

103^D CONGRESS
1ST SESSION

H. R. 841

To establish economic conversion programs in the Department of Defense to assist communities, businesses, and workers adversely affected by reductions in defense contracts and spending and closures of military installations and to provide an additional credit against Federal unemployment tax for States with reemployment assistance programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1993

Mrs. KENNELLY introduced the following bill; which was referred jointly to the Committees on Armed Services, Ways and Means, Education and Labor, Banking, Finance and Urban Affairs, and Science, Space, and Technology

A BILL

To establish economic conversion programs in the Department of Defense to assist communities, businesses, and workers adversely affected by reductions in defense contracts and spending and closures of military installations and to provide an additional credit against Federal unemployment tax for States with reemployment assistance programs.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Defense Economic Re-
3 investment Act of 1993”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

TITLE I—WORKER AND MILITARY PERSONNEL ASSISTANCE
PROGRAMS

- Sec. 101. Incentives for the placement of displaced defense workers, at-risk de-
fense workers, and separated military personnel.
- Sec. 102. Additional credit against Federal unemployment tax for States with
reemployment assistance program.
- Sec. 103. Basic skills training and advanced skills retraining programs.
- Sec. 104. Special engineer retraining program.

TITLE II—DEFENSE ECONOMIC DEVELOPMENT

- Sec. 201. Defense economic development grants.

TITLE III—NATIONAL TECHNOLOGY AND INDUSTRIAL BASE
INITIATIVES

- Sec. 301. Alternative technology development and application partnerships.
- Sec. 302. Establishment of environmental and entrepreneurial technology cen-
ters.
- Sec. 303. Manufacturing technology surveys.
- Sec. 304. Loan guarantees for the conversion and diversification of defense fa-
cilities with a major defense contract or subcontract.

6 **SEC. 3. DEFINITIONS.**

7 For purposes of this Act:

- 8 (1) The term “defense dependent community”
9 means a community which, as determined by the
10 Secretary of Defense—
11 (A) has within its administrative and polit-
12 ical jurisdiction a defense facility; and

1 (B) suffers a workforce reduction, over a
2 12-month period, of 250 or more employee posi-
3 tions (including part-time employee positions)
4 and the loss of 10,000 or more work hours per
5 week as a result of the actual or threatened
6 curtailment, completion, elimination, or realign-
7 ment of a defense contract or program or the
8 realignment or closure of a defense facility.

9 (2) The term “defense dependent area” means
10 a defense dependent community and the area encom-
11 passed within a 50 mile radius of the community.

12 (3) The term “displaced defense worker” means
13 an employee, including a civilian employee of the De-
14 partment of Defense, who has been terminated or
15 laid off, or has received a notice of termination or
16 lay off, as a consequence of reductions in expendi-
17 tures by the United States for defense or the closure
18 of a defense facility, as determined in accordance
19 with regulations issued by the Secretary of Defense.

20 (4) The term “at-risk defense worker” means
21 an employee of a defense facility at which other em-
22 ployees have been terminated or laid off, or received
23 a notice of termination or lay off, as a consequence
24 of reductions in expenditures by the United States
25 for defense or the closure of the facility.

1 (5) The term “separated member” means a
2 member of the Armed Forces who is involuntarily
3 separated from active duty, as defined in section
4 1141 of title 10, United States Code, accepts dis-
5 charge or release from active duty under section
6 1174a or 1175 of that title, or is given early retire-
7 ment under section 4403 the National Defense Au-
8 thorization Act for Fiscal Year 1993 (10 U.S.C.
9 1293 note).

10 (6) The term “defense facility” means—

11 (A) a private or government facility pro-
12 ducing goods or services for the Department of
13 Defense pursuant to a defense contract or sub-
14 contract; or

15 (B) a military installation.

16 (7) The term “Secretary” means the Secretary
17 of Defense.

1 **TITLE I—WORKER AND MILI-**
2 **TARY PERSONNEL ASSIST-**
3 **ANCE PROGRAMS**

4 **SEC. 101. INCENTIVES FOR THE PLACEMENT OF DIS-**
5 **PLACED DEFENSE WORKERS, AT-RISK DE-**
6 **FENSE WORKERS, AND SEPARATED MILITARY**
7 **PERSONNEL.**

8 (a) **PLACEMENT PROGRAM.**—The Secretary of De-
9 fense shall establish a program to assist displaced defense
10 workers, at-risk defense workers, and separated members
11 of the Armed Forces to obtain reemployment in defense
12 dependent areas.

13 (b) **AGREEMENTS WITH EMPLOYERS.**—The Sec-
14 retary shall enter into agreements with public or private
15 employers that agree to extend employment positions to
16 displaced defense workers, at-risk defense workers, and
17 separated members.

18 (c) **CONTENTS OF AGREEMENT.**—An agreement be-
19 tween the Secretary and an employer under subsection (b)
20 shall include the following terms and conditions:

21 (1) The Secretary shall agree to pay 25 percent
22 of the first-years wages (not to exceed a total of
23 \$5,000 per employee) paid to each displaced defense
24 worker, at-risk defense worker, or separated member

1 employed by the employer during the term of the
2 agreement.

3 (2) The employer shall agree—

4 (A) to hire a specified number of displaced
5 defense workers, at-risk defense workers, and
6 separated members during the term of the
7 agreement for a period of employment of at
8 least 180 days at the same wage provided to
9 similarly situated employees of the employer;
10 and

11 (B) to place the displaced defense workers,
12 at-risk defense workers, and separated members
13 in employment positions located in a defense
14 dependent area or to relocate the workers and
15 members outside a defense dependent area.

16 (d) REPAYMENT REQUIREMENTS.—If an employer
17 terminates the employment of a displaced defense worker,
18 at-risk defense worker, or separated member employed
19 pursuant to an agreement under this section before the
20 date specified in subsection (c) (unless such termination
21 is for cause), the employer shall reimburse the Secretary
22 for the amount provided with respect to the worker or
23 member.

1 (e) CERTAIN AGREEMENTS PROHIBITED.—The Sec-
2 retary may not make a payment under this subsection to
3 an employer if the Secretary determines that—

4 (1) the employer terminated the employment of
5 employee, or failed to rehire a laid off employee, in
6 order to fill the vacancy with a displaced defense
7 worker, at-risk defense worker, or separated mem-
8 ber;

9 (2) rehires the same worker or member more
10 than once in order to qualify for additional assist-
11 ance with respect to the worker or member.

12 (f) SPECIAL PROGRAM FOR CERTAIN DEFENSE CON-
13 TRACTORS.—(1) In the case of a defense facility that has
14 begun or announced the termination or lay off of employ-
15 ees before the date of the enactment of this Act as a result
16 of the actual or threatened curtailment, completion, elimi-
17 nation, or realignment of a defense contract or program,
18 the Secretary may implement an incentive program under
19 this subsection to assist the facility to rehire the termi-
20 nated or laid off employees and prevent additional termi-
21 nations or lay offs.

22 (2) Under the program, the Secretary shall agree to
23 pay 12.5 percent of the next-year wages (not to exceed
24 a total of \$2,500 per employee) paid to each employee of
25 the facility who is rehired or whose employment would oth-

1 erwise be ended in the absence of the assistance, as deter-
 2 mined by the Secretary.

3 (3) In exchange for assistance under this subsection,
 4 the defense facility shall agree to pay the premium for any
 5 continuation coverage for health care elected by an em-
 6 ployee for whom assistance is provided if the employee
 7 subsequently becomes qualified for such continuation cov-
 8 erage.

9 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
 10 authorized to be appropriated to the Secretary
 11 \$1,400,000,000 for fiscal year 1994 to carry out this sec-
 12 tion. Funds appropriated pursuant to this subsection shall
 13 be available until expended.

14 **SEC. 102. ADDITIONAL CREDIT AGAINST FEDERAL UNEM-**
 15 **PLOYMENT TAX FOR STATES WITH REEM-**
 16 **PLOYMENT ASSISTANCE PROGRAM.**

17 (a) CREDIT AUTHORIZED.—

18 (1) IN GENERAL.—Chapter 23 of the Internal
 19 Revenue Code of 1986 (relating to Federal unem-
 20 ployment tax) is amended by inserting after section
 21 3302 the following new section:

22 **“SEC. 3302A. ADDITIONAL CREDIT FOR STATES WITH REEM-**
 23 **PLOYMENT ASSISTANCE PROGRAMS.**

24 **“(a) ALLOWANCE OF CREDIT.—**

1 “(1) IN GENERAL.—The taxpayer may, to the
2 extent provided in this subsection and subsection
3 (b), credit against the tax imposed by section
4 3301(a)(2) the amount of contributions paid by him
5 into a reemployment assistance fund maintained
6 during the taxable year under a State law certified
7 by the Secretary of Labor as provided in this section
8 for the 12-month period ending on October 31 of
9 such year.

10 “(2) CERTAIN RULES MADE APPLICABLE.—
11 Rules similar to the rules of paragraph (2), (3), (4),
12 and (5) of section 3302(a) shall apply for purposes
13 of this subsection.

14 “(b) LIMITATION ON TOTAL CREDITS.—The total
15 credits allowed to a taxpayer under this section shall not
16 exceed 12 percent of the tax against which such credits
17 are allowable.

18 “(c) APPROVAL OF STATE LAWS.—The Secretary of
19 Labor shall approve any State law submitted to him, with-
20 in 30 days of such submission, if the Secretary finds
21 that—

22 “(1) such law establishes a program under
23 which reemployment assistance is to be provided to
24 eligible workers,

1 “(2) such program is to be funded by requiring
2 additional contributions from employers subject to
3 the State unemployment compensation law, and

4 “(3) such additional contributions shall be de-
5 posited in a special fund established under such
6 State law which is to be used solely for purposes of
7 providing reemployment assistance to eligible work-
8 ers.

9 “(d) DEFINITIONS.—For purposes of this section—

10 “(1) REEMPLOYMENT ASSISTANCE.—The term
11 ‘reemployment assistance’ means any of the follow-
12 ing—

13 “(A) counseling and testing services,

14 “(B) intensive job search assistance,

15 “(C) job search vouchers,

16 “(D) retraining assistance,

17 “(E) retraining vouchers,

18 “(F) job search and relocation allowances,

19 “(G) self-employment assistance, and

20 “(H) cash allowances to individuals while
21 participating in training.

22 “(2) ELIGIBLE WORKER.—The term ‘eligible
23 worker’ means any individual receiving compensation
24 under the State law during any benefit year—

1 “(A) if such individual has received com-
2 pensation during such benefit year for at least
3 4 consecutive weeks, and

4 “(B) if, during the 3-year period ending on
5 the last day for the base period for such benefit
6 year, such individual had at least 126 weeks of
7 employment, at wages of \$30 or more a week
8 with such individual’s last employer in such
9 base period (or, if data with respect to weeks of
10 employment with such last employer are not
11 available, an equivalent amount of employment
12 computed under regulations prescribed by the
13 Secretary).

14 “(3) REEMPLOYMENT ASSISTANCE FUND.—The
15 term ‘reemployment assistance fund’ means the spe-
16 cial fund referred to in subsection (c)(3).

17 “(4) CONTRIBUTIONS.—The term ‘contribu-
18 tions’ has the meaning given such term by section
19 3306(g); except that the reference to an unemploy-
20 ment fund shall be treated as a reference to a reem-
21 ployment assistance fund.

22 “(e) CERTIFICATION PROCEDURES MADE APPLICA-
23 BLE.—The Secretary of Labor shall make certifications of
24 State laws under this section under rules similar to the
25 rules applicable under section 3304. The provisions of sec-

1 tion 3310 shall apply to any failure to make a certification
2 under this section.”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions for chapter 23 of such Code is amended by in-
5 serting after the item relating to section 3302 the
6 following new item:

“Sec. 3302A. Additional credit for States with reemployment assistance pro-
grams.”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall apply to calendar years after
9 1993.

10 (b) MODIFICATIONS TO FEDERAL UNEMPLOYMENT
11 TAX.—

12 (1) MODIFICATION.—Section 3301 of the Inter-
13 nal Revenue Code of 1986 (relating to rate of Fed-
14 eral unemployment tax) is amended to read as fol-
15 lows:

16 **“SEC. 3301. RATE OF TAX.**

17 “(a) GENERAL RULE.—There is hereby imposed on
18 every employer (as defined in section 3306(a)) for each
19 calendar year an excise tax, with respect to having individ-
20 uals in his employ, equal to the sum of—

21 “(1) 5.4 percent of the total wages (as defined
22 in section 3306(b)) paid by him during the calendar
23 year with respect to employment (as defined in sec-
24 tion 3306(c)), and

1 “(2) 0.25 percent of the total Federal taxable
2 wages paid by him during the calendar year with re-
3 spect to employment (as so defined).

4 “(b) FEDERAL TAXABLE WAGES.—

5 “(1) IN GENERAL.—For purposes of subsection
6 (a), the term ‘Federal taxable wages’ means wages
7 as defined in section 3306(b), except that the aver-
8 age covered wage for the calendar year shall be sub-
9 stituted for ‘\$7,000’ each place it appears in para-
10 graph (1) of section 3306(b).

11 “(2) AVERAGE COVERED WAGE.—For purposes
12 of paragraph (1), the term ‘average covered wage’
13 means, with respect to any calendar year, the aver-
14 age annual wage in employment covered under State
15 unemployment compensation laws for the most re-
16 cent calendar year for which data are available be-
17 fore the beginning of the calendar year involved. De-
18 terminations under the preceding sentence shall be
19 made by the Secretary of Labor.

20 “(c) TRANSITION RULE.—Paragraph (2) of sub-
21 section (a) shall be applied with respect to any calendar
22 year after 1993 and before 1997 by substituting ‘0.3 per-
23 cent’ for ‘0.25 percent’.”.

1 (2) CONFORMING AMENDMENTS.—(A) Para-
2 graph (1) of section 3302(c) of such Code is amend-
3 ed to read as follows:

4 “(1) No credit shall be allowed under this sec-
5 tion against the tax imposed by section 3301(a)(2),
6 and the total credits allowed to a taxpayer under
7 this section shall not exceed 100 percent of the tax
8 against which such credits are allowable.”.

9 (B) Subparagraph (A) of section 3302(c)(2) of
10 such Code is amended—

11 (i) by striking “5 percent of the tax im-
12 posed by section 3301 with respect to the
13 wages” in clause (i) and inserting “0.3 percent
14 of the wages”; and

15 (ii) by striking “an additional 5 percent,
16 for each succeeding taxable year, of the tax im-
17 posed by section 3301 with respect to the
18 wages” in clause (ii) and by inserting “an addi-
19 tional 0.3 percent, for each succeeding taxable
20 year, of the wages”.

21 (C) Paragraph (3) of section 3302(c) of such
22 Code is amended by striking “7½ percent of the tax
23 imposed with respect to the wages” and inserting
24 “0.45 percent of the wages”.

1 (D) Subsection (d) of section 3302 of such
2 Code is amended by striking paragraph (1) and by
3 redesignating the following paragraphs accordingly.

4 (3) INSTALLMENT PAYMENT PROVISIONS.—
5 Subsection (b) of section 6157 of such Code is
6 amended to read as follows:

7 “(b) COMPUTATION OF TAX.—The tax for any cal-
8 endar quarter or other period referred to in paragraph (1)
9 or (2) of subsection (a) shall be determined without regard
10 to paragraph (1) of section 3301(a) and by reducing the
11 amount of the tax under paragraph (2) of section 3301(a)
12 by the maximum credit allowable under section 3302A.”.

13 (4) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to remuneration paid
15 after December 31, 1993.

16 **SEC. 103. BASIC SKILLS TRAINING AND ADVANCED SKILLS**
17 **RETRAINING PROGRAMS.**

18 (a) SUPPORT OF PARTNERSHIPS.—The Secretary of
19 Defense shall conduct a program to establish cooperative
20 arrangements (hereinafter in this section referred to as
21 “partnerships”) between the Department of Defense and
22 entities described in subsection (c) that the Secretary de-
23 termines have a demonstrable ability to—

24 (1) identify the skills needed by displaced de-
25 fense workers and at-risk defense workers to secure

1 employment in other defense-related fields and
2 nondefense fields;

3 (2) develop training programs for, and provide
4 basic and advanced training to, displaced defense
5 workers and at-risk defense workers in these skills;
6 and

7 (3) assist displaced defense workers and at-risk
8 defense workers who successfully complete such
9 training to secure new employment.

10 (b) TYPES AND AMOUNT OF ASSISTANCE.—The Sec-
11 retary of Defense may make grants, enter into contracts,
12 or enter into cooperative agreements and other trans-
13 actions pursuant to section 2371 of title 10, United States
14 Code, in order to establish and assist the partnerships.
15 The Secretary shall ensure that, to the maximum extent
16 practicable, the amount of the funds provided by the Fed-
17 eral Government under a partnership does not exceed the
18 total amount provided by non-Federal Government partici-
19 pants in that partnership.

20 (c) ELIGIBLE PARTICIPANTS.—The principal partici-
21 pant in a partnership shall be an institution of higher edu-
22 cation with a campus located in or within 20 miles of a
23 defense dependent area or a regional economic develop-
24 ment alliance operating in a defense dependent area.
25 Other participants cooperating in a partnership may in-

1 clude a Federal laboratory or laboratories, Government-
2 owned and operated industrial facilities, defense contrac-
3 tors, other institutions of higher education, nonprofit or-
4 ganizations, and agencies of State governments. Those
5 partnerships that demonstrate multi-disciplinary ap-
6 proaches to training and regional collaboration of local ef-
7 forts to deliver comprehensive services to displaced defense
8 workers and at-risk defense workers shall be given priority
9 in receiving assistance.

10 (d) TYPES OF TRAINING.—Basic skills training pro-
11 vided to displaced defense workers and at-risk defense
12 workers by a partnership receiving assistance under this
13 section may include reentry student programs on studying
14 and computer skills to prepare workers for higher edu-
15 cation courses and part time and weekend associate and
16 baccalaureate degree programs specially developed for dis-
17 placed defense workers and at-risk defense workers. Ad-
18 vanced skills training should be targeted at projected em-
19 ployment growth areas, such as environmental engineer-
20 ing, biotechnology and marine biotechnology, and ad-
21 vanced materials.

22 (e) LOCATION OF TRAINING.—A partnership receiv-
23 ing assistance under this section must be able to provide
24 training both at defense facilities and at other sites located
25 within a defense dependent area.

1 (f) SELECTION OF WORKERS.—The application sub-
2 mitted to the Secretary of Defense by a proposed partner-
3 ship shall include information on the method by which dis-
4 placed defense workers and at-risk defense workers will
5 be selected to participate in training provided by the part-
6 nership. A worker selected to receive advanced training
7 may not be charged for such training.

8 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to the Secretary of Defense
10 \$400,000,000 for fiscal year 1994 to carry out this sec-
11 tion. Funds appropriated pursuant to this subsection shall
12 be available until expended.

13 **SEC. 104. ENGINEER RETRAINING PROGRAM.**

14 (a) ESTABLISHMENT OF PROGRAM.—(1) The Sec-
15 retary of Defense shall establish a program under which
16 the Secretary makes grants to eligible entities—

17 (A) to provide retraining services to individuals
18 described in paragraph (2) for the purpose of ena-
19 bling such individuals to obtain employment in the
20 field of environmental engineering; and

21 (B) to provide fellowship assistance to such in-
22 dividuals while they are receiving retraining de-
23 scribed in subparagraph (A).

24 (2) The individuals referred to in paragraph (1) are
25 individuals—

1 (A) who are displaced defense workers, at-risk
2 defense workers, or separated members of the
3 Armed Forces; and

4 (B) who have experience in the field of engi-
5 neering.

6 (b) ELIGIBLE ENTITIES.—A grant under this section
7 may be made only to a Tier I Public Research University
8 with facilities located within a defense dependent area.

9 (c) SELECTION CRITERIA.—The Secretary of Defense
10 may select a proposal submitted by a Tier I Public Re-
11 search University for a grant under this section if the pro-
12 posal—

13 (1) provides for the establishment of a program
14 to provide training in the field of environmental en-
15 gineering for individuals described in subsection (a);

16 (2) establishes a competitive fellowship assist-
17 ance program under which the eligible entity shall
18 award fellowships to 20 such individuals who are
19 participating in the retraining program;

20 (3) gives preference for participation in the pro-
21 gram to such individuals who are more than 45
22 years of age without regard to whether such individ-
23 uals have obtained a college degree, or its equiva-
24 lency, in the field of engineering; and

1 (4) satisfies such other criteria as the Secretary
2 considers to be appropriate.

3 (d) SELECTION BY SECRETARY.—Applications for
4 grants under this section shall be evaluated and selected
5 on the basis of merit pursuant to competitive procedures
6 prescribed by the Secretary of Defense.

7 (e) LIMITATION.—Not more than \$2,000,000 of the
8 total amounts awarded to a Tier I Public Research Uni-
9 versity in grants under this section may be used by the
10 entity for start-up costs associated with establishing the
11 retraining program, including any costs associated with
12 the construction or renovation of physical facilities.

13 (f) ELIGIBILITY FOR OTHER ASSISTANCE.—This sec-
14 tion may not be construed to preclude the eligibility of
15 individuals described in subsection (a) from participation
16 in any other assistance program established in this title.

17 (g) DEFINITION.—For purposes of this section, the
18 term “Tier I Public Research University” means an insti-
19 tution of higher education that the Secretary of Defense
20 determines—

21 (1) offers a full range of baccalaureate pro-
22 grams;

23 (2) is committed to graduate education through
24 a doctorate degree program that awards at least 50
25 advanced degrees a year;

1 (3) gives a high priority to research; and

2 (4) receives at least \$33,500,000 a year in Fed-
3 eral funding.

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated to the Secretary of Defense
6 \$100,000,000 for fiscal year 1994 to carry out this sec-
7 tion. Funds appropriated pursuant to this subsection shall
8 be available until expended.

9 **TITLE II—DEFENSE ECONOMIC**
10 **DEVELOPMENT**

11 **SEC. 201. DEFENSE ECONOMIC DEVELOPMENT GRANTS.**

12 (a) GRANTS AUTHORIZED.—The Secretary of De-
13 fense shall make grants to communities, including defense
14 dependent communities, located in defense dependent
15 areas to assist these communities in the economic transi-
16 tion necessary as a result of reductions in expenditures
17 by the United States for defense or the closure of defense
18 facilities.

19 (b) PREFERENCE GIVEN TO CERTAIN COMMU-
20 NITIES.—In reviewing applications for grants under sub-
21 section (a), the Secretary shall give preference to applica-
22 tions from communities—

23 (1) that submit as part of the application a
24 comprehensive plan for the economic redevelopment
25 and conversion of the community from dependence

1 on defense-based activities to nondefense-related ac-
2 tivities;

3 (2) that propose to use the grant funds to cre-
4 ate export-related or manufacturing jobs; and

5 (3) that the largest number of displaced defense
6 workers as a percentage of all workers residing or
7 employed in the community.

8 (c) CERTAIN PREFERENCES PROHIBITED.—In mak-
9 ing grants under this section, the Secretary may not give
10 a preference to a community adversely affected by the clo-
11 sure of the military installation over a similarly situated
12 community that has suffered economic distress as a result
13 of the curtailment, completion, elimination, or realignment
14 of a defense contract.

15 (d) ANTI-ROBBERY RULE.—The Secretary of De-
16 fense shall take such steps as may be necessary to ensure
17 that a community receiving a grant under this section does
18 not use such grant to assist in the relocation of an existing
19 business, or existing employment positions with that busi-
20 ness, to that community from another community

21 (e) USE OF FUNDS.—A community receiving a grant
22 under this section may use the grant funds for the follow-
23 ing activities:

1 (1) The acquisition of real property (including
2 air rights, water rights, and other interests therein)
3 which is—

4 (A) blighted, deteriorated, deteriorating,
5 undeveloped, or inappropriately developed from
6 the standpoint of sound community develop-
7 ment and growth;

8 (B) appropriate for rehabilitation or con-
9 servation activities;

10 (C) appropriate for the preservation or res-
11 toration of historic sites, the beautification of
12 urban land, the conservation of open spaces,
13 natural resources, and scenic areas, the provi-
14 sion of recreational opportunities, or the guid-
15 ance of urban development;

16 (D) to be used for the provision of public
17 works, facilities, and improvements eligible for
18 assistance under this title; or

19 (E) to be used for other public purposes.

20 (2) The acquisition, construction, reconstruc-
21 tion, or installation (including design features and
22 improvements with respect to such construction, re-
23 construction, or installation that promote energy ef-
24 ficiency) of public works, facilities (except for build-

1 ings for the general conduct of government), and
2 site or other improvements.

3 (3) Code enforcement in deteriorated or deterio-
4 rating areas in which such enforcement, together
5 with public improvements and services to be pro-
6 vided, may be expected to arrest the decline of the
7 area.

8 (4) Clearance, demolition, removal, and reha-
9 bilitation (including rehabilitation which promotes
10 energy efficiency) of buildings and improvements
11 (including interim assistance, and financing public
12 or private acquisition of privately owned properties
13 for rehabilitation and the rehabilitation of such
14 properties, and including the renovation of closed
15 school buildings).

16 (5) Special projects directed to the removal of
17 material and architectural barriers which restrict the
18 mobility and accessibility of elderly and handicapped
19 persons.

20 (6) Payments to housing owners for losses of
21 rental income incurred in holding for temporary pe-
22 riods housing units to be utilized for the relocation
23 of individuals and families displaced by activities
24 conducted these using grant funds.

1 (7) Disposition (through sale, lease, donation,
2 or otherwise) of any real property acquired using
3 grant funds or its retention for public purposes.

4 (8) Provision of public services, including those
5 concerned with employment, crime prevention, child
6 care, health, drug abuse, education, energy conserva-
7 tion, welfare or recreation needs, if such services
8 have not been provided by the unit of general local
9 government (through funds raised by such unit, or
10 received by such unit from the State in which it is
11 located) during any part of the twelve-month period
12 immediately preceding the date of the grant under
13 this section. However, not more than 15 percent of
14 the amount of the grant may be used for activities
15 under this paragraph.

16 (9) Payment of the non-Federal share required
17 in connection with a Federal grant-in-aid program
18 undertaken as part of the activities authorized under
19 this subsection.

20 (10) Payment of the cost of completing a
21 project funded under title I of the Housing and
22 Community Development Act of 1974.

23 (11) Relocation payments and assistance for
24 displaced individuals, families, businesses, organiza-

1 tions, and farm operations, when determined by the
2 grantee to be appropriate.

3 (12) Activities necessary to develop a com-
4 prehensive community development plan and to de-
5 velop a policy-planning-management capacity so that
6 the recipient of assistance under this section may
7 more rationally and effectively—

8 (A) determine its needs;

9 (B) set long-term goals and short-term ob-
10 jectives;

11 (C) devise programs and activities to meet
12 these goals and objectives;

13 (D) evaluate the progress of such pro-
14 grams in accomplishing these goals and objec-
15 tives; and

16 (E) carry out management, coordination,
17 and monitoring of activities necessary for effec-
18 tive planning implementation.

19 (13) Payment of reasonable administrative
20 costs and carrying charges related to the planning
21 and execution of community development and hous-
22 ing activities, including the provision of information
23 and resources to residents of areas in which commu-
24 nity development and housing activities are to be

1 concentrated with respect to the planning and execu-
2 tion of such activities.

3 (14) Activities which are carried out by public
4 or private nonprofit entities, including—

5 (A) acquisition of real property;

6 (B) acquisition, construction, reconstruc-
7 tion, rehabilitation, or installation of (i) public
8 facilities (except for buildings for the general
9 conduct of government), site improvements, and
10 utilities, and (ii) commercial or industrial build-
11 ings or structures and other commercial or in-
12 dustrial real property improvements; and

13 (C) planning.

14 (15) Assistance to neighborhood-based non-
15 profit organizations, local development corporations,
16 or entities organized under section 301(d) of the
17 Small Business Investment Act of 1958 to carry out
18 a neighborhood revitalization or community eco-
19 nomic development or energy conservative project,
20 and assistance to neighborhood-based nonprofit or-
21 ganizations, or other private or public nonprofit or-
22 ganizations, for the purpose of assisting, as part of
23 neighborhood revitalization or other community de-
24 velopment, the development of shared housing oppor-
25 tunities (other than by construction of new facilities)

1 in which elderly families (as defined in section
2 3(b)(3) of the United States Housing Act of 1937)
3 benefit as a result of living in a dwelling in which
4 the facilities are shared with others in a manner
5 that effectively and efficiently meets the housing
6 needs of the residents and thereby reduces their cost
7 of housing.

8 (16) Activities necessary to the development of
9 energy use strategies related to a recipient's develop-
10 ment goals, to assure that those goals are achieved
11 with maximum energy efficiency, including items
12 such as—

13 (A) an analysis of the manner in, and the
14 extent to, which energy conservation objectives
15 will be integrated into local government oper-
16 ations, purchasing and service delivery, capital
17 improvements, budgeting, waste management,
18 district heating and cooling, land use planning
19 and zoning, and traffic control, parking, and
20 public transportation functions; and

21 (B) a statement of the actions the recipi-
22 ent will take to foster energy conservation and
23 the use of renewable energy resources in the
24 private sector, including the enactment and en-
25 forcement of local codes and ordinances to en-

1 courage or mandate energy conservation or use
2 of renewable energy resources, financial and
3 other assistance to be provided (principally for
4 the benefit of low- and moderate-income per-
5 sons) to make energy conserving improvements
6 to residential structures and any other proposed
7 energy conservation activities.

8 (17) Provision of assistance to private, for-prof-
9 it entities, when the assistance is appropriate to
10 carry out an economic development project (that
11 shall minimize, to the extent practicable, displace-
12 ment of existing businesses and jobs in neighbor-
13 hoods) that—

14 (A) creates or retains jobs for low- and
15 moderate-income persons;

16 (B) prevents or eliminates slums and
17 blight;

18 (C) meets urgent needs;

19 (D) creates or retains businesses owned by
20 community residents;

21 (E) assists businesses that provide goods
22 or services needed by, and affordable to, low-
23 and moderate-income residents; or

1 (F) provides technical assistance to pro-
2 mote any of the activities under subparagraphs
3 (A) through (E).

4 (18) Rehabilitation or development of housing
5 assisted under section 17 of the United States Hous-
6 ing Act of 1937.

7 (19) Provision of assistance to facilitate sub-
8 stantial reconstruction of housing owned and occu-
9 pied by low and moderate income persons

10 (A) where the need for the reconstruction
11 was not determinable until after rehabilitation
12 under this section had already commenced; or

13 (B) where the reconstruction is part of a
14 neighborhood rehabilitation effort and the
15 grantee (i) determines the housing is not suit-
16 able for rehabilitation, and (ii) demonstrates to
17 the satisfaction of the Secretary that the cost of
18 substantial reconstruction is significantly less
19 than the cost of new construction and less than
20 the fair market value of the property after sub-
21 stantial reconstruction.

22 (20) Provision of direct assistance to facilitate
23 and expand homeownership among persons of low
24 and moderate income (except that such assistance

1 shall not be considered a public service for purposes
2 of paragraph (8)) by using such assistance to—

3 (A) subsidize interest rates and mortgage
4 principal amounts for low- and moderate-in-
5 come homebuyers;

6 (B) finance the acquisition by low- and
7 moderate-income homebuyers of housing that is
8 occupied by the homebuyers;

9 (C) acquire guarantees for mortgage fi-
10 nancing obtained by low- and moderate-income
11 homebuyers from private lenders (except that
12 amounts received under this title may not be
13 used under this subparagraph to directly guar-
14 antee such mortgage financing and grantees
15 under this title may not directly provide such
16 guarantees);

17 (D) provide up to 50 percent of any down-
18 payment required from low- or moderate-income
19 homebuyers; or

20 (E) pay reasonable closing costs (normally
21 associated with the purchase of a home) in-
22 curred by low- or moderate-income homebuyers.

23 (f) ADMINISTRATIVE ASSISTANCE.—Upon the re-
24 quest of the recipient of a grant under this section, the
25 Secretary may agree to perform administrative services on

1 a reimbursable basis on behalf of such recipient in connec-
2 tion with the use of the grant.

3 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to the Secretary
5 \$1,000,000,000 for fiscal year 1994 to carry out this sec-
6 tion. Funds appropriated pursuant to this subsection shall
7 be available until expended.

8 **TITLE III—NATIONAL TECH-**
9 **NOLOGY AND INDUSTRIAL**
10 **BASE INITIATIVES**

11 **SEC. 301. ALTERNATIVE TECHNOLOGY DEVELOPMENT AND**
12 **APPLICATION PARTNERSHIPS.**

13 (a) SUPPORT OF PARTNERSHIPS.—(1) Subchapter
14 III of chapter 148 of title 10, United States Code, is
15 amended by adding at the end the following new section:

16 **“§2519. Alternative technology development and ap-**
17 **plication partnerships**

18 “(a) SUPPORT OF PARTNERSHIPS.—The Secretary of
19 Defense shall conduct a program to provide assistance for
20 the establishment or continuation of cooperative arrange-
21 ments (hereinafter in this section referred to as ‘partner-
22 ships’) between institutions of higher education described
23 in subsection (d) and agencies of State governments and
24 other entities referred to in section 2511(b) of this title
25 in order to enhance existing programs of alternative tech-

1 nology development and application, and the establishment
2 of new programs in alternative technology development
3 and application, with respect to—

4 “(1) pollution prevention and coastal environ-
5 mental restoration, including robotics application to
6 defense environmental restoration activities;

7 “(2) biotechnology, including marine bio-
8 technology, and biomanufacturing;

9 “(3) advanced materials;

10 “(4) nanoprecision and microprecision tech-
11 nologies;

12 “(5) generation and transmission of laser light;
13 and

14 “(6) machine tool design.

15 “(b) TYPES AND AMOUNT OF ASSISTANCE.—The
16 Secretary of Defense may make grants, enter into con-
17 tracts, or enter into cooperative agreements and other
18 transactions pursuant to section 2371 of this title in order
19 to assist the partnerships. The Secretary shall ensure that,
20 to the maximum extent practicable, the amount of the
21 funds provided by the Federal Government under a part-
22 nership does not exceed the total amount provided by non-
23 Federal Government participants in that partnership.

24 “(c) USE OF ASSISTANCE.—A partnership receiving
25 assistance under this section may use the assistance—

1 “(1) to support research, development, and ap-
2 plication of alternative technologies referred to in
3 subsection (a); and

4 “(2) to construct and operate facilities in or ad-
5 jacent to university research facilities in order to
6 maintain favorable conditions for research, develop-
7 ment, and application of alternative technologies re-
8 ferred to in subsection (a).

9 “(d) ELIGIBLE INSTITUTIONS OF HIGHER EDU-
10 CATION.—Assistance under this section may be provided
11 only to institutions of higher education with research fa-
12 cilities located in or within 50 miles of a community which
13 has within its administrative and political jurisdiction a
14 defense contractor or military installation for which the
15 Secretary of Defense determines that the actual or threat-
16 ened curtailment, completion, elimination, or realignment
17 of a defense contract or program or the realignment or
18 closure of the installation or a facility of the contractor
19 results, or is likely to result, in a workforce reduction, over
20 a 12-month period, of 250 or more employee positions (in-
21 cluding part-time employee positions) and the loss of
22 10,000 or more work hours per week.

23 “(e) PRIORITY FOR CERTAIN ASSISTANCE.—In pro-
24 viding assistance under this section, the Secretary shall
25 give a preference to an institution of higher education with

1 an established record of conducting research regarding al-
2 ternative technologies referred to in subsection (a), par-
3 ticularly as part of a State comprehensive economic devel-
4 opment and conversion plan. The Secretary may also give
5 a preference to alternative technology development and ap-
6 plication programs involving dual-use critical technology
7 and partnerships and partnership proposals involving de-
8 fense contractors.

9 “(f) MERIT COMPETITION.—Applications for assist-
10 ance under this section shall be evaluated on the basis of
11 merit pursuant to competitive procedures prescribed by
12 the Secretary of Defense. The Secretary may select a part-
13 nership to receive assistance if the proposal, at a mini-
14 mum, satisfies each of the following:

15 “(1) Contains innovative approaches for the de-
16 velopment or application of alternative technology.

17 “(2) Demonstrates a strong commitment by the
18 proponents to apply the resources necessary to
19 achieve the objectives for which the assistance is to
20 be made.

21 “(3) Provides for the conduct of research that
22 supports the proposed program and is likely to im-
23 prove manufacturing technology.

1 “(4) Demonstrates a significant level of involve-
2 ment of eligible firms in the proposed research ac-
3 tivities.

4 “(5) Is likely to attract superior students.

5 “(6) Proposes to involve fully qualified faculty
6 personnel who are experienced in research and edu-
7 cation in areas associated with manufacturing engi-
8 neering and technology.

9 “(7) Proposes to achieve a significant level of
10 participation by women, members of minority
11 groups, and individuals with disabilities through ac-
12 tive recruitment of students from among such per-
13 sons.

14 “(8) Includes employees who have been termi-
15 nated or laid off, or have received a notice of termi-
16 nation or lay off, as a consequence of reductions in
17 expenditures by the United States for defense or the
18 closure of a defense facility, as determined in ac-
19 cordance with regulations issued by the Secretary of
20 Defense.”.

21 (2) The table of sections at the beginning of such sub-
22 chapter is amended by adding at the end the following
23 new item:

 “2519. Alternative technology development and application partnerships.”.

24 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
25 authorized to be appropriated to the Secretary of Defense

1 \$500,000,000 for fiscal year 1994 to carry out section
2 2519 of title 10, United States Code, as added by sub-
3 section (a). Funds appropriated pursuant to this sub-
4 section shall be available until expended.

5 **SEC. 302. ESTABLISHMENT OF ENVIRONMENTAL AND EN-**
6 **TREPRENEURIAL TECHNOLOGY CENTERS.**

7 (a) SUPPORT OF CENTERS.—(1) Subchapter III of
8 chapter 148 of title 10, United States Code, is amended
9 by adding after section 2519, as added by section 301,
10 the following new section:

11 **“§2520. Environmental and entrepreneurial tech-**
12 **nology centers**

13 “(a) GRANTS TO ESTABLISH CENTERS.—The Sec-
14 retary of Defense shall make grants to institutions of
15 higher education in defense dependent areas to assist in
16 the establishment or operation of environmental and en-
17 trepreneurial technology centers that would focus on the
18 transfer of technology and human resources from defense-
19 related industries into growth sectors of the environmental
20 field. The grants shall be awarded on a competitive basis.

21 “(b) ELIGIBLE INSTITUTIONS OF HIGHER EDU-
22 CATION.—In order to qualify for a grant under this sec-
23 tion, an institution of higher education must demonstrate
24 appropriate environmental research capabilities and re-
25 sources, as well as proven interaction with defense-related

1 industries, as determined by the Secretary of Defense. The
2 institution of higher education must also offer graduate
3 programs of coursework in environmental science and en-
4 gineering and must integrate these programs into research
5 efforts of the proposed centers in order to provide students
6 with the practical experience in the activities specified in
7 subsection (c). In selecting grant recipients, the Secretary
8 shall give priority to institutions of higher education with
9 a proven interaction with the Environmental Protection
10 Agency.

11 “(c) ELIGIBLE ACTIVITIES.—A proposed center
12 should include at least four of the following activities as
13 the primary focus of the center, and must be able to dem-
14 onstrate expertise in these areas:

15 “(1) Pollution prevention.

16 “(2) Site remediation.

17 “(3) Environmental systems modeling.

18 “(4) Industrial waste treatment.

19 “(5) Chemical demilitarization.

20 “(6) Analytical environmental chemistry.

21 “(d) TECHNOLOGY TRANSFER AND TRAINING.—
22 Technology transfer and training must be integrated into
23 all activities of a center receiving a grant under this sec-
24 tion.

1 “(e) NUMBER AND AMOUNT OF GRANTS.—In order
2 for this grant program to be as effective as possible, a
3 stable funding base is necessary for new centers. To pro-
4 vide such a base, the Secretary of Defense shall award
5 only 10 grants under this section in fiscal year 1994. In
6 fiscal years 1995 and 1996, the Secretary shall give these
7 10 grantees priority for additional grants if the Secretary
8 determines the these grantees have properly and success-
9 fully used previous grants. The Secretary shall award 15
10 grants under this section in fiscal year 1995 and 20 grants
11 under this section in fiscal year 1996. A grant under this
12 section may not exceed \$3,000,000.

13 “(f) DEFINITIONS.—In this section:

14 “(1) The term ‘center’ means an environmental
15 and entrepreneurial technology center assisted or
16 proposed to be assisted under this section.

17 “(2) The term ‘defense dependent area’ has the
18 meaning given that term in section 3(2) of the De-
19 fense Economic Reinvestment Act of 1993.”.

20 (2) The table of sections at the beginning of such sub-
21 chapter is amended by adding after the item relating to
22 section 2519, as added by section 301, the following new
23 item:

“2520. Environmental and entrepreneurial technology centers.”.

24 (b) AUTHORIZATION OF APPROPRIATIONS.—(1)
25 There is authorized to be appropriated to the Secretary

1 of Defense to carry out section 2520 of title 10, United
2 States Code, as added by subsection (a)—

3 (A) \$25,000,000 for fiscal year 1994;

4 (B) \$32,000,000 for fiscal year 1995;

5 (C) \$40,000,000 for fiscal year 1996.

6 (2) Funds appropriated pursuant to this subsection
7 shall be available until expended.

8 **SEC. 303. MANUFACTURING TECHNOLOGY SURVEYS.**

9 (a) GRANTS FOR SURVEYS.—(1) Subchapter I of
10 Chapter 148 of title 10, United States Code, is amended
11 by adding at the end the following new section:

12 **“§ 2508. State manufacturing technology surveys**

13 “(a) GRANTS TO CONDUCT SURVEYS.—The National
14 Defense Technology and Industrial Base Council shall
15 make a grant to each State to carry out a survey of eligible
16 firms engaged in manufacturing activities in the State.
17 The survey shall include an inventory of manufacturing
18 equipment, processes, and technologies used in the State
19 and such other information as may be necessary to deter-
20 mine the manufacturing technology capabilities of the in-
21 dustrial base in the State.

22 “(b) APPLICATION.—The Council shall not accept the
23 proposal of a State to conduct a survey under subsection
24 (a) unless the application contains assurances that the
25 State will use institutions of higher education and non-

1 profit industrial manufacturers associations in the prepa-
2 ration and execution of the survey.”.

3 (2) The table of sections at the beginning of such
4 chapter is amended by adding at the end the following
5 new item:

“2508. State manufacturing technology surveys.”.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to the Secretary of Defense
8 \$50,000,000 for fiscal year 1994 for grants under section
9 2508 of title 10, United States Code, as added by sub-
10 section (a). Funds appropriated pursuant to this sub-
11 section shall be available until expended.

12 **SEC. 304. LOAN GUARANTEES FOR THE CONVERSION AND**
13 **DIVERSIFICATION OF DEFENSE FACILITIES**
14 **WITH A MAJOR DEFENSE CONTRACT OR SUB-**
15 **CONTRACT.**

16 (a) PROGRAM REQUIRED.—The Secretary of the
17 Treasury shall establish a loan guarantee program to as-
18 sist a defense facility holding a major defense contract or
19 subcontract to finance one or more of the following eco-
20 nomic development projects:

21 (1) Conversion of defense-related production fa-
22 cilities or equipment of the small business concern to
23 nondefense-related use.

24 (2) Diversification of the operations of the
25 small business concern toward greater emphasis on

1 production or services for the civilian sector of the
2 economy.

3 (3) Training employees of the small business
4 concern as part of a conversion or diversification
5 process.

6 (b) DETERMINATIONS FOR GUARANTEES.—On such
7 terms and conditions as the Secretary considers appro-
8 priate, the Secretary may make commitments to guarantee
9 the payment of principal and interest on loans to a defense
10 facility under subsection (a) only if at the time the com-
11 mitment is issued the Secretary determines that—

12 (1) the commitment is needed to enable the de-
13 fense facility to convert or diversify to nondefense-
14 related activities, and failure to meet such need
15 would adversely and seriously affect the economy of,
16 or employment in, the United States or any region
17 thereof;

18 (2) the defense facility has submitted to the
19 Secretary a satisfactory operating plan (including
20 budget and cash flow projections) for the next four-
21 year period demonstrating the ability of the defense
22 facility to continue operations as a going concern as
23 a result of the conversion or diversification, and
24 after that period, to continue such operations as a

1 going concern without additional guarantees or other
2 Federal financing; and

3 (3) the Secretary has received such assurances
4 as the Secretary may require that the operating plan
5 is realistic and feasible.

6 (c) REQUIREMENTS FOR LOAN GUARANTEES.—A
7 loan guarantee may be issued under this section only pur-
8 suant to a commitment issued under subsection (b). The
9 terms of any such commitment shall provide that a loan
10 guarantee may be issued under this section only if at the
11 time the loan guarantee is issued, the Secretary deter-
12 mines that—

13 (1) credit is not otherwise available to the de-
14 fense facility under reasonable terms or conditions
15 sufficient to meet its financing needs as reflected in
16 its conversion or diversification plan;

17 (2) the prospective earning power of the defense
18 facility, together with the character and value of the
19 security pledged, furnish reasonable assurance of re-
20 payment of the loan to be guaranteed in accordance
21 with its terms;

22 (3) the loan to be guaranteed bears interest at
23 a rate determined by the Secretary to be reasonable
24 taking into account the current average yield on out-
25 standing obligations of the United States with re-

1 maining periods to maturity comparable to the ma-
2 turity of such loan; and

3 (4) the operating plan of the defense facility
4 continues to meet the requirements of subsection
5 (b).

6 (d) DETERMINATIONS CONCLUSIVE.—Any deter-
7 mination by the Secretary that the conditions established
8 by this section have been met shall be conclusive, and such
9 determination shall be evidenced by the issuance of the
10 guarantee or commitment for which such determination
11 is required.

12 (e) LIMITATIONS ON GUARANTEE AUTHORITY.—The
13 authority of the Secretary to extend loan guarantees under
14 this section shall not at any time exceed \$6,000,000,000
15 in the aggregate principal amount outstanding.

16 (f) DEFINITIONS.—For purposes of this section:

17 (1) The term “defense facility” does not include
18 a military installation.

19 (2) The term “major defense contract or sub-
20 contract” means—

21 (A) defense contracts in a total amount of
22 not less than \$5,000,000 (without regard to the
23 date on which the contracts were awarded); or

24 (B) subcontracts in a total amount of not
25 less than \$500,000 entered into in connection

- 1 with a defense contract (without regard to the
- 2 effective dates of the subcontracts).

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