(i) conduct a comprehensive review of the program under this subsection; and

“(ii) submit to Congress a report on the results of the review.

“(8) PROGRAM LEVELS.—In carrying out paragraph (1) during fiscal years 2011 through 2015, the Secretary may not guarantee loans in an amount that exceeds—

“(A) \$50,000,000 for a single project;

“(B) \$235,000,000 in a single fiscal year; and

“(C) \$500,000,000 in the aggregate.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 207 the following:

“Sec. 208. Financial assistance for business incubators and science and research parks.”.

SEC. 206. GRANTS FOR ECONOMIC ADJUSTMENT.

(a) IN GENERAL.—Section 209(a) (42 U.S.C. 3149(a)) is amended—

(1) by inserting after “public facilities,” the following: “science and research park development projects (as defined in section 208(a))”; and

(2) by inserting after “revolving loan fund” the following: “, a challenge grant, and operating support for business incubators (as defined in section 208(a))”.

(b) PARTICULAR COMMUNITY ASSISTANCE.—Section 209(c) (42 U.S.C. 3149(c)) is amended—

(1) in the matter preceding paragraph (1) by striking “injured” and inserting “affected”;

(2) in paragraph (1)—

(A) by striking “or realignments,” and inserting “, realignments, or mission growth,”; and

(B) by inserting after “their economies” the following: “or supporting the economic adjustment activities of the Secretary of Defense”;

(3) in paragraph (4) by striking “or” at the end;

(4) in paragraph (5)—

(A) by striking “manufacturing jobs” and inserting “manufacturing, information technology, natural resource, agricultural, or service sector jobs”; and

(B) by striking the period at the end and inserting “;” and

(5) by adding at the end the following:

“(6) a lack of technology infrastructure, including inadequate access to broadband capacity sufficient to support economic development objectives;

“(7) an inability to utilize alternative means of energy production and distribution; or

“(8) insufficient access to capital and credit necessary for business retention and expansion, entrepreneurship, and innovation.”.

(c) SPECIAL PROVISIONS RELATING TO REVOLVING LOAN FUND GRANTS.—Section 209(d) (42 U.S.C. 3149(d)) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively; and

(B) by inserting after subparagraph (A) the following:

“(B) at the request of a grantee, approve the transfer of all or a portion of the assets of a revolving loan fund of the grantee to another eligible recipient to assist in establishing or maintaining a multiregion or national revolving loan fund;” and

(2) by adding at the end the following:

“(A) CONVERSION OF REVOLVING LOAN FUND ASSETS.—

“(A) AUTHORITY.—At the request of a grant recipient, the Secretary may approve the use of the assets of a revolving loan fund established by the grant recipient with assistance under this section for another project, if—

“(i) the project is eligible for assistance under this Act; and

“(ii) the Secretary determines that the revolving loan fund is no longer necessary and the grant recipient, as a result of changed economic development needs, will make better use of the assets by carrying out the project.

“(B) METHODS OF CONVERSION.—If conversion of a revolving loan fund is approved under subparagraph (A), the applicable grant recipient may convert the assets of the revolving loan fund by—

“(i) selling to a third party any assets of the revolving loan fund; or

“(ii) retaining repayments of principal and interest amounts made on loans provided through the revolving loan fund.

“(C) TERMS AND CONDITIONS.—Except as otherwise provided under this paragraph, the Secretary may establish such terms and conditions with respect to the conversion of a revolving loan fund under this paragraph as the Secretary determines appropriate.

“(D) EXPEDIENCY REQUIREMENT.—The Secretary shall ensure that any assets of a revolving loan fund converted under this paragraph are used in an expeditious manner.

“(6) RELEASE.—The Secretary may release, subject to terms and conditions the Secretary determines appropriate, the Federal Government’s interest in a revolving loan fund established by a grant recipient with assistance under this section on or after the date that is 7 years after the date on which the applicable grant was fully disbursed, if the Secretary determines that—

“(A) the grant recipient has carried out the terms of the grant in a satisfactory manner;

“(B) any proceeds realized after the release of the Federal Government’s interest will be used for one or more activities that carry out the economic development purposes of this Act; and

“(C) the grant recipient will continue to satisfy the requirements of section 602.

“(7) EQUITY INVESTMENT DEMONSTRATION PROGRAM.—

“(A) AUTHORITY.—

“(i) IN GENERAL.—To determine the feasibility and utility of providing equity investments through revolving loan funds established by grant recipients with assistance under this section, the Secretary may authorize, at the request of a grant recipient, the use of the capital base of a revolving loan fund for equity investments in businesses in need of capital to start up operations or expand operations beyond the start-up phase.

“(ii) DEMONSTRATED CAPACITY.—Before authorizing a grant recipient to make equity investments under clause (i), the Secretary shall determine that the grant recipient has the demonstrated capacity for engaging in equity investments or will contract with another company or organization with a proven track record with respect to equity investments.

“(iii) PREFERENTIAL CONSIDERATION.—In authorizing grant recipients to make equity investments under clause (i), the Secretary shall give preferential consideration to requests from grant recipients that intend to focus their investment activities in support of business incubators (as defined in section 208(a)), companies commercializing technologies in conjunction with institutions of higher education, science and research parks (as defined in section 208(a)), or technology or manufacturing companies relocating to the United States from outside the United States.

“(iv) GEOGRAPHIC DIVERSITY.—In authorizing grant recipients to make equity investments under clause (i), the Secretary shall ensure, to the extent practicable, that grant recipients authorized represent diverse geographic areas of the United States, including rural and urban areas.

“(B) REQUIREMENTS.—In authorizing a grant recipient to make equity investments under subparagraph (A)(i), the Secretary shall ensure that—

“(i) not more than 25 percent of the capital base of the revolving loan fund of the grant recipient will be used for equity investments;

“(ii) the Federal share of the amount used for an equity investment made by the grant recipient will not exceed 50 percent; and

“(iii) the total amount of the equity investments made by the grant recipient in any one business will not exceed \$250,000.

“(C) OTHER TERMS AND CONDITIONS.—Except as otherwise provided in this paragraph, the Secretary may authorize grant recipients to make eq-

uity investments under subparagraph (A)(i) subject to terms and conditions the Secretary determines are appropriate.

“(D) DISPOSITION OF EQUITY SECURITIES.—In the event that the Secretary acquires equity securities as a result of a default by any party under any agreement relating to the terms of the Secretary’s extension of assistance under this paragraph, the Secretary shall liquidate the Federal interest in such securities as soon as possible and for such consideration as the Secretary determines appropriate. The Secretary may assign or transfer the securities to a third party for purposes of liquidation and the third party may retain proceeds from the disposition of the securities to defray costs related to the liquidation.

“(E) DEFINITIONS.—In this paragraph the following definitions apply:

“(i) CAPITAL BASE.—The term ‘capital base’ means the amount of the funding, from a grant under this section and from non-Federal sources, initially provided to establish a revolving loan fund under this section.

“(ii) EQUITY INVESTMENT.—The term ‘equity investment’ means an investment of funds in a business that results in the acquisition of an equity security.

“(iii) EQUITY SECURITY.—The term ‘equity security’ means an instrument that signifies an ownership interest in a business.”.

SEC. 207. SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

(a) IN GENERAL.—Section 218 (42 U.S.C. 3154d) is amended to read as follows:

“SEC. 218. SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

“(a) IN GENERAL.—On the application of an eligible recipient, the Secretary may provide technical assistance, make grants, enter into contracts, or otherwise provide funding for a project—

“(1) to promote energy efficiency to enhance the economic competitiveness of an area;

“(2) to increase the use of renewable energy technologies, including solar, wind, or geothermal technologies, to support sustainable economic development and job growth, with a priority given to projects that incorporate photovoltaics or relate to agribusiness, including in both urban and rural areas;

“(3) to support energy efficiency or alternative energy development plans, studies, or analysis (including with respect to job training, attraction, or retention) to enhance a comprehensive economic development strategy with respect to which funding has been provided under this Act;

“(4) to support the efforts of a community to have a technology or manufacturing business located outside the United States relocate to the United States; and

“(5) to supplement another project funded by a Federal grant, loan, or loan guarantee provided for a purpose described in paragraphs (1) through (4).

“(b) FEDERAL SHARE.—Notwithstanding section 204, the Federal share of the cost of a project funded under this section—

“(1) if described in paragraph (1), (2), (3), or (4) of subsection (a), shall not exceed 80 percent; and

“(2) if described in subsection (a)(5), shall not exceed 100 percent.

“(c) SOLICITATION OF APPLICATIONS.—Not later than 60 days after a date on which funds are made available to carry out this section, the Secretary shall solicit applications for assistance under this section.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by striking the item relating to section 218 and inserting the following:

“Sec. 218. Sustainable economic development demonstration program.”.

SEC. 208. JOB CREATION GOALS.

(a) IN GENERAL.—Title II (42 U.S.C. 3141 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 219. JOB CREATION GOALS.

“(a) IN GENERAL.—As a condition of the receipt of a grant under section 201, 205, or 209 or a loan guarantee under section 208, the recipient of the grant or loan guarantee shall enter into an agreement with the Secretary that establishes goals for the number of jobs to be created as a result of the projects and activities funded by the grant or loan guarantee.

“(b) COMPLIANCE WITH GOALS.—The Secretary may take appropriate action to penalize a grant recipient who fails to satisfy job creation goals specified in an agreement under subsection (a).”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 218 the following:

“Sec. 219. Job creation goals.”.

SEC. 209. PROHIBITION WITH RESPECT TO USE OF ASSISTANCE.

(a) IN GENERAL.—Title II (42 U.S.C. 3141 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 220. PROHIBITION WITH RESPECT TO USE OF ASSISTANCE.

“The Secretary shall ensure that a recipient of assistance under this Act does not utilize the assistance for activities to intentionally attract, to the location of the recipient, a business or other source of employment already established elsewhere in the United States, if the relocation would adversely affect the location where the business or other source of employment was previously located.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 219 the following:

“Sec. 220. Prohibition with respect to use of assistance.”.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

SEC. 301. ELIGIBILITY OF AREAS.

Section 301 (42 U.S.C. 3161) is amended by adding at the end the following:

“(e) SPECIAL NEED.—In determining whether an area has experienced or is about to experience a special need for purposes of subsection (a)(3), the Secretary may consider whether the area has been affected by—

- “(1) the loss of a substantial employer;
- “(2) substantial outmigration or population loss;
- “(3) substantial foreclosure rates;
- “(4) substantial underemployment;
- “(5) military base or defense installation closure, realignment, or mission growth;
- “(6) a natural or other disaster or emergency;
- “(7) substantial natural resource depletion;
- “(8) substantial negative effects resulting from changing trade patterns; or
- “(9) other circumstances that the Secretary determines are indicative of special or extraordinary unemployment or economic adjustment problems.”.

SEC. 302. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES.

(a) IN GENERAL.—Section 302(a) (42 U.S.C. 3162(a)) is amended—

(1) in paragraph (1) by inserting after “problems” the following: “and opportunities”;

(2) in paragraph (2) by inserting after “private” the following: “(including non-profit organization)”;

(3) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking “economic problems” and inserting “economic development problems and opportunities”;

(ii) by inserting after “strategy, promotes the” the following: “effective”;

(iii) by striking “balances” and inserting “optimizes”;

(B) in subparagraph (B) by inserting after “the problems” the following: “and take advantage of the opportunities”.

(b) APPROVAL OF OTHER PLAN.—Section 302(c) (42 U.S.C. 3162(c)) is amended—

(1) in paragraph (1) by inserting after “federally supported program” the following: “or under a State, regionally, or locally supported program”;

(2) in paragraph (2) by striking “paragraph” and inserting “subsection”.

(c) NOTIFICATION OF APPROVAL OR DISAPPROVAL OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY OR OTHER PLAN.—Section 302 (42 U.S.C. 3162) is amended by adding at the end the following:

“(d) NOTIFICATION OF APPROVAL OR DISAPPROVAL OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY OR OTHER PLAN.—

“(1) DEADLINE.—The Secretary shall notify an eligible recipient of the approval or disapproval of a comprehensive economic development strategy or other plan submitted under this section not later than 60 days after the date of receiving the strategy or plan.

“(2) BASIS FOR DISAPPROVAL.—A notification of disapproval under this subsection shall include a description of the basis for the disapproval.”.

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.

(a) IN GENERAL.—Section 401(a) (42 U.S.C. 3171(a)) is amended in the matter preceding paragraph (1) by striking “broad geographic” and inserting “national and regional”.

(b) OPERATIONS.—Section 401 (42 U.S.C. 3171) is amended by adding at the end the following:

“(c) OPERATIONS.—

“(1) IN GENERAL.—As a condition of maintaining designation as an economic development district, each district shall engage in the full range of economic development activities in the comprehensive economic development strategy of the district that has been approved by the Secretary, which may include—

“(A) coordinating and implementing economic development activities in the 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 Federal, State, local, and private organizations.

“(2) CONTRACTS.—An economic development district may enter into contracts for services to carry out the activities described in paragraph (1).”.

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

Section 402 (42 U.S.C. 3172) is amended by adding at the end the following: “The standards shall include authority for the Secretary to review, at the request of a district, district designations to evaluate whether the designations meet economic development and labor force needs and, when warranted, to approve the combination of districts and adjust applicable assistance levels for the resulting combination.”.

TITLE V—ADMINISTRATION

SEC. 501. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

Section 503(a) (42 U.S.C. 3193(a)) is amended by striking “or underemployment” and inserting “, underemployment, or outmigration”.

SEC. 502. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS.

(a) PURPOSE OF EVALUATIONS OF UNIVERSITY CENTERS.—Section 506(b) (42 U.S.C. 3196(b)) is amended by striking “are worthy of” and all that follows through the period at the end and inserting “maintain the capacity to implement the priorities of the Secretary.”.

(b) TIMING OF EVALUATIONS.—Section 506(c) (42 U.S.C. 3196(c)) is amended to read as follows:

“(c) TIMING OF EVALUATIONS.—Evaluations under subsection (a) shall be conducted on a continuing basis so that—

“(1) with respect to economic development districts, each grantee is evaluated within 3 years after the first award of assistance to the grantee and at least once every 3 years thereafter, so long as the grantee receives the assistance; and

“(2) with respect to university centers, each grantee is evaluated within 5 years after the first award of assistance to the grantee and at least once every 5 years thereafter, so long as the grantee receives the assistance.”.

(c) EVALUATION CRITERIA FOR UNIVERSITY CENTERS.—Section 506(d)(2) (42 U.S.C. 3196(d)(2)) is amended to read as follows:

“(2) EVALUATION CRITERIA FOR UNIVERSITY CENTERS.—The criteria for evaluation of a university center shall provide, at a minimum, for an assessment of—

“(A) the center’s contribution to providing technical assistance, conducting applied research, and disseminating the results of the activities of the center;

“(B) the center’s conformance with the approved program plan of the center and the goals of the Secretary; and

“(C) if appropriate, the center’s activities to leverage and maximize the economic development potential of Federal investments in high-speed rail projects, including activities—

“(i) to encourage collaboration across regions; and

“(ii) to evaluate manufacturing and economic development opportunities relating to the projects.”.

SEC. 503. ECONOMIC DEVELOPMENT REPRESENTATIVES.

(a) IN GENERAL.—Title V (42 U.S.C. 3191 et seq.) is amended by adding at the end the following:

“SEC. 508. ECONOMIC DEVELOPMENT REPRESENTATIVES.

“The Secretary shall ensure that the Economic Development Administration maintains—

“(1) not less than 35 individuals in the position of economic development representative during fiscal year 2012; and

“(2) not less than 40 individuals in the position of economic development representative during fiscal year 2013 and each fiscal year thereafter.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 507 the following:

“Sec. 508. Economic development representatives.”.

SEC. 504. LIMITATION ON CERTAIN POSITIONS.

(a) IN GENERAL.—Title V (42 U.S.C. 3191 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 509. LIMITATION ON CERTAIN POSITIONS.

“Beginning in fiscal year 2012, the number of positions in the Economic Development Administration that, for purposes of title 5, United States Code, are general positions (as defined by section 3132(a)(9) of such title) which may be filled only by a noncareer appointee (as defined by section 3132(a)(7) of such title) shall be limited to 5.”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 508 the following:

“Sec. 509. Limitation on certain positions.”.

TITLE VI—MISCELLANEOUS

SEC. 601. ANNUAL REPORT TO CONGRESS.

Section 603(b) (42 U.S.C. 3213(b)) is amended—

(1) in paragraph (2)(B) by striking “and” at the end;

(2) in paragraph (3) by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

“(4) with respect to each university center assisted with funding under this Act, include—

“(A) a specification of the activities of the university center;

“(B) a specification of the recipients of technical assistance from the university center; and

“(C) a specification of the outcomes resulting from the job creation, research, and technical assistance activities of the university center; and

“(5) specify the projects, and the funding provided for the projects, that were funded in conjunction with one or more of the regional commissions.”.

SEC. 602. MAINTENANCE OF EFFORT.

(a) IN GENERAL.—Title VI (42 U.S.C. 3211 et seq.) is amended by adding at the end the following:

“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.—

“(1) IN GENERAL.—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.

“(2) MAINTENANCE OF STANDARDS.—The Secretary may not terminate a reversionary interest of the Secretary under subsection (a)(2)(B) if the Secretary has not received adequate assurances that the applicable recipient will continue to satisfy the requirements of section 602 after the termination.

“(c) PREVIOUSLY EXTENDED ASSISTANCE.—With respect to any recipient to which the term of provision of assistance was extended under this Act before the date of enactment of this section, the Secretary may approve a request of the recipient under subsection (a) in accordance with the requirements of this section to ensure uniform administration of this Act, notwithstanding any estimated useful life period that otherwise relates to the assistance.

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

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

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 612 the following:

“Sec. 613. Maintenance of effort.”.

TITLE VII—FUNDING

SEC. 701. GENERAL AUTHORIZATION OF APPROPRIATIONS.

(a) ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS.—Section 701(a) (42 U.S.C. 3231(a)) is amended by striking “until expended” and all that follows through the period at the end and inserting the following: “until expended, \$500,000,000 for each of fiscal years 2011 through 2015.”

(b) SALARIES AND EXPENSES.—Section 701(b) (42 U.S.C. 3231(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) \$42,000,000 for fiscal year 2011; and

“(2) such sums as are necessary for each fiscal year thereafter.”

SEC. 702. FUNDING FOR GRANTS FOR PLANNING AND GRANTS FOR ADMINISTRATIVE EXPENSES.

Section 704 (42 U.S.C. 3234) is amended—

(1) by striking “\$27,000,000” and inserting “\$36,000,000”; and

(2) by inserting after “under section 203” the following: “and, of that amount, not less than \$500,000 shall be made available for grants under section 203 for planning relating to high-speed rail”.

SEC. 703. FUNDING FOR FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

(a) IN GENERAL.—Title VII (42 U.S.C. 3231 et seq.) is amended by adding at the end the following:

“SEC. 705. FUNDING FOR FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

“(a) GRANTS.—In addition to amounts made available under section 701, there is authorized to be appropriated \$7,500,000 to carry out section 208(c).

“(b) LOAN GUARANTEES.—In addition to amounts made available under section 701, there are authorized to be appropriated such sums as may be necessary to carry out section 208(d), including the cost (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of guaranteeing loans under that section.”

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 704 the following:

“Sec. 705. Funding for financial assistance for business incubators and science and research parks.”

SEC. 704. FUNDING FOR SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

(a) IN GENERAL.—Title VII (42 U.S.C. 3231 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 706. FUNDING FOR SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

“Of the amounts made available under section 701 for each fiscal year, not less than \$25,000,000 shall be made available to carry out section 218.”

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 705 the following:

“Sec. 706. Funding for sustainable economic development demonstration program.”

SEC. 705. FUNDING FOR GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

(a) IN GENERAL.—Title VII (42 U.S.C. 3231 et seq.), as amended by this Act, is further amended by adding at the end the following:

“SEC. 707. FUNDING FOR GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

“Of the amounts made available under section 701 for each fiscal year, not less than \$10,000,000 shall be made available for grants provided under section 207 and, of that amount, not less than \$1,125,000 shall be made available for grants under section 207 to establish university centers in States that do not have a university center.”

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b), as amended by this Act, is further amended by inserting after the item relating to section 706 the following:

“Sec. 707. Funding for grants for training, research, and technical assistance.”

PURPOSE OF THE LEGISLATION

H.R. 5897, as amended, the “Economic Revitalization and Innovation Act of 2010”, authorizes programs of the Economic Development Administration (EDA) for five fiscal years.

BACKGROUND AND NEED FOR LEGISLATION

Established by the Public Works and Economic Development Act of 1965 (P.L. 89–136), EDA was created to alleviate conditions of substantial and persistent unemployment in economically distressed areas and regions. EDA’s mission today remains much the same as it was when originally founded: to bolster the efforts of communities across the nation to attract private sector investment and create new job opportunities. EDA fulfills its mission by empowering and equipping communities and regions to develop and implement their own economic development and revitalization strategies. EDA supports this locally-driven economic development by providing grants for projects through a variety of programs including: planning; technical assistance; public works; economic adjustment; research and evaluation; and trade adjustment assistance. Projects funded by EDA are generally located in areas exhibiting economic distress at the time of application. However, projects located outside these areas may be considered if they directly benefit an economically distressed area. All public works and economic adjustment projects must be consistent with an EDA-approved and region-specific Comprehensive Economic Development Strategy (CEDS) or approved economic development plan.

Planning grants support the design and implementation of effective economic development policies and programs by local organizations. Grants made to university centers provide technical assistance to public bodies, nonprofit organizations, and businesses to plan and implement activities designed to generate jobs and income in economically distressed areas. Public works grants provide for infrastructure projects that foster the establishment or expansion of industrial and commercial businesses generating employment in communities experiencing high unemployment, underemployment, low per-capita income, or out-migration. Economic adjustment investments provide a package of assistance tools, including planning, technical assistance, revolving loan funds and infrastructure development, to help communities counteract either gradual erosion or a sudden dislocation of their local economic structure as a result of natural disasters, international trade competition, or major plant closings. Trade adjustment assistance provides technical assistance, through a national network of 12 Trade Adjustment Assistance Centers (TAAC), to certified U.S. manufacturing firms and industries economically injured as the result of international trade competition.

In 2007, EDA contracted Grant Thornton to study the costs and economic impact of EDA’s construction investments. The study surveyed more than 40 other similar Federal programs and concluded that “EDA investments in rural areas have a statistically significant impact on employment levels in the communities in which they are made, generating between 2.2 and 5.0 jobs per \$10,000 in incremental EDA funding, at a cost per job of between \$2,001 and

\$4,611.”¹ In addition, five ancillary jobs were created as a result of the EDA investment. The study further concluded that EDA’s investment in business incubators was worthwhile and this type of investment generated significantly greater impacts in the communities in which they are made than do other project types. Lastly, the study emphasized that EDA jobs tended to be longer term jobs retained by a community for a longer period of time than other types of job creation investments.

H.R. 5897, as amended, the “Economic Revitalization and Innovation Act of 2010”, builds on this foundation of success and program efficiency as well as leverages EDA’s programs and network of local partners to address economic distress and unemployment nationwide. H.R. 5897 authorizes \$500 million in EDA funding per year for five years; creates a loan guarantee program for business incubators and science and research parks as well as operating support for business incubators; creates flexibility in the Revolving Loan Fund (RLF) to provide equity financing for companies using its existing network of non-profit lenders and allows existing RLFs to convert their funds to invest in a different EDA-eligible purpose; allows communities to modify the use of an EDA-funded facility to a different EDA-approved use; provides funding to support sustainable economic development projects; supports funding to attract technology and manufacturing companies from overseas to locate or relocate to the United States; and strengthens job creation incentives for EDA grant recipients across all EDA programs.

SUMMARY OF THE LEGISLATION

Section. 1. Short title; table of contents

Section 1 provides that the short title of the Act is the “Economic Revitalization and Innovation Act of 2010” and includes a table of contents.

Sec. 2. Amendments to Public Works and Economic Development Act of 1965

This section states that any amendments or repeals contained in the Act are in reference to the sections or provisions of the Public Works and Economic Development Act of 1965 (PWEDA) unless expressly provided for otherwise.

Sec. 3. Findings and declarations

This section provides an updated assessment of the economic conditions facing economically distressed communities and the U.S. economy as a whole. Sustainable growth, innovation, and entrepreneurship are heavily emphasized as the determinants of economic progress and wealth creation at the local and national level. The goal of remedying chronic high-unemployment and economic dislocation through State, local, regional, and Federal partnerships is also addressed.

Sec. 4. Definitions

This section adds the Southeast Crescent Regional Commission, Northern Border Regional Commission, and Southwest Border Re-

¹ Grant Thornton, *Construction Grants Program Impact Assessment Report: Volume I—Report on Investigation and Results* September 30, 2008).

gional Commission established by section 15301(a) of title 40, United States Code (U.S.C.) to the definition of Regional Commissions.

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

Sec. 101. Establishment of economic development partnerships

Subsection (a) identifies economic development districts (EDDs) and university centers as nonprofit organizations that can provide technical assistance to States and other inter- and intra-state entities for the purpose of advancing various economic development activities, such as supporting public-private partnerships, investments in infrastructure, and sustainable development.

Subsection (b) specifically adds EDDs as entities to be provided an opportunity to review and comment on proposed EDA projects. The Committee on Transportation and Infrastructure recognizes the importance of EDDs and their role in developing projects for investment consideration in partnership with State and local governmental agencies. EDA should develop its regulations and procedures using processes that provide EDDs a reasonable level of input. However, consideration of EDDs' comments should in no manner impede EDA projects or investments in a community or supersede or be weighted above other appropriate review and comment.

Sec. 102. Encouragement of certain coordination

This section adds to existing law the specific identification of the Department of Labor and its workforce development strategies as an area of consultation and cooperation for the Secretary of Commerce (Secretary) and, by extension, EDA.

Sec. 103. Coordination with respect to high-speed rail

This section directs the Secretary to coordinate, as appropriate, with the U.S. Department of Transportation and other relevant Federal agencies, State and local governments, EDDs, Indian tribes, and planning and development organizations in leveraging Federal investments in high-speed rail projects. This section also directs EDA to conduct studies and disseminate reports with respect to high-speed rail projects. The Committee expects EDA to use its platform as the only Federal agency charged with evaluating and implementing economic development programs to inform, coordinate, and leverage its programs, in collaboration with the appropriate Federal agencies, such as the Federal Railroad Administration, regarding economic development activities related to high-speed rail. Furthermore, the Committee expects that opportunities for improved coordination and leveraging of programs may exist and would like to be informed of these opportunities on a periodic basis in the form of formal and informal communication with the Committee. The Committee recommends that the Secretary also coordinate these activities with EDA's extensive network of EDDs and university centers, many of which are involved with transportation planning activities.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC
DEVELOPMENT

Sec. 201. Grants for public works and economic development

Subsection (a) amends existing law by expanding the definition of “development facility” to include a facility of a business incubator or a science and research park. These facilities are defined in section 208(a).

Sec. 202. Grants for planning and grants for administrative expenses

Subsection (a) clarifies that the eligible uses of EDA grants for administrative expenses include allowable indirect costs (under the definition of applicable Office of Management and Budget circulars).

Subsection (b) provides that the eligible uses of EDA grants for planning include innovation and regional collaboration activities.

Subsection (c) adds sustainable development practices as a consideration in the comprehensive planning process.

Sec. 203. Cost sharing

This section allows the Secretary to consider a decline in tax revenues as a factor in waiving the local share requirement for receipt of EDA grants. Due to the economic downturn, many communities have found it increasingly difficult to provide the matching funds normally required to receive EDA grants. With the exception of grants to Indian tribes or communities that have experienced natural disasters, EDA requires a minimum of 20 percent matching funds under normal circumstances. This provision authorizes the Secretary to provide up to 100 percent grant funding to communities that have suffered declines in tax revenues.

This section also authorizes the Secretary to provide up to 100 percent grant funding for section 203 and section 207 grants (i.e., planning, training, and research and technical assistance grants) to encourage broader regional planning activities.

Sec. 204. Grants for training, research, and technical assistance

Subsection (a) amends section 207 of PWEDA to include the alleviation or prevention of “outmigration” as an eligible grant purpose for training, research, or technical assistance grants.

Subsection (b) addresses EDA’s university center program. It sets as a goal that at least one university center is established in each State and the District of Columbia. There are currently several States, including the District of Columbia, without a university center. This subsection also amends current law by adding innovation, commercialization, and entrepreneurship to the list of activities for which the Secretary can direct training, research, and technical grant assistance.

Subsection (c) requires university centers to conduct a new set of activities related to high-speed rail research and technical assistance, where appropriate. Specifically, university centers will be required to conduct research and provide technical assistance in States with high-speed rail corridors and construction projects to support the economic development and job creation activities of relevant communities.

Sec. 205. Financial assistance for business incubators and science and research parks

This section establishes a new program to be administered by EDA focused on grants to study the feasibility or development of science and research parks as well as make loan guarantees to construct business incubators and science and research parks.

Subsection (a) provides the definitions for a business incubator, business incubator development project, and science and research park development.

Subsections (b), (c), and (d) describe the two newly-created grant programs. First, the science and research park grant program provides up to \$750,000 per grant for a feasibility study and development plan of a science and research park development project. The total program may not make grants in excess of \$7.5 million. Second, the loan guarantee program authorizes EDA to make loan guarantees of up to 80 percent of a loan amount for the construction of a business incubator or science and research park facility. The total amount of loan guarantees that may be issued may not exceed \$50 million per project and no greater than \$500 million in total. A recipient of a grant for a feasibility study or development plan cannot receive a loan guarantee award to construct a facility until the completion of the feasibility study or development plan. The Committee's intent is to ensure that an insufficiently planned project is not supported with a Federal loan guarantee and that program funds are not committed to a project prematurely and thereby limit the funds available for projects at a further stage of development and completion.

Sec. 206. Grants for economic adjustment

Subsection (a) of this section amends section 209 of PWEDA by specifically identifying science and research park projects, challenge grants, and operating support for business incubators as eligible activities for section 209 (Economic Adjustment) grant assistance. In terms of business incubator operating support, the Committee fully supports EDA operating support to incubators in the form of incubator-provided training programs directed to entrepreneurs, product development resources, funding to support collaboration with U.S. Small Business Administration (SBA) programs, mentoring programs, and financing programs to help incubator clients secure appropriate low-cost financing as well as job creation and expansion activities.

Subsection (b) amends existing law by no longer requiring communities applying for Economic Adjustment assistance to prove that they were "injured" economically by events ranging from military base closures, disasters, international trade, fishery failures, or loss of manufacturing jobs. Communities now need only prove that they were "affected" by these occurrences. This provision removes a significant barrier to receiving EDA assistance. This subsection also expands the eligibility of section 209 to include communities affected by Department of Defense-related "mission growth"; and job losses in information technology, natural resources, agricultural, or service sector jobs. Finally, this subsection authorizes EDA to provide assistance to communities that suffer impediments to economic growth including a lack of technology infrastructure, an inability to utilize alternative energy production and distribu-

tion, and insufficient access to capital and credit necessary for business retention and expansion.

Subsection (c) amends section 209 of PWEDA by allowing for RLF grantees to transfer and convert the use of all or a portion of their assets to another eligible recipient to establish a multi-region or national RLF. The purpose of this provision is to allow grantees the ability to take advantage of new economic development opportunities to make investments on a broader scale or for different purposes than when an RLF was originally established. This transfer or conversion must be approved by the Secretary. Conversion can take place using one of two methods: selling RLF assets to a third party; or retaining repayments of principal and interest amounts made on loans and using these assets to fund a transfer and conversion.

A critical administrative provision of this section is the release of the Federal Government's interest in an RLF. At the earliest, this release will take effect seven years after the funds in an RLF have been fully disbursed. To qualify for a release of Federal interest, the grant recipient must have carried out the terms of the grant satisfactorily, have a plan to use any subsequent proceeds consistent with the economic development purposes found in PWEDA, and continue to satisfy all other requirements of PWEDA. It is the Committee's expectation that this provision will free numerous past RLF recipients from unnecessary administrative requirements and that alleviation of these requirements will allow a greater level of RLF investment, including increased investments relevant to current economic conditions for many communities.

Subsection (c) also creates a new Equity Investment Demonstration Program (EIDP). The EIDP's objective is to provide access to equity or non-debt based loans to businesses using EDA's existing network of nonprofit RLF third party lenders. By providing these lenders with authority to take equity stakes in companies instead of traditional collateral, the program will provide investment opportunities to companies whose primary assets are based on intellectual property, including technology (e.g., information technology, biosciences, and cybersecurity), manufacturing, and alternative energy companies.

This section limits the percentage of overall investments that can be comprised of equity investments to 25 percent and the amount of each investment cannot exceed \$250,000. To ensure that investments are considered viable and to spur additional private sector investment in these companies, the maximum Federal investment share cannot exceed 50 percent. In addition, preference is to be extended to companies: located in business incubators or science and research parks, commercializing technologies in conjunction with institutions of higher education, engaged in technology or manufacturing, and locating or relocating to the United States from outside the United States. The Committee strongly supports this preference as a means of maximizing the likely success of these investments in terms of increasing the opportunities for economic development and job creation. The Committee also supports the use of this preference as a means of attracting companies to the United States that had previously left a domestic location and laid off U.S.-based employees. The Committee strongly recommends collaboration between EDA, its RLF lender network, and the SBA in

identifying and supporting the businesses that receive EIDP investment assistance.

Sec. 207. Sustainable economic development demonstration program

This section amends section 218 of PWEDA to establish a Sustainable Economic Development Demonstration Program to finance economic development projects that promote energy efficiency, increase the use of renewable energy technologies, and assist communities trying to attract technology or manufacturing companies to the United States. The Committee believes that opportunities for these types of investments exist in both urban and rural locations and would include a wide variety of industry investments, ranging from advanced manufacturing and agribusiness to collaborative job training initiatives to train workers for these industries. Investments that will support long-term employment as well as the growth and renewal of existing industries should be emphasized.

Unlike most of EDA's non-emergency grant programs, this program supports 100 percent project funding in cases where EDA funding will augment other Federal funding. The Committee supports this provision due to the dire need of communities that are unable to provide matching funds because of declines in revenue and economic distress nationally. Support from EDA in the form of technical assistance and outreach efforts should be directed at assisting communities in identifying appropriate Federal funding to support and augment investments for this program.

The Committee expects that EDA will expeditiously implement this provision using its network of Economic Development Representatives (EDRs) and other outreach mechanisms to develop applications from the appropriate profile of applicants. If EDA has not made a grant award under this program within one year of the date of enactment of this Act, the Committee directs the Secretary to notify the Committee and explain the reasons for delay in implementing this provision.

Sec. 208. Job creation goals

This section requires the Secretary to establish job creation goals for EDA assistance under the Act's section 201, 205, 208, and 209 grant programs and to include these goals as a part of any grant agreement for these programs. This section permits the Secretary to develop appropriate penalties for non-compliance with agreed-to job creation goals. The Committee understands that under current regulation and practice EDA has a system in place to incorporate job creation goals as a part of grant agreements. The Committee encourages EDA to further develop these regulations to encourage grant recipients to carefully consider representations made in regards to likely job creation outcomes for EDA-funded projects. As a result, the Committee expects that applicants will more thoroughly develop proposals and achieve EDA's goal: using EDA investments to create long-term employment.

Sec. 209. Prohibition with respect to use of assistance

This section requires that the Secretary ensure non-competition between communities for the relocation of businesses from one community to another using EDA funds.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGIES

Sec. 301. Eligibility of areas

This section amends existing law to clarify the “special need” determination outlined in section 301(a)(3) of PWEDA. The Committee clarifies the special need determination because EDA’s traditional measures of economic distress (section 301(a)), such as an unemployment rate one percent above the national average for the past 24 months and per capita income of 80 percent or less than the national average, leave many communities that are suffering economic distress ineligible for EDA assistance. This section clarifies that communities that suffer from substantial outmigration, foreclosure rates, and underemployment constitute a “special need”, and are eligible for EDA assistance. The Committee strongly encourages the Secretary to use this authority to address the conditions of severe economic distress currently being experienced by communities, many of which have never before been eligible for EDA assistance.

Sec. 302. Comprehensive economic development strategies

Subsection (a) amends existing law by expanding the scope of a CEDS to allow it to address not just economic problems but also to identify economic opportunities for a community.

Subsection (b) identifies the other types of economic development plans that are acceptable as a substitute for a CEDS. Those plans are generally developed on behalf of a community or region by or for another Federal agency, State governmental entity, or nonprofit economic development or planning organization. Although EDDs are often involved in the development of CEDS or other such approved plans, plans developed without EDD involvement should also be considered for approval by EDA where appropriate. In such cases where an EDD is not the author of a CEDS or plan, the roles and responsibilities of EDDs (outlined in section 401) should be adjusted accordingly.

This section also requires the Secretary to notify an eligible recipient of the approval or disapproval of a CEDS or economic development plan within 60 days of submission to EDA. Under current practice, an eligible recipient for EDA assistance may not receive notice of approval or disapproval of a CEDS within 60 days, thereby delaying EDA grant assistance to a community. Under this section, if the Secretary disapproves of a CEDS or a plan, notification and an explanation to the eligible recipient of why a CEDS or a plan was disapproved is required. It is the Committee’s expectation that EDA will implement this provision as expeditiously as possible and notify the Committee of any difficulties with the implementation of this requirement within 180 days of the date of enactment.

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

Sec. 401. Designation of economic development districts

This section amends existing law by altering the focus of EDDs from an emphasis on “broad geographic” economic development projects to an emphasis on aligning proposed projects with national and regional significance. The Committee recognizes the impor-

tance of local considerations in economic development planning, and this section ensures that regional or national best practices and project successes are considered in such planning.

This section also outlines a set of specific activities to be carried out by EDDs as a condition of maintaining their status as districts. The Secretary has discretion to determine where and to what extent it is appropriate for these duties to be required of an EDD because the contents of a CEDS or plan may not have been wholly or partially developed by a district. In addition, implementing regulations should outline the role of EDDs or other appropriate organizations regarding CEDS development, implementation, and coordination.

Sec. 402. Termination or modification of economic development districts

This section gives the Secretary the authority to review, at an EDD's request, whether a district should be combined with another district and to adjust applicable assistance levels in accordance with such combination. The purpose of this authority is to respond to the economic development needs of many metropolitan regions where the economic interests of those communities' multiple districts are increasingly intertwined and interdependent. In such cases, multiple districts may wish to combine their districts into a single district and not have their collective level of EDA assistance reduced.

TITLE V—ADMINISTRATION

Sec. 501. Consultation with other persons and agencies

This section amends section 503 of PWEDA to authorize the Secretary to consult with various representatives of labor, management, agriculture, and government regarding outmigration issues.

Sec. 502. Performance evaluations of grant recipients

This section amends existing law by changing the periodic performance evaluations of university centers from at least once every three years to at least once every five years. The Secretary may determine the period for evaluation based on the Secretary's priorities and performance of centers. The Committee recognizes the value of regular evaluations of programs and competition among centers within a State or region. In concert with this goal, the Committee wishes to maintain an appropriate level of economic development technical assistance to communities and industries in long-term collaboration with other Federal agencies. An example of this is the collaboration that takes place between university centers and EDA as well as the Federal Emergency Management Agency (FEMA) and SBA in disasters and long-term recovery efforts.

This section also adds an additional requirement to the evaluation criteria for university centers. Where appropriate, university centers will be required to: assist in providing technical assistance and research in support of high-speed rail projects and encourage collaboration across regions and evaluate manufacturing and economic development opportunities related to high-speed rail projects. It is expected that EDA will take advantage of its national network of university centers not only in furtherance of economic

development opportunities for high-speed rail projects, but to address economic development challenges as they occur across the country.

Sec. 503. Economic development representatives

This section amends title V of PWEDA by requiring that EDA maintain at least 35 individuals in the position of EDR by the end of fiscal year (FY) 2012 and at least 40 individuals by the end of FY 2013 and thereafter. The issue of the availability of technical assistance available to communities has been of great concern to the Committee over the last decade. Furthermore, with the increase in communities requesting EDA assistance and the administrative changes to EDA's grant application process, the need for additional technical assistance by EDRs will be manifold.

Sec. 504. Limitation on certain positions

This section limits the number of political appointees at EDA to five positions.

TITLE VI—MISCELLANEOUS

Sec. 601. Annual report to Congress

This section requires that the Secretary must include detailed information on the activities of university centers and information on projects funded in conjunction with the regional commissions (as defined in section 3(8) of the Act) in its annual report.

Sec. 602. Maintenance of effort

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

TITLE VII—FUNDING

Sec. 701. General authorization of appropriations

This section authorizes \$500 million for Economic Development Assistance Programs (EDAP) for FY 2011 through FY 2015, and \$42 million for Salaries and Expenses for FY 2011 and such sums as necessary for each fiscal year thereafter.

Sec. 702. Funding for grants for planning and grants for administrative expenses

This section requires that \$36 million per fiscal year of EDAP funds be used for planning and administrative expenses grants. The Committee intends that these funds be used in a manner that provides funding for existing and new EDDs, without diminishing funding for existing EDDs. In addition, of this planning funding, \$500,000 per fiscal year shall be used for the section 203 high-speed rail program. This funding should be allocated in a manner that maximizes collaboration with the university center program and promotes appropriate regional planning and technical assistance for high-speed rail projects.

Sec. 703. Funding for financial assistance for business incubators and science and research parks

This section authorizes \$7.5 million for the science and research park grant program. This funding is to be provided separately from the section 701 funding. For the loan guarantee program created under section 208(d), such sums as necessary are authorized for loan guarantees.

Sec. 704. Funding for sustainable economic development demonstration program

This section requires that \$25 million per fiscal year of EDAP funds be used to carry out the sustainable economic development program.

Sec. 705. Funding for grants for training, research, and technical assistance

This section requires that \$10 million per fiscal year of EDAP funds be used for section 207 grants, including funding to support existing and new university centers. Of this amount, not less than \$1.125 million is made available for the establishment of university centers in unserved States and the District of Columbia. The Committee recommends a greater level of collaboration between EDA and its university center grant recipients in providing technical assistance to all EDA grant applicants and in developing improved remote technical assistance capabilities.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

In the 110th Congress, Chairman James L. Oberstar introduced H.R. 3246, the “Regional Economic and Infrastructure Development Act of 2007”, on July 31, 2007. H.R. 3246 authorized five regional economic development commissions—the Delta Regional Authority, the Northern Great Plains Regional Authority, the Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Border Regional Commission—under a common framework of administration and management, and provided a structure for economic development decision-making and planning. These commissions are designed to address problems of systemic poverty and underdevelopment in their respective regions. On August 1, 2007, the Subcommittee on Economic Development, Public Buildings, and Emergency Management met in open session and recommended H.R. 3246 favorably to the Committee on Transportation and Infrastructure. On August 2, 2007, the Committee on Transportation and Infrastructure met in open session to consider H.R. 3246, and adopted two amendments by voice vote. The Committee ordered H.R. 3246, as amended, reported favorably to the House by voice vote. On October 4, 2007, the House passed H.R. 3246, as amended. On May 22, 2008, H.R. 3246, as amended, was enacted as title VI, sections 6025 and 6026, and title XIV, section 14217 of the Food, Conservation, and Energy Act of 2008 (P.L. 110–234).

On July 28, 2010, Chairman James L. Oberstar introduced H.R. 5897, the “Economic Revitalization and Innovation Act of 2010”. On July 29, 2010, the Committee on Transportation and Infrastructure met in open session to consider H.R. 5897. During consideration,

the Committee adopted three amendments to the bill. The Committee ordered the bill, as amended, reported favorably to the House by voice vote with a quorum present.

RECORD VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with consideration of H.R. 5897, or ordering the bill reported. A motion to order H.R. 5897, as amended, reported favorably to the House was agreed to by voice vote with a quorum present.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and section 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included in the report.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to authorize programs of the EDA for five fiscal years.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for H.R. 5897, as amended, from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 27, 2010.

Hon. JAMES L. OBERSTAR,
*Chairman, Committee on Transportation and Infrastructure,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5897, the Economic Revitalization and Innovation Act of 2010.

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

Sincerely,

PETER H. FONTAINE
(For Douglas W. Elmendorf, Director).

Enclosure.

H.R. 5897—Economic Revitalization and Innovation Act of 2010

Summary: H.R. 5897 would authorize funding for exiting programs of the Economic Development Administration (EDA) through 2015. The legislation also would authorize appropriations for EDA to provide loan guarantees for the construction and renovation of business incubators and science and research parks. Assuming appropriation of the specified and necessary amounts, CBO estimates that implementing this bill would cost about \$1.3 billion over the 2011–2015 period and \$1.2 billion after 2015. Enacting H.R. 5897 would not affect direct spending or revenues; therefore pay-as-you-go procedures do not apply.

H.R. 5897 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 H.R. 5897 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	2011–2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
EDA Programs:						
Authorization Level	500	500	500	500	500	2,500
Estimated Outlays	25	135	245	385	485	1,275
Loans Guarantees for Business Incubators and Science and Research Parks:						
Estimated Authorization Level	2	5	5	7	7	26
Estimated Outlays	2	4	5	6	7	24
Total Changes:						
Estimated Authorization Level	502	505	505	507	507	2,526
Estimated Outlays	27	139	250	391	492	1,299

Note: EDA = Economic Development Administration.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the beginning of fiscal year 2011 and that amounts specified and estimated to be necessary will be appropriated for each year.

Economic Development Administration programs

H.R. 5897 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 2010, the Congress provided a total of \$304 million to EDA, including \$255 million in regular appropriations and \$49 million for states affected by certain disasters (see Public Law 111–117 and Public Law 111–212).

In addition to authorizing the appropriation of more than \$400 million a year for public works and economic development grants

to state and local entities, the bill would specifically authorize appropriations of:

- \$36 million in each fiscal year for grants covering 50 percent to 100 percent (based on relative need and other special circumstances) of the cost for economic development planning and administration;
- \$35 million in each fiscal year for a new sustainable, economic development demonstration program;
- \$10 million in each fiscal year for training and research grants and technical assistance to help alleviate or prevent unemployment, underemployment, and outmigration of jobs; and
- About \$8 million for planning grants to construct and develop science and research parks.

Based on historical spending patterns of EDA programs, CBO estimates that assistance provided under this legislation would cost about \$1.3 billion over the next five years and \$1.2 billion after 2015.

Loan guarantees for business incubators and science and research parks

H.R. 5897 would authorize the appropriation of whatever amounts are necessary for EDA to guarantee loans for constructing and renovating business incubators (programs that foster the creation and growth of new and early-stage businesses) and science and research parks. Loan guarantees for each project could exceed \$50 million or 80 percent of the loan, whichever is less. Aggregate loan guarantees could not exceed \$235 million in a single year or \$500 million over the 2011–2015 period.

The budgetary accounting for direct loans and loan guarantees administered by federal agencies is governed by the Federal Credit Reform Act of 1990, which requires an appropriation of the subsidy and administrative costs associated with such loan operations. The subsidy cost is the estimated long-term cost to the government of a loan or loan guarantee, calculated on a net-present-value basis, excluding administrative costs. Administrative costs, recorded on a cash basis, include activities related to making, servicing, and liquidating loans as well as overseeing the performance of lenders.

Based on the historical experience of similar projects, CBO assumes that over half of the business incubators and science and research parks that would obtain a loan guarantee under the bill would be operated or affiliated with a anniversary or state or local government. The remainder would be developed by private entities. The credit ratings of similar projects operated by such groups indicate that the subsidy rate for this program would be about 4 percent, requiring the appropriation of about \$20 million over the 2011–2015 period to cover the cost of making \$500 million in loans. (A portion of that subsidy cost would be expended after 2015 as loans are disbursed.) Assuming the appropriation of those amounts plus an additional \$6 million for administrative costs, CBO estimates that implementing this provision would cost \$24 million over the 2011–2015 period.

Other changes

The legislation would increase the maximum federal cost share for certain EDA projects. Under current law, the federal govern-

ment covers 50 percent of the costs for public works and economic development 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). EDA can increase the federal cost share to 100 percent for state and local governments that have exhausted their effective taxing and borrowing capacity. This legislation would allow EDA to provide similar increases for state and local governments that have had substantial declines in tax revenue and for certain grants covering planning and administrative expenses.

CBO does not expect that those or other changes to existing programs included in H.R. 5897 would significantly alter EDA expenditures; therefore, we estimate the changes would not affect the federal budget over the next five years.

H.R. 5897 also would authorize the appropriation of \$42 million in 2011 and such sums as may be necessary thereafter for the salaries and expenses of EDA employees. The Congress provided \$38 million for this purpose in 2010 (see Public Law 111–117) and authorize the appropriation of such sums as may be necessary for future fiscal years (see Public Law 108–373). CBO does not estimate additional costs for this provision above those already authorized in current law.

Intergovernmental and private-sector impact: H.R. 5897 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grants and technical assistance for economic development projects included in the bill. Any costs to those governments, including matching funds, would be incurred voluntarily as conditions of federal assistance.

Previous CBO estimate: On December 9, 2009, CBO transmitted a cost estimate for S. 2778, the Economic Development Revitalization Act of 2009, as ordered reported by the Senate Committee on Environment and Public Works on November 18, 2009. CBO estimated that implementing that bill would cost about \$1.3 billion over the 2010–2014 period and \$760 million thereafter.

H.R. 5897 and S. 2778 would provide funding for existing EDA programs at the same level but over different time periods. Each piece of legislation also would authorize additional amounts for programs not included in the other bill. The CBO cost estimates reflect those differences.

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

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

COMPLIANCE WITH HOUSE RULE XXI

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee is required to include a list of congressional earmarks, limited tax benefits, or limited tariff benefits, as defined in clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives. H.R. 5897, as amended, does not contain any earmarks, limited tax benefits, or limited tariff benefits under clause 9(e), 9(f), or 9(g) of rule XXI.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (P.L. 104-4).

PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee states that H.R. 5897, as amended, does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (P.L. 104-1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) * * *

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

* * * * *

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND
COORDINATION

* * * * *

Sec. 104. Encouragement of certain coordination.

Sec. 105. Coordination with respect to high-speed rail.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

* * * * *

Sec. 208. Financial assistance for business incubators and science and research parks.

* * * * *

[Sec. 218. Brightfields demonstration program.]

Sec. 218. Sustainable economic development demonstration program.

Sec. 219. Job creation goals.

Sec. 220. Prohibition with respect to use of assistance.

* * * * *

TITLE V—ADMINISTRATION

* * * * *

Sec. 508. Economic development representatives.

Sec. 509. Limitation on certain positions.

TITLE VI—MISCELLANEOUS

* * * * *

Sec. 613. Maintenance of effort.

TITLE VII—FUNDING

* * * * *

Sec. 705. Funding for financial assistance for business incubators and science and research parks.

Sec. 706. Funding for sustainable economic development demonstration program.

Sec. 707. Funding for grants for training, research, and technical assistance.

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;

[(4) while economic development is an inherently local process, the Federal Government should work in partnership with

public and private State, regional, tribal, and local 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 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, and simplified and consistent requirements; and

[(6) Federal economic development efforts will be more effective if the efforts are coordinated with, and build upon, the trade, workforce investment, transportation, and technology programs of 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

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

(a) **FINDINGS.**—*Congress finds that—*

(1) *sustainable economic growth in the 21st century depends upon economic development strategies that include investment in essential infrastructure that fosters innovation, entrepreneurship, and competition in the global marketplace;*

(2) *there continue to be areas of the United States experiencing chronic high unemployment, underemployment, outmigration, and low per capita income, as well as areas facing sudden and severe economic dislocations due to structural economic changes, increasing international competition, certain Federal actions (including defense-related facility closures and realignment and actions required to counteract the depletion of natural resources), and natural disasters;*

(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 regions and communities to develop a more competitive and diversified economic base, including by—*

(A) *expanding economic opportunities, increasing international competitiveness, and creating a climate supportive of job creation and business development;*

(B) *creating an environment that promotes public infrastructure investments that maximize sustainable development practices;*

(C) promoting private sector job creation through increased innovation, productivity, and entrepreneurship; and

(D) empowering local and regional communities experiencing chronic high unemployment, underemployment, outmigration, and low per capita income to develop private sector business and attract increased domestic and foreign private sector capital investment, including through the location of information technology, agribusiness, alternative energy, manufacturing, and bioscience jobs in the United States and the relocation of such jobs to the United States;

(4) economic growth in the States, including in both cities and rural areas, can best be promoted by helping communities invest in regional strategies that build upon unique competitive advantages and are designed to foster innovation and entrepreneurship in all segments of the community's economy;

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

(6) in order to avoid 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, and simplified and consistent requirements; and

(7) Federal economic development efforts will be more effective if the efforts are coordinated with, and build upon, the trade, workforce investment, higher education, transportation, energy, environmental protection, and technology programs of 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 distressed communities in both rural and urban areas;

(2) local communities should work in partnership with neighboring communities, economic development districts, States, Indian tribes, institutions of higher education, national security laboratories, the private sector, and the Federal Government to increase the capacity of those local communities to develop and implement comprehensive economic development strategies to alleviate economic distress and enhance competitiveness in the global economy, including national security laboratories;

(3) whether suffering from long-term distress or a sudden dislocation, distressed communities should be encouraged to take affirmative steps to promote innovation and entrepreneurship, including through the formation of business incubators, to help create higher skill, higher wage jobs and foster the participation of those distressed communities in the global marketplace;

(4) assistance under this Act should be made available to promote sustainable economic development practices, to assist communities with the productive reuse of abandoned industrial facilities and the redevelopment of brownfields, and to leverage

significant Federal investments in high-speed rail corridors and other transportation infrastructure; and

(5) research assistance under this Act should help regions across the United States leverage the economic assets of those regions in a comprehensive manner and should enhance the Economic Development Administration’s ability to provide an economic development framework to assist distressed communities and regions, with particular emphasis on revitalizing the manufacturing, agribusiness, and bioscience industries and the linkages between urban and rural communities.

SEC. 3. DEFINITIONS.

In this Act:

(1) * * *

* * * * *

(8) REGIONAL COMMISSIONS.—The term “Regional Commissions” means—

(A) * * *

* * * * *

(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.)**;**

(E) the Southeast Crescent Regional Commission established under section 15301(a) of title 40, United States Code;

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

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

* * * * *

TITLE I—ECONOMIC DEVELOPMENT PARTNERSHIPS COOPERATION AND COORDINATION

SEC. 101. ESTABLISHMENT OF ECONOMIC DEVELOPMENT PARTNERSHIPS.

(a) * * *

(b) TECHNICAL ASSISTANCE.—The Secretary may provide such technical assistance to States, political subdivisions of States, sub-State regional organizations (including organizations that cross State boundaries), multi-State regional organizations, and non-profit organizations, *including economic development districts and university centers*, as the Secretary determines is appropriate to—

(1) * * *

[(2) encourage and support public-private partnerships for the formation and improvement of economic development strat-

egies that sustain and promote economic development across the United States; and

[(3) promote investment in infrastructure and technological capacity to keep pace with the changing global economy.]

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

(3) *promote investment in infrastructure, innovation, entrepreneurship, sustainable development, and technological capacity (including with respect to advanced technologies in all industry sectors) 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 *and appropriate 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.

* * * * *

SEC. 104. ENCOURAGEMENT OF CERTAIN COORDINATION.

In carrying out this Act, the Secretary is authorized and encouraged to consult and cooperate with any Federal, State, or local government agency or consortium of governmental organizations that can assist in addressing challenges and capitalizing on opportunities that require coordination, including the Department of Labor with respect to supporting economic and workforce development strategies and promoting regional innovation clusters.

SEC. 105. COORDINATION WITH RESPECT TO HIGH-SPEED RAIL.

The Secretary shall coordinate activities carried out under this Act, as appropriate, with the Department of Transportation and other relevant Federal agencies, State and local governments, economic development districts, Indian tribes, and planning and development organizations to leverage and maximize the economic development potential of Federal investments in high-speed rail projects. In carrying out this section, the Secretary shall conduct studies and disseminate reports, as appropriate, with respect to high-speed rail projects.

TITLE II—GRANTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT

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 *(including a facility of a business incubator or a science and research park (as such terms are defined in section 208(a))*); and

* * * * *

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 (*including indirect costs determined eligible in an applicable Office of Management and Budget circular*) 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) * * *

* * * * *

(3) determining project opportunities; **[and]**

(4) formulating and implementing an economic development program that includes systematic efforts to reduce unemployment **[and increase incomes.]** *and systemic economic distress and increase incomes by fostering entrepreneurship and innovation across all regional industry sectors; and*

(5) *fostering regional collaboration.*

* * * * *

(d) STATE PLANS.—

(1) * * *

* * * * *

(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 *and other types of assistance* to—

(A) * * *

* * * * *

(C) enhance and protect the environment, *including through efficient energy production, utilization, and facility development;*

* * * * *

(E) promote the use *and deployment* 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 sustainable development practices and the efficient coordination and leveraging of public and private investments.*

* * * * *

SEC. 204. COST SHARING.

(a) * * *

* * * * *

(c) INCREASE IN FEDERAL SHARE.—

(1) * * *

(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 the effective taxing and borrowing capacity of the State or political subdivision *or that the Secretary determines has been affected by substantial declines in tax revenue*, 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) **【TRAINING】 PLANNING, TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.**—In the case of a grant provided under **【section 207】 section 203 or 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 *or if grant supported activities will include regional planning to build on competitive advantages available regionally*.

* * * * *

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】**, *underemployment, or outmigration*.

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

(A) * * *

* * * * *

(D) establishment of university centers, *with the goal that at least one university center is established in each State*;

* * * * *

【(H) assessment, marketing, and establishment of business clusters; and

【(I) other activities determined by the Secretary to be appropriate.】

(H) studies that evaluate the effectiveness of regional innovation clusters and determine best practices with respect to the support provided by entrepreneurial infrastructure, including business incubators;

(I) a peer exchange program to promote best practices and innovation with respect to the organizational development, program delivery, and regional initiatives of economic development districts;

(J) development and promotion of performance measures and best practices with respect to commercialization and entrepreneurship;

(K) developing or implementing county or municipal government efficiency assessments related to economic development or community viability; and

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

* * * * *

(4) *HIGH-SPEED RAIL.*—In making a grant under this subsection for the establishment of a university center, the Secretary shall ensure, if appropriate, that the activities of the center will include conducting research and providing technical assistance to leverage and maximize the economic development potential of Federal investments in high-speed rail projects.

* * * * *

SEC. 208. FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

(a) *DEFINITIONS.*—In this section, the following definitions apply:

(1) *BUSINESS INCUBATOR.*—The term “business incubator” means a program established to foster the creation of new businesses and accelerate the growth of early-stage businesses by providing entrepreneurs and early-stage businesses with the resources and services to produce viable businesses that can help create jobs in and restore vitality to communities.

(2) *BUSINESS INCUBATOR DEVELOPMENT PROJECT.*—The term “business incubator development project” means a project to construct or alter facilities for a business incubator, including the acquisition of real property necessary to carry out the construction or alteration.

(3) *SCIENCE AND RESEARCH PARK.*—The term “science and research park” means a program that—

(A) includes property and buildings designed primarily for—

- (i) research and development activities conducted by public-private partners;
- (ii) technology- and science-based businesses; or
- (iii) research and development support services;

(B) includes a contractual relationship with one or more institutions of higher education or government or nonprofit research laboratories, including national security laboratories;

(C) has a primary mission of—

- (i) promoting research and development through industry partnerships, assisting the growth of new ventures, and promoting innovation-driven economic development;
- (ii) facilitating the transfer of technology and business skills between researchers and industry teams; and
- (iii) promoting technology-led economic development for the community or region in which the program is located; and

(D) is owned by a government or nonprofit entity (although the government or nonprofit entity may enter into partnerships or joint ventures with for-profit entities to develop or manage specific components of the program).

(4) *SCIENCE AND RESEARCH PARK DEVELOPMENT PROJECT.*—The term “science and research park development project” means a project to construct or alter facilities for a science and

research park, including the acquisition of real property necessary to carry out the construction or alteration.

(b) *FINANCIAL ASSISTANCE.*—On the application of an eligible recipient, the Secretary may provide financial assistance in accordance with this section to assist the development of business incubators and science and research parks.

(c) *GRANTS FOR PLANS FOR SCIENCE AND RESEARCH PARKS.*—

(1) *GRANT AUTHORITY.*—In accordance with this subsection, the Secretary may award a grant to an eligible recipient for the development of a feasibility study or development plan, or both, with respect to a science and research park development project.

(2) *AMOUNT OF A GRANT.*—A grant awarded under paragraph (1) may not be in an amount that exceeds \$750,000.

(3) *SELECTION PROCESS.*—

(A) *SELECTION CRITERIA.*—Not later than 180 days after the date of enactment of the Economic Revitalization and Innovation Act of 2010, the Secretary shall publish the criteria to be utilized for the selection of grant recipients under paragraph (1).

(B) *COMPETITION REQUIRED.*—The Secretary shall award grants under paragraph (1) pursuant to a full and open competition.

(C) *GEOGRAPHIC DIVERSITY.*—In awarding grants under paragraph (1), the Secretary shall ensure, to the extent practicable, that grant recipients represent diverse geographic areas of the United States, including rural and urban areas.

(4) *PROGRAM LIMIT.*—The Secretary may not award, in the aggregate, more than \$7,500,000 in grants under paragraph (1).

(d) *LOAN GUARANTEES FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.*—

(1) *GUARANTEE AUTHORITY.*—In accordance with this subsection, the Secretary may guarantee a loan of an eligible recipient to assist the carrying out of a business incubator development project or a science and research park development project.

(2) *GUARANTEE PERCENTAGE.*—In guaranteeing a loan under paragraph (1), the Secretary may guarantee up to 80 percent of the principal amount of the loan.

(3) *SELECTION OF GUARANTEE RECIPIENTS.*—

(A) *CREDITWORTHINESS.*—The Secretary may not guarantee a loan under paragraph (1) unless the Secretary has determined that there is a reasonable assurance of repayment with respect to the loan.

(B) *GRANT RECIPIENTS.*—A recipient of a grant under subsection (c) for the development of a feasibility study or development plan, or both, is not eligible for a loan guarantee under paragraph (1) until the recipient has completed the study or plan, or both, for which the grant was provided (as determined by the Secretary).

(4) *TERM OF LOAN.*—The term of a loan guaranteed under paragraph (1) may not exceed the lesser of—

(A) 30 years; or

(B) 90 percent of the useful life of any physical asset to be financed by such loan.

(5) *SUBORDINATION.*—An obligation relating to a loan guarantee under paragraph (1) may not be subordinated to another debt contracted by the borrower or to any other claims against the borrower in the case of default.

(6) *OTHER TERMS AND CONDITIONS.*—Except as otherwise specified in this subsection, a loan guarantee under paragraph (1) shall be subject to such terms and conditions as the Secretary may prescribe.

(7) *REVIEW.*—

(A) *IN GENERAL.*—The Secretary shall periodically assess the risks associated with loans guaranteed under paragraph (1).

(B) *COMPTROLLER GENERAL REPORT.*—Not later than 2 years after the date of enactment of the Economic Revitalization and Innovation Act of 2010, the Comptroller General shall—

(i) conduct a comprehensive review of the program under this subsection; and

(ii) submit to Congress a report on the results of the review.

(8) *PROGRAM LEVELS.*—In carrying out paragraph (1) during fiscal years 2011 through 2015, the Secretary may not guarantee loans in an amount that exceeds—

(A) \$50,000,000 for a single project;

(B) \$235,000,000 in a single fiscal year; and

(C) \$500,000,000 in the aggregate.

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, science and research park development projects (as defined in section 208(a)), public services, business development (including funding of a revolving loan fund, a challenge grant, and operating support for business incubators (as defined in section 208(a))), 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.

* * * * *

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

(1) military base closures [or realignments,], realignments, or mission growth, defense contractor reductions in force, or Department of Energy defense-related funding reductions, for help in diversifying their economies or 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;

* * * * *

(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]** *manufacturing, information technology, natural resource, agricultural, or service sector jobs*, for reinvesting in and diversifying the economies of the communities~~...~~;

(6) *a lack of technology infrastructure, including inadequate access to broadband capacity sufficient to support economic development objectives;*

(7) *an inability to utilize alternative means of energy production and distribution; or*

(8) *insufficient access to capital and credit necessary for business retention and expansion, entrepreneurship, and innovation.*

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

(1) * * *

(2) EFFICIENT ADMINISTRATION.—The Secretary may—

(A) * * *

(B) *at the request of a grantee, approve the transfer of all or a portion of the assets of a revolving loan fund of the grantee to another eligible recipient to assist in establishing or maintaining a multiregion or national revolving loan fund;*

[(B)] (C) 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)] (D) 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).

* * * * *

(5) CONVERSION OF REVOLVING LOAN FUND ASSETS.—

(A) AUTHORITY.—*At the request of a grant recipient, the Secretary may approve the use of the assets of a revolving loan fund established by the grant recipient with assistance under this section for another project, if—*

(i) *the project is eligible for assistance under this Act; and*

(ii) *the Secretary determines that the revolving loan fund is no longer necessary and the grant recipient, as a result of changed economic development needs, will make better use of the assets by carrying out the project.*

(B) METHODS OF CONVERSION.—*If conversion of a revolving loan fund is approved under subparagraph (A), the applicable grant recipient may convert the assets of the revolving loan fund by—*

(i) *selling to a third party any assets of the revolving loan fund; or*

(ii) *retaining repayments of principal and interest amounts made on loans provided through the revolving loan fund.*

(C) TERMS AND CONDITIONS.—*Except as otherwise provided under this paragraph, the Secretary may establish*

such terms and conditions with respect to the conversion of a revolving loan fund under this paragraph as the Secretary determines appropriate.

(D) EXPEDIENCY REQUIREMENT.—The Secretary shall ensure that any assets of a revolving loan fund converted under this paragraph are used in an expeditious manner.

(6) RELEASE.—The Secretary may release, subject to terms and conditions the Secretary determines appropriate, the Federal Government's interest in a revolving loan fund established by a grant recipient with assistance under this section on or after the date that is 7 years after the date on which the applicable grant was fully disbursed, if the Secretary determines that—

(A) the grant recipient has carried out the terms of the grant in a satisfactory manner;

(B) any proceeds realized after the release of the Federal Government's interest will be used for one or more activities that carry out the economic development purposes of this Act; and

(C) the grant recipient will continue to satisfy the requirements of section 602.

(7) EQUITY INVESTMENT DEMONSTRATION PROGRAM.—

(A) AUTHORITY.—

(i) IN GENERAL.—To determine the feasibility and utility of providing equity investments through revolving loan funds established by grant recipients with assistance under this section, the Secretary may authorize, at the request of a grant recipient, the use of the capital base of a revolving loan fund for equity investments in businesses in need of capital to start up operations or expand operations beyond the startup phase.

(ii) DEMONSTRATED CAPACITY.—Before authorizing a grant recipient to make equity investments under clause (i), the Secretary shall determine that the grant recipient has the demonstrated capacity for engaging in equity investments or will contract with another company or organization with a proven track record with respect to equity investments.

(iii) PREFERENTIAL CONSIDERATION.—In authorizing grant recipients to make equity investments under clause (i), the Secretary shall give preferential consideration to requests from grant recipients that intend to focus their investment activities in support of business incubators (as defined in section 208(a)), companies commercializing technologies in conjunction with institutions of higher education, science and research parks (as defined in section 208(a)), or technology or manufacturing companies relocating to the United States from outside the United States.

(iv) GEOGRAPHIC DIVERSITY.—In authorizing grant recipients to make equity investments under clause (i), the Secretary shall ensure, to the extent practicable, that grant recipients authorized represent diverse geographic areas of the United States, including rural and urban areas.

(B) *REQUIREMENTS.*—In authorizing a grant recipient to make equity investments under subparagraph (A)(i), the Secretary shall ensure that—

(i) not more than 25 percent of the capital base of the revolving loan fund of the grant recipient will be used for equity investments;

(ii) the Federal share of the amount used for an equity investment made by the grant recipient will not exceed 50 percent; and

(iii) the total amount of the equity investments made by the grant recipient in any one business will not exceed \$250,000.

(C) *OTHER TERMS AND CONDITIONS.*—Except as otherwise provided in this paragraph, the Secretary may authorize grant recipients to make equity investments under subparagraph (A)(i) subject to terms and conditions the Secretary determines are appropriate.

(D) *DISPOSITION OF EQUITY SECURITIES.*—In the event that the Secretary acquires equity securities as a result of a default by any party under any agreement relating to the terms of the Secretary's extension of assistance under this paragraph, the Secretary shall liquidate the Federal interest in such securities as soon as possible and for such consideration as the Secretary determines appropriate. The Secretary may assign or transfer the securities to a third party for purposes of liquidation and the third party may retain proceeds from the disposition of the securities to defray costs related to the liquidation.

(E) *DEFINITIONS.*—In this paragraph the following definitions apply:

(i) *CAPITAL BASE.*—The term “capital base” means the amount of the funding, from a grant under this section and from non-Federal sources, initially provided to establish a revolving loan fund under this section.

(ii) *EQUITY INVESTMENT.*—The term “equity investment” means an investment of funds in a business that results in the acquisition of an equity security.

(iii) *EQUITY SECURITY.*—The term “equity security” means an instrument that signifies an ownership interest in a business.

* * * * *

[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.

[(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 site if the Secretary determines that the project will—

[(1) use 1 or more solar energy 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, to remain available until expended.]

SEC. 218. SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

(a) *IN GENERAL.*—*On the application of an eligible recipient, the Secretary may provide technical assistance, make grants, enter into contracts, or otherwise provide funding for a project—*

(1) *to promote energy efficiency to enhance the economic competitiveness of an area;*

(2) *to increase the use of renewable energy technologies, including solar, wind, or geothermal technologies, to support sustainable economic development and job growth, with a priority given to projects that incorporate photovoltaics or relate to agribusiness, including in both urban and rural areas;*

(3) *to support energy efficiency or alternative energy development plans, studies, or analysis (including with respect to job training, attraction, or retention) to enhance a comprehensive economic development strategy with respect to which funding has been provided under this Act;*

(4) *to support the efforts of a community to have a technology or manufacturing business located outside the United States relocate to the United States; and*

(5) *to supplement another project funded by a Federal grant, loan, or loan guarantee provided for a purpose described in paragraphs (1) through (4).*

(b) *FEDERAL SHARE.*—*Notwithstanding section 204, the Federal share of the cost of a project funded under this section—*

(1) *if described in paragraph (1), (2), (3), or (4) of subsection (a), shall not exceed 80 percent; and*

(2) *if described in subsection (a)(5), shall not exceed 100 percent.*

(c) *SOLICITATION OF APPLICATIONS.*—*Not later than 60 days after a date on which funds are made available to carry out this section, the Secretary shall solicit applications for assistance under this section.*

SEC. 219. JOB CREATION GOALS.

(a) *IN GENERAL.*—*As a condition of the receipt of a grant under section 201, 205, or 209 or a loan guarantee under section 208, the recipient of the grant or loan guarantee shall enter into an agreement with the Secretary that establishes goals for the number of jobs to be created as a result of the projects and activities funded by the grant or loan guarantee.*

(b) *COMPLIANCE WITH GOALS.*—*The Secretary may take appropriate action to penalize a grant recipient who fails to satisfy job creation goals specified in an agreement under subsection (a).*

SEC. 220. PROHIBITION WITH RESPECT TO USE OF ASSISTANCE.

The Secretary shall ensure that a recipient of assistance under this Act does not utilize the assistance for activities to intentionally attract, to the location of the recipient, a business or other source of employment already established elsewhere in the United States,

if the relocation would adversely affect the location where the business or other source of employment was previously located.

TITLE III—ELIGIBILITY; COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

SEC. 301. ELIGIBILITY OF AREAS.

(a) * * *

* * * * *

(e) SPECIAL NEED.—In determining whether an area has experienced or is about to experience a special need for purposes of subsection (a)(3), the Secretary may consider whether the area has been affected by—

- (1) the loss of a substantial employer;*
- (2) substantial outmigration or population loss;*
- (3) substantial foreclosure rates;*
- (4) substantial underemployment;*
- (5) military base or defense installation closure, realignment, or mission growth;*
- (6) a natural or other disaster or emergency;*
- (7) substantial natural resource depletion;*
- (8) substantial negative effects resulting from changing trade patterns; or*
- (9) other circumstances that the Secretary determines are indicative of special or extraordinary unemployment or economic adjustment problems.*

SEC. 302. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES.

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

- (1) an identification of the economic development problems *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 (*including nonprofit organization*) participants and sources of funding for the investments; and
- (3)(A) a comprehensive economic development strategy for addressing the [economic problems] *economic development 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 *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.

* * * * *

(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 supported program or under a State, regionally, or locally supported program.

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

(d) NOTIFICATION OF APPROVAL OR DISAPPROVAL OF COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY OR OTHER PLAN.—

(1) DEADLINE.—The Secretary shall notify an eligible recipient of the approval or disapproval of a comprehensive economic development strategy or other plan submitted under this section not later than 60 days after the date of receiving the strategy or plan.

(2) BASIS FOR DISAPPROVAL.—A notification of disapproval under this subsection shall include a description of the basis for the disapproval.

TITLE IV—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 401. DESIGNATION OF ECONOMIC DEVELOPMENT DISTRICTS.

(a) IN GENERAL.—In order that economic development projects of [broad geographic] national and regional 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) * * *

* * * * *

(c) OPERATIONS.—

(1) IN GENERAL.—As a condition of maintaining designation as an economic development district, each district shall engage in the full range of economic development activities in the comprehensive economic development strategy of the district that has been approved by the Secretary, which may include—

(A) coordinating and implementing economic development activities in the 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 Federal, State, local, and private organizations.

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

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

The Secretary shall, by regulation, promulgate standards for the termination or modification of the designation of economic development districts. *The standards shall include authority for the Secretary to review, at the request of a district, district designations to evaluate whether the designations meet economic development and labor force needs and, when warranted, to approve the combination of districts and adjust applicable assistance levels for the resulting combination.*

* * * * *

TITLE V—ADMINISTRATION

* * * * *

SEC. 503. CONSULTATION WITH OTHER PERSONS AND AGENCIES.

(a) **CONSULTATION ON PROBLEMS RELATING TO EMPLOYMENT.**—The Secretary may consult with any persons, including representatives of labor, management, agriculture, and government, who can assist in addressing the problems of area and regional unemployment [or underemployment], *underemployment, or outmigration.*

* * * * *

SEC. 506. PERFORMANCE EVALUATIONS OF GRANT RECIPIENTS.

(a) * * *

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

[(c) **TIMING OF EVALUATIONS.**—Evaluations under subsection (a) shall be conducted on a continuing basis so that each grantee is evaluated within 3 years after the first award of assistance to the grantee, and at least once every 3 years thereafter, so long as the grantee receives the assistance.]

(c) **TIMING OF EVALUATIONS.**—*Evaluations under subsection (a) shall be conducted on a continuing basis so that—*

(1) *with respect to economic development districts, each grantee is evaluated within 3 years after the first award of assistance to the grantee and at least once every 3 years thereafter, so long as the grantee receives the assistance; and*

(2) *with respect to university centers, each grantee is evaluated within 5 years after the first award of assistance to the grantee and at least once every 5 years thereafter, so long as the grantee receives the assistance.*

(d) **EVALUATION CRITERIA.**—

(1) * * *

[(2) **EVALUATION CRITERIA FOR UNIVERSITY CENTERS.**—The criteria for evaluation of a university center shall, at a minimum, provide for an assessment of the center’s contribution to providing technical assistance, conducting applied research,

program performance, and disseminating results of the activities of the center.】

(2) *EVALUATION CRITERIA FOR UNIVERSITY CENTERS.*—*The criteria for evaluation of a university center shall provide, at a minimum, for an assessment of—*

(A) *the center’s contribution to providing technical assistance, conducting applied research, and disseminating the results of the activities of the center;*

(B) *the center’s conformance with the approved program plan of the center and the goals of the Secretary; and*

(C) *if appropriate, the center’s activities to leverage and maximize the economic development potential of Federal investments in high-speed rail projects, including activities—*

(i) *to encourage collaboration across regions; and*

(ii) *to evaluate manufacturing and economic development opportunities relating to the projects.*

* * * * *

SEC. 508. ECONOMIC DEVELOPMENT REPRESENTATIVES.

The Secretary shall ensure that the Economic Development Administration maintains—

(1) *not less than 35 individuals in the position of economic development representative during fiscal year 2012; and*

(2) *not less than 40 individuals in the position of economic development representative during fiscal year 2013 and each fiscal year thereafter.*

SEC. 509. LIMITATION ON CERTAIN POSITIONS.

Beginning in fiscal year 2012, the number of positions in the Economic Development Administration that, for purposes of title 5, United States Code, are general positions (as defined by section 3132(a)(9) of such title) which may be filled only by a noncareer appointee (as defined by section 3132(a)(7) of such title) shall be limited to 5.

TITLE VI—MISCELLANEOUS

* * * * *

SEC. 603. ANNUAL REPORT TO CONGRESS.

(a) * * *

(b) **INCLUSIONS.**—Each report required under subsection (a) shall—

(1) * * *

(2) include a discussion of any private sector leveraging goal with respect to grants awarded to—

(A) * * *

(B) highly distressed areas; **[and]**

(3) after the completion of a project, include the realized private sector dollar to Federal dollar investment ratio for the project**【.】**;

(4) *with respect to each university center assisted with funding under this Act, include—*

(A) *a specification of the activities of the university center;*

- (B) a specification of the recipients of technical assistance from the university center; and
- (C) a specification of the outcomes resulting from the job creation, research, and technical assistance activities of the university center; and
- (5) specify the projects, and the funding provided for the projects, that were funded in conjunction with one or more of the regional commissions.

* * * * *

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.—

(1) IN GENERAL.—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.

(2) MAINTENANCE OF STANDARDS.—The Secretary may not terminate a reversionary interest of the Secretary under subsection (a)(2)(B) if the Secretary has not received adequate assurances that the applicable recipient will continue to satisfy the requirements of section 602 after the termination.

(c) PREVIOUSLY EXTENDED ASSISTANCE.—With respect to any recipient to which the term of provision of assistance was extended under this Act before the date of enactment of this section, the Secretary may approve a request of the recipient under subsection (a) in accordance with the requirements of this section to ensure uniform administration of this Act, notwithstanding any estimated useful life period that otherwise relates to the assistance.

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

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

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.] *until 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.]

(1) *\$42,000,000 for fiscal year 2011; and*

(2) *such sums as are necessary for each fiscal year thereafter.*

* * * * *

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]** *\$36,000,000 shall be made available for grants provided under section 203 and, of that amount, not less than \$500,000 shall be made available for grants under section 203 for planning relating to high-speed rail.*

SEC. 705. FUNDING FOR FINANCIAL ASSISTANCE FOR BUSINESS INCUBATORS AND SCIENCE AND RESEARCH PARKS.

(a) GRANTS.—*In addition to amounts made available under section 701, there is authorized to be appropriated \$7,500,000 to carry out section 208(c).*

(b) LOAN GUARANTEES.—*In addition to amounts made available under section 701, there are authorized to be appropriated such sums as may be necessary to carry out section 208(d), including the cost (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of guaranteeing loans under that section.*

SEC. 706. FUNDING FOR SUSTAINABLE ECONOMIC DEVELOPMENT DEMONSTRATION PROGRAM.

Of the amounts made available under section 701 for each fiscal year, not less than \$25,000,000 shall be made available to carry out section 218.

SEC. 707. FUNDING FOR GRANTS FOR TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE.

Of the amounts made available under section 701 for each fiscal year, not less than \$10,000,000 shall be made available for grants provided under section 207 and, of that amount, not less than \$1,125,000 shall be made available for grants under section 207 to establish university centers in States that do not have a university center.

MINORITY VIEWS

The Economic Development Administration (EDA) has done tremendous work with relatively little funding since its inception in 1965. According to studies that have been done, we know that EDA, through its programs effectively leverages federal dollars with private and local funds to create jobs and spur economic growth. For example, in fiscal year 2007, EDA investments that year created or retained American jobs at an average cost of \$4,000 per job and EDA leveraged over \$8 in private sector capital investment for every taxpayer dollar invested.¹

EDA programs create jobs that last. For this reason, we support the reauthorization of EDA's programs. However, we do have concerns regarding certain provisions contained in H.R. 5897. More specifically, the bill significantly expands many of EDA's programs, creates new ones and extends certain federal rules such as the provisions of Davis-Bacon to unprecedented lengths. The Subcommittee on Economic Development, Public Buildings, and Emergency Management, held one hearing early in the 111th Congress specifically on EDA Reauthorization² and several others that included some aspects of EDA programs, generally.³ However, none of the hearings delved into the expansive changes proposed in H.R. 5897. While some of the changes may be appropriate, we believe the Committee has not received sufficient testimony or other information that would address the questions and concerns we have.

Among the areas of particular concerns that we believe warrant additional review, include:

- *Creates New Grant Programs:* The bill would create two new grant programs for (1) Business Incubators and Science and Research Parks; and (2) Sustainable Economic Development. One benefit of EDA's programs has been the flexibility EDA has to determine what type of investments will produce the greatest return on investment. The impact of specifying broad new grant programs may have the unintended consequence of reducing this flexibility.

- *Reduces Competition in the University Center Grants:* The bill significantly expands the existing EDA University Center program by increasing the number of federally-funded centers and minimizing competition by making them more permanent. Promoting

¹See U.S. Department of Commerce, Economic Development Administration, Construction Grants, Program, Impact Assessment Report, Grant Thornton, September 30, 2008.

²EDA Reauthorization: Rating Past Performances and Setting Goals During an Economic Crisis." Hearing before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, March 10, 2009.

³"Recovery Tracking Hearing #3: Following the Dollars to the Jobs," Hearing before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, October 27, 2009; "Priorities for Disasters and Economic Disruption: The Proposed Fiscal Year 2011 Budgets for the Federal Emergency Management Agency and the Economic Development Administration," Hearing before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, May 6, 2010; "EDA: Lessons Learned From the Recovery Act and New Plans to Strengthen Economic Development," Hearing before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, February 25, 2010.

competition, not reducing it, should be the goal to ensure tax dollars are used effectively and to ensure more colleges and universities have real opportunities to compete for these grants.

- *Creates a Loan Guarantee Program:* The bill creates a new \$500 million loan guarantee program. These types of loan guarantees have been problematic in the past and the creation of a new program, without careful review, raises serious concerns.

- *Expansion of Davis-Bacon Provisions Unprecedented:* The bill creates an unprecedented expansion of Davis-Bacon rules by extending them in perpetuity to State or non-federally-funded projects.

While we strongly support reauthorization of EDA's programs, we remain troubled by a number of key provisions in this bill. We hope as the bill is considered, further review and revisions can be made accordingly.

