

103^D CONGRESS
2^D SESSION

H. R. 5113

To amend the Public Works and Economic Development Act of 1965 to establish a Competitive Communities Demonstration Program to assist distressed communities in developing a competitive economic base, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1994

Mr. WISE introduced the following bill; which was referred jointly to the Committees on Public Works and Transportation and Banking, Finance and Urban Affairs

A BILL

To amend the Public Works and Economic Development Act of 1965 to establish a Competitive Communities Demonstration Program to assist distressed communities in developing a competitive economic base, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Competitive Commu-
5 nities Demonstration Act of 1994”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) Traditionally, the Economic Development
2 Administration has primarily helped communities
3 develop the necessary public infrastructure to enable
4 such communities to foster private sector investment
5 and in many communities public infrastructure re-
6 mains a critical enabler to economic development.

7 (2) However, in many distressed communities
8 the primary economic development challenge is not
9 a lack of public infrastructure but rather a lack of
10 supporting high growth, globally competitive private
11 sector activities as a generator of quality jobs.

12 (3) Therefore, building upon its existing net-
13 work of programs, the Economic Development Ad-
14 ministration should institute a Competitive Commu-
15 nities Demonstration Program to assist distressed
16 communities develop the necessary economic base to
17 compete in the global marketplace.

18 (b) PURPOSES.—The purposes of this Act include the
19 following:

20 (1) To enable the Economic Development Ad-
21 ministration to become a more active partner in
22 bringing community leadership together with com-
23 petitive growth businesses to build a new competitive
24 economic base in communities outside the main-
25 stream of economic growth.

1 (2) To raise the economic aspirations of such
2 communities beyond the retention of the existing
3 economic base to building a new competitive eco-
4 nomic base for the future.

5 **SEC. 3. COMPETITIVE COMMUNITIES DEMONSTRATION**
6 **PROGRAM.**

7 Title IX of the Public Works and Economic Develop-
8 ment Act of 1965 (42 U.S.C. 3241–3245) is amended—

9 (1) by redesignating section 905 as section 908;
10 and

11 (2) by inserting after section 904 the following:

12 **“SEC. 905. COMPETITIVE COMMUNITIES DEMONSTRATION**
13 **PROGRAM.**

14 “(a) ESTABLISHMENT.—The Secretary shall estab-
15 lish and carry out a Competitive Communities Demonstra-
16 tion Program (hereinafter in this section referred to as
17 the ‘program’) under which the Secretary may make
18 grants to eligible intermediaries in accordance with the re-
19 quirements of this section.

20 “(b) ELIGIBLE INTERMEDIARY DEFINED.—In this
21 section, the term ‘eligible intermediary’ means an eco-
22 nomic development district established under title IV of
23 this Act, an Indian tribe, a State, a city or other political
24 subdivision of a State, a nonprofit organization, or a con-
25 sortium of any of such entities which demonstrate the fi-

1 nancial expertise, ability, and legal authority to make in-
2 vestments under the program, as well as the ability to de-
3 velop and implement a community investment strategy.

4 “(c) USE OF GRANTS.—A grant made to an eligible
5 intermediary under the program shall be used by the eligi-
6 ble intermediary to provide financial assistance to high
7 growth businesses in a distressed community. Such finan-
8 cial assistance may include loans, loan guarantees, and
9 payments to reduce interest on loan guarantees.

10 “(d) GRANT APPLICATIONS.—An eligible
11 intermediary seeking a grant under the program shall sub-
12 mit to the Secretary a grant application which—

13 “(1) identifies proposed uses of the grant
14 amounts;

15 “(2) demonstrates that receipt of the grant
16 amounts would be a determining factor in a business
17 decision to proceed with an investment in a high
18 growth business in a distressed community;

19 “(3) demonstrates that the proposed uses of the
20 grant amounts are part of a community investment
21 strategy for economic development;

22 “(4) contains assurances satisfactory to the
23 Secretary that the proceeds from the repayment of
24 loans made by the eligible intermediary under the

1 program will be used for purposes which are consist-
2 ent with the purposes of the program; and

3 “(5) is in such form and contains such addi-
4 tional information as the Secretary may prescribe.

5 “(e) PANEL OF EXPERTS.—

6 “(1) ESTABLISHMENT.—The Secretary shall es-
7 tablish a panel of experts to review grant applica-
8 tions submitted to the Secretary under the program.
9 Such panel shall consist of 7 members as follows:

10 “(A) The Secretary (or the Secretary’s
11 designee).

12 “(B) The Assistant Secretary for Eco-
13 nomic Development.

14 “(C) 1 Regional Director of the Economic
15 Development Administration appointed by the
16 Secretary.

17 “(D) 1 Economic Development Represent-
18 ative of the Economic Development Administra-
19 tion appointed by the Secretary.

20 “(E) 3 private citizens with economic de-
21 velopment and business expertise appointed by
22 the Secretary.

23 “(2) DIVERSITY OF MEMBERS.— In making ap-
24 pointments under paragraph (1), the Secretary shall

1 seek to appoint members with diverse ethnic, cul-
2 tural, and geographic backgrounds.

3 “(f) SELECTION OF GRANT RECIPIENTS.—

4 “(1) IN GENERAL.—Grant recipients under the
5 program will be selected by the Secretary on the
6 basis of recommendations made by the panel of ex-
7 perts established pursuant to subsection (e) after a
8 merit-based comparative evaluation of proposed
9 projects conducted as part of a national competition.
10 The national competition shall be held on a periodic
11 basis.

12 “(2) SCORING SYSTEM.—In order to make rec-
13 ommendations pursuant to paragraph (1), the panel
14 shall rank the proposed projects by priority using a
15 scoring system based on criteria described in sub-
16 section (g).

17 “(3) GEOGRAPHIC BALANCE.—The project scor-
18 ing system used pursuant to paragraph (2) shall be
19 weighted to promote a balance among the regions of
20 the United States and a balance among urban and
21 rural areas; except that no specific formula may be
22 used to apportion the projects between urban and
23 rural areas.

24 “(g) CRITERIA TO BE USED BY PANEL.—

1 “(1) CRITERIA.—In recommending grant recipi-
2 ents under the program, the panel shall consider the
3 following:

4 “(A) The role of the intermediary in the
5 community, including the extent to which the
6 intermediary has a clearly articulated role in
7 the economic development strategy of the com-
8 munity and the extent to which such role is
9 supported by both private sector and public sec-
10 tor leaders in the community.

11 “(B) The capacity of the eligible
12 intermediary to participate in the program.

13 “(C) The business plans and prospects of
14 the businesses which would receive assistance
15 from the grant amounts.

16 “(D) The quantity and quality of jobs to
17 be created or retained by the projects.

18 “(E) The commitment of the businesses to
19 remain in the community.

20 “(F) The level of economic distress in the
21 community involved.

22 “(G) The leveraging of non-Federal funds
23 committed to the projects.

24 “(2) SPECIAL CONSIDERATIONS.—In rec-
25 ommending grant recipients under the program, the

1 panel shall give special consideration to the following
2 applicants:

3 “(A) Applicants who operate existing re-
4 volving loan funds.

5 “(B) Applicants who have applied for des-
6 ignation as empowerment zones or enterprise
7 communities under subchapter U of chapter 1
8 of the Internal Revenue Code of 1986 but have
9 not received such designation because of the
10 limited number of communities that may receive
11 such designation.

12 “(C) Applicants who represent commu-
13 nities adversely affected by the closure or re-
14 alignment of a military installation or by de-
15 fense industry cutbacks.

16 “(h) DEADLINES.—

17 “(1) SUBMISSION OF APPLICATIONS.—The Sec-
18 retary shall publish in the Federal Register dead-
19 lines for the submission of grant applications under
20 the program.

21 “(2) APPROVAL OR DISAPPROVAL OF APPLICA-
22 TIONS.—The Secretary shall approve or disapprove
23 each grant application received by the Secretary
24 under the program on or before the 60th day follow-

1 ing the deadline for submission of such grant appli-
2 cation established pursuant to paragraph (1).

3 “(3) USE OF GRANT AMOUNTS.—Any grant
4 agreement entered into by the Secretary and an eli-
5 gible intermediary under the program shall require
6 that the eligible intermediary provide assistance to
7 businesses using the grant amounts on or before the
8 90th day after the date of receipt of such grant
9 amounts or shall return any remaining portion of
10 such grant amounts to the Secretary for subsequent
11 grant awards under the program.

12 “(i) FUNDING.—Of the amounts appropriated to
13 carry out this title for fiscal year 1995 \$20,000,000 shall
14 be available to carry out this section.”.

15 **SEC. 4. LOAN GUARANTEE DEMONSTRATION PROGRAM.**

16 Title IX of such Act is further amended by inserting
17 after section 905, as added by section 3 of this Act, the
18 following:

19 **“SEC. 906. LOAN GUARANTEE DEMONSTRATION PROGRAM.**

20 “(a) AUTHORITY TO GUARANTEE LOANS.—To the
21 extent the Secretary considers appropriate to carry out the
22 economic adjustment purposes of this title, the Secretary
23 is authorized to guarantee loans made to private borrowers
24 by private lending institutions, community development fi-
25 nancial institutions, and other lenders.

1 “(b) ELIGIBLE ACTIVITIES.—Activities for which
2 loans may be guaranteed under this section include the
3 development of land and facilities (including machinery
4 and equipment) for industrial or commercial usage (such
5 as the construction of new buildings, the rehabilitation of
6 abandoned or unoccupied buildings, and alterations, con-
7 version, or enlargement of existing buildings) and the pro-
8 vision of working capital.

9 “(c) TERMS AND CONDITIONS.—The Secretary may
10 make loan guarantees under this section upon application
11 of the lenders and upon such terms and conditions as the
12 Secretary may prescribe; except that—

13 “(1) no such guarantee shall at any time exceed
14 90 percent of the outstanding unpaid balance of
15 such loans; and

16 “(2) no such guarantee shall be provided unless
17 the lender or the lender’s designee is responsible and
18 makes adequate provision for servicing the loan on
19 reasonable terms and for protecting the financial in-
20 terests of the United States.

21 “(d) FULL FAITH AND CREDIT.—Loan guarantees
22 provided under this section shall have the full faith and
23 credit of the United States.

24 “(e) PREFERRED LENDERS.—To the extent feasible,
25 the Secretary shall conduct the guarantee program estab-

1 lished under this section on a preferred lenders basis and
2 shall authorize lenders, in accordance with agreements en-
3 tered into between the Secretary and such lenders, to take
4 such actions on the Secretary's behalf as the Secretary
5 considers appropriate, including the determination of eligi-
6 bility and credit worthiness and loan monitoring, collec-
7 tions, and liquidation.

8 “(f) FUNDING.—Of the amounts appropriated to
9 carry out this title for fiscal year 1995 \$10,000,000 shall
10 be available to carry out this section.”.

11 **SEC. 5. REPORTING REQUIREMENT.**

12 Title IX of such Act is further amended by inserting
13 after section 906, as added by section 4 of this Act, the
14 following:

15 **“SEC. 907. REPORTING REQUIREMENT.**

16 “As part of the annual report to be transmitted to
17 Congress under section 707 of this Act, the Secretary shall
18 include an assessment of—

19 “(1) the competitiveness of the economic base
20 of the Nation's distressed areas;

21 “(2) the Nation's progress in encouraging in-
22 vestment in competitive businesses located in dis-
23 tressed areas outside the mainstream of economic
24 growth;

1 “(3) the success of the Competitiveness Com-
2 munities Demonstration Program authorized by sec-
3 tion 905, including the number of grants provided
4 under the program, the distribution of such grants
5 among geographic regions and among urban and
6 rural areas, the amount of non-Federal funds lever-
7 aged using such grants, and the quantity and qual-
8 ity of jobs created; and

9 “(4) the success of the loan guarantee program
10 authorized by section 906, including the subsidy cost
11 of loan guarantees made under the program.”.

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