

103^D CONGRESS
2^D SESSION

H. R. 5279

To promote a new urban agenda, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1994

Mr. SHAYS (for himself, Mr. BORSKI, Ms. MOLINARI, Mr. RIDGE, and Mr. SANTORUM) introduced the following bill; which was referred jointly to the Committees on Government Operations, Foreign Affairs, Public Works and Transportation, Armed Services, Ways and Means, Rules, Banking, Finance and Urban Affairs, and Energy and Commerce

A BILL

To promote a new urban agenda, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “New Urban Agenda Act of 1994”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.

TITLE I—FEDERAL COMMITMENT TO URBAN ECONOMIC
DEVELOPMENT

- Sec. 101. Federal purchases from businesses in empowerment zones, enterprise communities, and enterprise zones.
- Sec. 102. Minimum allocation of foreign assistance for purchase of certain United States goods.
- Sec. 103. Preference for location of manufacturing technology outreach centers in urban areas.
- Sec. 104. Preference for construction and improvement of Federal facilities in distressed urban areas.
- Sec. 105. Definitions.

TITLE II—TAX INCENTIVES TO STIMULATE URBAN ECONOMIC DEVELOPMENT.

- Sec. 201. Treatment of rehabilitation credit under passive activity limitations.
- Sec. 202. Rehabilitation credit allowed to offset portion of alternative minimum tax.
- Sec. 203. Commercial industrial development bonds.
- Sec. 204. Increase in amount of qualified small issue bonds permitted for facilities to be used by related principal users.
- Sec. 205. Simplification of arbitrage interest rebate waiver.

TITLE III—COMMUNITY REGULATORY RELIEF

- Sec. 301. Findings and purpose.
- Sec. 302. Federal funding requirement.
- Sec. 303. Duties of the director.
- Sec. 304. Effect of subsequent enactments.
- Sec. 305. Definitions.

TITLE IV—COMMUNITY-BASED HOUSING DEVELOPMENT

- Sec. 401. Section 8 rent subsidies.
- Sec. 402. Block grant study.
- Sec. 403. Demolition and disposition of public housing.

TITLE V—RESPONSE TO URBAN ENVIRONMENTAL CHALLENGES

Subtitle A—Environmental Cleanup

- Sec. 501. Exemption from liability for local governments that are owners or operators of facilities in distressed urban areas.
- Sec. 502. Standards for remediation in distressed urban areas.

Subtitle B—Environmental-Economic Recovery

- Sec. 511. Findings.
- Sec. 512. Definitions.
- Sec. 513. Loan authority.
- Sec. 514. Facility.
- Sec. 515. Reinvestment of savings.
- Sec. 516. Report to Congress.

1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—The Congress finds that—

1 (1) cities in the United States have been facing
2 an economic downhill trend in the past several years;
3 and

4 (2) a new approach to help such cities prosper
5 is necessary.

6 (b) PURPOSES.—It is the purpose of this Act to—

7 (1) provide various incentives for the economic
8 growth of cities in the United States;

9 (2) provide an economic agenda designed to re-
10 verse current urban economic trends; and

11 (3) revitalize the jobs and tax base of such
12 cities without significant new Federal outlays.

13 **TITLE I—FEDERAL COMMIT-**
14 **MENT TO URBAN ECONOMIC**
15 **DEVELOPMENT**

16 **SEC. 101. FEDERAL PURCHASES FROM BUSINESSES IN**
17 **EMPOWERMENT ZONES, ENTERPRISE COM-**
18 **MUNITIES, AND ENTERPRISE ZONES.**

19 (a) REQUIREMENTS.—The Office of Federal Procure-
20 ment Policy Act (41 U.S.C. 401 et seq.) is amended by
21 adding at the end the following new section:

22 “PURCHASES FROM BUSINESSES IN EMPOWERMENT
23 ZONES, ENTERPRISE COMMUNITIES, AND ENTER-
24 PRISE ZONES

25 “SEC. 29. (a) MINIMUM PURCHASE REQUIRE-
26 MENT.—Not less than 15 percent of the total amount ex-

1 pended by executive agencies for the purchase of goods
2 in a fiscal year shall be expended for the purchase of goods
3 from businesses located in empowerment zones, enterprise
4 communities, or enterprise zones.

5 “(b) RECYCLED PRODUCTS.—To the maximum ex-
6 tent practicable consistent with applicable law, the head
7 of an executive agency shall purchase recycled products
8 that meet the needs of the executive agency from busi-
9 nesses located in empowerment zones, enterprise commu-
10 nities, or enterprise zones.

11 “(c) REGULATIONS.—The Federal Acquisition Regu-
12 lations shall include provisions that ensure the attainment
13 of the minimum purchase requirement set out in sub-
14 section (a).

15 “(d) DEFINITIONS.—In this section:

16 “(1) The term ‘empowerment zone’ means a
17 zone designated as an empowerment zone pursuant
18 to subchapter U of chapter 1 of the Internal Reve-
19 nue Code of 1986 (26 U.S.C. 1391 et seq.).

20 “(2) The term ‘enterprise community’ means a
21 community designated as an enterprise community
22 pursuant to subchapter U of chapter 1 of the Inter-
23 nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

24 “(3) The term ‘enterprise zone’ has the mean-
25 ing given such term in section 701(a)(1) of the

1 Housing and Community Development Act of 1987
2 (42 U.S.C. 11501(a)(1)).”.

3 (b) EFFECTIVE DATE.—Section 29 of the Office of
4 Federal Procurement Policy Act, as added by subsection
5 (a), shall take effect on the date of the enactment of this
6 Act and shall apply with respect to fiscal years beginning
7 after September 30, 1994.

8 **SEC. 102. MINIMUM ALLOCATION OF FOREIGN ASSISTANCE**
9 **FOR PURCHASE OF CERTAIN UNITED STATES**
10 **GOODS.**

11 (a) ALLOCATION OF ASSISTANCE.—Notwithstanding
12 any other provision of law, effective beginning with fiscal
13 year 1995, not less than 15 percent of United States as-
14 sistance provided in a fiscal year shall be provided in the
15 form of credits which may only be used for the purchase
16 of United States goods produced, manufactured, or assem-
17 bled in empowerment zones, enterprise communities, or
18 enterprise zones within the United States.

19 (b) UNITED STATES ASSISTANCE.—As used in this
20 section, the term “United States assistance” means—

- 21 (1) any assistance under the Foreign Assistance
22 Act of 1961;
- 23 (2) sales, or financing of sales under the Arms
24 Export Control Act; and

1 (3) assistance and other activities under the
2 Support for East European Democracy (SEED) Act
3 of 1989 (Public Law 101–179, as amended).

4 **SEC. 103. PREFERENCE FOR LOCATION OF MANUFACTUR-**
5 **ING TECHNOLOGY OUTREACH CENTERS IN**
6 **URBAN AREAS.**

7 (a) DESIGNATION.—In designating an organization
8 as a Manufacturing Technology Outreach Center under
9 paragraph (1) of section 304(c) of the Stevenson-Wydler
10 Technology Innovation Act of 1980, the Secretary of Com-
11 merce shall, to the maximum extent practicable, designate
12 organizations that are located in empowerment zones, en-
13 terprise communities, or enterprise zones.

14 (b) FINANCIAL ASSISTANCE.—In utilizing a competi-
15 tive, merit-based review process to determine the Manu-
16 facturing Technology Outreach Centers to which to pro-
17 vide financial assistance under paragraph (3) of such sec-
18 tion, the Secretary shall give such additional preference
19 to centers located in empowerment zones, enterprise com-
20 munities, and enterprise zones as the Secretary deter-
21 mines appropriate in order to ensure the continuing exist-
22 ence of such centers in such zones.

1 **SEC. 104. PREFERENCE FOR CONSTRUCTION AND IM-**
2 **PROVEMENT OF FEDERAL FACILITIES IN DIS-**
3 **TRESSED URBAN AREAS.**

4 (a) PREFERENCE.—Notwithstanding any other provi-
5 sion of law, in determining the location for the construc-
6 tion of a new facility of a department or agency of the
7 Federal Government, in determining to improve an exist-
8 ing facility (including an improvement in lieu of such con-
9 struction), or in determining the location to which to relo-
10 cate functions of a department or agency, the head of the
11 department or agency making the determination shall take
12 affirmative action to construct or improve the facility, or
13 to relocate the functions, in a distressed urban area.

14 (b) URBAN IMPACT STATEMENT.—A determination
15 to construct a new facility of a department or agency of
16 the Federal Government, to improve an existing facility,
17 or to relocate the functions of a department or agency may
18 not be made until the head of the department or agency
19 making the determination prepares and submits to the
20 President a report that—

21 (1) in the case of a facility to be constructed—

22 (A) identifies at least one distressed urban
23 area that is an appropriate location for the fa-
24 cility;

25 (B) describes the costs and benefits arising
26 from the construction and utilization of the fa-

1 cility in the area, including the effects of such
2 construction and utilization on the rate of un-
3 employment in the area; and

4 (C) describes the effect on the economy of
5 the area of the closure or consolidation, if any,
6 of Federal facilities located in the area during
7 the 10-year period ending on the date of the re-
8 port, including the total number of Federal and
9 non-Federal employment positions terminated
10 in the area as a result of such closure or con-
11 solidation;

12 (2) in the case of a facility to be improved that
13 is not located in a distressed urban area—

14 (A) identifies at least one facility located in
15 a distressed urban area that would serve as an
16 appropriate alternative location for the facility;

17 (B) describes the costs and benefits arising
18 from the improvement and utilization of the fa-
19 cility located in such area as an alternative lo-
20 cation for the facility to be improved, including
21 the effect of the improvement and utilization of
22 the facility so located on the rate of unemploy-
23 ment in such area; and

24 (C) describes the effect on the economy of
25 such area of the closure or consolidation, if any,

1 of Federal facilities located in such area during
2 the 10-year period ending on the date of the re-
3 port, including the total number of Federal and
4 non-Federal employment positions terminated
5 in such area as a result of such closure or con-
6 solidation;

7 (3) in the case of a facility to be improved that
8 is located in a distressed urban area—

9 (A) describes the costs and benefits arising
10 from the improvement and continuing utiliza-
11 tion of the facility in the area, including the ef-
12 fect of such improvement and continuing utili-
13 zation on the rate of unemployment in the area;
14 and

15 (B) describes the effect on the economy of
16 the area of the closure or consolidation, if any,
17 of Federal facilities located in the area during
18 the 10-year period ending on the date of the re-
19 port, including the total number of Federal and
20 non-Federal employment positions terminated
21 in the area as a result of such closure or con-
22 solidation; or

23 (4) in the case of a relocation of functions—

1 (A) identifies at least one distressed urban
2 area that would serve as an appropriate loca-
3 tion for the carrying out of the functions;

4 (B) describes the costs and benefits arising
5 from carrying out the functions in the area, in-
6 cluding the effect of carrying out the functions
7 on the rate of unemployment in the area; and

8 (C) describes the effect on the economy of
9 the area of the closure or consolidation, if any,
10 of Federal facilities located in the area during
11 the 10-year period ending on the date of the re-
12 port, including the total number of Federal and
13 non-Federal employment positions terminated
14 in the area as a result of such closure or con-
15 solidation.

16 (c) APPLICABILITY TO DEPARTMENT OF DEFENSE
17 FACILITIES.—The requirements set forth in subsections
18 (a) and (b) shall apply to a determination to construct
19 or improve any facility of the Department of Defense, or
20 to relocate any functions of the Department, unless the
21 President determines that the waiver of the application of
22 such requirements to the facility, or to such relocation,
23 is in the national interest.

24 (d) DEFINITION.—In this section, the term “dis-
25 tressed urban area” means any city having a population

1 of more than 100,000 that meets (as determined by the
2 Secretary of Housing and Urban Development) the quali-
3 fications for a distressed community that are otherwise es-
4 tablished for large cities and urban counties under section
5 570.452(c) of title 24, Code of Federal Regulations.

6 **SEC. 105. DEFINITIONS.**

7 As used in this title:

8 (1) The term “empowerment zone” means a
9 zone designated as an empowerment zone pursuant
10 to subchapter U of chapter 1 of the Internal Reve-
11 nue Code of 1986 (26 U.S.C. 1391 et seq.).

12 (2) The term “enterprise community” means a
13 community designated as an enterprise community
14 pursuant to subchapter U of chapter 1 of the Inter-
15 nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

16 (3) The term “enterprise zone” has the mean-
17 ing given such term in section 701(a)(1) of the
18 Housing and Community Development Act of 1987
19 (42 U.S.C. 11501(a)(1)).

1 **TITLE II—TAX INCENTIVES TO**
2 **STIMULATE URBAN ECO-**
3 **NOMIC DEVELOPMENT**

4 **SEC. 201. TREATMENT OF REHABILITATION CREDIT UNDER**
5 **PASSIVE ACTIVITY LIMITATIONS.**

6 (a) GENERAL RULE.—Paragraphs (2) and (3) of sec-
7 tion 469(i) of the Internal Revenue Code of 1986 (relating
8 to \$25,000 offset for rental real estate activities) are
9 amended to read as follows:

10 “(2) DOLLAR LIMITATIONS.—

11 “(A) IN GENERAL.—Except as otherwise
12 provided in this paragraph, the aggregate
13 amount to which paragraph (1) applies for any
14 taxable year shall not exceed \$25,000 reduced
15 (but not below zero) by 50 percent of the
16 amount (if any) by which the adjusted gross in-
17 come of the taxpayer for the taxable year ex-
18 ceeds \$100,000.

19 “(B) PHASEOUT NOT APPLICABLE TO
20 LOW-INCOME HOUSING CREDIT.—In the case of
21 the portion of the passive activity credit for any
22 taxable year which is attributable to any credit
23 determined under section 42—

24 “(i) subparagraph (A) shall not apply,
25 and

1 “(ii) paragraph (1) shall not apply to
2 the extent that the deduction equivalent of
3 such portion exceeds—

4 “(I) \$25,000, reduced by

5 “(II) the aggregate amount of
6 the passive activity loss (and the de-
7 duction equivalent of any passive ac-
8 tivity credit which is not so attrib-
9 utable and is not attributable to the
10 rehabilitation credit determined under
11 section 47) to which paragraph (1)
12 applies after the application of sub-
13 paragraph (A).

14 “(C) \$55,500 LIMIT FOR REHABILITATION
15 CREDITS.—In the case of the portion of the
16 passive activity credit for any taxable year
17 which is attributable to the rehabilitation credit
18 determined under section 47—

19 “(i) subparagraph (A) shall not apply,
20 and

21 “(ii) paragraph (1) shall not apply to
22 the extent that the deduction equivalent of
23 such portion exceeds—

24 “(I) \$55,500, reduced by

1 “(II) the aggregate amount of
2 the passive activity loss (and the de-
3 duction equivalent of any passive ac-
4 tivity credit which is not so attrib-
5 utable) to which paragraph (1) applies
6 for the taxable year after the applica-
7 tion of subparagraphs (A) and (B).

8 “(3) ADJUSTED GROSS INCOME.—For purposes
9 of paragraph (2)(A), adjusted gross income shall be
10 determined without regard to—

11 “(A) any amount includable in gross in-
12 come under section 86,

13 “(B) any amount excludable from gross in-
14 come under section 135,

15 “(C) any amount allowable as a deduction
16 under section 219, and

17 “(D) any passive activity loss.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subparagraph (B) of section 469(i)(4) of
20 the Internal Revenue Code of 1986 is amended to
21 read as follows:

22 “(B) REDUCTION FOR SURVIVING
23 SPOUSE’S EXEMPTION.—For purposes of sub-
24 paragraph (A), the \$25,000 amounts under
25 paragraph (2)(A) and (2)(B)(ii) and the

1 \$55,500 amount under paragraph (2)(C)(ii)
2 shall each be reduced by the amount of the ex-
3 emption under paragraph (1) (determined with-
4 out regard to the reduction contained in para-
5 graph (2)(A)) which is allowable to the surviv-
6 ing spouse of the decedent for the taxable year
7 ending with or within the taxable year of the es-
8 tate.”.

9 (2) Subparagraph (A) of section 469(i)(5) of
10 such Code is amended by striking clauses (i), (ii),
11 and (iii) and inserting the following:

12 “(i) ‘\$12,500’ for ‘\$25,000’ in sub-
13 paragraphs (A) and (B)(ii) of paragraph
14 (2),

15 “(ii) ‘\$50,000’ for ‘\$100,000’ in para-
16 graph (2)(A)”, and

17 “(iii) ‘\$27,750’ for ‘\$55,500’ in para-
18 graph (2)(C)(ii).”.

19 (3) The subsection heading for subsection (i) of
20 section 469 of such Code is amended by striking
21 “\$25,000”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to property placed in service on
24 or after the date of the enactment of this Act, in taxable
25 years ending on or after such date.

1 **SEC. 202. REHABILITATION CREDIT ALLOWED TO OFFSET**
2 **PORTION OF ALTERNATIVE MINIMUM TAX.**

3 (a) IN GENERAL.—Section 38(c) of the Internal Rev-
4 enue Code of 1986 (relating to limitation based on amount
5 of tax) is amended by redesignating paragraph (2) as
6 paragraph (3) and by inserting after paragraph (1) the
7 following new paragraph:

8 “(2) REHABILITATION INVESTMENT CREDIT
9 MAY OFFSET PORTION OF MINIMUM TAX.—

10 “(A) IN GENERAL.—In the case of the re-
11 habilitation investment tax credit—

12 “(i) this section and section 39 shall
13 be applied separately with respect to such
14 credit, and

15 “(ii) for purposes of applying para-
16 graph (1) to such credit—

17 “(I) the tentative minimum tax
18 under subparagraph (A) thereof shall
19 be reduced by the minimum tax offset
20 amount determined under subpara-
21 graph (B) of this paragraph, and

22 “(II) the limitation under para-
23 graph (1) (as modified by subclause
24 (I)) shall be reduced by the credit al-
25 lowed under subsection (a) for the

1 taxable year (other than the rehabili-
2 tation investment tax credit).

3 “(B) MINIMUM TAX OFFSET AMOUNT.—
4 For purposes of subparagraph (A)(ii)(I), the
5 minimum tax offset amount is an amount equal
6 to—

7 “(i) in the case of a taxpayer not de-
8 scribed in clause (ii), the lesser of—

9 “(I) 25 percent of the tentative
10 minimum tax for the taxable year, or

11 “(II) \$20,000, or

12 “(ii) in the case of a C corporation
13 other than a closely held C corporation (as
14 defined in section 469(j)(1)), 5 percent of
15 the tentative minimum tax for the taxable
16 year.

17 “(C) REHABILITATION INVESTMENT TAX
18 CREDIT.—For purposes of this paragraph, the
19 term ‘regular investment tax credit’ means the
20 portion of the credit under subsection (a) which
21 is attributable to the credit determined under
22 section 47.’’.

23 (b) CONFORMING AMENDMENT.—Section 38(d) of
24 the Internal Revenue Code of 1986 (relating to compo-

1 nents of investment credit) is amended by adding at the
2 end the following new paragraph:

3 “(4) SPECIAL RULE FOR REHABILITATION
4 CREDIT.—Notwithstanding paragraphs (1) and (2),
5 the rehabilitation investment tax credit (as defined
6 in subsection (c)(2)(C)) shall be treated as used
7 last.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 1994.

11 **SEC. 203. COMMERCIAL INDUSTRIAL DEVELOPMENT**
12 **BONDS.**

13 (a) FACILITY BONDS.—

14 (1) IN GENERAL.—Subsection (a) of section
15 142 of the Internal Revenue Code of 1986 (relating
16 to exempt facility bond) is amended by striking “or”
17 at the end of paragraph (11), by striking the period
18 at the end of paragraph (12) and inserting a
19 comma, and by adding at the end the following new
20 paragraphs:

21 “(13) sports facilities,

22 “(14) convention or trade show facilities,

23 “(15) freestanding parking facilities,

24 “(16) air or water pollution control facilities, or

25 “(17) industrial parks.”

1 (2) INDUSTRIAL PARKS DEFINED.—Section 142
2 of the Internal Revenue Code of 1986 is amended by
3 adding at the end the following new subsection:

4 “(k) INDUSTRIAL PARKS.—A facility shall be treated
5 as described in subsection (a)(17) only if all of the prop-
6 erty to be financed by the net proceeds of the issue—

7 “(1) is—

8 “(A) land, and

9 “(B) water, sewage, drainage, or similar
10 facilities, or transportation, power, or commu-
11 nication facilities incidental to the use of such
12 land as an industrial park, and

13 “(2) is not structures or buildings (other than
14 with respect to facilities described in paragraph
15 (1)(B)).”

16 (3) CONFORMING AMENDMENTS.—

17 (A) Section 147(c) of the Internal Revenue
18 Code of 1986 (relating to limitation on use for
19 land acquisition) is amended by adding at the
20 end the following new paragraph:

21 “(4) SPECIAL RULE FOR INDUSTRIAL PARKS.—
22 In the case of a bond described in section
23 142(a)(17), paragraph (1)(A) shall be applied by
24 substituting ‘50 percent’ for ‘25 percent.’”

1 (B) Section 147(e) of such Code (relating
2 to no portion of bonds may be issued for
3 skyboxes, airplanes, gambling establishments,
4 etc.) is amended by striking “A private activity
5 bond” and inserting “Except in the case of a
6 bond described in section 142(a)(13), a private
7 activity bond”.

8 (b) SMALL ISSUE BONDS.—Section 144(a)(12) of the
9 Internal Revenue Code of 1986 (relating to termination
10 of qualified small issue bonds) is amended—

11 (1) by striking “any bond” in subparagraph
12 (A)(i) and inserting “any bond described in subpara-
13 graph (B)”,

14 (2) by striking “a bond” in subparagraph
15 (A)(ii) and inserting “a bond described in subpara-
16 graph (B)”, and

17 (3) by striking subparagraph (B) and inserting
18 the following:

19 “(B) BONDS FOR FARMING PURPOSES.—A
20 bond is described in this subparagraph if it is
21 issued as part of an issue 95 percent or more
22 of the net proceeds of which are to be used to
23 provide any land or property not in accordance
24 with section 147(c)(2).”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to bonds issued after December
3 31, 1994.

4 **SEC. 204. INCREASE IN AMOUNT OF QUALIFIED SMALL**
5 **ISSUE BONDS PERMITTED FOR FACILITIES**
6 **TO BE USED BY RELATED PRINCIPAL USERS.**

7 (a) IN GENERAL.—Clause (i) of section 144(a)(4)(A)
8 of the Internal Revenue Code of 1986 (relating to
9 \$10,000,000 limit in certain cases) is amended by striking
10 “\$10,000,000” and inserting “\$50,000,000”.

11 (b) CLERICAL AMENDMENT.—The heading of para-
12 graph (4) of section 144(a) of the Internal Revenue Code
13 of 1986 is amended by striking “\$10,000,000” and insert-
14 ing “\$50,000,000”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to—

17 (1) obligations issued after the date of the en-
18 actment of this Act, and

19 (2) capital expenditures made after such date
20 with respect to obligations issued on or before such
21 date.

22 **SEC. 205. SIMPLIFICATION OF ARBITRAGE INTEREST RE-**
23 **BATE WAIVER.**

24 (a) IN GENERAL.—Clause (ii) of section 148(f)(4)(C)
25 of the Internal Revenue Code of 1986 (relating to excep-

1 tion from rebate for certain proceeds to be used to finance
2 construction expenditures) is amended to read as follows:

3 “(ii) SPENDING REQUIREMENT.—The
4 spending requirement of this clause is met
5 if 100 percent of the available construction
6 proceeds of the construction issue are
7 spent for the governmental purposes of the
8 issue within the 3-year period beginning on
9 the date the bonds are issued.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Clause (iii) of section 148(f)(4)(C) of the
12 Internal Revenue Code of 1986 (relating to excep-
13 tion for reasonable retainage) is repealed.

14 (2) Subclause (II) of section 148(f)(4)(C)(vi) of
15 such Code (relating to available construction pro-
16 ceeds) is amended by striking “2-year period” and
17 inserting “3-year period”.

18 (3) Subclause (I) of section 148(f)(4)(C)(vii) of
19 such Code (relating to election to pay penalty in lieu
20 of rebate) is amended by striking “, with respect to
21 each 6-month period after the date the bonds were
22 issued,” and “, as of the close of such 6-month pe-
23 riod,”.

24 (4) Clause (viii) of section 148(f)(4)(C) of such
25 Code (relating to election to terminate 1½ percent

1 penalty) is amended by striking “to any 6-month pe-
2 riod” in the matter preceding subclause (I).

3 (5) Clause (ii) of section 148(c)(2)(D) of such
4 Code (relating to bonds used to provide construction
5 financing) is amended by striking “2 years” and in-
6 serting “3 years”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to bonds issued after the date of
9 the enactment of this Act.

10 **TITLE III—COMMUNITY** 11 **REGULATORY RELIEF**

12 **SEC. 301. FINDINGS AND PURPOSE.**

13 (a) FINDINGS.—The Congress finds and declares
14 that—

15 (1) unfunded Federal mandates imposed on
16 State and local governments have become increas-
17 ingly extensive in recent years;

18 (2) such mandates have, in many instances,
19 added to the growing deficits in State and local gov-
20 ernment budgets and have resulted in the need for
21 State and local governments to increase revenue or
22 curtail sometimes essential services; and

23 (3) such excessive fiscal burdens on State and
24 local governments have undermined, in many in-
25 stances, the ability of State and local governments

1 to achieve their responsibilities under State and local
2 law.

3 (b) PURPOSE.—The purpose of this title is to require
4 that the Federal Government pays the total amount of di-
5 rect costs incurred by State and local governments in com-
6 plying with certain Federal mandates which take effect on
7 or after the date of the enactment of this title under a
8 Federal statute or regulation.

9 **SEC. 302. FEDERAL FUNDING REQUIREMENT.**

10 (a) IN GENERAL.—Notwithstanding any other provi-
11 sion of law, any requirement under a Federal statute or
12 regulation that creates a Federal mandate shall apply to
13 the State or local government only if all funds necessary
14 to pay the direct costs incurred by the State or local gov-
15 ernment in conducting the activity are provided by the
16 Federal Government for the fiscal year in which the direct
17 cost is incurred.

18 (b) APPLICATION.—This section shall apply only to
19 requirements which take effect on or after the date of the
20 enactment of this title.

21 **SEC. 303. DUTIES OF THE DIRECTOR.**

22 (a) FISCAL NOTE.—The Director shall prepare, to
23 accompany each bill, resolution or conference report re-
24 ported by any committee of the House of Representatives
25 or the Senate or considered on the floor of either House,

1 an economic analysis of the effects of such bill or resolu-
2 tion by each State government and by each local govern-
3 ment within each State in complying with the Federal
4 mandate. The analysis prepared by the Director shall be
5 included in the report accompanying such bill or resolution
6 if timely submitted to such committee before such report
7 is filed.

8 (b) REPORT OF THE DIRECTOR.—For each fiscal
9 year in which a Federal mandate will be in effect, the Di-
10 rector, in consultation with representatives of State and
11 local governments, shall prepare and submit to the Presi-
12 dent and the Congress, with the President's budget in
13 January preceding the beginning of a fiscal year, a report
14 that contains an estimate, for that fiscal year and the fol-
15 lowing fiscal year, of the total amount of direct costs that
16 have been incurred or will be incurred by each State gov-
17 ernment and by each local government within each State
18 in complying with the Federal mandate.

19 **SEC. 304. EFFECT OF SUBSEQUENT ENACTMENTS.**

20 No statute enacted after the date of enactment of this
21 title shall supersede this title unless the statute does so
22 in specific terms, referring to this title, and declares that
23 that statute supersedes this title.

24 **SEC. 305. DEFINITIONS.**

25 As used in this title:

1 (1) The term “direct costs” means the amount
2 of costs incurred by a State or local government
3 dedicated to compliance with a Federal statute or
4 regulation or that is in excess of the amount that
5 the State or local government would incur in carry-
6 ing out that activity in the absence of the regulation,
7 but does not include any amount that a State or
8 local government is required or permitted by law to
9 contribute as a non-Federal share under a Federal
10 assistance program.

11 (2) The term “Director” shall mean the Direc-
12 tor of the Congressional Budget Office or his or her
13 designee.

14 (3) The term “Federal mandates” means a
15 statute or regulation that requires a State or local
16 government to—

17 (A) take certain actions (including a re-
18 quirement that a government meet national
19 standards in providing a service); or

20 (B) comply with certain specified condi-
21 tions in order to receive or continue to receive
22 Federal assistance and which requires the ter-
23 mination or reduction of such assistance if such
24 government fails to comply with such condi-
25 tions.

1 (4) The term “local government” has the same
2 meaning as in section 6501(6) of title 31, United
3 States Code.

4 (5) The term “State” has the same meaning as
5 in section 6501(8) of title 31, United States Code.

6 **TITLE IV—COMMUNITY-BASED**
7 **HOUSING DEVELOPMENT**

8 **SEC. 401. SECTION 8 RENT SUBSIDIES.**

9 Section 8(d)(2) of the United States Housing Act of
10 1937 (42 U.S.C. 1437f(d)(2)) is amended—

11 (1) in subparagraph (A), by striking “than 15
12 percent” and inserting “than 50 percent”;

13 (2) in subparagraph (B)(ii), by striking “15
14 percent” and inserting “50 percent”; and

15 (3) in subparagraph (E), by striking “15 per-
16 cent”.

17 **SEC. 402. BLOCK GRANT STUDY.**

18 (a) IN GENERAL.—The Secretary of Housing and
19 Urban Development shall conduct a study regarding—

20 (1) the feasibility of consolidating existing pub-
21 lic and low-income housing programs under the
22 United States Housing Act of 1937 into a com-
23 prehensive block grant system of Federal aid that—

24 (A) provides assistance on an annual basis;

1 (B) maximizes funding certainty and flexi-
2 bility; and

3 (C) minimizes paperwork and delay; and

4 (2) the possibility of administering future public
5 and low-income housing programs under the United
6 States Housing Act of 1937 in accordance with such
7 a block grant system.

8 (b) REPORT TO COMPTROLLER GENERAL.—Not later
9 than 18 months after the date of enactment of this Act,
10 the Secretary of Housing and Urban Development shall
11 submit to the Comptroller General of the United States
12 a report that includes—

13 (1) the results of the study conducted under
14 subsection (a); and

15 (2) any recommendations for legislation.

16 (c) REPORT TO CONGRESS.—Not later than 24
17 months after the date of enactment of this Act, the Comp-
18 troller General of the United States shall submit to the
19 Congress a report that includes—

20 (1) an analysis of the report submitted under
21 subsection (b); and

22 (2) any recommendations for legislation.

1 **SEC. 403. DEMOLITION AND DISPOSITION OF PUBLIC HOUS-**
2 **ING.**

3 Section 18(b)(3) of the United States Housing Act
4 of 1937 (42 U.S.C. 1437p(b)(3)) is amended—

5 (1) in subparagraph (G), by striking “and” at
6 the end;

7 (2) in subparagraph (H), by adding “and” at
8 the end; and

9 (3) by adding at the end the following new sub-
10 paragraph:

11 “(I) provides, wherever practicable, for—

12 “(i) the eventual reconstruction of
13 units on the same property on which the
14 units to be demolished or disposed of are
15 located; and

16 “(ii) the ultimate relocation of dis-
17 placed tenants to that property;”.

1 **TITLE V—RESPONSE TO URBAN**
2 **ENVIRONMENTAL CHALLENGES**
3 **Subtitle A—Environmental**
4 **Cleanup**

5 **SEC. 501. EXEMPTION FROM LIABILITY FOR LOCAL GOV-**
6 **ERNMENTS THAT ARE OWNERS OR OPERA-**
7 **TORS OF FACILITIES IN DISTRESSED URBAN**
8 **AREAS.**

9 Section 101 of the Comprehensive Environmental Re-
10 sponse, Compensation, and Liability Act of 1980 (42
11 U.S.C. 9601) is amended—

12 (1) in paragraph (20), by adding at the end the
13 following:

14 “(E) EXCLUSION OF DISTRESSED URBAN
15 AREAS.—The term ‘owner or operator’ does not
16 include a unit of local government for a dis-
17 tressed urban area that—

18 “(i) purchased real property, in the
19 distressed urban area, on or in which a fa-
20 cility is located;

21 “(ii) purchased the property to fur-
22 ther the redevelopment of the property for
23 industrial activities;

24 “(iii) did not conduct or permit the
25 generation, transportation, storage, treat-

1 U.S.C. 9621) is amended by adding at the end the follow-
2 ing:

3 “(g) FACILITIES IN DISTRESSED URBAN AREAS.—

4 “(1) IDENTIFICATION.—The President shall
5 identify the facilities on the National Priorities List
6 that are located in distressed urban areas.

7 “(2) STUDY AND REPORT.—The President shall
8 conduct, directly or by grant or contract, a study of
9 appropriate response actions for facilities located in
10 distressed urban areas. In conducting the study, the
11 President shall examine the appropriate degree of
12 cleanup of hazardous substances, pollutants, and
13 contaminants released into the environment at such
14 a facility, and the appropriate considerations for the
15 selection of a response action at such a facility.

16 “(3) STANDARDS.—Notwithstanding any other
17 provision of this Act, the President shall by regula-
18 tion establish standards for the degree of cleanup
19 described in paragraph (2), and the considerations
20 described in paragraph (2), for such a facility. In es-
21 tablishing the standards, the President shall take
22 into consideration the results of the study described
23 in paragraph (2).”.

1 **Subtitle B—Environmental-**
2 **Economic Recovery**

3 **SEC. 511. FINDINGS.**

4 Congress finds that—

5 (1) plants such as the SEMASS plant in Roch-
6 ester, Massachusetts, and the Wheelabrator plant in
7 Baltimore, Maryland, provide an effective and effi-
8 cient means of disposing of solid waste and obtain-
9 ing inexpensive electrical power and steam; and

10 (2) the availability of such plants in a commu-
11 nity will attract energy intensive industry to the
12 community, increasing the tax base and strengthen-
13 ing the economy of the community.

14 **SEC. 512. DEFINITIONS.**

15 As used in this subtitle:

16 (1) DISTRESSED URBAN AREA.—The term “dis-
17 tressed urban area” has the meaning given the term
18 in section 104(d).

19 (2) ENERGY INTENSIVE INDUSTRY.—The term
20 “energy intensive industry” means an industry that
21 consumes more than 25,000 BTUs per dollar of
22 value added, as determined by the Secretary.

23 (3) FULLY OPERATIONAL.—The term “fully
24 operational” means at least 90 percent operational,
25 determined by averaging the percentage of solid

1 waste intake capacity achieved and the percentage of
2 electric output capacity achieved.

3 (4) MARKET RATE.—The term “market rate”
4 means the applicable rate for retail bulk power sales
5 made by the electric utility within the service terri-
6 tory concerned.

7 (5) SECRETARY.—The term “Secretary” means
8 the Secretary of Energy.

9 (6) SOLID WASTE.—The term “solid waste” has
10 the meaning given the term in section 1004(27) of
11 the Solid Waste Disposal Act (42 U.S.C. 6903(27)).

12 **SEC. 513. LOAN AUTHORITY.**

13 (a) LOANS.—

14 (1) IN GENERAL.—The Secretary shall make
15 not more than 3 loans to units of local government
16 for distressed urban areas for the establishment of
17 facilities described in section 514.

18 (2) PRIORITY.—In making one of the loans, the
19 Secretary shall give priority to a unit of local gov-
20 ernment that demonstrates that the unit of local
21 government will establish the facility through a con-
22 tract or agreement with an organization that has
23 demonstrated an ability to oversee and manage the
24 creation of a comprehensive, national, strategic, en-
25 ergy intensive, environmental industry initiative.

1 (b) AUTHORITY TO BORROW.—

2 (1) IN GENERAL.—Subject to paragraphs (2),
3 (3), and (4), and notwithstanding any other provi-
4 sion of law, the Secretary may borrow from the
5 Treasury such funds as the Secretary determines to
6 be necessary to make loans under this section.

7 (2) AMOUNTS.—The Secretary may borrow
8 funds under paragraph (1) if amounts sufficient to
9 pay for the cost, as defined in section 502(5) of the
10 Congressional Budget Act of 1974 (2 U.S.C.
11 661a(5)), of the loan involved are provided in ad-
12 vance in appropriation Acts.

13 (3) TERMS.—Subject to paragraph (4), the Sec-
14 retary may borrow the funds on such terms as may
15 be established by the Secretary and the Secretary of
16 the Treasury.

17 (4) INTEREST.—The rate of interest to be
18 charged in connection with a loan made under para-
19 graph (1) shall be not less than a rate determined
20 by the Secretary of the Treasury, taking into consid-
21 eration current market yields on outstanding mar-
22 ketable obligations of the United States of com-
23 parable maturities.

24 **SEC. 514. FACILITY.**

25 Each facility referred to in section 513—

1 (1) shall produce electric power, or steam, from
2 solid waste;

3 (2) shall have 2 boilers and be capable of ex-
4 pansion;

5 (3) shall be located in a distressed urban area
6 in the United States;

7 (4) shall provide electricity or steam to energy
8 intensive industry customers at no more than 40
9 percent of the market rate for electricity;

10 (5) may provide electricity to public entities or
11 light industry, but not to residential consumers; and

12 (6) shall obtain a continuing supply of feed-
13 stock sufficient to sustain maximum operational ca-
14 pability through long-term contracts with municipal
15 and other governmental sources.

16 **SEC. 515. REINVESTMENT OF SAVINGS.**

17 (a) IN GENERAL.—Any energy intensive industry
18 customer obtaining electricity or steam from the facility
19 described in section 514 shall—

20 (1) invest in equipment, physical plant, or in-
21 creased employment at least 7 percent of the saving
22 gained by such customer; and

23 (2) from the saving gained by such customer,
24 make payments to the Secretary, in an amount de-
25 termined by the Secretary to be appropriate, to as-

1 sist in repaying the funds borrowed by the Secretary
2 under section 513 and the costs associated with bor-
3 rowing the funds.

4 (b) DEFINITION.—As used in this section, the term
5 “saving”, used with respect to a customer obtaining elec-
6 tricity or steam from a facility described in section 514,
7 means an amount equal to—

8 (1) the cost of obtaining an amount of such
9 electricity or steam from other sources during a pe-
10 riod of time; minus

11 (2) the cost of obtaining the same amount of
12 such electricity or steam from the facility during
13 such period.

14 **SEC. 516. REPORT TO CONGRESS.**

15 (a) REPORT.—Not later than 1 year after the facili-
16 ties described in section 514 become fully operational, the
17 Secretary shall prepare and submit to Congress a report
18 containing a recommendation concerning whether the Fed-
19 eral Government should make additional loans similar to
20 the loans authorized by this subtitle.

21 (b) ANALYSIS.—Such recommendation shall be based
22 on analysis of the Secretary concerning whether the loans
23 made under this subtitle have resulted in—

1 (1) the creation of jobs in the communities in
2 which the facilities are located due to the relocation
3 of energy intensive industry;

4 (2) the effective disposal of solid waste; and

5 (3) easier and less expensive production of elec-
6 tricity and steam.

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HR 5279 IH—2

HR 5279 IH—3