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APPROVED
OCT 12 1976

S 10/12/76

ACTION

Last Day: October 12

THE WHITE HOUSE
WASHINGTON

October 11, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JC*

SUBJECT:

S. 2228 - Public Works and Economic Development Act Amendments of 1976

Approved 10/12/76

Attached for your consideration is S. 2228, sponsored by Senator Randolph and three others.

Noted 10/13/76

THE BILL

S. 2228 would, among other things:

- Extend the Public Works and Economic Development Act ("PWEDA") program authority for three years through FY 1979.
- Authorize a total of \$4.7 billion for the 1977-1979 period, as opposed to your \$2.4 billion request.
- Establish a new revolving fund program of interest free loans for about 1,600 qualified redevelopment areas, with a \$375 million authorization in 1977-1979.
- Authorize a new interest subsidy program for the current business development loan guarantee program.
- Reestablish on a permanent basis the Job Opportunities public works program of Title X of PWEDA, with a \$975 million total potential authorization in 1977-1979.

The bill is more fully described in the OMB enrolled bill report at Tab A.

S. 2228 passed the House with a vote of 372-5 and passed the Senate with a vote of 79-2.



STAFF AND AGENCY RECOMMENDATIONS

Friedersdorf, Commerce, Labor, SBA, EPA, and the Appalachian Regional Commission recommend that you sign S. 2228.

OMB, CEA (Greenspan), Seidman, and Treasury recommend that you veto S. 2228. Counsel's Office (Kilberg) defers to OMB.

HUD defers to OMB and Commerce.

RECOMMENDATION

I recommend that you veto S. 2228 because of the large increase in your authorization request, the objectionable new programs, and the fact that a veto will not prevent the Economic Development Administration from operating in 1977 under current authorities and appropriations.

DECISION

Sign S. 2228 at Tab B.

Veto S. 2228 and sign Memorandum of Disapproval at Tab C which has been cleared by Doug Smith.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 6 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 2228 - Public Works and Economic
Development Act Amendments of 1976
Sponsors - Sen. Randolph (D) West Virginia and
3 others

Last Day for Action

October 12, 1976 - Tuesday

Purpose

Amends and provides appropriation authorizations for the Public Works and Economic Development Act of 1965, as amended, for three years through 1979.

Agency Recommendations

Office of Management and Budget	Disapproval (Memorandum of disapproval attached)
Department of the Treasury	Disapproval (Informally)
Appalachian Regional Commission	No position
Department of Health, Education, and Welfare	No comment (Informally)
Department of Labor	Defers to Commerce
Department of Housing and Urban Development	Defers to Commerce and OMB
Environmental Protection Agency	No objection (Informally)
Small Business Administration	No objection (Informally)
Department of Commerce	Approval

Discussion

The Public Works and Economic Development Act of 1965 (PWEDA) provides authorizations for several loan and grant programs to assist chronically economically depressed areas. The Act authorizes the programs of the Economic Development Administration (EDA) in the Department of Commerce and the Regional Action Planning Commissions. Appropriations for these programs for fiscal year 1977 have already been enacted.

The bill before you would (1) extend program authority for three years, through 1979; (2) substantially increase funding authorizations; and (3) add new program authority.

The Administration's bill, which requested a total authorization of \$2.4 billion and a simple three-year extension of all current authorities except for the Job Opportunities program (which expired in January 1976), did not pass the Senate or the House. The bill that did pass the House (H.R. 9398) extended the Act for three years, contained major expansions of program authorities, most notably authorizing \$200 million annually for a new development program for cities over 50,000 population, and authorized \$3.5 billion. H.R. 9398 passed the House by a vote of 372-5. The Senate bill (S. 2228) contained \$4.4 billion in authorizations and reauthorized the Job Opportunities program. It passed the Senate by a vote of 79-2. The conference report passed the Senate by 70 to 2, and the House by voice vote.

Major Provisions

S. 2228 would:

- Authorize a total of \$4.7 billion for the three-year period from 1977 through 1979.
- Lower the population eligibility criterion for cities from 250,000 to 25,000.
- Establish a revolving loan fund program of interest free Federal loans for any qualified redevelopment area (currently there are 1,600 such areas). Loans from this program could be used for any type of activity related to economic development. This program would be authorized at \$125 million per year.
- Authorize a new program for the payment of an interest subsidy, of up to 4 percent, on business development loan guarantees, made under the current business loan program. While no new authorization would be provided specifically for the interest subsidy, the authorization for all business loans would be increased from \$75 million to \$200 million per year.
- Reestablish on a permanent basis the Job Opportunities program with a new "trigger" which authorizes \$81.3 million quarterly for areas of high unemployment whenever the national unemployment rate exceeds 7 percent.

- Raise the unemployment eligibility criterion under the Act from the current 6 percent for the preceding calendar year to any rate that is above the national average and at least 6 percent for the preceding 24 months.
- Extend the current moratorium on the de-designation of ineligible areas through 1979.
- Require the Secretary of Commerce to provide up to 100 percent Federal grants when local taxing and bonding capacity is exhausted.
- Require the Secretary of Commerce, in determining eligibility of an area for assistance under the Act, to use unemployment data submitted by State or local governments unless he can prove it is inaccurate. Currently, unemployment data is provided by the Department of Labor. In addition, the Secretary is required to assist State and local governments in developing that data.
- Expand the supplemental grant authority of the Regional Commissions by expanding the list of Federal grant programs which could be supplemented. Currently, only Federal grant programs in existence prior to 1969 may be supplemented. Under this bill, supplemental grants could be made to any Federal grant program established prior to September 30, 1979.
- Request the President to call a White House Conference on Balanced National Growth and Economic Development.

Comment

We believe that S. 2228 should be disapproved because:

- It is inflationary by authorizing excessive Federal spending during a period of economic expansion and by concentrating that spending in areas where there is little capacity to absorb efficiently new funds in the public sector.
- It establishes undesirable new programs. The revolving loan fund program would provide interest free Federal loans to capitalize about 1600 local revolving loan funds. The interest subsidy provision establishes an undesirable precedent by insulating borrowers from fluctuations in market interest rates under Federal loan guarantee programs.
- It reestablishes the Job Opportunities program which was originally authorized in 1974 as a one-year temporary "job creation" effort using Federal agencies to create "make work" jobs. The Administration has consistently opposed this approach to creating employment.

- It intrudes upon the administrative discretion of the Executive branch by directing the Secretary of Commerce to provide 100 percent Federal funding of certain projects and to assist States in developing unemployment data. Full Federal funding of these projects would increase demands for appropriations without increasing program impact. The assistance to States in developing unemployment data clearly duplicates responsibilities and programs of the Department of Labor.

Agency Views

Commerce recommends approval of S. 2228 because the Department believes the amendments made by the bill "would on balance benefit the PWEDA program and improve the delivery of economic and technical assistance for development purposes to all depressed areas of the country."

Donald W. Whitehead, the Federal Cochairman of the Appalachian Regional Commission, speaking for himself and not expressing a formal Commission position, states that "although I find some features of S. 2228, objectionable, on balance, I believe the bill should be signed into law -- since, with vigorous program coordination and some common-sense forethought, many of the authorities in the bill can be effectively utilized for economic development programs, such as those which our Appalachian States and multi-county local development districts have begun and are, even now, further refining and implementing."

Treasury recommends disapproval because of the excessive authorization levels in the bill, and because of the establishment of the revolving loan fund program and the new program for the payment of up to a 4 percent interest subsidy on business development loan guarantees, both of which it believes are objectionable.

While other agencies, such as Labor and HUD, have reservations about certain provisions in the bill, none believes these significant enough to warrant a recommendation of disapproval.

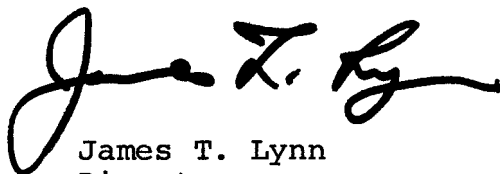
Conclusion

In our view, the enrolled bill is clearly unacceptable and we recommend that you disapprove it. It is inflationary, it establishes unnecessary new Federal programs, and it calls for undesirable mandatory actions by the Executive branch.

We understand that Secretary Richardson indicated to key members of the conference committee that the House version of the bill (which, as noted earlier, contained a new urban development program, as well as major expansions of program authorities) was unacceptable and would prompt a veto recommendation to you by the Department. While the proposed urban program was dropped in conference, it was replaced by the revolving loan fund program which is equally objectionable. Thus, the bill still contains an unacceptable number of undesirable provisions and, we believe, warrants your disapproval.

Since the Department of Commerce has received a 1977 appropriation, your disapproval of this bill will result in a simple one-year extension of existing authorities. This is consistent with the Administration's requested extension legislation. Your approval will also provide an opportunity to obtain a better bill from the next Congress. We, therefore, see no compelling reason for you to sign this bill.

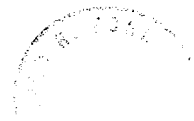
A memorandum of disapproval is attached for your consideration.



James T. Lynn
Director

Enclosures

NOTE: With the enactment on October 1, 1976, of (1) P.L. 94-447, which appropriates \$3.7 billion for local public works employment projects, "countercyclical" assistance to State and local governments, and wastewater treatment construction grants, and (2) P.L. 94-444, which extends the public service employment program, the extension of the Job Opportunities program provided in this bill is totally unnecessary. This action is a striking illustration of the fact that one part of the Congress does not know what the other part is doing, a continuing deficiency in Congressional operations resulting from the antiquated committee structure.



MEMORANDUM OF DISAPPROVAL

I am withholding my approval of S. 2228, the Public Works and Economic Development Act Amendments of 1976.

S. 2228 would authorize \$4.7 billion for carrying out programs of the Economic Development Administration in the Department of Commerce for a three-year period through fiscal year 1979. This is \$2.3 billion more than I requested for the same period. S. 2228 also would establish new Federal programs and new requirements for Executive branch action that are unnecessary or undesirable.

I proposed a three-year extension of these programs and specifically recommended that no new program authorities or increased spending authority be provided.

Rather than passing that simple three-year extension which would have balanced fiscal restraint and economic development needs, the Congress has presented me with a bill that would

-- be inflationary by authorizing excessive Federal spending during a period of economic expansion and by concentrating that spending in areas where there is little capacity to absorb efficiently new funds in the public sector.

-- establish undesirable new programs -- a revolving loan fund program that would provide interest free Federal loans to capitalize about 1600 local revolving loan funds, and a 4 percent interest subsidy for business development loan guarantees, a provision which establishes an undesirable precedent by insulating borrowers from fluctuations in market interest rates under Federal loan guarantee programs.

-- reestablish the Job Opportunities program, which was originally authorized in 1974 as a one-year temporary "job creation" effort using Federal agencies to create "make work" jobs. The enactment on October 1, 1976, of (1) P.L. 94-447, which appropriates \$3.7 billion for local public works employment projects, "counter-cyclical" assistance to State and local governments, and wastewater treatment construction grants, and (2) P.L. 94-444, which extends the public service employment program, makes the extension of the Job Opportunities program totally unnecessary.

In addition, the bill would unnecessarily restrict the administrative discretion of the Secretary of Commerce by directing him to provide 100 percent Federal funding for certain projects and to assist States in developing unemployment data, thereby duplicating existing programs of the Bureau of Labor Statistics in the Department of Labor.

Withholding my approval from S. 2228 will not affect the continuation of the programs conducted by the Economic Development Administration and the Regional Action Planning Commissions. They have received appropriations for fiscal year 1977. It is my hope that the next Congress will work with the Administration, early next year, toward the enactment of an acceptable bill for the extension of these important economic development programs.



**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

OCT 4 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in response to your request for the views of this Department on S. 2228, an enrolled enactment, to be cited as the "Public Works and Economic Development Act Amendments of 1976." We have reviewed S. 2228 as reported in the Conference Report, H. Rept. No. 94-1671.

S. 2228 amends the Public Works and Economic Development Act of 1965, as amended (PWEDA, 42 U.S.C. 3121 et. seq.) by extending the program and administrative authorizations of the Act through September 30, 1979.

Major features of S. 2228 are as follows:

- (1) Amendment of the statement of purpose of PWEDA to emphasize the availability of assistance to both rural and urban areas and to areas demonstrating long-term economic deterioration; and,

"Long-term economic deterioration" would be included as a new criterion for purposes of designation as a redevelopment area and as a condition of receiving special economic development and adjustment assistance under Title IX of PWEDA;

- (2) Authorization, in Section 204, of a new program to provide federal assistance, in the form of interest free loans to redevelopment areas, to implement certain area redevelopment plans - for three years at a level of \$125 million per fiscal year;



- (3) Reduction in the size of municipalities eligible to be designated as redevelopment areas from a population of 250,000 to 25,000;
- (4) Amendment of Title X to reinstate the job opportunities program as a standby antirecession measure; and,
- (5) Authorization for the President to call a White House Conference on Balanced National Growth and Economic Development within one year after enactment of S. 2228.

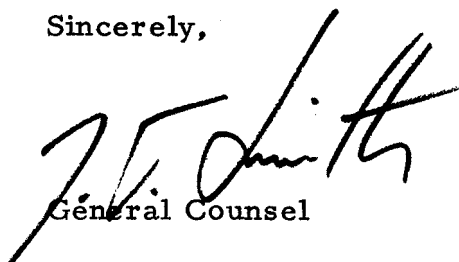
Funding for the PWEDA programs would be authorized at \$1.395 billion for fiscal year 1977 and \$1.650 billion for each of fiscal years 1978 and 1979.

The Department of Commerce recommends that the President approve S. 2228.

The Administration, and this Department, had originally endorsed legislation which would have simply extended PWEDA for 3 years at existing authorized funding levels. Although S. 2228 would add certain new program authorizations to PWEDA and would, in a few Titles, increase the authorized funding levels, we believe that these amendments would on balance benefit the PWEDA program and improve the delivery of economic and technical assistance for development purposes to all depressed areas of the country.

A total of \$450,225,000 has already been appropriated for programs authorized under this legislation, including \$386,725,000 for EDA and \$63,600,000 for the Regional Action Planning Commissions. The Department is currently considering whether to seek additional funding to implement the new authorities, specifically section 204 authorized at \$125,000,000 per fiscal year and Title X reinstated at \$81,250,000 per calendar quarter.

Sincerely,



General Counsel



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OCT 4 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: S. 2228, 94th Congress
Enrolled Enactment

This is in reply to your request for our views on the enrolled enactment of S. 2228, the "Public Works and Economic Development Act Amendments of 1976".

The enrolled bill would extend and amend the Public Works and Economic Development Act of 1965 in a variety of respects. Of special concern to this Department is section 109 of the enrolled enactment, which would establish a new "Redevelopment Area Loan Program" to be administered by the Secretary of Commerce. Under this program, the Secretary of Commerce would be authorized, upon approval of an appropriate redevelopment plan, to make interest free loans to redevelopment areas which in turn would relend these monies within the area for activities specified in the plan. Eligible activities would include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites (including acquisition of abandoned properties with redevelopment potential), and real estate development (including redevelopment and rehabilitation of historical buildings for industrial and commercial use).

This Department has several reservations with regard to the enrolled bill. The new "Redevelopment Area Loan Program," with its emphasis on land acquisition, land banking and disposition activities, has the potential to overlap significantly the current community development block grant program.

Moreover, we are concerned that some of the enrolled bill's other provisions, such as section 114's proposed reduction in the size of municipalities eligible to be designated as a redevelopment area from 250,000 to 25,000, could generate or intensify the duplication of programs carried out by this Department and other Federal agencies.

We do not believe, however, that these concerns are of sufficient magnitude for this Department to recommend that the President withhold his approval of the enrolled bill. In this regard, we would point out that the conferees have attempted, by adopting the "Redevelopment Area Loan Program" rather than the highly objectionable "Urban Economic Development" program contained in H. R. 9398, to minimize many of the problems we raised in our report to OMB on H. R. 9398, as reported by the House. Should the enrolled bill be approved, however, maximum coordination between the Department of Commerce and this and other agencies will be necessary to reduce or eliminate any potential areas of duplication. On this basis, the Department of Housing and Urban Development would defer to the Department of Commerce and the Office of Management and Budget with regard to whether Presidential approval of S. 2228 is appropriate.

Sincerely,



Robert R. Elliott

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 4 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for the Department of Labor's comments on the enrolled enactment, S.2228, the "Public Works and Economic Development Act Amendments of 1976."

This bill will amend the Public Works and Economic Development Act to extend and, in some sections increase, funding authorizations for programs under the Act for the 1976 budget transition quarter and for fiscal years 1977, 1978, and 1979.

On July 21, 1976, I transmitted to you the Department's views on H.R. 9398, as reported, and S.2228, as reported. At that time, we generally deferred to the Department of Commerce on the overall merits of the legislation. That continues to be our position.

However, we were concerned with a provision of the bill, which appears in the enrolled version. We commented on this provision in our July 21 letter to you and in our letters to Senators Randolph and Baker of the Senate Public Works Committee on May 5, and to the Speaker of the House and the House Minority Leader on June 1. Section 117 of S.2228 amends Title IV of the Act by adding a new section 405 which reads as follows:

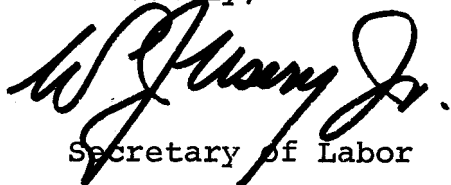
Whenever any provisions of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding relating to unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and their standardization.

There is some evidence that the Congress recognized the responsibility of this Department's Bureau of Labor Statistics in developing unemployment data. In its explanation of the amendment to Section 401(b)(4) of the Act, the Conference Committee report states, "The Bureau of Labor Statistics is requested by the Conference Committee to develop as soon as possible techniques and the capability for determining monthly unemployment levels for cities 25,000 and above."

However, a literal interpretation of the language of the new section 405 may indicate that authority to determine whether unemployment rates are accurate is given to the Secretary of Commerce. The development of unemployment data has long been recognized as a function of the Department of Labor. Most recently, OMB Circular A-46, Exhibit J, stipulated that all Federal Executive branch agencies "shall use the most current national, State, or local area labor force or unemployment data published by the Bureau of Labor Statistics, United States Department of Labor . . . unless otherwise directed by statute." This Circular was issued in recognition of the long-standing role and interest of the Department of Labor in the area of labor force data, its expertise in this area, the need for providing comparable and consistent data on unemployment for all States and local areas, and the need to avoid duplication of work and the confusion that ensues from duplication.

In light of this history, we assume that Section 405 will be interpreted in such a way that the Secretary of Commerce will follow the directives of A-46 and will use unemployment data provided by BLS where these data are available.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Flannery Jr.", written in a cursive style. The signature is positioned above the typed name "Secretary of Labor".

Secretary of Labor

THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE

WASHINGTON, D.C. 20235

OCT 5 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
700 Jackson Place, N. W.
Washington, D. C. 20503

Dear Mr. Frey:

This is in response to your request for views and recommendations on an enrolled bill, S.2228, the Public Works and Economic Development Act Amendments of 1976. As you know, decisions by the Commission require an affirmative vote not only of the Federal Cochairman but a majority of the States. Inasmuch as the request for views reached us only late Friday afternoon, and in view of the necessity for an immediate response, there has been no opportunity to establish a formal Commission position. Thus, the opinions and comments expressed herein are mine alone as Federal Cochairman and the Administration's representative on the Commission.

Last year I endorsed the extension of the Economic Development Administration as proposed in a Department of Commerce draft bill (See my letter, June 6, 1975, copy attached). At that time, I expressed my conviction that all agencies with mandates relating to economic development must coordinate their efforts to assure the most effective use of public funds to achieve maximum impact from their combined programs. I have been continuing initiatives, opened at that time, for achieving greater cooperation and coordination between EDA and ARC and have been in continual contact with Mr. John W. Eden, Assistant Secretary for Economic Development. While introducing new coordinating attitudes and measures has its difficulties, progress is being made.

The Public Works and Economic Development Act contains very useful authorities which provide some of the needed tools for States, substate areas and local communities within the Appalachian Region. These tools can assist the institutions and people of the Region to develop and implement comprehensive plans and areawide action programs for economic and social development within their respective jurisdictions. While I do have strong reservations

Mr. James M. Frey

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about programs (such as Title X of the Public Works and Economic Development Act renewed by Section 122 of S.2228) which merely pump large amounts of public funds at problems, I do believe in the basic concept of well conceived, carefully planned and fully coordinated programs to stimulate and assist long range economic development. In my opinion, such programs will have lasting impact, will provide increased employment, and will help to produce the self-sustaining economies which is their ultimate objective.

Thus, although I find some features of S.2228, objectionable, on balance, I believe the bill should be signed into law -- since, with vigorous program coordination and some common-sense forethought, many of the authorities in the bill can be effectively utilized for economic development programs, such as those which our Appalachian States and multicounty local development districts have begun and are, even now, further refining and implementing.

Unfortunately, S.2228 also includes an expensive program Title X, - which in my view - and based on my experience - simply has proven to be a wrong way to go about providing jobs and trying to improve the economy. While we can welcome the concept that a program to provide jobs ought also to produce some more tangible and lasting benefits, Title X simply does not result in construction of the right kinds of facilities. Despite requirements for relating Title X projects to existing development plans, what actually happens is that communities rush in with proposals for facilities which, all too often, do not really contribute to long range economic development, however much they may do for local civic pride. The need to rush to get into construction runs counter to the desired objective of a well coordinated pattern of public facilities which complement and support each other. The tendency is to ask for, and to approve, funding simply to spend some of the available money. The importance of the projects to longer range economic development programs appears, unfortunately, to be a far less significant actual operating criteria.

Then, too, the Administration itself has noted that Title X projects generate only a limited amount of direct employment per dollar of project cost. (F.R. Vol. 41, No. 164, p. 35670, Aug.

OCT 5 1976

23, 1976). If, as EDA's own statement of objectives implies, the remaining major positive benefit of such projects is the useful end product, i.e., the constructed facility, - then all the more reason for choosing the right facility and, the points discussed above become all the more significant.

For these reasons the approach taken in administration of this statute is critical. In my view more emphasis must be placed on assuring the selection of truly worthwhile projects that will have lasting economic development impact.

I am also disturbed by a trend which I detect in the planning requirements set forth in section 110 of the bill which amends subsection (a) of Section 302 of the Public Works and Economic Development Act of 1965. It is desirable and consistent with good planning to require that State planning consider local and economic development district plans; the amendment in section 110, however, goes too far when it requires State plans to be consistent with such local plans or to justify each inconsistency with those plans. Such a provision will have the tendency (which ought to be avoided) of turning State plans into a mere aggregation of local plans and denies discretion of judgement at the State level. Such a provision fails to recognize that the State has an independent constitutional responsibility for providing for the overall economic and social well being of its citizens. Each State must be able to develop overall economic development strategies from the State's perspective. It is also obviously impractical to require the justification of each and every inconsistency between a State's overall plan and all local plans.

This provision (and, indeed, several other aspects of the bill) tends to create direct Federal-local relationships while ignoring or de-emphasizing the States' role. The provision will serve to de-emphasize the State role in planning because it appears to elevate local plans to a position of primacy over State plans.

In our Federal system of government, however, there are three major levels of government, local, state and national. Each of these governments has its own proper sphere of responsibilities. Each raises taxes and makes decisions on how to spend public funds. It is vital that these decisions complement or support one another but it should be recognized that all three levels must discharge

Mr. James M. Frey

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OCT 5 1976

their responsibilities and any system which ignores any one of the levels runs the risk of becoming counterproductive. The States should not and, indeed, as a practical matter, cannot be bypassed.

This planning provision fails to recognize that there are larger, statewide interests which legitimately transcend purely local ones. Economic systems do not confine their operations to the narrow boundaries of local jurisdictions. Economic development planning must, therefore, also be carried on at the State level, on a broader statewide basis as well as on regional and national levels.

This provision is illustrative of other trends in these amendments which, I believe unfortunately, emphasize direct Federal to local relationships and bypass State government. It has been the experience of the Commission and the prior history of categorical grant programs before the Commission was established, that programs which create direct Federal-local relationships and do not make proper accommodations for the responsibilities and resources of the States, do not result in the kind of coordinated, public investment decision-making which is absolutely necessary if we, as a Nation, are going to make the most effective use of our public funds to achieve maximum impact.

One feature of the Bill which I believe can provide an useful additional tool for economic development is the increased flexibility provided by the new authority to make loans for implementation of area redevelopment programs (without the limiting necessity of first obtaining a commitment from an identified, specific industrial prospect, as was formerly the case for such loans). This new authority will be a useful resource for local development districts and local industrial development corporations. However, the new wording of the statute is quite vague. It does not, for instance, specify the nature or qualifications of the organizations that would be eligible to receive such area redevelopment loans. Thus, while I favor this new provision, I recommend that, in its implementation, consideration be given to the experience of SBA under analogous loan programs with respect to the establishment of financial, accounting and other similar fiduciary safeguards.

Mr. James M. Frey

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Finally, I would like to comment on one other feature of the bill which I do find desirable - Title II, which authorizes a White House Conference on "Balanced National Growth and Economic Development". Such a conference will provide an opportunity for comprehensive consideration of vitally important national issues. I am concerned, however, that the advisory committee, called for in section 204 of this bill, does not specifically require the inclusion of persons who have had direct and actual experience in the operation of regional commission programs. I strongly recommend that among the "relevant Federal program managers" appointed to this advisory committee that there be persons who have had actual involvement in the Appalachian Regional Commission and other regional commissions.

Sincerely,



Donald W. Whitehead
Federal Cochairman

Enclosure



THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

OCT 7 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

This report responds to your request for the views of this Department on the enrolled enactment of S. 2228, the "Public Works and Economic Development Act Amendments of 1976."

Section 107(c) of the enrolled enactment would add new authority for the Secretary of Commerce to pay up to 4 percentage points of the interest on loans guaranteed under the Act. No subsidy payment could result in the interest rate being paid by a borrower on a guaranteed loan being less than the rate of interest for the loan if made directly under section 201 of the Act. There is no requirement that the borrower demonstrate a need for this interest rate subsidy.

The House report states concerning a similar provision in the House version of the legislation (H.R. 9398):

This interest supplement is to be used when no reasonable interest rate is available in the private lending market for marginal firms applying for loans in the private market. This subsidy is to be used during times of high interest rates or when such rates would be prohibitively expensive for firms in need of financial assistance to continue current operations.

Thus, the apparent intent of this proposal is to insulate borrowers under this program from fluctuations in market interest rates. The proposed method of implementing this intent would result in the greatest demand for interest subsidies, and budget outlays, at times of highest market interest rates, which are also likely to be the times of greatest inflationary pressures and overall budget tightness. Insulating borrowers from high and rising market interest rates would also result in inequities among borrowers using the program at different times, and establish an undesirable precedent for insulating borrowers from fluctuations in market interest rates under other Federal loan guarantee programs. The Department strongly opposed this proposal in our July 1, 1976 report to your office on S. 2228 and H.R. 9398.

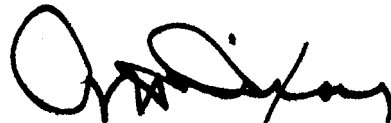
The provision added in conference that the subsidy may not reduce the rate payable by the borrower below the interest rate on direct loans under section 201 (yield on outstanding Treasury obligations of comparable maturity less up to one-half of 1 percent) could lead to substantial abuses. Since interest rates on guaranteed loans would normally be less than 4 percentage points above the section 201 rate, lenders could raise interest rates on guaranteed loans without resistance from borrowers because the added interest cost would be borne by the Federal Government.

The enrolled enactment would increase authorizations for public works and development facilities grants from \$250 to \$425 million and authorizations for business development loan programs from \$75 million to \$200 million for each fiscal year through the fiscal year ending on September 30, 1979. In addition, the enrolled enactment would provide for a new program of interest free loans to redevelopment areas with authorizations of \$125 million per year for three fiscal years.

The Administration requested a three-year extension of these programs, but at funding levels comparable to those in the existing Act. The Department believes that the proposed funding levels in the enrolled enactment are excessive.

In view of the foregoing, the Department would support a recommendation that the enrolled enactment not be approved by the President.

Sincerely yours,

A handwritten signature in black ink, appearing to read "George H. Dixon", written in a cursive style.

George H. Dixon



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 8 1976

THE ADMINISTRATOR

Dear Mr. Lynn:

This is in response to your request of October 1, 1976, for the Environmental Protection Agency's views and comments on S. 2228 on enrolled bill cited as the "Public Works and Economic Development Act of 1976."

The purpose of this bill is to extend authorizations for three years through September 30, 1979. With the exception of Title V Regional Commission, which was authorized through fiscal year 1977 by the Regional Development Act of 1975 (P.L. 84-188), the programs under the current legislation expired June 30, 1976.

We would defer to the Department of Commerce for specific comments on the extensions provided in S. 2228. Note should be taken, however, of the extensions provided for section 509(c) - Supplements to Federal Grant-In-Aid Programs. Under this provision affecting the Federal Water Pollution Control Act States and other entities within economic development regions may receive assistance from the Secretary of Commerce to secure the required matching share for programs in the FWPCA. S. 2228 would provide an extension of authorizations for this provision for three years. The Environmental Protection Agency has no objection to this extension. We believe it will be beneficial in carrying out our efforts to clean up the Nation's waters.

Sincerely yours,


Russell E. Train

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 7

Time: 1100pm

FOR ACTION: Paul Leach
 Max Friedersdorf *bc (for information):*
 Lynn May *bc* Alan Greenspan *bc* Jack Marsh
 Steve McConahey Bill Seidman Jim Connor
 David Lissy Robert Hartmann Ed Schmults
 Bobbie Kilberg *defer OMS*

FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

S.2228-Public Works and Economic Development Act
 Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to Judy Johnston, ground floor westwing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
 For the President

10/7/76 3:10 pm

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 7

Time: 1130am

FOR ACTION: Paul Leach
Max Friedersdorf
Lynn May
Steve McConahey
David Lissy
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults
Alan Greenspan
Bill Seidman
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

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Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

10/7/76 Copy sent for researching
10/8/76 research copy attached

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

90 10-8-76 12:45
JA
Cannon

302

THE WHITE HOUSE
WASHINGTON

10-8-76
LOG NO.:

10/7/76 3:10 pm

OK
CHM

Date: October 7

Time: 1136am

FOR ACTION: Paul Leach
Max Friedersdorf
Lynn May
Steve McConahey
David Lissy
Bobbie Kilberg

cc (for information):
Alan Greenspan
Bill Seidman
Robert Hartmann

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

S.2228-Public Works and Economic Development Act
Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
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- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

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James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

October 8, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *MLF*
SUBJECT: S. 2228 - Public Works and Economic
Development Act Amendments of 1976

The Office of Legislative Affairs concurs with the agencies that the Public Works and Economic Development Act Amendments of 1976 be signed.

Passed House on August 30, 372-5.

Passed Senate on July 2, 79-2

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 7

Time: 1136am

FOR ACTION: Paul Leach
Max Friedersdorf
Lynn May
Steve McConahey
David Lissy
Bobbie Kilberg

cc (for information):
Alan Greenspan
Bill Seidman
Robert Hartmann

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

S.2228-Public Works and Economic Development Act
Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

Recommend vet.

A-L May

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 7

Time: 1130am

FOR ACTION: Paul Leach
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 Steve McConahey
 David Lissy
 Bobbie Kilberg

cc (for information):
 Alan Greenspan
 Bill Seidman
 Robert Hartmann

Jack Marsh
 Jim Connor
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

S.2228-Public Works and Economic Development Act
 Amendments of 1976

ACTION REQUESTED:

- For Necessary Action
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- Draft Reply
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- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

defert to omb Kelly 10/8/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.


If you have any questions or if you anticipate a delay in submitting the required material, please

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 8, 1976

MEMORANDUM FOR JAMES M. CANNON

Subject: S. 2228 "Public Works and Economic Development Act
Amendments of 1976"

From: Alan Greenspan 

This is in response to your request for my comments on S. 2228 -- "Public Works and Economic Development Act Amendments of 1976" which would authorize a \$4.7 billion spending program for 1977 through 1979. I share the objections raised by James Lynn and concur in his recommendation for a disapproval of the measure.

I believe that the memorandum of disapproval should be strengthened by making the following points, or making them more explicit:

(1) Because of the long lead times in spending for these programs much of the actual outlays will come about two years into the future when the labor market will be tighter and the producers of investment goods operating closer to full capacity. It is for this reason that little job creating benefits will appear in the short term, and in the longer term (say two years) much of the program's impact would be inflationary.

(2) Rather than increase Federal spending, the Administration would prefer Federal tax reductions. Then State and local taxpayers could decide whether they prefer to channel this purchasing power to private consumption and private investment or to greater State and local spending via higher State and local taxes. The prime movers in this decision should be the electorate at the local level, rather than Congress.

(3) As with past recessions, the economic recovery has been widespread across the regions of the country. The sharpest recovery has been in the regions most severely effected by the downturn, those that are more heavily specialized in durable goods manufacturing. With continued economic recovery, we anticipate that these hard hit regions will continue to



experience a strong recovery.

(4) The Act would be a bureaucratic nightmare. It requires that, for purposes of determining eligibility, the Secretary of Commerce is to use unemployment data submitted by State and local governments unless he can prove the data are inaccurate. At best, this would duplicate the Department of Labor small area unemployment data program which was necessitated by CETA. More serious is that it would be impossible to maintain comparability of unemployment rates among State and local areas, and with the national data. With the burden of proof placed on the Secretary of Commerce there would be endless litigation. And, there would in effect be a virtual open-season on Federal funds until, through legislative or judicial action, the determination of the unemployment data were returned to the Federal Government.



ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 7

Time: 1136am

FOR ACTION: Paul Leach
 Max Friedersdorf
 Lynn May
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FROM THE STAFF SECRETARY

DUE: Date: October 8

Time: 500pm

SUBJECT:

S.2228-Public Works and Economic Development Act
 Amendments of 1976

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

DISAPPROVAL
LWS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
 For the President

MEMORANDUM OF DISAPPROVAL

I am withholding my approval of S. 2228, the Public Works and Economic Development Act Amendments of 1976.

S. 2228 would authorize \$4.7 billion for carrying out programs of the Economic Development Administration in the Department of Commerce for a three-year period through fiscal year 1979. This is \$2.3 billion more than I requested for the same period. S. 2228 also would establish new Federal programs and new requirements for Executive branch action that are unnecessary or undesirable.

I proposed a three-year extension of these programs and specifically recommended that no new program authorities or increased spending authority be provided.

Rather than passing that simple three-year extension which would have balanced fiscal restraint and economic development needs, the Congress has presented me with a bill that would:

-- Add inflationary pressures by authorizing excessive Federal spending, and by concentrating that spending in areas where there is little capacity to absorb efficiently new funds in the public sector. Much of the added stimulus, because of the long lead times required to utilize these funds, will occur at a time when new spending is more likely to fuel inflation than to benefit the economy.

-- Establish undesirable new programs. The revolving loan fund program proposed would provide interest free Federal loans to capitalize about 1600 local revolving loan funds and a 4 percent interest subsidy for business development loan guarantees would establish an

undesirable precedent by insulating borrowers from fluctuations in market interest rates under Federal loan guarantee programs.

In addition, the bill would unnecessarily restrict the administrative discretion of the Secretary of Commerce by directing him to provide 100 percent Federal funding for certain projects and to assist States in developing unemployment data, thereby duplicating existing programs of the Bureau of Labor Statistics in the Department of Labor.

Withholding my approval from S. 2228 will not affect the continuation of the programs conducted by the Economic Development Administration and the Regional Action Planning Commissions. They have received appropriations for fiscal year 1977. It is my hope that the next Congress will work with the Administration, early next year, toward the enactment of an acceptable bill for the extension of these important economic development programs.

THE WHITE HOUSE,

-- reestablish the Job Opportunities program, which was originally authorized in 1974 as a one-year temporary "job creation" effort using Federal agencies to create "make work" jobs. The enactment on October 1, 1976, of (1) P.L. 94-447, which appropriates \$3.7 billion for local public works employment projects, "counter-cyclical" assistance to State and local governments, and wastewater treatment construction grants, and (2) P.L. 94-444 which extends the public service employment program, makes the extension of the Job Opportunities program totally unnecessary.

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1st version

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PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT
AMENDMENTS OF 1976

APRIL 30, 1976.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. JONES of Alabama, from the Committee on Public Works and
Transportation, submitted the following

REPORT

[To accompany H.R. 9398]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 9398) to amend the Public Works and Economic Development Act of 1965 to extend the authorization for a three-year period, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts a substitute text which appears in italic type in the reported bill:

PURPOSE OF THE BILL

The purpose of this bill as reported is to amend the Public Works and Economic Development Act of 1965, as amended (hereafter in this Report referred to as the "Act"), and to extend current programs at present levels of authorized funding for three additional years, through September 30, 1979. With the exception of the Title V Regional Commission, which were authorized through Fiscal Year 1977 by the Regional Development Act of 1975 (P.L. 94-188), the programs under the current legislation expire June 30, 1976.

In addition to extending existing programs, new authorizations are provided for assistance to economic development in urban areas.

HEARINGS

The Subcommittee on Economic Development held two days of hearings on September 18 and 23, on H.R. 9398, the Administration's proposal to extend the Public Works and Economic Development Act of 1965 for three years, and related bills to amend existing economic development programs. Testimony was received from Members of

Congress, the Assistant Secretary of Commerce for Economic Development, the Special Assistant to the Secretary for Regional Economic Coordination, representatives of labor and industry, the U.S. Conference of Mayors, the National Association of Development Organizations, the Council for Urban Economic Development, the National Association of Counties, and State and local officials. In addition, statements were received from private citizens and public officials all across the country supporting extension of the existing programs.

The witnesses, without exception, gave full support for the three-year extension of current economic development programs authorized by H.R. 9398, as introduced. The bill will enable States, Economic Development Districts, and local governments to address problems of long-term economic deterioration as well as short-term dislocation in a more efficient and effective manner.

The problems of urban areas and particularly the older, central cities were discussed during the Subcommittee hearings. A panel of urban economic development experts testified that unemployment is still at the crisis level in most cities—although the nation as a whole is beginning to recover from the current recession.

The contrast between national unemployment statistics and those for residents living in the older central cities reveals the magnitude of their problems. For example, in 1975, according to the U.S. Bureau of Labor Statistics, nationwide employment stood at 8.5 percent, but poverty areas in central cities registered at 15.1 percent unemployment level. And, in 1975, although national teenage unemployment reached 19.9 percent, central cities experienced 39.8 percent unemployment for the teenage population. Today the situation is even worse—nearly one-half of the total unemployed are persons under 25 years of age.

The panel stressed that Congress must not lose sight of the fact that the central cities in major metropolitan areas contain the pivotal economic functions which are crucial to the Nation's economic health and that the present economic disadvantages of many cities have resulted from a combination of basic economic forces and unanticipated consequences of past Federal policies. Witnesses urged that proven economic development incentives provided by this Act be directed toward helping the inner central cities become economically viable and more competitive.

Witnesses testified that the Business Development Loans and guarantees are potentially the most important of the tools provided by the Public Works and Economic Development Act to urban areas—yet the Nation's 90 largest cities have received less than 12 percent of the Title II appropriations. This business loan and loan guarantee program is designed to directly stimulate the private sector by helping businesses operate successfully in economically distressed areas. Almost 85 percent of American workers depend on the private sector for jobs and income. Even with the public service jobs programs that Congress has recently enacted, most of the unemployed will depend on growth in the private sector for renewed job opportunities. This is an acute problem, particularly in the larger cities where weaknesses in urban economies have become so obvious in the last few years.

Since the Public Works and Economic Development Act was enacted in 1965, 12.3 percent—less than one-eighth—of the total public works, business development, technical assistance and economic ad-

justment assistance provided by the Act has been directed to the Nation's 90 largest cities. Witnesses strongly urged that economic development assistance be focused in urban areas with chronically high levels of unemployment where the basic public works and economic infrastructure such as streets, sewers and utilities is already in place. Witnesses also strongly supported amendments to the Public Works and Economic Development Act which would enable communities with a population of 50,000 or more to be more easily designated as redevelopment areas eligible for assistance.

MAJOR PROVISIONS OF THE BILL

The reported bill would amend the Public Works and Economic Development Act to extend the current programs generally at existing authorized levels of funding for 3 additional years through September 30, 1979. Authorizations are increased for the business development program and a new urban program is authorized at \$200 million for each of the fiscal years 1977, 1978, and 1979.

A table showing new funding authorization in H.R. 9398, as reported follows:

NEW FUNDING AUTHORIZED BY H.R. 9398, AS REPORTED

[In millions]

TITLE—Public Works and Economic Development Act Amendments of 1976	(Transition) January 1976 to Sept. 30, 1976	1977	1978	1979	Totals
I. Public facility grants and supplemental grants.....	62.50	250	250	250	812.50
II. Public facility loans and business development loans and guarantees.....	18.75	200	200	200	618.75
III. Technical assistance research and planning.....	18.75	75	75	75	243.75
Sec. 304 grants to States.....	18.75	75	75	75	243.75
IV. Area and district eligibility.....	11.25	45	45	45	146.25
Indian Tribe grants.....	6.25	25	25	25	81.25
Sec. 405 urban economic development.....	50.00	200	200	200	650.00
V. Regional Action Planning Commissions Improvement Act: Title V Regional Commissions (designated 2 yr or more).....			250	250	500.00
New commissions.....			5	5	10.00
IX. Economic adjustment.....	25.00	100	100	100	325.00
Sec. 903(a) long-term economic deterioration.....	6.25	25	25	25	81.25
Total new funding authorized.....					3,712.50

New program authority and improvements to the legislation are made in the following areas:

PUBLIC FACILITY GRANTS AND SUPPLEMENTAL GRANTS

The authority of the Secretary to approve grants for construction of public facilities and supplemental grants under Title I of this Act is expanded to permit grants for cost overruns on projects that have previously been approved under this Title without increasing the percentage of the Federal share of the cost of the project which was originally approved.

The Title is also amended to increase from 10% to 25% the minimum amount of funds that must be used from the annual appropriation for this title for projects authorized by the Public Works Impact Program (PWIP). This provision has been amended to reinstate the minimum 25% that was in the law prior to the amendments to the Act in 1974.

The language of section 101(c) that permits the Secretary to reduce the local share or entirely waive it on projects in Special Impact Areas where the State or political subdivision has exhausted its effective taxing and borrowing capacity, is amended to require the Secretary to reduce the local share below the applicable percentage or waive it entirely in cases in which the State or political subdivision has exhausted its effective taxing and borrowing capacity. For example if a State or political subdivision can demonstrate that it is prevented either by legislative restrictions or by severe financial difficulties from obtaining the funds necessary for the non-federal share of project cost through taxation or borrowing.

ENERGY PROJECTS

The Act contains provisions in section 101(e), 201(d) and 704(e) that prohibit financial assistance for projects that would compete with any existing privately owned public utility and also prohibit, except under specific authorization of Congress, financial assistance for facilities to generate, transmit, or distribute electrical energy, or to produce or transmit gas.

These provisions are in direct conflict with the Regional Development Act of 1975, which authorizes each regional commission to "carry out energy-related demonstration projects and programs within its region including programs and projects addressing the social, economic and environmental impact of energy development requirements and utilization . . .". This Act of 1975 recognizes the energy problems in the United States and the need to design programs and projects which can deal effectively with long and short-term energy requirements, and the reported bill deletes these prohibitions in the Act.

BUSINESS DEVELOPMENT PROGRAM

This bill increases the authorization level for the business development loan and guarantee program from \$75 million to \$200 million per fiscal year.

Section 107(c) of the bill adds a new paragraph to title II of the Act. This new paragraph authorizes the Secretary to pay to or on behalf of a private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on a guaranteed loan for the purchase or development of land and facilities for industrial or commercial usage, including construction of new buildings, the rehabilitation of abandoned or unoccupied and the alteration, conversion of existing buildings. Payments shall be made no less often than annually for such interest supplements.

This interest supplement is to be used when no reasonable interest rate is available in the private lending market for marginal firms applying for loans in the private market. This subsidy is to be used

during times of high interest rates or when such rates would be prohibitively expensive for firms in need of financial assistance to continue current operations.

TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

The bill amends Section 302 of the Act to require that any overall State economic development plan prepared with assistance under this section be prepared cooperatively by the State, its political subdivisions and economic development districts located in whole or in part within such State and such State plan shall, to the extent possible, be consistent with local and economic district plans. Section 302 is intended to increase overall State, substate and local government capability for economic development planning, including changing employment and economic growth patterns, public works investment planning and other public policy decisionmaking.

This amendment is intended to encourage an effective development planning process that is built "from the ground up" to insure that the State's development goals reflect the plans and development programs of local government and economic development districts.

URBAN ECONOMIC DEVELOPMENT

This bill adds a new section 405 to the Act to authorize the Secretary to designate as a "redevelopment area" any city with a population of 50,000 or more as long as it (1) submits and has approved by the Secretary an overall economic development program in accordance with section 202(b)(10) of the Act, and (2) meets one or more of the following conditions within its boundaries:

- (A) a large concentration of low income persons;
 - (B) substantial out-migration;
 - (C) substantial unemployment or underemployment;
 - (D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment;
- or
- (E) Long-term economic determination.

Nothing in this section 405 or a part thereof, is intended to be construed as to prohibit the designation of a city 405 or a part thereof, as a "redevelopment area" under this section in addition to its designation as a "redevelopment area" under any other provision of the Act. Also, this section should not be construed to prohibit a city designated under this section and another provision of the Act from receiving assistance through the expenditure of funds both under section 405 and any other provision in the Act.

If a city designated under this section prepares a plan for the economic development of the city or a part of it and submits its plan to the Secretary, and the Secretary approves such plan, he is authorized to make a grant to the city for the purpose of carrying out the plan. Any grant made by the Secretary under this section must be made on the condition that the city will use such grant to make grants or loans or both to carry out the plan and that the repayments of any loans to the city be placed in a revolving fund by the city to be avail-

able for making other economic development grants or loans by the city upon the approval of the Secretary.

Each recipient receiving assistance under this section shall annually make a full and complete report to the Secretary evaluating the effectiveness of the economic assistance provided under this section. The Secretary shall provide an annual consolidated report to the Congress with his recommendations, if any, on the assistance provided. The first report to Congress shall be made not later than July 1, 1977.

In determining eligibility of cities for assistance under this section 405 it is intended that a city must have a population of 50,000 persons or more according to the latest decennial or subsequent special census counts as reported by the Bureau of the Census. When the published population estimates of the Bureau of the Census are used to determine eligibility, the Secretary may allow up to a five percent variation in population estimates in order to reflect changes in population since the last official census.

It is not the intent of the Committee that the exclusion with respect to incorporated places within the boundaries of a town or township contained in the definition of the term "city" in section 405(a)(B)(iii), be applicable where the town or township has a population of at least 50,000 within its boundaries exclusive of the population within incorporated places within such boundaries.

In those cases where a township has a population of 50,000 or more outside of incorporated places, any funds authorized under this Act may be used only outside the corporate limits of those places.

To be consistent with the population requirement of the new urban section, section 401(b)(4) is amended to reduce the minimum population for designation as a redevelopment area from 250,000 to 50,000.

Title IX of the Act is amended to include long-term economic deterioration as a condition for which assistance may be provided. In addition to the eligible activities in section 903(a)(1), recipients may use grants under this section for the relocation of businesses.

In order to be an eligible recipient under the long-term deterioration criteria, (1) the unemployment rate of the area must exceed the national average for 6 consecutive months of the preceding 12 months, (2) have at least 15% of the population below the poverty levels defined by the Office of Management and Budget, and (3) an economic development planning and management capability adequate to effectively administer the grant. Separate funding would be authorized under Title IX for these recipients.

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Federal grant-in-aid programs which are eligible to be supplemented by grants authorized under section 509(c) of the Act are those enacted before September 30, 1979. These supplemental grants should be used to support the economic development plans of the Commissions. Federal grants for local projects that are not consistent with the Commissions' regional economic development goals should not be supplemented with funds authorized under Title V.

GENERAL COMMENTS

THE INADEQUACY OF CURRENT UNEMPLOYMENT STATISTICS

One of the major problems faced by cities seeking EDA assistance is the lack of current unemployment statistics from the Department of Labor. Average annual unemployment figures are not published in a timely manner and are generally released to Federal agencies ten months after the year in question. EDA, for example, received the 1974 annual unemployment figures from the Department of Labor in October 1975. Furthermore, the unemployment figures provided by the Bureau of Labor Statistics (BLS) are generally aggregate totals for Labor Market Areas (defined by the Secretary of Labor) and are not broken down for central cities.

In the 1974 report accompanying the legislation extending the Act, the Committee addressed the inadequacy of unemployment statistics available for the administration of the EDA program and particularly the problems that have arisen as a result of the recent changes adopted by the BLS in its statistical procedures for estimating state and local unemployment.

Recognizing the debate over unemployment estimating methodologies among the State and the BLS, the Committee called for "a careful review and evaluation" of the new procedures instituted by the BLS as a reliable system for producing accurate unemployment statistics for local labor market areas. The review and evaluation was to be conducted by the representatives of Federal, State and local government statistical agencies. The Committee stated that "the estimates of the size of the labor force used in computing unemployment rates should be adjusted to count employed workers only once and according to where they live rather than where they work." The use of the BLS concept of "resident labor force" in the Current Population Survey (CPS) method is still considered to be appropriate in the computation of unemployment rates for the purpose of this Act. However, the Committee still contends that no labor market area should be denied economic development assistance because of the arbitrary substitution of the new CPS methods for traditional employment security agency procedures in developing estimates for the level of unemployment.

Under section 405 of this Act, cities of 50,000 population or more are eligible for designation as a redevelopment area if the Secretary determines among other factors, that the city has substantial unemployment or under-employment. In addition, under section 401, which determines an area's eligibility for assistance under the Act, the minimum population for designation has been changed from 25,000 to 50,000.

Since an area's designation under this section depends principally on unemployment levels, it is imperative that the 340 cities between 50,000 and 250,000 have accurate unemployment figures in order to secure designation under the Act.

Under the Comprehensive Employment and Training Act of 1973, the Secretary of Labor was directed to develop a comprehensive system of labor market information on a national, State, local or other

appropriate basis which would yield timely and accurate unemployment figures. The CPS method developed by the BLS met the CETA requirements for unemployment figures to cover "prime sponsors" of 100,000 population or more. The new method cannot however be used for all States and areas for which estimates are necessary. The lack of accurate unemployment data for central cities and small labor areas still exists. Currently only the larger areas can be reliably covered—because the CPS sample of households, is not large enough to provide usable data for all areas. As of 1976 only 27 States, the 30 largest SMSA's and the central cities of 11 large SMSA's were covered by the new CPS method. In 1977 the BLS will be able to cover all States under this system but the data will only reflect 1976 unemployment.

It is imperative for the Secretary of Labor to take immediate steps toward gathering and publishing, in a timely and periodic manner, unemployment statistics for all communities eligible for assistance under this Act, particularly in rural areas. The Committee urges the Secretary to establish a practical methodology whereby localities may derive current municipal unemployment statistics using readily available data until such time as the Secretary of Labor is able to regularly provide such municipal unemployment statistics.

To assist in designation of redevelopment areas, including those under section 405 of this Act, section 406 states that "Information regarding unemployment rates may be furnished by the Federal government, by States or local governments, and rates furnished by State or local governments shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide assistance to States and local governments in the calculation of unemployment rates to insure their validity and standardization."

COMMITTEE RECOMMENDATIONS

The Committee recommends the passage of H.R. 9398, as reported.

COMPLIANCE WITH CLAUSE 2(1) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

(1) With reference to Clause 2(1) (3) (A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Review. However, the Subcommittee on Economic Development held hearings on this subject matter which resulted in the reported bill.

(2) With respect to Clause 2(1) (3) (B) of rule XI of the Rules of the House of Representatives the bill, as reported, does not provide new budget authority or increased tax expenditures. Accordingly, a statement pursuant to section 308 (a) of the Congressional Budget Act is not required.

(3) With reference to Clause 2(1) (3) (C) of rule XI of the Rules of the House of Representatives, the Committee has received a report prepared by the Congressional Budget Office under section 403 of the Congressional Budget Act. The report is as follows:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 26, 1976.

HON. ROBERT E. JONES,
Chairman, Committee on Public Works and Transportation, U.S.
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 9398, Public Works and Economic Development Act Amendments of 1976.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

APRIL 26, 1976.

1. Bill number: H.R. 9398.
2. Bill title: Public Works and Economic Development Act Amendments of 1976.
3. Purpose of bill: This bill extends for three years the authorizations contained in the Public Works and Economic Development Act of 1965. The programs of the Economic Development Administration (EDA) and the Regional Action Planning Commissions are re-authorized, with EDA's business loan program and the Regional Commissions at substantially higher levels. In addition, the bill contains a new grant program for urban economic development and allows EDA to pay up to 4 percent of the interest rates on private sector loans to selected businesses. This is an authorization bill that requires subsequent appropriation action.
4. Cost estimate: The estimated budget impact of this proposed legislation is presented below.

[In millions of dollars]

Fiscal year:	Authorization level	Cost ¹
Third quarter.....	229	17
1977.....	1,042	193
1978.....	1,300	773
1979.....	1,305	1,053
1980.....		891
1981.....		577
1982.....		277
1983.....		100

¹ Does not add to authorization total due to rounding.

5. Basis of estimate: With the exception of administrative costs, all cost estimates were derived by applying the outlay distributions (from the agency) to the authorization levels stated in the bill. The assumed outlay distributions are presented below.

PERCENTAGE OUTLAY DISTRIBUTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5
Title I.....	2	25	32	24	17
Title II.....	17	42	26	12	3
Title III:					
(a) Planning.....	40	60			
(b) Technical assistance.....	22	50	28		
(c) Research.....	36	40	24		
(d) Supplemental grants.....	10	50	30	10	
Title IV:					
(a) Public works.....	2	25	32	24	17
(b) Business loans.....	17	42	26	12	3
Title V:					
(a) Federal administrative costs.....	90	10			
(b) New commission development.....	90	10			
(c) Administrative grants.....	100				
(d) Supplemental grants.....	14	24	25	25	12
(e) Technical assistance grants.....	100				
Title VII.....	90	10			
Title IX.....	20	60	20		

For Titles III, IV, and V, assumptions had to be made on the allocations of overall authorization amounts to specific programs. Title III funds, not including the supplemental grants authorization, has an historical pattern of planning grants receiving 60 percent of the Title III total, while technical assistance and research grants receive 36 and 4 percent, respectively. This historical distribution was assumed to apply to the authorization total specified in the bill.

The special programs of Title IV are assumed to consist of 75 percent public works projects and 25 percent business loans. Based upon experience and a higher program level, the \$250 million authorization for Title V is allocated as follows: 4 percent for federal administrative costs; 2 percent for administrative grants to the Regional Commissions; 46 percent for supplemental grants, primarily for public works projects; 48 percent for technical assistance grants to the Commissions.

Title VII is the only section of the bill with an indefinite authorization. "Such sums as are necessary" are authorized for administrative expenses. The program level envisioned by this bill is 276 percent greater than the 1976 effort. Assuming that the administrative costs will grow at one-quarter the speed of the overall program, and adjusting for inflation, the appropriate authorization level is assumed to be \$11.3, \$47.1, \$50.0, and \$55.4 million for the transition quarter through FY 1979 respectively.

6. Estimate comparison: None.

7. Previous CBO estimate: None.

8. Estimate prepared by: Leo J. Corbett.

9. Estimate approved by:

C. G. NUCKOLS,

(For James L. Blum, Assistant Director for Budget Analysis).

(4) With reference to clause 2(1) (3) (D) of rule XI of the Rules of the House of Representatives, the committee has not received a report for the Committee on Government Operations pertaining to this subject matter.

(5) With reference to clause 2(1) (4) of Rule XI of the Rules of the House of Representatives, the following information is provided:

The Economic Development programs authorized in H.R. 9398, as reported, are specifically directed at the areas of the country where there is high unemployment and declining economic activity—"depressed" areas where economic stimulus can be applied with very little fear of putting upward pressure on wages or prices. Because the primary purpose of this program is to provide employment, the funds authorized in this bill will be at least partially offset, by a concurrent reduction in welfare and unemployment compensation payments to the currently unemployed who will fill the jobs created by this bill. In addition, the jobs created by the Economic Development Act are in the private sector of the economy and the Federal revenue generated by the taxes paid by the business activity and the employment created by these programs will also help offset the expenditures authorized in this bill. It is reasonable, therefore, to conclude that the national inflationary impact of this bill will not be significant.

COST OF LEGISLATION

In accordance with Rule XIII(7) of the Rules of the House of Representatives, the following information is furnished by the Committee on the cost to the United States in carrying out H.R. 9398, as reported, in Fiscal Year 1976 and in each of the five succeeding fiscal years authorized by the bill. The estimate is based on total amount of authorizations contained in H.R. 9398, as reported.

Fiscal year:	Authorization
1976 July 1 to September 30.....	\$217,500,000
1977.....	995,000,000
1978.....	1,250,000,000
1979.....	1,250,000,000
1980.....	None
1981.....	None

In addition to the above, it is estimated that administrative expenses for this Act will be:

Fiscal year:	Amount
1976 July 1 to September 30.....	\$11,300,000
1977.....	47,100,000
1978.....	50,000,000
1979.....	55,400,000
1980.....	None
1981.....	None

VOTE

The Committee ordered the bill reported by voice vote.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

AN ACT To provide grants for public works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works and Economic Development Act of 1965".

STATEMENT OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another. *Congress further declares that, in furtherance of maintaining the national economy at a high level, the assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place.*

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

SEC. 101. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

(1) to make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, construction,

rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as hereinafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share. In the case of any State or political subdivision thereof which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary [may] shall reduce the non-Federal share below such per centum or [may] shall waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act.

Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs. Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the costs of such project otherwise authorized by the applicable law. The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section. In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the project to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

[(e) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.]

(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

SEC. 102. For each of the fiscal years ending June 30, 1975, [and] June 30, 1976, *September 30, 1977, September 30, 1978, and September 30, 1979*, not to exceed \$30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year and for the period beginning July 1, 1976, and ending September 30,

1976, not to exceed \$7,500,000 of the funds authorized to be appropriated under such section 105 for such period, shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first fiscal year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

* * * * *
 SEC. 105. There is hereby authorized to be appropriated to carry out this title not to exceed \$500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1971, not to exceed \$800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, and not to exceed \$200,000,000 for the fiscal year ending June 30, 1974, not to exceed \$200,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$250,000,000 for the fiscal year ending June 30, 1976, *not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$250,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.* Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974, and not less than [10] 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 [and] June 30, 1976, *the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979*, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401 (a) (6) of this Act.

* * * * *
 CONSTRUCTION COST INCREASES

SEC. 107. *In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall the percentage of the Federal share of such project exceed that originally provided for in such grant.*

TITLE II—OTHER FINANCIAL ASSISTANCE

PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will directly or indirectly—

(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 701(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and sec-

tion 202 [: *Provided, That*], *except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplemental to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 [,] for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 [per fiscal year] for the fiscal years ending June 30, 1975, and June 30, 1976, and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.*

[(d) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.]

(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

LOANS AND GUARANTEES

SEC. 202. (a)(1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

(2) *In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. Payments made to or on behalf of such borrower shall be made no less often than annually.*

[(2)](3) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) mak-

ing working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payments of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease, (D) *paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to create new or increased employment.*

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them: *Provided, however, That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.*

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

(7) Subject to section 701(5) of this Act, no loan or guarantee including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidence of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.*

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

(9) Loan assistance other than for a working capital loan shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid, and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however, That, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;*

(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in con-

nection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

* * * * *

SEC. 302. (a) The Secretary is authorized, upon application of any State, or city, or other political subdivision of a State, or sub-State planning and development organization (including a redevelopment area or an economic development district), to make direct grants to such State, city, other political subdivision, or organization to pay up to 80 per centum of the cost for economic development planning. The planning for cities, other political subdivisions, and sub-State planning and development organizations (including redevelopment areas and economic development districts) assisted under this section shall include systematic efforts to reduce unemployment and increase incomes. Such planning shall be a continuous process involving public officials and private citizens in analyzing local economies, defining development goals, determining project opportunities, and formulating and implementing a development program. Any overall State economic development [planning assisted] *plan prepared with assistance* under this section shall be [conducted] *prepared* cooperatively by the State, [cities and other political subdivisions, and economic development organizations (including redevelopment areas and economic development districts) located in whole or in part within such State, and such State planning shall incorporate the goals and objectives of local and economic development district planning.] *its political subdivisions, and economic development districts located in whole or in part within such State, and such State plan shall, to the extent possible, be consistent with local and economic development district plans.* Any overall State economic development planning shall be a part of a comprehensive planning process that shall consider the provision of public works to stimulate and channel development, economic opportunities and choices for individuals; to support sound land use, to enhance and protect the environment including the conservation and preservation of open spaces and environmental quality, to provide public services, and to balance physical and human resources through the management and control of physical development. The assistance

available under this section may be provided in addition to assistance available under section 301 (b) of this Act but shall not supplant such assistance and shall be available to develop an annual inventory of specific recommendations for assistance under section 304 of this Act. Each State receiving assistance under this subsection shall submit to the Secretary an annual report on the planning process assisted under this subsection.

(b) In addition, the Secretary is authorized to assist economic development districts in—

(1) providing technical assistance* (other than by grant) to local governments within the district; and

(2) carrying out any review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968, if such district has been designated as the agency to conduct such review.

(c) The planning assistance authorized under this title shall be used in accordance with the review procedure required pursuant to title IV of the Intergovernmental Cooperation Act of 1968 and shall be used in conjunction with any other available Federal planning assistance to assure adequate and effective planning and economical use of funds.

SEC. 303. (a) There is hereby authorized to be appropriated \$25,000,000 annually for the purposes of sections 301 and 302 of this Act, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, \$50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and \$35,000,000 for the fiscal year ending June 30, 1974, and \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, *\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.*

(b) Not to exceed \$15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.

SUPPLEMENTAL AND BASIC GRANTS

SEC. 304. (a) There are hereby authorized to be appropriated \$35,000,000 for the fiscal year ending June 30, 1975, and \$75,000,000 for the fiscal year ending June 30, 1976, *\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979,* for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, [and IV] *III, IV, and IX* of this Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of

such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, [or IV] III, IV, or IX of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

TITLE IV—AREA AND DISTRICT ELIGIBILITY

PART A—REDEVELOPMENT AREAS

AREA ELIGIBILITY

SEC. 401. (a) The Secretary shall designate as "redevelopment areas"—

(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual statistics for the most recent available calendar year, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

(i) 50 per centum above the national average for three of the preceding four calendar years, or

(ii) 75 per centum above the national average for two of the preceding three calendar years, or

(iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment; *Provided, however,* That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;

(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsections 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965: *Provided, however,* That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions;

(A) a large concentration of low-income persons;

(B) rural areas having substantial outmigration;

(C) substantial unemployment; or

(D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C)

of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available;

(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.

(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however, That*—

(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202(b)(10) of this Act within a reasonable time after notification of eligibility for designation, shall not thereafter be designated prior to the next annual review of eligibility in accordance with section 402 of this Act;

(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401(a)(3) or (a)(6); and

(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a county, or a municipality with a population of over [two hundred and] fifty thousand, whichever in the opinion of the Secretary is appropriate.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided, That* the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

* * * * *

PART B—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 403. (a) In order that economic development projects of broader geographical significance may be planned and carried out, the Secretary is authorized—

(1) to designate appropriate "economic development districts" within the United States with the concurrence of the States in which such districts will be wholly or partially located, if—

(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

(B) the proposed district contains at least one redevelopment area;

(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

(2) to designate as "economic development centers," in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation;

(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designated under subsection (a)(2) above, if—

(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;

(B) the project will enhance the economic growth potential of the district or result in additional long-term employment

opportunities commensurate with the amount of Federal financial assistance requested; and

(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of any such project, in accordance with such regulations as he shall prescribe if—

(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

(B) the project is consistent with an approved district overall economic development program.

(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—

(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;

(2) to cooperate with the several States—

(A) in sponsoring and assisting district economic planning and development groups, and

(B) in assisting such district groups to formulate district overall economic development programs;

(3) to encourage participation by appropriate local governmental authorities in such economic development districts.

(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.

(d) As used in this Act, the term "economic development district" refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

(e) As used in this Act, the term "economic development center" refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

(f) For the purpose of this Act the term "local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(g) There is hereby authorized to be appropriated not to exceed \$50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal

year thereafter through the fiscal year ending June 30, 1973, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, *not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979*, for financial assistance extended under the provisions of subsection (a) (3) and (a) (4) hereof.

(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region, or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

PART C—INDIAN ECONOMIC DEVELOPMENT

SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed \$25,000,000 per fiscal year for the fiscal years ending June 30, 1975[,] and June 30, 1976, *not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979*, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

PART D—URBAN ECONOMIC DEVELOPMENT

SEC. 405. (a) For the purposes of this section, the term "city" means (A) any unit of general local government which is classified as a municipality by the Bureau of the Census, or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs

functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the Bureau of the Census.

(b) The Secretary shall designate as a "redevelopment area" any city having a population of fifty thousand or more which he determines has one or more of the following conditions within its boundaries:

- (A) a large concentration of low-income persons;
- (B) substantial out-migration;
- (C) substantial unemployment or underemployment;
- (D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment;
- (E) long-term economic deterioration.

No city shall be designated a redevelopment area under this section until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act. Any such redevelopment area shall be entitled to the assistance authorized by this Act, except that only funds authorized by subsection (d) of this section shall be expended in providing such assistance to a city whose only designation as a "redevelopment area" is under this section. Nothing in this section shall be construed to prohibit the designation of a city as a "redevelopment area" under this section in addition to its designation as a "redevelopment area" under any other provision of this Act, and nothing in this section shall be construed to prohibit a city designated a "redevelopment area" both under this section and another provision of this Act from receiving assistance under this Act through the expenditure of funds both under this section and under any other provisions of this Act.

(c) In addition to any other assistance available under this Act, if a city that has been designated as a redevelopment area under this section prepares a plan for the redevelopment of the city or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make a grant to such city for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such grant shall be made on condition (A) that the city will use such grant to make grants or loans, or both, to carry out such plans, and (B) the repayments of any loans made by the city from such grant shall be placed by such city in a revolving fund available solely for the making of other grants and loans by the city, upon approval by the Secretary, for the economic redevelopment of the city.

(d) (1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this sec-

tion in meeting the need it was designed to alleviate and the purposes of this section.

(2) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than July 1, 1977.

(e) There is hereby authorized to be appropriated to carry out this section not to exceed \$50,000,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.

PART E—UNEMPLOYMENT RATE DETERMINATIONS

SEC. 406. Whenever any provision of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding related to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State or local government. Unemployment rates furnished by State or local governments shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization.

TITLE V—REGIONAL ACTION PLANNING COMMISSIONS

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SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 509. (a) In order to enable the States and other entities within economic development regions established under this Act to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the Secretary shall, once a comprehensive long-range economic plan established pursuant to clause (2) of section 503(a) is in effect, provide funds pursuant to specific recommendations, to each of the Federal cochairmen of the regional commissions heretofore or hereafter established under this title, to be used for all or any portion of the basic Federal contribution to projects under such Federal grant-in-aid programs authorized by Federal grant-in-aid Acts, and for the purpose of increasing the Federal contribution to projects under such programs above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. No program, or project authorized under this section shall be implemented until (1) applications and plans relating to the program or project have been determined by the responsible Federal official to be compatible with the provisions and objectives of Federal laws which he administers that are not inconsistent with this Act, and (2) the regional

commission involved has approved such program or project and has determined that it meets the applicable criteria under section 504 and will contribute to the development of the region, which determination shall be controlling. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets all of the requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the commission determines that the level of Federal and State financial assistance under titles of this Act other than this title, and under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on authorizations for appropriation in any other Act.

(b) The Federal portion of such costs shall not be increased in excess of the percentages established by each commission, and shall in no event exceed 80 per centum thereof.

(c) The term "Federal grant-in-aid programs" as used in this section means [all Federal grant-in-aid programs in existence on or before December 31, 1970, assisting in the acquisition of land or the construction or equipment of facilities, including but not limited to grant-in-aid programs authorized by title I of this Act and by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; title VI of the Public Health Service Act; Vocational Education Act of 1963; Library Services Act; Federal Airport Act; Airport and Airways Development Act of 1970; part IV of title III of the Communications Act of 1934; Higher Education Facilities Act of 1963; Land and Water Conservation Fund Act of 1965; and National Defense Education Act of 1958.] *those Federal grant-in-aid programs authorized on or before September 30, 1979, by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Library Services and Construction Act; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; titles VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; and titles I and IX of this Act.* The term shall not include any program in which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. Grants under this section shall be made solely

out of funds specifically appropriated for the purpose of carrying out this section, and shall not be taken into account in the computation of allocations among the States made pursuant to any other provision of law.

(d)(1) There are authorized to be appropriated to the Secretary to carry out this title, for the two-fiscal-year period ending June 30, 1971, to be available until expended, not to exceed \$225,000,000; and for the two-fiscal-year period ending June 30, 1973, to be available until expended, not to exceed \$305,000,000; for the fiscal year ending June 30, 1974, to be available until expended, \$95,000,000; for the fiscal year ending June 30, 1975, to be available until expended, \$150,000,000; for the fiscal year ending June 30, 1976, to be available until expended, \$200,000,000; for the transition quarter ending September 30, 1976, to be available until expended, \$50,000,000; and for the fiscal [year] years ending September 30, 1977, *September 30, 1978, and September 30, 1979*, to be available until expended, \$250,000,000 *per fiscal year*. After deducting such amounts as are authorized to carry out subsections (a)(1) and (b) of section 505, the Secretary shall apportion the remainder of the sums appropriated under this authorization for any fiscal year among the regional commissions which have been established for more than two fiscal years.

(2) There are authorized to be appropriated to the Secretary as are necessary for the management and authorized activities under this title of any new commissions for their first two full fiscal years, for the fiscal year ending June 30, 1976, to be available until expended, not to exceed \$5,000,000; for the transition quarter ending September 30, 1976, to be available until expended, not to exceed \$1,250,000; and for the fiscal [year] years ending September 30, 1977, *September 30, 1978, and September 30, 1979*, to be available until expended, not to exceed \$5,000,000 *per fiscal years*.

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TITLE VII—MISCELLANEOUS

* * * * *

TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

SEC. 704. (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act or until the expiration of the first period of sixty days following the effective date of this Act, whichever shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

(c) The provisions of this Act shall take effect upon enactment unless herein explicitly otherwise provided.

(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

[(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, except on projects specifically authorized by the Congress, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed).]

* * * * *

TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

PURPOSE

SEC. 901. It is the purpose of this title to provide special economic development and adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality, and economic adjustment problems resulting from severe changes in economic conditions (*including long-term economic deterioration*), and to encourage cooperative intergovernmental action to prevent or solve economic adjustment problems. Nothing in this title is intended to replace the efforts of the economic adjustment program of the Department of Defense.

* * * * *

GRANTS BY SECRETARY

SEC. 903. (a) (1) The Secretary is authorized to make grants directly to any eligible recipient in an area (A) which the Secretary has determined has experienced, or may reasonably be foreseen to be about to experience, a special need to meet an expected rise in unemployment, or other economic adjustment problems (including those caused by any action or decision of the Federal Government), or (B) has demonstrated long-term economic deterioration, to carry out or develop a plan which meets the requirements of subsection (b) of this section and which is approved by the Secretary, to use such grants for any of the following: public facilities, public services, business development, planning, unemployment compensation (in accordance with subsection (d) of this section), rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals and businesses, and other [appropriate assistance] assistance which demonstrably furthers the economic adjustment objectives as stated in the plan.

(2) (A) Such grants may be used in direct expenditures by the eligible recipient or through redistribution by it to public and private entities in grants, loans, loan guarantees, payments to reduce interest

on loan guarantees, or other appropriate assistance, but no grant shall be made by an eligible recipient to a private profitmaking entity.

(3) The Secretary is specifically authorized to make grants pursuant to paragraph (1) to those eligible recipients having long-term economic deterioration which demonstrate the following characteristics—

(A) an unemployment rate during the twelve-month period preceding the application for the grant which exceeded the national unemployment rate for at least six consecutive months during such period based on unemployment statistics provided by the Department of Labor or on locally generated data acquired using a methodology approved by the Secretary;

(B) at least 15 per centum of the population below the poverty levels defined by the Office of Management and Budget;

(C) an economic development planning and management capacity adequate to effectively administer the grant.

(B) Grants for unemployment compensation shall be made to the State. Grants for any other purpose shall be made to any appropriate eligible recipient capable of carrying out such purpose.

(b) No plan shall be approved by the Secretary under this section unless such plan shall—

(1) identify each economic development and adjustment need of the area for which assistance is sought under this title;

(2) describe each activity planned to meet each such need;

(3) explain the details of the method of carrying out each such planned activity;

(4) contain assurances satisfactory to the Secretary that the proceeds from the repayment of loans made by the eligible recipient with funds granted under this title will be used for economic adjustment; and

(5) be in such form and contain such additional information as the Secretary shall prescribe.

(c) The Secretary to the extent practicable shall coordinate his activities in requiring plans and making grants and loans under this title with regional commissions, States, economic development districts and other appropriate planning and development organizations.

(d) In each case in which the Secretary determines a need for assistance under subsection (a) of this section due to an increase in unemployment and makes a grant under this section, the Secretary may transfer funds available for such grant to the Secretary of Labor and the Secretary of Labor is authorized to provide to any individual unemployed as a result of the dislocation for which such grant is made, such assistance as he deems appropriate while the individual is unemployed. Such assistance as the Secretary of Labor may provide shall be available to an individual not otherwise disqualified under State law for unemployment compensation benefits, as long as the individual's unemployment caused by the dislocation continues or until the individual is reemployed in a suitable position, but no longer than one year after the unemployment commences. Such assistance for a week of unemployment shall not exceed the maximum weekly amount authorized under the unemployment compensation law of the State in which the dislocation occurred, and the amount of assistance under this subsection shall be reduced by any amount of unemployment

compensation or of private income protection insurance compensation available to such individual for such week of unemployment. The Secretary of Labor is directed to provide such assistance through agreements with States which, in his judgment, have an adequate system for administering such assistance through existing State agencies.

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 905. (a) There is authorized to be appropriated to carry out this title (*except for grants specifically authorized by section 903(a)(3)*) not to exceed \$75,000,000 for the fiscal year ending June 30, 1975, [and] \$100,000,000 for the fiscal year ending June 30, 1976, *not to exceed \$25,000,000 for the transition quarter ending September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.*

(b) *There is authorized to be appropriated to carry out the provisions of section 903(a)(3) of this title not to exceed \$6,250,000 for the transition quarter ending September 30, 1976, and not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.*

SECTION 2 OF THE ACT OF JULY 6, 1970

AN ACT To amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971

* * * * *

SEC. 2. Notwithstanding section 402 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3162), no area designated as a redevelopment area for the purposes of such Act shall have such designation terminated or modified in accordance with such section after May 1, 1970, and before [June 1, 1976] *September 30, 1979*, unless the local governing body of the county qualified under existing criteria for de-designation specifically requests de-designation action.

○

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1976

MAY 13, 1976.—Ordered to be printed

Mr. MONTONA, from the Committee on Public Works,
submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany S. 2228]

The Committee on Public Works, to which was referred the bill (S. 2228) to amend the Public Works and Economic Development Act of 1965, as amended, to extend authorizations for a 3-year period, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

GENERAL STATEMENT

Nearly 11 years ago Congress passed the Public Works and Economic Development Act. The purpose was to assist regions, counties, and communities suffering from substantial and persistent unemployment which have lagged behind the rest of the Nation. The Federal Government, in cooperation with the States, was to assist these areas to take effective steps in planning and implementing economic development programs based on public works investments.

That mission has not changed. Regions, counties and communities in America continue to experience distress. The programs authorized by this Act have helped many areas achieve lasting improvements. But over the years, other areas have slipped from the security of America's economic mainstream. Many of our cities, for example, have in recent years become distressed and need the long-term rehabilitation of an economic development program. Thus while gains

have been made in some places, unemployment and low income have begun to undermine the economic stability of other areas.

During hearings before the Subcommittee on Economic Development, witnesses representing cities called for more funds in the programs for urban areas, with greater flexibility in their use. Urban witnesses stressed the need to direct a greater proportion of the funds of the Economic Development Administration to the older industrial central cities which today are experiencing severe fiscal pains, high unemployment, and job loss.

Convincing evidence was presented that assistance for long-term programs to distressed areas continues to be a national need. An extension of the Public Works and Economic Development Act for 3 years is justified on the basis of economic conditions which exist in the country. The Administration concurs since it requested a 3-year extension.

PURPOSE OF LEGISLATION

The purpose of S. 2228, as reported, is to extend the Public Works and Economic Development Act of 1965, as amended, for 3 years through September 30, 1979. The authorizations for appropriations expire on June 30, 1976, with the exception of the authorizations for the Title V Regional Commissions, authority for which was extended by the Regional Development Act of 1975 (P.L. 94-188) through September 30, 1977. Except for increased authorization levels for titles I and II, all other programs are extended at current levels. In addition to extending present programs, the bill provides assistance to qualified urban communities of 50,000 or more.

Finally, the Committee has added a provision authorizing and requesting the President to convene a White House Conference on Balanced National Growth and Economic Development within 1 year of the date of enactment of the bill.

HEARINGS

The Subcommittee on Economic Development conducted three days of hearings in Washington on March 15, 16 and 17, 1976 on S. 2228, the Administration bill extending the Public Works and Economic Development Act for 3 years.

The present conditions and future prospects of title V Regional Commissions were presented by three Governors serving as States Cochairman of Commissions and by five of the Federal Cochairmen. Testimony also was received from representatives of the National Association of Development Organizations, the National Association of Regional Councils, and the National Association of Counties.

The National League of Cities, the U.S. Conference of Mayors, and the National Council of Urban Economic Development presented the view that many cities suffer serious economic disorders, and need the type of assistance available in PWEDA programs.

Representatives of the Academy for Contemporary Problems and the American Institute of Planners, presented perspectives on the future of economic development planning and the role of the States in such programs.

MAJOR PROVISIONS

AUTHORIZATIONS

The reported bill amends the Public Works and Economic Development Act to continue the programs authorized in titles III, IV, V and IX at existing funding levels. Authorizations are increased in title I for public works and development facilities grants from the present \$250 million to \$450 million for each fiscal year and for the title II business development loan programs from \$75 million to \$125 million per fiscal year.

A table showing new funding authorization in S. 2228, as reported, follows:

NEW FUNDING AUTHORIZED BY S. 2228, AS REPORTED

(In millions of dollars)

Title—Public Works and Economic Development Act Amendments of 1976	(Transition) June 1976 to Sept. 30, 1976	1977	1978	1979	Totals
I. Public facility grants and supplemental grants	112.50	450	450	450	1,462.50
II. Public facility loans and business development loans and guarantees	31.25	125	125	125	406.50
Technical assistance research and planning	18.75	75	75	75	243.75
III. Sec. 304 grants to States	18.75	75	75	75	243.75
Area and district eligibility	11.25	45	45	45	146.25
IV. Indian tribe grants	6.25	25	25	25	81.25
V. Regional Action Planning Commission Improvement Act:					
Title V Regional Commissions (designated 2 yr or more)			250	250	500.00
New Commissions			5	5	10.00
IX. Economic adjustment	25.00	100	100	100	325.00
Total new funding authorized	223.75	895	1,150	1,150	3,419.00

URBAN ECONOMIC DEVELOPMENT

According to the 1970 Census, there are 384 cities with populations of 50,000 or more. Nearly 200 of them are presently eligible for EDA assistance. More will become qualified this year as a result of the severe recession with its accompanying high levels of unemployment. Many of these cities suffer significantly greater distress than others that are also eligible. These cities are generally the central portions of metropolitan areas. Criteria has been included in the bill to direct funds within metropolitan areas to those communities of 50,000 or more population which are the most economically distressed.

To target these communities, the bill adds a new section 107 to title I of the Act setting out additional criteria. Under the new section, cities of 50,000 or more designated or located in redevelopment areas shall be assisted on a priority basis if they have either unemployment 50 percent above the national average rate for the preceding 24 months or 15 percent of the city's population is below the poverty level. Additionally, the city must have either a significant decline in per capita employment over the last 3 years or a deterioration in the city's economic base. All four of these factors need not be present for eligibility

but at least one of each criteria of economic distress must be demonstrated by the applying city.

In the 10-year period 1966-1976, EDA has committed 17 percent of its direct investments in cities of 50,000 population or more. That percentage has been increasing slowly as more cities become eligible for assistance: 17 percent in 1973, 19 percent in 1974, to 24 percent in 1975. The increase appears fully justified.

The bill increases the title I authorization from the present annual level of \$250 million to \$450 million in recognition of the growing economic distress in cities and the increasing number of rural and urban areas in the country which are qualified for assistance under the Act. Today nearly 2,000 areas are qualified—more than at any other time.

To insure that a minimum level of EDA investment under title I are made in urban areas, the bill provides that up to 20 percent of the first \$250 million appropriated and up to 35 percent of appropriations over \$250 million shall be available to eligible urban areas.

Eligible cities may be part of a larger redevelopment area which has prepared an approved overall economic development program or are designated as a municipal redevelopment area with a single-city OEDP. Section 107(d) requires that the development plan be current and appropriate to the area and insists that such programs be coordinated with other planning in the metropolitan area, as well as with programs under the Comprehensive Employment and Training Act and the community development block grant program.

The section also requires that projects and activities selected for funding should be those which will directly benefit the population which provides the statistical basis for qualification. Funds are to be channeled toward the creation of economic opportunities that will reach the people that justify the investments to be made.

One of the major unemployment problems in most urban communities is among the youth population from 15 to 25 which may experience an unemployment rate in excess of 30 percent in many areas. It represents a serious problem. While the economic development programs funded through this Act are focused on long term improvements through the private sector and not direct job creation, efforts should be made, however, to stimulate and direct opportunities to this sector of the unemployed.

Finally, the bill amends section 101(c) to permit 100 percent grants for public works impact projects (PWIP) for community development corporations. At present, only States and political subdivisions may receive 100 percent grants if the Secretary has determined they have exhausted their taxing and borrowing capacity. Many excellent projects, especially in urban areas, have been lost because public agencies and private non-profit organizations have a limited capacity to provide the normally required 20 percent non-Federal share.

The Committee intends that the waiver be used only when absolutely necessary. Local groups should be encouraged to participate as fully as possible in these endeavors to insure their viability and long term community support.

BUSINESS DEVELOPMENT PROGRAMS

The bill increases authorizations for business development programs (title II) from the present annual \$75 million to \$125 million.

The Agency's reluctance to pursue a more vigorous program of assistance to business in areas of economic distress is disappointing. Witnesses in hearings before the Subcommittee on Economic Development convincingly documented the need, particularly in urban areas, of more flexible application of these programs. Amendments to expand the scope of the loan and guarantee authorities were enacted in 1974. Yet, the 1977 budget requested less than one-third of the present authorization.

AREA ELIGIBILITY

The Committee bill amends section 401(a)(8), which provides that areas may become redevelopment areas if they have an unemployment level of 6 percent or more for 1 year. The amendment requires that, to be eligible, areas must have unemployment at least 50 percent above the national unemployment rate for the preceding 24 months.

The 6 percent rate for 1 year is clearly an inadequate test of long-term distress. Because our national unemployment rate has exceeded 6 percent for nearly 2 years, today (May, 1976) stands at 7.5 percent, and is expected by most economists to continue above 6 percent for perhaps another 2 years, the unrestrained increase of eligible areas to include two-thirds or more of all counties gives a hollow sound to the entire program. The Committee holds to the view that Federal assistance for long-term programs for areas that suffer economic lag irrespective of the cyclical ups and downs of the national economy remains a vital Federal responsibility. Counter-cyclical programs are more appropriate to areas whose distress is cyclical. The tools of this program are designed principally to aid multi-year economic recovery from long-term distress.

For the same reasons, the Committee has not recommended the extension of section 2 of Public Law 91-304, which provides that no redevelopment area may lose its designation before June 1, 1976, unless requested by the local authorities. But the Act has always provided that all newly designated redevelopment areas shall retain their designation for a minimum of three years, thus providing time to plan and to launch a program with Federal assistance. The present requirement that no area may be dedesignated means simply that a number of presently designated areas retain their designation on out of date statistics: for example, the median family income criterion based on the 1960 Census data gathered 17 years ago.

The Committee proposes another amendment affecting present procedures for determining eligibility. Under section 401(a)(1)(A), statistics for the most recent available calendar year must be used in determining area eligibility. The Committee amendment changes the calendar year base to twelve consecutive months. The change is designed to shorten the time between determining eligibility and notification to an area of its eligibility. An area experiencing severe distress say in early 1974, may need to await the findings of the Secretary of Labor for calendar year 1975 and the subsequent notification in mid- to late 1976 under present procedures. Using twelve months will bring the diagnosis of the distress closer in time to the application of remedial programs. [The Bureau of Labor Statistics advises the Committee that this amendment will cause no significant burden beyond present responsibilities.]

This lag in determining area eligibility has been of concern to the Committee in the past few years. However, recent assurances by officials in the Labor Department suggest significant improvements are underway. In addition to providing data on a more timely basis, the Labor Department is making important advances to improve accuracy by standardizing the procedures and methods in determining unemployment levels at State and local levels. A computerized data base is being established to meet user needs for both current and historical data. Expansion from 27 to 50 States of the Current Population Survey is underway, which will bring additional reliability in determining how many people are without jobs.

WHITE HOUSE CONFERENCE ON BALANCED NATIONAL GROWTH
AND ECONOMIC DEVELOPMENT

Title II of the bill authorizes and requests the President to call a White House Conference on Balanced National Growth and Economic Development within one year after enactment of this legislation. The Conference shall be composed of representatives of Federal, State and local governments and the broad spectrum of the private sector.

A review of existing patterns of development in this country indicates the need for such a conference.

This Nation, comprising approximately one-twentieth of the world's population and producing about one-fifth of the world's food supplies, one-fifth of all steel manufactured and one-third of all electric power, and creating a technology unparalleled in this world—nevertheless, has not achieved satisfactory levels of employment and distribution of economic growth among its citizens.

At the beginning of this century, 60 percent of the people lived on farms or in villages, while today 70 percent of the American people live in metropolitan areas (cities of 50,000 or more) and the surrounding country or counties; and as high as 85 percent of the population is expected to live in metropolitan areas by the year 2,000.

We have undergone a transition from an agrarian to an industrial and now to a service-oriented economy and the economic development of the United States can be traced through the impact it has had on the distribution of population.

Many proposals have been made to encourage shifting of a large share of future economic growth from existing metropolitan areas to rural areas or smaller non-metropolitan cities or "new cities" because of excessive air, water and other environmental pollution, inefficiency transportation, high-cost infrastructure and the generation of urban decay.

Presently there is little recognition of the geographic consequences of public decisions and policies and policies for balanced national growth and economic development must take account of these public decisions as well as engage the cooperation of private enterprise and private citizens.

The Public Works and Economic Development Act of 1965 is the most specific Federal grant and loan program aimed at redressing unemployment in depressed and less developed areas; and, the Rural Development Act of 1972 declared that high priority be given in all programs of the Federal Government to the revitalization of rural areas as an integral component of a nation policy of balanced growth;

and the Housing and Urban Development Act of 1970 also declared the problems of poverty and unemployment associated with disorderly urbanization and rural decline must be treated comprehensively.

The precipitous onslaught of the energy shortage is a superb example of our national inability to anticipate expected economic, environmental and social problems caused by chaotic growth, technological change, increased consumption levels and public demand.

The development of policies such as a National Public Works Investment Policy will enable Federal programs to be used more effectively to stimulate and implement balanced national growth and economic development.

A continuing reassessment of our failure to delineate a balanced growth and economic development policy is required in view of the lasting consequences of the serious recession the Nation is experiencing as well as a marked increase in governmental functions, attention to environmental quality, ecological planning and energy conservation and development.

OTHER PROVISIONS

Section 501(c) is amended to update the various Federal grant-in-aid programs enacted before September 30, 1979 which are eligible to be supplemented by the grants authorized in this section. This supplemental grant authority is perhaps the basic tool of the Title V Regional Commission in implementing their economic development plans.

The Subcommittee also adopted an amendment to section 704(e) of the Act which presently prohibits financial assistance for facilities to generate, transmit or distribute electrical energy or to produce or transmit natural gas.

The amendment would allow an exemption for the transmission and distribution facilities for natural gas and electric energy of publically owned utilities. Assistance under the Act would only be available to fund the differences between the cost of the project and the revenues which would be derived through reasonable increases in rates over the life of the facility.

TITLE VIII

On May 22, 1974, the President signed the Disaster Relief Act Amendments of 1974, creating a new title in the Public Works and Economic Development Act (title VIII) designed to provide economic recovery assistance to areas devastated by natural disasters. The program was adopted after extensive investigation into the needs of communities affected by natural disasters. Almost 2 years have passed since the title VIII economic recovery program became law. No administrative regulations have been issued. No funds have been requested. No aid has been delivered to disaster-stricken communities that may otherwise have benefited by the program.

The Committee is deeply concerned by the delay in implementing title VIII. The Committee feels that the Executive Branch should take action to implement the program or, alternatively, to provide legislative suggestions to the Committee which, if adopted, would remove impediments to the full implementation of the Title.

The Committee pledges to work with the Executive Branch in an effort to bring about a beginning to the economic recovery program for disaster areas.

COMMITTEE VIEWS

The conditions of persistent and substantial unemployment and lagging economic activity in many areas of the country that called this Act into being in 1965 still exist in many communities. Some areas that have been assisted through the program have benefitted from these investments and have achieved an economic resurgence. Other areas, however, now experience the same economic problems and require the long range economic development assistance provided by the program.

Past achievements and the continued need for the type of assistance provided by the Economic Development Administration warrant the continuation of the Act.

The bill, as reported, extends the authorization of the program for three years. It directs that priority assistance be given within metropolitan areas to those communities of more than 50,000 that suffer the severest economic distress. The Committee recommends enactment of this bill, as reported.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in the report of the Committee's estimate of the costs of the reported legislation, together with estimates prepared by the Federal agency. Separate estimates of the cost of activities authorized by this bill were not prepared by any Federal agency.

In accordance with section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared a report on the costs to be incurred by the Federal Government resulting from the enactment of this bill. Such cost estimates are set forth below:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 11, 1976.

HON. JENNINGS RANDOLPH,
*Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 2228-Amendments to the Public Works and Economic Development Act of 1965.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN,
Director.

(9)

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 11, 1976.

1. Bill No. S. 2228.
2. Bill Title: Amendments to the Public Works and Economic Development Act of 1965.
3. Purpose of bill: This bill extends for three years the authorizations contained in the Public Works and Economic Development Act of 1965. The programs of the economic Development Administration (EDA) and the Regional Action Planning Commissions are re-authorized, with the regional Commissions at substantially higher levels. EDA's Title I program—public works grants—is increased from \$250 million to \$450 million, and up to \$120 million of this new authorization may be allocated to urban areas. This is an authorization bill that requires subsequent appropriation action.
4. Cost estimate: The estimated budget impact of this proposed legislation as presented below.

[In millions of dollars]

Fiscal year	Authorization level	Cost ¹
Transition quarter.....	172	16
1977.....	941	159
1978.....	1,194	668
1979.....	1,199	931
1980.....		802
1981.....		551
1982.....		277
1983.....		103

¹ Does not add to authorized total due to rounding.

5. Basis for estimate: With the exception of administrative costs, all cost estimates were derived by applying the outlay distributions (from the agency) to the authorization levels stated in the bill. The assumed outlay distributions are presented below.

PERCENTAGE OUTLAY DISTRIBUTION

	Year				
	1	2	3	4	5
Title I.....	2	25	32	24	17
Title II.....	17	42	26	12	3
Title III:					
(a) Planning.....	40	60			
(b) Technical assistance.....	22	50	28		
(c) Research.....	36	40	24		
(d) Supplemental grants.....	10	50	30	10	
Title IV:					
(a) Public works.....	2	25	32	24	17
(b) Business loans.....	17	42	26	12	3
Title V:					
(a) Federal administrative costs.....	90	10			
(b) Administrative grants.....	100				
(c) Supplemental grants.....	14	24	25	25	12
(d) Technical assistance grants.....	100				
Title VII.....	90	10			
Title IX.....	20	60	20		

For titles III, IV, and V, assumptions had to be made on the overall authorization amounts to specific programs. Title III funds, not including the supplemental grants authorization, have a historical pattern of planning grants receiving 60 percent of the title III total, while technical assistance and research grants receive 36 and 4 percent, respectively. This historical distribution was assumed to apply to the authorization total specified in the bill.

The special programs of title IV are assumed to consist of 75 percent public works projects and 25 percent business loans.

Based upon experience and a higher program level, the \$250 million authorization for title V is allocated as follows:

- 4 percent for federal administrative cost
- 2 percent for administrative grants to the Regional Commissions
- 46 percent for supplemental grants, primarily for public works projects
- 48 percent for technical assistants grants to the Commissions.

Title VII is the only section of the bill with an indefinite authorization. "Such sums as are necessary" are authorized for administrative expenses. The program level envisioned by this bill is 249 percent greater than the 1976 effort. Assuming that the administrative costs will grow at one-quarter the speed of the overall program, and adjusting for inflation, the appropriate authorization level is assumed to be \$11.0, \$45.7, \$48.5, and \$53.7 million for the transition quarter through fiscal year 1979, respectively.

6. Estimate comparison: None.
7. Previous CBO estimate: None.
8. Estimate prepared by: Leo J. Corbett.
9. Estimate approved by: _____, for James L. Blum, Assistant Director for Budget Analysis.

ROLL CALL VOTES DURING COMMITTEE CONSIDERATION

Section 133 of the Legislative Reorganization Act of 1970 and the rules of the Committee on Public Works require that any roll call votes taken during consideration of this bill be announced in this report. The following votes were taken while the Committee considered this bill:

Senator McClure offered a substitute motion which would set the title I authorization at \$350 million for each of the 3 fiscal years. The motion was defeated by a vote of 4-8 with Senators Baker, Domenici, Mr. Clure, and Stafford voting in the affirmative and Senators Bentsen, Burdick, Culver, Gravel, Montoya, Morgan, Muskie, and Randolph voting in the negative.

Senator Stafford offered a motion to set the urban share of the title I authorization at 20 percent of the first \$250 million of appropriations and 35 percent of appropriations above \$250 million. This motion was agreed to by a vote of 11-0 with Senators Baker, Bentsen,

Burdick, Domenici, Gravel, McClure, Montoya, Morgan, Muskie, Randolph, and Stafford voting in the affirmative.

Senator McClure offered a motion which would have substituted \$75 million as the authorization for title II. This motion was defeated by a vote of 4-8 with Senators Baker, Domenici, McClure, and Stafford voting in the affirmative and Senators Bentsen, Burdick, Culver, Gravel, Montoya, Morgan, Muskie, and Randolph voting against.

The bill was then ordered reported by a vote of 12-0 with Senators Baker, Bentsen, Burdick, Culver, Domenici, Gravel, McClure, Montoya, Morgan, Muskie, Randolph, and Stafford voting to report.

SUPPLEMENTAL VIEWS OF MR. BAKER AND MR. McCLURE

The Economic Development Administration was established to promote development in lagging, economically distressed areas of the country. Under the EDA program, Federal assistance has been extended to help finance the basic infrastructure needed to provide essential public services—and thus make possible growth and development, primarily through the private sector. We believe the economic development program has usefully carried out this role, in both urban and rural areas, over the years since 1965.

During development of the 1976 legislation to extend the life of the economic development program, the Senate Committee on Public Works heard appeals especially on behalf of urban areas. Testimony was received about the complex and difficult problems facing urban areas, asserting a need to expand federal economic development assistance in areas of major urban concentrations.

Many urban areas are now and have always been eligible for EDA grants, under the same criteria and for the same purposes and assistance provided all other communities under the EDA program. We support the approach of the Committee bill to continue at this time the basic purposes and strategies of the present Act, while targeting funds in metropolitan areas to those communities of greatest distress. We consider that it would be a disservice to the ongoing successful program, however, to establish an artificial and competitive separation of rural and urban areas, as proposed by some during our hearings.

We insist—and by its action we believe the Committee has agreed—that before Federal EDA assistance is greatly expanded in the cities the achievements of ongoing agency programs in urban areas be carefully appraised, those needs which are of higher priority and greater urgency than current projects be identified, and that the further Federal role in meeting these needs be carefully defined in kind and scope. Only then will we know whether this agency and the “urban economic development” approach, some other approach, or another combination of agencies and approaches, would be most appropriate to address the task. Before expanded authority is proposed, how that new authority would complement, supplement, or supplant other Federal programs and efforts directed to many of these same problems should be clearly defined. For unless we are careful, the existing and useful program could be destroyed by charging it with a huge, undefined task beyond its capacity.

We are concerned also about the tendency to expand authorizations beyond current levels, even though appropriations are substantially below the previously authorized amounts year after year. Unrealistically high authorizations, which bear little relation to actual funding levels, and which cannot in the aggregate be accommodated in the

budget, have helped to bring about the present situation—which in effect leaves to the Executive Branch determinations as to which program authorizations are actually carried out. It is our position that authorizations should express the finding of the legislative committee as to the appropriate and realistic funding level. Indications of total need or ultimate goals are better made in the Committee report.

HOWARD H. BAKER, Jr.,
Ranking minority member,
Committee on Public Works.

JAMES A. McCLURE,
Ranking minority member,
Subcommittee on Economic Development.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965, AS AMENDED

To provide grants for public works and development facilities, other financial assistance and the planning and coordination needed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works and Economic Development Act of 1965".

STATEMENT OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our regions, counties, and communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families, and waste invaluable human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas and regions of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their public works and economic development; that Federal financial assistance, including grants for public works and development facilities to communities, industries, enterprises, and individuals in areas needing development should enable such areas to help themselves achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local conditions, provided that such assistance is preceded by and consistent with sound, long-range economic planning; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing public works and other facilities and resources rather than by merely transferring jobs from one area of the United States to another.

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

SEC. 101. (a) [Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organiza-

tion or association representing any redevelopment area or part thereof,] the Secretary of Commerce (hereinafter referred to as the Secretary) is authorized—

(1) to make direct grants for the acquisition or development of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(A) the project for which financial assistance is sought will directly or indirectly (i) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities, (ii) otherwise assist in the creation of additional long-term employment opportunities for such area, or (iii) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(B) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located;

(C) the area for which a project is to be undertaken has an approved overall economic development program as provided in section 202(b)(10) and such project is consistent with such program; and

(D) in the case of a redevelopment area so designated under section 401(a)(6), the project to be undertaken will provide immediate useful work to unemployed and underemployed persons in that area.

(2) to make supplementary grants in order to enable the States and other entities within redevelopment areas to take maximum advantage of designated Federal grant-in-aid programs (as hereinafter defined), direct grants-in-aid authorized under this section, and Federal grant-in-aid programs authorized by the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended), and the eleven watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemental (58 Stat. 887), for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share.

(b) Subject to subsection (c) hereof, the amount of any direct grant under this section for any project shall not exceed 50 per centum of the cost of such project.

(c) The amount of any supplementary grant under this section for any project shall not exceed the applicable percentage established by regulations promulgated by the Secretary, but in no event shall the non-Federal share of the aggregate cost of any such project (including assumptions of debt) be less than 20 per centum of such cost, except that in the case of a grant to an Indian tribe, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share. In the case of any State [or] political

subdivision thereof, or *Community Development Corporation* which the Secretary determines has exhausted its effective taxing and borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or may waive the non-Federal share in the case of a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act. Supplementary grants shall be made by the Secretary, in accordance with such regulations as he shall prescribe, by increasing the amounts of direct grants authorized under this section or by the payment of funds appropriated under this Act to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of the applicable Federal programs. Notwithstanding any requirement as to the amount or sources of non-Federal funds that may otherwise be applicable to the Federal program involved, funds provided under this subsection shall be used for the sole purpose of increasing the Federal contribution to specific projects in redevelopment areas under such programs above the fixed maximum portion of the cost of such project otherwise authorized by the applicable law. The term "designated Federal grant-in-aid programs," as used in this subsection, means such existing or future Federal grant-in-aid programs assisting in the construction or equipping of facilities as the Secretary may, in furtherance of the purposes of this Act, designate as eligible for allocation of funds under this section. In determining the amount of any supplementary grant available to any project under this section, the Secretary shall take into consideration the relative needs of the area, the nature of the projects to be assisted, and the amount of such fair user charges or other revenues as the project may reasonably be expected to generate in excess of those which would amortize the local share of initial costs and provide for its successful operation and maintenance (including depreciation).

(d) The Secretary shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the Secretary shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

(e) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(f) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a

reasonable opportunity to review and comment upon proposed projects under this section.

SEC. 102. For each of the fiscal years ending June 30, 1975, [and] June 30, 1976, September 30, 1977, September 30, 1978, and September 30, 1979, not to exceed \$30,000,000 of the funds authorized to be appropriated under section 105 of this Act for each such fiscal year, and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$7,500,000 of the fund authorized to be appropriated under such section 105 for such period, shall be available for grants for operation of any health project funded under this title after the date of enactment of this section. Such grants may be made up to 100 per centum of the estimated cost of the first fiscal year of operation, and up to 100 per centum of the deficit in funds available for operation of the facility during the second fiscal year of operation. No grant shall be made for the second fiscal year of operation of any facility unless the agency operating such facility has adopted a plan satisfactory to the Secretary of Health, Education, and Welfare, providing for the funding of operations on a permanent basis. Any grant under this section shall be made upon the condition that the operation of the facility will be conducted under efficient management practices designed to obviate operating deficits, as determined by the Secretary of Health, Education, and Welfare.

SEC. 103. Not more than 15 per centum of the appropriations made pursuant to this title may be expended in any one State.

SEC. 104. No part of any appropriations made pursuant to this title may be expended for any project in any area which is within the "Appalachian region" (as that term is defined in section 403 of the Appalachian Regional Development Act of 1965) which is approved for assistance under the Appalachian Regional Development Act of 1965.

SEC. 105. There is hereby authorized to be appropriated to carry out this title not to exceed \$500,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1971, not to exceed \$800,000,000 per fiscal year for the fiscal years ending June 30, 1972, and June 30, 1973, not to exceed \$200,000,000 for the fiscal year ending June 30, 1974, and not to exceed \$200,000,000 for the fiscal year ending June 30, 1975, and not to exceed \$250,000,000 for the fiscal year ending June 30, 1976 [and], not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$450,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979. Any amounts authorized for the fiscal year ending June 30, 1972, under this section but not appropriated may be appropriated for the fiscal year ending June 30, 1973. Not less than 25 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1972, June 30, 1973, and June 30, 1974, and not less than 10 per centum nor more than 35 per centum of all appropriations made for the fiscal years ending June 30, 1975 [and] June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, under authority of the preceding sentences shall be expended in redevelopment areas designated as such under section 401(a) (6) of this Act.

FINANCIAL ASSISTANCE FOR SEWER FACILITIES

SEC. 106. No financial assistance, through grants, loans, guarantees, or otherwise, shall be made under this Act to be used directly or indirectly for sewer or other waste disposal facilities unless the Secretary of Health, Education, and Welfare certifies to the Secretary that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

SEC. 107. (a) Any municipality with a population of fifty thousand or more which has been designated a 'redevelopment area' or which is within the boundaries of a 'redevelopment area' shall be eligible on a priority basis for the assistance as authorized by section 101(a) (1) of this Act if (i) or (ii) or either (iii) or (iv) of the following indicators of economic distress is determined by the Secretary to be present—

(i) 15 per centum of a municipality's population below poverty level as defined by the Office of Management and Budget;

(ii) unemployment at least 50 per centum above the national unemployment rate for the preceding twenty-four months;

(iii) significant decline in per capita employment over the preceding three-year period; or

(iv) deterioration of a municipality's economic base including industrial, commercial, and other facilities, as determined by the Secretary.

(b) Not to exceed 20 per centum of the first \$250,000,000 appropriated under section 105 and not to exceed 35 per centum of appropriations in excess of \$250,000,000 shall be available for eligible urban areas under this title. Any municipality qualifying for assistance under this section shall not be eligible for other assistance under title I of this Act.

(c) Projects funded by this priority assistance program must relate to the number and needs of unemployed persons in the eligible areas and contribute significantly to the reduction of unemployment in the area for which the eligibility was determined.

(d) Each municipality seeking assistance under this section must have a current approved overall economic development program or where appropriate prepare such a program for approval in accordance with subsection 202(b) (10) of this Act prior to receiving assistance under this section. Such planning programs should be coordinated with planning of other jurisdictions in the metropolitan area. The development program shall also be coordinated with activity in the city under the Comprehensive Employment and Training Act and the community development block grant program.

TITLE II—OTHER FINANCIAL ASSISTANCE

PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development

facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will directly or indirectly—

(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 701(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202: *Provided*, That annual appropriations for the purpose of purchasing evidences of indebtedness, making and participating in loans, and guaranteeing loans shall not exceed \$170,000,000, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976[.], and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and

shall not exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.

(d) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public services or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(e) The Secretary shall prescribe regulations which will assure that appropriate local governmental authorities have been given a reasonable opportunity to review and comment upon proposed projects under this section.

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TITLE III—TECHNICAL ASSISTANCE, RESEARCH, AND INFORMATION

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SEC. 303. (a) There is hereby authorized to be appropriated \$25,000,000 annually for the purposes of Sections 301 and 302 of this Act, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1969, \$50,000,000 per fiscal year for the fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, and June 30, 1973, and \$35,000,000 for the fiscal year ending June 30, 1974 and \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976[.], \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.

(b) Not to exceed \$15,000,000 in each of the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed \$3,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$15,000,000 in each of the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, of the sums authorized to be appropriated under subsection (a) of this section, shall be available to make grants to States.

SUPPLEMENTAL AND BASIC GRANTS

SEC. 304. (a) There are hereby authorized to be appropriated \$35,000,000 for the fiscal year ending June 30, 1975, and \$75,000,000 for the fiscal year ending June 30, 1976, \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, for apportionment by the Secretary among the States for the purpose of supplementing or making grants and loans authorized under titles I, II, and IV of this

Act. Such funds shall be apportioned among the States in the ratio which all grants made under title I of this Act since August 26, 1965, in each State bear to the total of all such grants made in all the States since August 26, 1965.

(b) Funds apportioned to a State pursuant to subsection (a) shall be available for supplementing or making such grants or loans if the State makes a contribution of at least 25 per centum of the amount of such grant or loan in each case. Funds apportioned to a State under subsection (a) shall remain available to such State until obligated or expended by it.

(c) Funds apportioned to a State pursuant to this section may be used by the Governor in supplementing grants or loans with respect to any project or assistance authorized under title I, II, or IV of this Act, and approved by the Secretary after July 1, 1974. Such grants may be used to reduce or waive the non-Federal share otherwise required by this Act, subject to the requirements of subsection (b) of this section.

(d) In the case of any grant or loan for which all or any portion of the basic Federal contribution to the project under this Act is proposed to be made with funds available under this section, no such Federal contribution shall be made until the Secretary of Commerce certifies that such project meets all of the requirements of this Act and could be approved for Federal contributions under this Act if funds were available under this Act (other than section 509) for such project. Funds may be provided for projects in a State under this section only if the Secretary determines that the level of Federal and State financial assistance under this Act (other than section 509) and under Acts other than this Act, for the same type of projects in the State, will not be diminished in order to substitute funds authorized by this section.

(e) After June 30, 1975, funds apportioned to a State pursuant to this section shall be used by the Governor in a manner which is consistent with the State planning process assisted under section 302 of this Act, if such planning process has been established in such State.

TITLE IV—AREA AND DISTRICT ELIGIBILITY

PART A—REDEVELOPMENT AREAS

AREA ELIGIBILITY

SEC. 401. (a) The Secretary shall designate as "redevelopment areas"—

(1) those areas in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (A) and (B), that there has existed substantial and persistent unemployment for an extended period of time and those areas in which he determines there has been a substantial loss of population due to lack of employment opportunity. There shall be included among the areas so designated any area—

(A) where the Secretary of Labor finds that the current rate of unemployment, as determined by appropriate annual

statistics for the most recent [available calendar year] *twelve consecutive months*, is 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (B); and

(B) where the Secretary of Labor finds that the annual average rate of unemployment has been at least—

- (i) 50 per centum above the national average for three of the preceding four calendar years, or
- (ii) 75 per centum above the national average for two of the preceding three calendar years, or
- (iii) 100 per centum above the national average for one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection;

(2) those additional areas which have a median family income not in excess of 50 per centum of the national median, as determined by the most recent available statistics for such areas;

(3) those additional Federal or State Indian reservations or trust or restricted Indian-owned land areas which the Secretary, after consultation with the Secretary of the Interior or an appropriate State agency, determines manifest the greatest degree of economic distress on the basis of unemployment and income statistics and other appropriate evidence of economic underdevelopment; *Provided, however*, That uninhabited Federal or State Indian reservations or trust or restricted Indian-owned land areas may be designated where such designation would permit assistance to Indian tribes, with a direct beneficial effect on the economic well-being of Indians;

(4) upon request of such areas, those additional areas in which the Secretary determines that the loss, removal, curtailment, or closing of a major source of employment has caused within three years prior to, or threatens to cause within three years after, the date of the request an unusual and abrupt rise in unemployment of such magnitude that the unemployment rate for the area at the time of the request exceeds the national average, or can reasonably be expected to exceed the national average, by 50 per centum or more unless assistance is provided. Notwithstanding any provision of subsection 401(b) to the contrary, an area designated under the authority of this paragraph may be given a reasonable time after designation in which to submit the overall economic development program required by subsection 202(b)(10) of this Act;

(5) notwithstanding any provision of this section to the contrary, those additional areas which were designated redevelopment areas under the Area Redevelopment Act on or after March 1, 1965: *Provided, however*, That the continued eligibility of such areas after the first annual review of eligibility conducted in accordance with section 402 of this Act shall be dependent on their qualification for designation under the standards of economic need set forth in subsections (a)(1) through (a)(4) of this section;

(6) those communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) which the Secretary determines have one of the following conditions:

- (A) a large concentration of low-income persons;
- (B) rural areas having substantial outmigration;
- (C) substantial unemployment; or
- (D) an actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment.

No redevelopment area established under this paragraph shall be subject to the requirements of subparagraphs (A) and (C) of paragraph (1) of subsection (a) of section 101 of this Act. No redevelopment area established under this paragraph shall be eligible to meet the requirements of section 403(a)(1)(B) of this Act;

(7) those areas where per capita employment has declined significantly during the next preceding ten-year period for which appropriate statistics are available;

[(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas of substantial unemployment during the preceding calendar year.]

(8) *those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, were areas with unemployment at least 50 per centum above the national unemployment rate for the preceding twenty-four months.*

(b) The size and boundaries of redevelopment areas shall be as determined by the Secretary: *Provided, however, That—*

(1) no area shall be designated until it has an approved overall economic development program in accordance with subsection 202(b)(10) of this Act;

(2) any area which does not submit an acceptable overall economic development program in accordance with subsection 202(b)(10) of this Act within a reasonable time after notification of eligibility for designation, shall not thereafter be designated prior to the next annual review of eligibility in accordance with section 402 of this Act;

(3) no area shall be designated which does not have a population of at least one thousand five hundred persons, except that this limitation shall not apply to any area designated under section 401(a)(3) or (a)(6); and

(4) except for areas designated under subsections (a)(3), (a)(4) and (a)(6) hereof, no area shall be designated which is smaller than a "labor area" (as defined by the Secretary of Labor), a county, or a municipality with a population of over two hundred and fifty thousand, whichever in the opinion of the Secretary is appropriate.

(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or

proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(d) If a State has no area designated under the preceding subsections of this section as a redevelopment area, the Secretary shall designate as a redevelopment area that area in such State which in his opinion most nearly qualifies under such preceding subsections. An area so designated shall have its eligibility terminated in accordance with the provisions of section 402 if any other area within the same State subsequently has become qualified or been designated under any other subsection of this section other than subsection (a)(6) as of the time of the annual review prescribed by section 402: *Provided, That* the Secretary shall not terminate any designation of an area in a State as a redevelopment area if to do so would result in such State having no redevelopment area.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

ANNUAL REVIEW OF AREA ELIGIBILITY

SEC. 402. The Secretary shall conduct an annual review of all areas designated in accordance with section 401 of this Act, and on the basis of such reviews shall terminate or modify such designation whenever such an area no longer satisfies the designation requirements of section 401, but in no event shall such designation of an area be terminated prior to the expiration of the third year after the date such area was so designated. No area previously designated shall retain its designated status unless it maintains a currently approved overall economic development program in accordance with subsection 202(b)(10). No termination of eligibility shall (1) be made without thirty days' prior notification to the area concerned, (2) affect the validity of any application filed, or contract or undertaking entered into, with respect to such area pursuant to this Act prior to such termination, (3) prevent any such area from again being designated a redevelopment area under section 401 of this Act if the Secretary determines it to be eligible under such section, or (4) be made in the case of any designated area where the Secretary determines that an improvement in the unemployment rate of a designated area is primarily the result of increased employment in occupations not likely to be permanent. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies advised at all times of any changes made hereunder with respect to the classification of any area.

PART B—ECONOMIC DEVELOPMENT DISTRICTS

SEC. 403. (a) In order that economic development projects of broader geographical significance may be planned and carried out, the Secretary is authorized—

- (1) to designate appropriate "economic development districts" within the United States with the concurrence of the States in

which such districts will be wholly or partially located, if—

(A) the proposed district is of sufficient size or population, and contains sufficient resources, to foster economic development on a scale involving more than a single redevelopment area;

(B) the proposed district contains at least one redevelopment area;

(C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district; and

(D) the proposed district has a district overall economic development program which includes adequate land use and transportation planning and contains a specific program for district cooperation, self-help, and public investment and is approved by the State or States affected and by the Secretary;

(2) to designate as "economic development centers," in accordance with such regulations as he shall prescribe, such areas as he may deem appropriate, if—

(A) the proposed center has been identified and included in an approved district overall economic development program and recommended by the State or States affected for such special designation;

(B) the proposed center is geographically and economically so related to the district that its economic growth may reasonably be expected to contribute significantly to the alleviation of distress in the redevelopment areas of the district; and

(C) the proposed center does not have a population in excess of two hundred and fifty thousand according to the last preceding Federal census.

(3) to provide financial assistance in accordance with the criteria of sections 101, 201, and 202 of this Act, except as may be herein otherwise provided, for projects in economic development centers designated under subsection (a) (2) above, if—

(A) the project will further the objectives of the overall economic development program of the district in which it is to be located;

(B) the project will enhance the economic growth potential of the district or result in additional long-term employment opportunities commensurate with the amount of Federal financial assistance requested; and

(C) the amount of Federal financial assistance requested is reasonably related to the size, population, and economic needs of the district;

(4) subject to the 20 per centum non-Federal share required for any project by subsection 101(c) of this Act, to increase the amount of grant assistance authorized by section 101 for projects within redevelopment areas (designated under section 401), by an amount not to exceed 10 per centum of the aggregate cost of

any such project, in accordance with such regulations as he shall prescribe if—

(A) the redevelopment area is situated within a designated economic development district and is actively participating in the economic development activities of the district; and

(B) the project is consistent with an approved district overall economic development program.

(b) In designating economic development districts and approving district overall economic development programs under subsection (a) of this section, the Secretary is authorized, under regulations prescribed by him—

(1) to invite the several States to draw up proposed district boundaries and to identify potential economic development centers;

(2) to cooperate with the several States—

(A) in sponsoring and assisting district economic planning and development groups, and

(B) in assisting such district groups to formulate district overall economic development programs;

(3) to encourage participation by appropriate local governmental authorities in such economic development districts.

(c) The Secretary shall by regulation prescribe standards for the termination or modification of economic development districts and economic development centers designated under the authority of this section.

(d) As used in this Act, the term "economic development district" refers to any area within the United States composed of cooperating redevelopment areas and, where appropriate, designated economic development centers and neighboring counties or communities, which has been designated by the Secretary as an economic development district.

(e) As used in this Act, the term "economic development center" refers to any area within the United States which has been identified as an economic development center in an approved district overall economic development program and which has been designated by the Secretary as eligible for financial assistance under sections 101, 201, and 202 of this Act in accordance with the provisions of this section.

(f) For the purpose of this Act the term "local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(g) There is hereby authorized to be appropriated not to exceed \$50,000,000 for the fiscal year ending June 30, 1967, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, *not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal year ending September 30, 1977, September 30, 1978, and September 30, 1979*, for financial assistance extended under the provisions of subsection (a) (3) and (a) (4) hereof.

(h) In order to allow time for adequate and careful district planning, subsection (g) of this section shall not be effective until one year from the date of enactment.

(i) Each economic development district designated by the Secretary under this section shall as soon as practicable after the date of enactment of this section or after its designation provide that a copy of the district overall economic development program be furnished to the appropriate regional commission established under title V of this Act, if any part of such proposed district is within such a region or to the Appalachian Regional Commission established under the Appalachian Regional Development Act of 1965, if any part of such proposed district is within the Appalachian region.

(j) The Secretary is authorized to provide the financial assistance which is available to a redevelopment area under this Act to those parts of an economic development district which are not within a redevelopment area, when such assistance will be of a substantial direct benefit to a redevelopment area within such district. Such financial assistance shall be provided in the same manner and to the same extent as is provided in this Act for a redevelopment area, except that nothing in this subsection shall be construed to permit such parts to receive the increase in the amount of grant assistance authorized in paragraph (4) of subsection (a) of this section.

PART C—INDIAN ECONOMIC DEVELOPMENT

SEC. 404. In order to assure a minimum Federal commitment to alleviate economic distress of Indians, in addition to their eligibility for assistance with funds authorized under other parts of this Act, there are authorized to be appropriated not to exceed \$25,000,000 per fiscal year for the fiscal years ending June 30, 1975, and June 30, 1976, *not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979*, for the purpose of providing assistance under this Act to Indian tribes. Such sums shall be in addition to all other funds made available to Indian tribes under this Act.

TITLE V—REGIONAL ACTION PLANNING COMMISSIONS

* * * * *

SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

SEC. 509. (a) In order to enable the States and other entities within economic development regions established under this Act to take maximum advantage of Federal grant-in-aid programs (as hereinafter defined) for which they are eligible but for which, because of their economic situation, they cannot supply the required matching share, or for which there are insufficient funds available under the Federal grant-in-aid Act authorizing such programs to meet pressing needs of the region, the Secretary shall, once a comprehensive long-range economic plan established pursuant to clause (2) of section 503(a) is in effect, provide funds pursuant to specific recommendations, to each of the

Federal cochairmen of the regional commissions heretofore or hereafter established under this title, to be used for all or any portion of the basic Federal contribution to projects under such Federal grant-in-aid programs authorized by the Federal grant-in-aid Acts and for the purpose of increasing the Federal contribution to projects under such programs above the fixed maximum portion of the cost of such projects otherwise authorized by the applicable law. No program or project authorized under this section shall be implemented until (1) applications and plans relating to the program or project have been determined by the responsible Federal official to be compatible with the provisions and objectives of Federal laws which he administers that are not inconsistent with this Act, and (2) the regional commission involved has approved such program or project and has determined that it meets the applicable criteria under section 504 and will contribute to the development of the region, which determination shall be controlling. In the case of any program or project for which all or any portion of the basic Federal contribution to the project under a Federal grant-in-aid program is proposed to be made under this subsection, no such Federal contribution shall be made until the responsible Federal official administering the Federal grant-in-aid Act authorizing such contribution certifies that such program or project meets all of the requirements of such Federal grant-in-aid Act and could be approved for Federal contribution under such Act if funds were available under such Act for such program or project. Funds may be provided for programs and projects in a State under this subsection only if the commission determines that the level of Federal and State financial assistance under titles of this Act other than this title, and under Acts other than this Act, for the same type of programs or projects in that portion of the State within the region will not be diminished in order to substitute funds authorized by this subsection. Funds provided pursuant to this Act shall be available without regard to any limitations on authorizations for appropriation in any other Act.

(b) The Federal portion of such costs shall not be increased in excess of the percentages established by each commission, and shall in no event exceed 80 per centum thereof.

(c) [The term "Federal grant-in-aid programs" as used in this section means all Federal grant-in-aid programs in existence on or before December 31, 1970, assisting in the acquisition of land or the construction or equipment of facilities, including but not limited to grant-in-aid programs authorized by title I of this Act and by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; title VI of the Public Health Service Act; Vocational Education Act of 1963; Library Services Act; Federal Airport Act; Airport and Airways Development Act of 1970; part IV of title III of the Communications Act of 1934; Higher Education Facilities Act of 1963; Land and Water Conservation Fund Act of 1965; and National Defense Education Act of 1958.] *The term 'Federal grant-in-aid programs' as used in this section means those Federal grant-in-aid programs authorized on or before September 30, 1979, by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment*

activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Library Services and Construction Act; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; titles VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; and titles I and IX of this Act. The term shall not include any program in which loans or other Federal financial assistance, except a grant-in-aid program, is authorized by this or any other Act. Grants under this section shall be made solely out of funds specifically appropriated for the purpose of carrying out this section, and shall not be taken into account in the computation of allocations among the States made pursuant to any other provision of law.

(d) (1) There are authorized to be appropriated to the Secretary to carry out this title, for the two-fiscal-year period ending June 30, 1971, to be available until expended, not to exceed \$225,000,000; and for the two-fiscal-year period ending June 30, 1973, to be available until expended, not to exceed \$305,000,000; for the fiscal year ending June 30, 1974, to be available until expended, \$95,000,000; for the fiscal year ending June 30, 1975, to be available until expended, \$150,000,000; for the fiscal year ending June 30, 1976, to be available until expended, \$200,000,000; for the transition quarter ending September 30, 1976, to be available until expended, \$50,000,000; and for the fiscal [year] years ending September 30, 1977, September 30, 1978, and September 30, 1979, to be available until expended, \$250,000,000 per fiscal year. After deducting such amounts as are authorized to carry out subsections (a) (1) and (b) of section 505, the Secretary shall apportion the remainder of the sums appropriated under this authorization for any fiscal year among the regional commissions which have been established for more than two fiscal years.

* * * * *

TITLE VII—MISCELLANEOUS

* * * * *

TRANSFER OF FUNCTIONS, EFFECTIVE DATE, AND LIMITATIONS ON ASSISTANCE

SEC. 704. (a) The functions, powers, duties, and authorities and the assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records which are vested in or authorized to be transferred to the Secretary of the Treasury under section 29(b) of the Area Redevelopment Act, and all functions, powers, duties, and authorities under section 29(c) of the Area Redevelopment Act are hereby vested in the Secretary.

(b) The President may designate a person to act as Administrator under this Act until the office is filled as provided in this Act or until the expiration of the first period of sixty days following the effective

date of this Act, whichever shall first occur. While so acting such person shall receive compensation at the rate provided by this Act for such office.

(c) The provisions of this Act shall take effect upon enactment unless herein explicitly otherwise provided.

(d) Notwithstanding any requirements of this Act relating to the eligibility of areas, projects for which applications are pending before the Area Redevelopment Administration on the effective date of this Act shall for a period of one year thereafter be eligible for consideration by the Secretary for such assistance under the provisions of this Act as he may determine to be appropriate.

(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, except on projects specifically authorized by the Congress, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed) [.] : *Provided, That this prohibition shall not apply to a publicly-owned utility which seeks financial assistance to cover the costs of transmission or distribution facilities for electric energy or natural gas. Such assistance shall be limited to the difference between the revenue derived over the project life from the sale of electricity or natural gas and the cost associated with the transmission and distribution of the electricity or natural gas.*

* * * * *

TITLE IX—SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 905. There is authorized to be appropriated to carry out this title not to exceed \$75,000,000 for the fiscal year ending June 30, 1975, and \$100,000,000 for the fiscal year ending June 30, 1976 [.] , not to exceed \$25,000,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978 and September 30, 1979.

* * * * *



PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT
AMENDMENTS OF 1976

SEPTEMBER 23, 1976.—Ordered to be printed

Mr. ROE, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 2228]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2228) to amend the Public Works and Economic Development Act of 1965, as amended, to extend the authorizations for a three-year period, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

TITLE I

SEC. 101. *This Act may be cited as the "Public Works and Economic Development Act Amendments of 1976".*

SEC. 102. *Section 2 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121) is amended by inserting at the end the following new sentence: "Congress further declares that, in furtherance of maintaining the national economy at a high level, the assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place."*

SEC. 103. (a) *Section 101 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131) is amended by striking out subsection (e).*

(b) *The second sentence of subsection (c) of section 101 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131)*

is amended by striking out "may" each of the two places it appears and inserting in lieu thereof at each such place "shall".

(c) Section 101(c) of such Act is further amended by adding after the second sentence the following new sentence: "In case of any community development corporation which the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act."

SEC. 104. The first sentence of section 102 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3132) is amended—

(1) by striking out "and June 30, 1976," and inserting in lieu thereof "June 30, 1976, September 30, 1977, September 30, 1978, and September 30, 1979,"; and

(2) by inserting immediately before "shall be available" the following: "and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$7,500,000 of the funds authorized to be appropriated under such section 105 for such period,".

SEC. 105. Section 105 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3135) is amended—

(1) by striking out the period at the end of the first sentence and inserting in lieu thereof the following: "not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979,";

(2) by striking out "and June 30, 1976," in the third sentence and inserting in lieu thereof "June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979,"; and

(3) by striking out "10 per centum" in the third sentence and inserting in lieu thereof "15 per centum".

SEC. 106. Title I of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131-3136) is further amended by adding at the end thereof the following:

"CONSTRUCTION COST INCREASES

"SEC. 107. In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall the percentage of the Federal share of such project exceed that originally provided for in such grant."

SEC. 107. (a) Section 201(c) (42 U.S.C. 3141) is amended to read as follows:

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and sec-

tion 202, except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal years ending June 30, 1975, and June 30, 1976, and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

(b) Section 201 of such Act is further amended by striking subsection (d) of such section.

(c) Section 202(a)(1) of such Act is amended by adding after paragraph (1) the following new paragraph:

"(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section, to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. No payment under this paragraph shall result in the interest rate being paid by a borrower on such a guaranteed loan being less than the rate of interest for such a loan if it were made under section 201 of this Act. Payments made to or on behalf of such borrower shall be made no less often than annually."

(d) Section 202(a) of such Act is amended by renumbering existing paragraph (2) as (3), including any references thereto.

SEC. 108. Section 202(a)(3) of the Public Works and Economic Development Act of 1965 (as redesignated by section 107 of this Act) is amended by striking out the period at the end thereof and adding the following: "(D) paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to create new or increased employment."

SEC. 109. Title II of the Public Works and Economic Development Act of 1965 is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREA LOAN PROGRAM

"SEC. 204. (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make an interest free loan to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and reno-

vation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such interest free loan shall be made on condition (1) that the area will use such interest free loan to make loans to carry out such plan, (2) the repayment of any loans made by the area from such interest free loan shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. Any such interest free loan shall be repaid to the United States by a redevelopment area whenever such area has its designation as a redevelopment area terminated or modified under section 402 of this Act. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971", approved July 6, 1970 (P.L. 91-304).

"(b) (1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this section in meeting the need it was designed to alleviate and the purposes of this section.

"(2) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than July 1, 1977.

"(c) There is authorized to be appropriated to carry out this section not to exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

Sec. 110. The fourth sentence of subsection (a) of section 302 of the Public Works and Economic Development Act of 1965 is amended to read as follows: "Any overall State economic development plan prepared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and the economic development districts located in whole or in part within such State. Upon completion of any such plan, the State shall certify to the Secretary (1) that in the preparation of such State plan, the local and economic development district plans were considered and, to the fullest extent possible, such State plan is consistent with such local and economic development district plans, and (2) that such State plan is consistent with such local and economic development district plans, or, if such State plan is not consistent with such local and economic development district plans, all of the inconsistencies of the State plan with the local and economic development district plans, and the justification for each of these inconsistencies."

Sec. 111. (a) Section 303(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3152) is amended by striking out the period at the end thereof and inserting in lieu thereof the follow-

ing: "\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

(b) Section 303(b) of such Act is amended by striking out "and June 30, 1976" and inserting in lieu thereof "June 30, 1976, September 30, 1977, September 30, 1978, and September 30, 1979".

Sec. 112. (a) Section 304(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3153) is amended by inserting immediately after "June 30, 1976," the following: "\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

(b) Section 304(a) of such Act is further amended by striking out "titles I, II, and IV" and inserting in lieu thereof "titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, and IX".

(c) Section 304(c) of such Act is amended by striking out "title I, II, or IV" and inserting in lieu thereof "title I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, or IX".

Sec. 113. (a) Section 401(a)(1)(A) of the Public Works and Economic Development Act of 1965 is amended by striking out "available calendar year" and inserting in lieu thereof "twelve consecutive months".

(b) Section 401(a)(8) of the Public Works and Economic Development Act of 1965 is amended to read as follows:

"(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months;"

(c) Section 401(a) of such Act is further amended by adding at the end thereof the following:

"(9) those areas which the Secretary determines have demonstrated long-term economic deterioration."

Sec. 114. (a) Section 401(b)(4) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161) is amended by striking out "two hundred and fifty", and inserting in lieu thereof "twenty-five".

(b) Section 401(b) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3171) is amended by adding at the end thereof the following:

"Nothing in this subsection shall prevent any municipality, designated as a redevelopment area or eligible to be designated as a redevelopment area, from combining with any other community having mutual economic interests and transportation and marketing patterns for the purposes of such designation."

Sec. 115. Section 403(g) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3171) is amended by inserting immediately after "June 30, 1976," the following: "not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending Septem-

ber 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”

SEC. 116. Section 404 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3172) is amended by striking out “, and June 30, 1976,” and inserting in lieu thereof the following: “and June 30, 1976, not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”

SEC. 117. Title IV of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161 et seq.) is further amended by adding at the end thereof the following:

“PART D—UNEMPLOYMENT RATE DETERMINATIONS

“SEC. 405. Whenever any provision of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding relating to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization.”

SEC. 118. (a) Section 509(c) of the Public Works and Economic Development Act of 1965 is amended by striking out the first sentence and inserting in lieu thereof the following: “The term ‘Federal grant-in-aid programs’ as used in this section means those Federal grant-in-aid programs authorized on or before September 30, 1979, by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Library Services and Construction Act; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; titles VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; and titles I and IX of this Act.”

(b) The first sentence of section 509(d) (1) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3188a) is amended by striking out at the end thereof “and for the fiscal year ending September 30, 1977, to be available until expended, \$250,000,000.” and inserting in lieu thereof “and for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, to be available until expended, \$250,000,000 per fiscal year.”

SEC. 119. Section 509(d) (2) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3188a) is amended by striking

out at the end thereof “and for the fiscal year ending September 30, 1977, to be available until expended, not to exceed \$5,000,000.” and inserting in lieu thereof “and for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, to be available until expended, \$5,000,000 per fiscal year.”

SEC. 120. Section 704(e) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3214) is amended to read as follows:

“(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed), except (1) for projects specifically authorized by Congress, and (2) for local projects for industrial parks and industrial or commercial areas in communities where the electrical energy or gas supply is, or is threatened to be interrupted or curtailed resulting in a loss of jobs, or where the purpose is to save jobs, or create new jobs, on condition that (A) the Secretary finds that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of the Secretary, will permit accomplishment of the project, and (B) the State or Federal regulatory body regulating such service determines that the facility to be financed will not compete with an existing public utility rendering such a service to the public at rates or charges subject to regulation by such State or Federal regulatory body, or if there is a determination of competition, the State or Federal regulatory body must make a determination that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake. Not more than \$7,000,000 appropriated to carry out titles I and II of this Act may be expended annually for such projects.”

SEC. 121. (a) Section 901 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3241) is amended by inserting “(including long-term economic deterioration)” immediately after “economic conditions”.

(b) Section 903(a) (1) of such Act (42 U.S.C. 3243) is amended—

(1) by inserting “(A)” immediately before “which the Secretary”;

(2) by inserting “, or (B) which the Secretary determines has demonstrated long-term economic deterioration,” immediately after “Federal Government”;

(3) by inserting “and businesses” immediately after “relocation of individuals”; and

(4) by striking out “and other appropriate assistance.” and inserting in lieu thereof the following: “and other assistance which demonstrably furthers the economic adjustment objectives of this title.”

(c) Section 903(a) (2) (A) of such Act is amended by inserting immediately after “loan guarantees,” the following: “payments to reduce interest on loan guarantees.”

(d) Section 905 of such Act (42 U.S.C. 3245) is amended by striking out the period at the end thereof and inserting in lieu thereof the

following: "not to exceed \$25,000,000 for the transition quarter ending September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

SEC. 122. Section 1002 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking the entire section and inserting the following:

"SEC. 1002. For the purpose of this title the term 'eligible area' means any area, which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 7 per centum for the most recent calendar quarter or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 which has unemployment equal to or in excess of 7 per centum with special consideration given to areas with unemployment rates above the national average."

SEC. 123. (a) Section 1003(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title."

(b) Section 1003(d) of such Act, as amended, is amended to read as follows:

"(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area."

(c) Section 1003(e) of such Act, as amended, is amended to read as follows:

"(e) (1) The Secretary, if the national unemployment rate is equal to or exceeds 7 per centum for the most recent calendar quarter, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent calendar quarter. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the first sentence of this subsection.

"(2) Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs."

SEC. 124. Section 1004 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"SEC. 1004. (a) Within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, after the date of enactment of the Public Works and Economic Development Act Amendments of 1976, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b)) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency, instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

"(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

"(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including, but not limited to, new or revised programs and projects submitted in accordance with this section."

SEC. 125. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking such section and renumbering subsequent sections accordingly.

SEC. 126. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by striking the period and inserting the following at the end thereof: "unless this would require project grants to be made in areas which do not meet the criteria of this title."

SEC. 127. Section 1006 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended to read as follows:

"SEC. 1006. (a) There are hereby authorized to be appropriated to carry out the provisions of this title \$81,250,000 for each calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 per centum on the average. No further appropriation of funds is authorized under this section if a determination is made that the national average rate of unemployment has receded below an average of 7 per centum for the most recent calendar quarter as determined by the Secretary of Labor.

"(b) Funds authorized by subsection (a) are available for grants by the Secretary when the national average unemployment is equal to or in excess of an average of 7 per centum for the most recent calendar quarter. If the national average unemployment rate recedes below an average of 7 per centum for the most recent calendar quarter, the authority of the Secretary to make grants or obligate funds under this title is terminated. Grants may not be made until the national average unemployment has equalled or exceeded an average of 7 per centum for the most recent calendar quarter.

"(c) Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law."

SEC. 128. Section 1007 as redesignated by this Act is amended by striking "December 31, 1975" and inserting in lieu thereof "September 30, 1979".

SEC. 129. Title X of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof the following new section:

"CONSTRUCTION COSTS

"SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs."

SEC. 130. Section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971", approved July 6, 1970 (Public Law 91-304), is amended by striking out "June 1, 1976," and inserting in lieu thereof "September 30, 1979,".

TITLE II

SEC. 201. (a) The President of the United States is authorized and requested to call a White House Conference on Balanced National Growth and Economic Development within one year of the date of enactment of this Act in order to develop recommendations for further action toward balanced national growth and economic development, and to take account of present conditions and trends as set forth in the report accompanying this Act. Such conference shall be planned and conducted under the direction of the domestic council with the cooperation and assistance of such other Federal departments and agencies, including the regional commissions established under the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act.

(b) For the purpose of arriving at facts and recommendations concerning the utilization of skills, experience, and energies and the improvement of our country's social and economic needs, the conference shall assemble representatives of government, business, labor, and other citizens and representatives of institutions who could work together for balanced national growth and economic development.

(c) A final report of the White House Conference on Balanced National Growth and Economic Development shall be submitted to the President not later than one hundred and eighty days following the

date on which the conference is called and findings and recommendations included therein shall be immediately made available to the public. The President shall, within ninety days after the submission of such final report, transmit to the Congress his recommendations for the administrative action and legislation necessary to implement the recommendations contained in such report.

SEC. 202. In administering this title, the President shall—

(1) request the cooperation and assistance of such other Federal departments and agencies as may be appropriate;

(2) give all reasonable assistance, including financial assistance, to the States to enable them to organize and conduct conferences on balanced growth and economic development;

(3) prepare and make available background materials for the use of delegates to the White House Conference on Balanced National Growth and Economic Development as they may deem necessary;

(4) prepare and distribute interim reports of the White House Conference on Balanced National Growth and Economic Development as may be appropriate; and

(5) engage such personnel as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 57 and subchapter 53 of such title relating to classification and General Schedule pay rates.

SEC. 203. For the purpose of this title the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

SEC. 204. The President is authorized and directed to establish an Advisory Committee to the White House Conference on Balanced National Growth and Economic Development composed of fifteen members, of whom not less than five shall represent businesses in the private sector, and the Secretaries of the Departments of Commerce, Agriculture, Housing and Urban Development, and relevant Federal program managers.

And the House agree to the same.

ROBERT A. ROE,
JIM WRIGHT,
KENNETH L. HOLLAND,
JAMES L. OBERSTAR,
HENRY J. NOWAK,
JOHN PAUL HAMMERSCHMIDT,
DON H. CLAUSEN,
Managers on the Part of the House.
JOSEPH M. MONTOYA,
JENNINGS RANDOLPH,
EDMUND S. MUSKIE,
JAMES A. McCLURE,
HOWARD BAKER,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE
COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2228) to amend the Public Works and Economic Development Act of 1965, as amended, to extend the authorizations for a three-year period, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

References in this statement to the "Act" are references to the Public Works and Economic Development Act of 1965.

SHORT TITLE

Senate bill

No comparable provision.

House amendment

Provides that this statute may be cited as the "Public Works and Economic Development Act Amendments of 1976".

Conference substitute

Same as the House amendment.

STATEMENT OF PURPOSE

Senate bill

No comparable provision.

House amendment

Amends the statement of purpose to declare assistance under the Act should be available to both urban and rural areas, should be available for planning prior to actual economic distress, and should be used for long-term economic rehabilitation where long-term economic deterioration has occurred or is taking place.

Conference substitute

Same as the House amendment.

loan is to be repaid to the Treasury upon termination of the area's designation as a redevelopment area under this Act. No redevelopment area whose designation would be terminated but for the moratorium imposed by P.L. 91-304 is to be eligible for any interest free loan under this section. \$125,000,000 is authorized per fiscal year for these interest free loans.

LOANS AND GUARANTEES

Senate bill

No comparable provision.

House amendment

Amends section 202(a) (3) of the Act to authorize the Secretary to pay those debts with respect to which a lien against property has been legally obtained, if he determines it essential to save employment, to avoid unemployment, or to create new or increased employment.

Conference substitute

Same as the House amendment.

STATE ECONOMIC DEVELOPMENT PLANS

Senate bill

No comparable provision.

House amendment

Amends section 302(a) of the Act to require every overall State economic development plan prepared with assistance under that section to be prepared cooperatively by the State, its political subdivisions, and economic districts within the State and is required to be consistent with local and economic development district plans.

Conference substitute

Same as the House amendment except that the State is required to certify that the preparation of a plan done by the State with assistance provided under section 302 has considered local and district plans and that such State plan is consistent with local and district plans or if it is not, the State shall certify the inconsistencies and the justification.

TECHNICAL ASSISTANCE AND RESEARCH AUTHORIZATIONS

Senate bill

Amends section 303(a) of the Act to authorize \$18,750,000 for the transition quarter, and \$75,000,000 per year for fiscal years 1977, 1978, and 1979. It extends the \$15,000,000 per fiscal year limitation on the amounts available for grants to States during those fiscal years and sets a limit of \$3,750,000 for the transition quarter.

House amendment

Same as the Senate bill, except that it does not contain the limitation on State grants.

Conference substitute

Same as the Senate bill.

SUPPLEMENTAL AND BASIC GRANTS

Senate bill

Authorizes \$18,750,000 for the transition quarter and \$75,000,000 per year for fiscal years 1977, 1978, and 1979 for supplementing or making grants or loans under titles I, II, and IV of the Act.

House amendment

Same as the Senate bill, except that titles III and IX are also made eligible for funding under this provision.

Conference substitute

Same as the House amendment except that planning grants authorized under sections 301(b) and 302 of title III are not to be supplemented.

AREA ELIGIBILITY

Senate bill

Amends section 401(a) (1) (A) of the Act to require the Secretary of Labor in determining the current rate of unemployment to use the most recent twelve consecutive months.

House amendment

No comparable provision.

Conference substitute

Same as the Senate bill. In addition it revises paragraph (8) of section 401(a) to authorize designation of those areas which are determined to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months.

It also adds a new paragraph (9), making areas eligible for designation which have demonstrated long-term economic deterioration. Historically, unemployment data has principally been used to determine areas eligible for assistance under the Act. There is need for new criteria to better measure the long-term economic distress which this Act is attempting to address. Some of the measures which could be considered include low per capita income, decline in per capita employment, changing county business patterns, local tax effort, operating capacity ratio of industrial firms and loss of industrial or commercial jobs. The Secretary is directed to explore these and other possible factors to develop more meaningful measures of the long-term economic distress which this Act is designed to address.

REDEVELOPMENT AREA SIZE RESTRICTION

Senate bill

No comparable provision.

House amendment

Amends section 401(b) (4) of the Act to reduce the size of municipalities eligible to be designated as a redevelopment area from 250,000 to 50,000.

Conference substitute

Same as the House amendment except that the reduction in size of municipalities is to 25,000 population.

Nothing in this section shall prevent any municipality designated as a redevelopment area or eligible by existing criteria to be designated as a redevelopment area from combining with a contiguous community or communities of any size having a mutuality of interests or problems of economic growth, employment, transportation or other public facility development for the purpose of designation as a redevelopment area and the Secretary should encourage the formation of larger units for the purpose of long term economic development.

The Bureau of Labor Statistics is requested by the Conference Committee to develop as soon as possible techniques and the capability for determining monthly unemployment levels for cities 25,000 and above.

ECONOMIC DEVELOPMENT DISTRICT

Senate bill

Amends section 403(g) of the Act to authorize \$11,250,000 for the transition quarter and \$45,000,000 per year for each of the fiscal years 1977, 1978, and 1979.

House amendment

Same as the Senate bill.

Conference substitute

Same as the Senate bill and the House amendment.

INDIAN ECONOMIC DEVELOPMENT

Senate bill

Amends section 404 of the Act to authorize \$6,250,000 for the transition quarter and \$25,000,000 per year for each of the fiscal years 1977, 1978, and 1979 for the purpose of providing assistance to Indian tribes.

House amendment

Same as the Senate bill.

Conference substitute

Same as the Senate bill and the House amendment.

URBAN ECONOMIC DEVELOPMENT

Senate bill

Adds a new section 107 to title I of the Act setting out additional criteria for urban economic development. Under the new section, cities of 50,000 or more designated or located in redevelopment areas shall be assisted on a priority basis if they have either unemployment 50 percent above the national average rate for the preceding 24 months or 15 percent of the city's population is below the poverty level. Additionally, the city must have either a significant decline in per capita employment over the last 3 years or a deterioration in the city's economic base. All four of these factors need not be present for eligibility but at least one of each criteria of economic distress must be demonstrated by the applying city.

Further, this section provides that up to 20 percent of the first \$250 million appropriated and up to 35 percent of appropriations over \$250 million shall be available to eligible urban areas.

Eligible cities may be part of a larger redevelopment area which has prepared an approved overall economic development program or are designated as a municipal redevelopment area with a single-city OEDP. Section 107(d) requires that the development plan be current and appropriate to the area and insists that such programs be coordinated with other planning in the metropolitan area, as well as with programs under the Comprehensive Employment and Training Act and the community development block grant program.

The section also requires that projects and activities selected for funding should be those which will directly benefit the population which provides the statistical basis for qualification.

House amendment

Adds a new section 405 to the Act to authorize the Secretary to designate as a "redevelopment area" any city with a population of 50,000 or more as long as it (1) submits and has approved by the Secretary an overall economic development program in accordance with section 202(b)(10) of the Act, and (2) meets one or more of the following conditions within its boundaries:

(A) A large concentration of low income persons;

(B) Substantial out-migration;

(C) Substantial unemployment or underemployment;

(D) An actual or threatened abrupt rise of unemployment due to the closing or curtailment of a major source of employment; or

(E) Long-term economic determination.

Nothing in this section 405 or a part thereof, is intended to be construed to prohibit the designation of a city or a part thereof, as a "redevelopment area" under this section in addition to its designation as a "redevelopment area" under any other provision of the Act. Also, this section should not be construed to prohibit a city designated under this section and another provision of the Act from receiving assistance through the expenditure of funds both under section 405 and any other provision in the Act.

If a city designated under this section prepares a plan for the economic development of the city or a part of it and submits its plan to the Secretary, and the Secretary approves such plan, he is authorized to make a grant to the city for the purpose of carrying out the plan. Any grant made by the Secretary under this section must be made on the condition that the city will use such grant to make grants or loans or both to carry out the plan and that the repayments of any loans to the city be placed in a revolving fund by the city to be available for making other economic development grants or loans by the city upon the approval of the Secretary.

Each recipient receiving assistance under this section shall annually make a full and complete report to the Secretary evaluating the effectiveness of the economic assistance provided under this section. The Secretary shall provide an annual consolidated report to the Congress with his recommendations, if any, on the assistance provided. The first report to Congress shall be made not later than July 1, 1977.

There are authorized to carry out this section \$50,000,000 for the transition quarter and \$200,000,000 per year for fiscal years 1977, 1978, and 1979.

Conference substitute

Does not contain any provision specifically earmarked for urban economic development but title II of the Act is proposed to be amended to provide a program of long-term loans to be available for the same purposes and under the same conditions as was provided in the House amendment except that this loan program is available to all redevelopment areas and not restricted to urban areas only.

UNEMPLOYMENT RATE DETERMINATIONS

Senate bill

No comparable provision.

House amendment

Adds a new section 406 to the Act which permits information regarding unemployment rates to be furnished by either the Federal Government or a State or local government whenever a determination is required by this Act relating to unemployment rates. Rates furnished by State or local governments are to be accepted by the Secretary unless he determines that they are inaccurate. The Secretary is to assist State and local governments in calculating unemployment rates to insure their validity and standardization.

Conference substitute

Same as the House amendment except that unemployment rate information is to be furnished by either the Federal or State governments and a rate furnished by a State government is to be accepted unless the Secretary determines it is inaccurate.

SUPPLEMENTS TO FEDERAL GRANT-IN-AID PROGRAMS

Senate bill

Amends section 509 of the Act to update various Federal grant-in-aid programs enacted before September 30, 1979, which are eligible to be supplemented by grants under that section. In addition, funding is authorized for title V at \$250,000,000 per year for fiscal years 1978 and 1979.

House amendment

Same as the Senate bill with an additional amendment to section 509(d) (2) of the Act authorizing \$5,000,000 per year for fiscal years 1978 and 1979 for management and authorized activities of new commissions.

Conference substitute

Same as the House amendment.

ENERGY DEMONSTRATION PROGRAMS

Senate bill

Amends section 515(c) of the Act to remove the \$5,000,000 per fiscal year restriction on the use of funds apportioned to a regional commission for the purpose of carrying out energy related provisions of section 515.

House amendment

No comparable provision.

Conference substitute

No comparable provision.

POWERS OF THE SECRETARY

Senate bill

Amends section 701 of the Act to authorize the Secretary to reobligate funds previously obligated under title I, section 201, or section 403 of the Act for projects which cannot be initiated or completed, without regard to the purpose or location of the incomplete or uninitiated project. These funds may only be reobligated in the same State or States in which originally obligated. The project for which funds are to be reobligated must meet all requirements of this Act.

House amendment

No comparable provision.

Conference substitute

No comparable provision.

GAS AND ELECTRICAL ENERGY PROHIBITION

Senate bill

Amends section 704(e) of the Act which presently prohibits financial assistance for facilities to generate, transmit, or distribute electrical energy or to produce or transmit natural gas.

The amendment would allow an exemption for the transmission and distribution facilities for natural gas and electric energy of publicly-owned utilities. Assistance under the Act would only be available to fund the differences between the cost of the project and the revenues which would be derived through reasonable increases in rates over the life of the facility.

House amendment

Repeals section 704(e) of the Act.

Conference substitute

Amends section 704(e) of the Act which presently prohibits financial assistance for facilities to generate, transmit, or distribute electrical energy or to produce or transmit natural gas except (a) for projects specifically authorized by Congress and (b) for local projects where the Secretary finds that project financing is not available from private lenders and the State or Federal regulatory body determines that the facility will not compete with an existing public utility or where the existing public utility is not able to meet the energy requirements. No more than \$7,000,000 appropriated for titles I and II of this Act may be expended annually for such projects.

SPECIAL ECONOMIC DEVELOPMENT AND ADJUSTMENT ASSISTANCE

Senate bill

Amends section 905 of the Act to authorize \$25,000,000 for the transition quarter and \$100,000,000 per year for fiscal years 1977, 1978, and 1979.

House amendment

Title IX of the Act is amended to include long-term economic deterioration as a condition for which assistance may be provided. In addition to the eligible activities in section 903(a) (1), recipients may use grants under this section for the relocation of businesses and to reduce interest on guaranteed loans.

In order to be an eligible recipient under the long-term deterioration criteria, (1) the unemployment rate of the area must exceed the national average for 6 consecutive months of the preceding 12 months, (2) have at least 15 percent of the population below the poverty levels defined by the Office of Management and Budget, and (3) an economic development planning and management capability adequate to effectively administer the grant.

Provides the same level of authorization for title IX as does the Senate bill with a separate authorization of \$6,250,000 for the transition quarter and \$25,000,000 per year for fiscal years 1977, 1978, and 1979 for long-term economic deterioration.

Conference substitute

Amends title IX of the Act to include long-term economic deterioration as a condition for which assistance may be provided. Recipients may use grants for relocation of businesses and to reduce interest on guaranteed loans. Provides the same authorizations at the same levels as are provided in the Senate bill.

JOBS OPPORTUNITIES PROGRAM

Senate bill

Makes a series of amendments to title X of the Act to add the Jobs Opportunities Program as a standby antirecession measure to become operative only when unemployment reaches 7 percent nationally for the preceding calendar quarter. It would provide project opportunities on a priority basis for areas of highest unemployment. It would authorize \$125,000,000 for each quarter.

House amendment

No comparable provision.

Conference substitute

Same as the Senate bill except the authorization would be at the level of \$81,250,000 for each quarter.

WHITE HOUSE CONFERENCE ON BALANCED NATIONAL GROWTH AND
ECONOMIC DEVELOPMENT

Senate bill

Title II of the bill authorizes and requests the President to call a White House Conference on Balanced National Growth and Economic Development within one year after enactment of this legislation. The Conference shall be composed of representatives of Federal, State, and local governments and the broad spectrum of the private sector.

House amendment

No comparable provision.

Conference substitute

Same as the Senate bill.

MORATORIUM

Senate bill

No comparable provision.

House amendment

Amends section 2 of the Act of July 6, 1970, to extend to September 30, 1979, the date on which no redevelopment area can have that designation terminated unless a local governing body specifically requests de-designation action.

Conference substitute

Same as the House amendment.

ROBERT A. ROE,
JIM WRIGHT,
KENNETH L. HOLLAND,
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Managers on the Part of the House.
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EDMUND S. MUSKIE,
JAMES A. McCLURE,
HOWARD BAKER,
Managers on the Part of the Senate.

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Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To amend the Public Works and Economic Development Act of 1965, as amended, to extend the authorizations for a three-year period.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. This Act may be cited as the "Public Works and Economic Development Act Amendments of 1976".

SEC. 102. Section 2 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121) is amended by inserting at the end the following new sentence: "Congress further declares that, in furtherance of maintaining the national economy at a high level, the assistance authorized by this Act should be made available to both rural and urban areas; that such assistance be available for planning for economic development prior to the actual occurrences of economic distress in order to avoid such condition; and that such assistance be used for long-term economic rehabilitation in areas where long-term economic deterioration has occurred or is taking place."

SEC. 103. (a) Section 101 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131) is amended by striking out subsection (e).

(b) The second sentence of subsection (c) of section 101 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131) is amended by striking out "may" each of the two places it appears and inserting in lieu thereof at each such place "shall".

(c) Section 101(c) of such Act is further amended by adding after the second sentence the following new sentence: "In case of any community development corporation which the Secretary determines has exhausted its effective borrowing capacity, the Secretary may reduce the non-Federal share below such per centum or waive the non-Federal share in the case of such a grant for a project in a redevelopment area designated as such under section 401(a)(6) of this Act."

SEC. 104. The first sentence of section 102 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3132) is amended—

(1) by striking out "and June 30, 1976," and inserting in lieu thereof "June 30, 1976, September 30, 1977, September 30, 1978, and September 30, 1979,"; and

(2) by inserting immediately before "shall be available" the following: ", and for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed \$7,500,000 of the funds authorized to be appropriated under such section 105 for such period,".

SEC. 105. Section 105 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3135) is amended—

(1) by striking out the period at the end of the first sentence and inserting in lieu thereof the following: ", not to exceed \$62,500,000 for the period beginning July 1, 1976, and ending September 30,

1976, and not to exceed \$425,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”;

(2) by striking out “and June 30, 1976,” in the third sentence and inserting in lieu thereof “June 30, 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”; and

(3) by striking out “10 per centum” in the third sentence and inserting in lieu thereof “15 per centum”.

SEC. 106. Title I of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131-3136) is further amended by adding at the end thereof the following:

“CONSTRUCTION COST INCREASES

“SEC. 107. In any case where a grant (including a supplemental grant) has been made under this title for a project and after such grant has been made but before completion of the project, the cost of such project based upon the designs and specifications which were the basis of the grant has been increased because of increases in costs, the amount of such grant may be increased by an amount equal to the percentage increase, as determined by the Secretary, in such costs, but in no event shall be percentage of the Federal share of such project exceed that originally provided for in such grant.”.

SEC. 107. (a) Section 201 (c) (42 U.S.C. 3141) is amended to read as follows:

“(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal years ending June 30, 1975, and June 30, 1976, and shall not exceed \$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed \$200,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”.

(b) Section 201 of such Act is further amended by striking subsection (d) of such section.

(c) Section 202 (a) (1) of such Act is amended by adding after paragraph (1) the following new paragraph:

“(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section, to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. No payment under this paragraph shall result in the interest rate being paid by a borrower on such a guaranteed loan being less than the rate of interest for such a loan if it were made under section 201 of this Act. Payments made to or on behalf of such borrower shall be made no less often than annually.”.

(d) Section 202 (a) of such Act is amended by renumbering existing paragraph (2) as (3), including any references thereto.

SEC. 108. Section 202 (a) (3) of the Public Works and Economic

Development Act of 1965 (as redesignated by section 107 of this Act) is amended by striking out the period at the end thereof and adding the following: "(D) paying those debts with respect to which a lien against property has been legally obtained (including the refinancing of any such debt) in any case where the Secretary determines that it is essential to do so in order to save employment in a designated area, to avoid a significant rise in unemployment, or to create new or increased employment."

SEC. 109. Title II of the Public Works and Economic Development Act of 1965 is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREA LOAN PROGRAM

"SEC. 204. (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make an interest free loan to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such interest free loan shall be made on condition (1) that the area will use such interest free loan to make loans to carry out such plan, (2) the repayment of any loans made by the area from such interest free loan shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. Any such interest free loan shall be repaid to the United States by a redevelopment area whenever such area has its designation as a redevelopment area terminated or modified under section 402 of this Act. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971", approved July 6, 1970 (P.L. 91-304).

"(b) (1) Each eligible recipient which receives assistance under this section shall annually during the period such assistance continues make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the economic assistance provided under this section in meeting the need it was designed to alleviate and the purposes of this section.

"(2) The Secretary shall provide an annual consolidated report to the Congress, with his recommendations, if any, on the assistance authorized under this section, in a form which he deems appropriate. The first such report to Congress under this subsection shall be made not later than July 1, 1977.

"(c) There is authorized to be appropriated to carry out this section not to exceed \$125,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

SEC. 110. The fourth sentence of subsection (a) of section 302 of the Public Works and Economic Development Act of 1965 is amended to

read as follows: "Any overall State economic development plan prepared with assistance under this section shall be prepared cooperatively by the State, its political subdivisions, and the economic development districts located in whole or in part within such State. Upon completion of any such plan, the State shall certify to the Secretary (1) that in the preparation of such State plan, the local and economic development district plans were considered and, to the fullest extent possible, such State plan is consistent with such local and economic development district plans, and (2) that such State plan is consistent with such local and economic development district plans, or, if such State plan is not consistent with such local and economic development district plans, all of the inconsistencies of the State plan with the local and economic development district plans, and the justification for each of these inconsistencies."

SEC. 111. (a) Section 303(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3152) is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

(b) Section 303(b) of such Act is amended by striking out "and June 30, 1976" and inserting in lieu thereof "June 30, 1976, September 30, 1977, September 30, 1978, and September 30, 1979".

SEC. 112. (a) Section 304(a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3153) is amended by inserting immediately after "June 30, 1976," the following: "\$18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and \$75,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

(b) Section 304(a) of such Act is further amended by striking out "titles I, II, and IV" and inserting in lieu thereof "titles I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, and IX".

(c) Section 304(c) of such Act is amended by striking out "title I, II, or IV" and inserting in lieu thereof "title I, II, III (other than planning grants authorized under sections 301(b) and 302), IV, or IX".

SEC. 113. (a) Section 401(a)(1)(A) of the Public Works and Economic Development Act of 1965 is amended by striking out "available calendar year" and inserting in lieu thereof "twelve consecutive months".

(b) Section 401(a)(8) of the Public Works and Economic Development Act of 1965 is amended to read as follows:

"(8) those areas which the Secretary of Labor determines, on the basis of average annual available unemployment statistics, to have experienced unemployment which is both substantial and above the national average for the preceding twenty-four months;"

(c) Section 401(a) of such Act is further amended by adding at the end thereof the following:

"(9) those areas which the Secretary determines have demonstrated long-term economic deterioration."

SEC. 114. (a) Section 401(b)(4) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161) is amended by striking out "two hundred and fifty", and inserting in lieu thereof "twenty-five".

(b) Section 401(b) of the Public Works and Economic Develop-

ment Act of 1965 (42 U.S.C. 3171) is amended by adding at the end thereof the following:

"Nothing in this subsection shall prevent any municipality, designated as a redevelopment area or eligible to be designated as a redevelopment area, from combining with any other community having mutual economic interests and transportation and marketing patterns for the purposes of such designation."

SEC. 115. Section 403(g) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3171) is amended by inserting immediately after "June 30, 1976," the following: "not to exceed \$11,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$45,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

SEC. 116. Section 404 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3172) is amended by striking out ", and June 30, 1976," and inserting in lieu thereof the following: "and June 30, 1976, not to exceed \$6,250,000 for the period beginning July 1, 1976, and ending September 30, 1976, and not to exceed \$25,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979."

SEC. 117. Title IV of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161 et seq.) is further amended by adding at the end thereof the following:

"PART D—UNEMPLOYMENT RATE DETERMINATIONS

"SEC. 405. Whenever any provision of this Act requires the Secretary of Labor, or the Secretary, to make any determination or other finding relating to the unemployment rate of any area, information regarding such unemployment rate may be furnished either by the Federal Government or by a State. Unemployment rates furnished by a State shall be accepted by the Secretary unless he determines that such rates are inaccurate. The Secretary shall provide technical assistance to State and local governments in the calculation of unemployment rates to insure their validity and standardization."

SEC. 118. (a) Section 509(c) of the Public Works and Economic Development Act of 1965 is amended by striking out the first sentence and inserting in lieu thereof the following: "The term 'Federal grant-in-aid programs' as used in this section means those Federal grant-in-aid programs authorized on or before September 30, 1979, by this Act and Acts other than this Act for the acquisition or development of land, the construction or equipment of facilities, or other community or economic development or economic adjustment activities, including but not limited to grant-in-aid programs authorized by the following Acts: Federal Water Pollution Control Act; Watershed Protection and Flood Prevention Act; titles VI and XVI of the Public Health Services Act; Vocational Education Act of 1963; Library Services and Construction Act; Federal Airport Act; Airport and Airway Development Act of 1970; part IV of title III of the Communications Act of 1934; titles VI (part A) and VII of the Higher Education Act of 1965; Land and Water Conservation Fund Act of 1965; National Defense Education Act of 1958; Consolidated Farm and Rural Development Act; and titles I and IX of this Act."

(b) The first sentence of section 509(d)(1) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3188a) is amended by striking out at the end thereof "and for the fiscal year ending September 30, 1977, to be available until expended, \$250,000,000." and inserting in lieu thereof "and for the fiscal years ending September 30,

1977, September 30, 1978, and September 30, 1979, to be available until expended, \$250,000,000 per fiscal year.”

SEC. 119. Section 509(d)(2) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3188a) is amended by striking out at the end thereof “and for the fiscal year ending September 30, 1977, to be available until expended, not to exceed \$5,000,000.” and inserting in lieu thereof “and for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, to be available until expended, \$5,000,000 per fiscal year.”

SEC. 120. Section 704(e) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3214) is amended to read as follows:

“(e) No financial assistance authorized under this Act shall be used to finance the cost of facilities for the generation, transmission, or distribution of electrical energy, or to finance the cost of facilities for the production or transmission of gas (natural, manufactured, or mixed), except (1) for projects specifically authorized by Congress, and (2) for local projects for industrial parks and industrial or commercial areas in communities where the electrical energy or gas supply is, or is threatened to be interrupted or curtailed resulting in a loss of jobs, or where the purpose is to save jobs, or create new jobs, on condition that (A) the Secretary finds that project financing is not available from private lenders or other Federal agencies on terms which, in the opinion of the Secretary, will permit accomplishment of the project, and (B) the State or Federal regulatory body regulating such service determines that the facility to be financed will not compete with an existing public utility rendering such a service to the public at rates or charges subject to regulation by such State or Federal regulatory body, or if there is a determination of competition, the State or Federal regulatory body must make a determination that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake. Not more than \$7,000,000 appropriated to carry out titles I and II of this Act may be expended annually for such projects.”

SEC. 121. (a) Section 901 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3241) is amended by inserting “(including long-term economic deterioration)” immediately after “economic conditions”.

(b) Section 903(a)(1) of such Act (42 U.S.C. 3243) is amended—

(1) by inserting “(A)” immediately before “which the Secretary”;

(2) by inserting “, or (B) which the Secretary determines has demonstrated long-term economic deterioration,” immediately after “Federal Government”;

(3) by inserting “and businesses” immediately after “relocation of individuals”; and

(4) by striking out “and other appropriate assistance,” and inserting in lieu thereof the following: “and other assistance which demonstrably furthers the economic adjustment objectives of this title.”

(c) Section 903(a)(2)(A) of such Act is amended by inserting immediately after “loan guarantees,” the following: “payments to reduce interest on loan guarantees.”

(d) Section 905 of such Act (42 U.S.C. 3245) is amended by striking out the period at the end thereof and inserting in lieu thereof the following: “, not to exceed \$25,000,000 for the transition quarter end-

ing September 30, 1976, and not to exceed \$100,000,000 per fiscal year for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979.”

SEC. 122. Section 1002 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking the entire section and inserting the following:

“SEC. 1002. For the purpose of this title the term ‘eligible area’ means any area, which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 7 per centum for the most recent calendar quarter or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 which has unemployment equal to or in excess of 7 per centum with special consideration given to areas with unemployment rates above the national average.”

SEC. 123. (a) Section 1003(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

“(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title.”

(b) Section 1003(d) of such Act, as amended, is amended to read as follows:

“(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area.”

(e) Section 1003(e) of such Act, as amended, is amended to read as follows:

“(e) (1) The Secretary, if the national unemployment rate is equal to or exceeds 7 per centum for the most recent calendar quarter, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent calendar quarter. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the first sentence of this subsection.

“(2) Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs.”

SEC. 124. Section 1004 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

“SEC. 1004. (a) Within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, after the date of enactment of the Public Works and Economic Development Act Amendments of 1976, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or

pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b)) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency, instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

“(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

“(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including, but not limited to, new or revised programs and projects submitted in accordance with this section.”

SEC. 125. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking such section and renumbering subsequent sections accordingly.

SEC. 126. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by striking the period and inserting the following at the end thereof: “unless this would require project grants to be made in areas which do not meet the criteria of this title.”

SEC. 127. Section 1006 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended to read as follows:

“SEC. 1006. (a) There are hereby authorized to be appropriated to carry out the provisions of this title \$81,250,000 for each calendar quarter of a fiscal year during which the national average unemployment is equal to or exceeds 7 per centum on the average. No further appropriation of funds is authorized under this section if a determination is made that the national average rate of unemployment has receded below an average of 7 per centum for the most recent calendar quarter as determined by the Secretary of Labor.

“(b) Funds authorized by subsection (a) are available for grants by the Secretary when the national average unemployment is equal to or in excess of an average of 7 per centum for the most recent calendar quarter. If the national average unemployment rate recedes below an average of 7 per centum for the most recent calendar quarter, the authority of the Secretary to make grants or obligate funds under this title is terminated. Grants may not be made until the national average unemployment has equaled or exceeded an average of 7 per centum for the most recent calendar quarter.

“(c) Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law.”

SEC. 128. Section 1007 as redesignated by this Act is amended by

striking "December 31, 1975" and inserting in lieu thereof "September 30, 1979".

SEC. 129. Title X of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof the following new section:

"CONSTRUCTION COSTS

"SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs."

SEC. 130. Section 2 of the Act entitled "An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971", approved July 6, 1970 (Public Law 91-304), is amended by striking out "June 1, 1976," and inserting in lieu thereof "September 30, 1979,".

TITLE II

SEC. 201. (a) The President of the United States is authorized and requested to call a White House Conference on Balanced National Growth and Economic Development within one year of the date of enactment of this Act in order to develop recommendations for further action toward balanced national growth and economic development, and to take account of present conditions and trends as set forth in the report accompanying this Act. Such conference shall be planned and conducted under the direction of the domestic council with the cooperation and assistance of such other Federal departments and agencies, including the regional commissions established under the Appalachian Regional Development Act and title V of the Public Works and Economic Development Act.

(b) For the purpose of arriving at facts and recommendations concerning the utilization of skills, experience, and energies and the improvement of our country's social and economic needs, the conference shall assemble representatives of government, business, labor, and other citizens and representatives of institutions who could work together for balanced national growth and economic development.

(c) A final report of the White House Conference on Balanced National Growth and Economic Development shall be submitted to the President not later than one hundred and eighty days following the date on which the conference is called and findings and recommendations included therein shall be immediately made available to the public. The President shall, within ninety days after the submission of such final report, transmit to the Congress his recommendations for the administrative action and legislation necessary to implement the recommendations contained in such report.

SEC. 202. In administering this title, the President shall—

(1) request the cooperation and assistance of such other Federal departments and agencies as may be appropriate;

(2) give all reasonable assistance, including financial assistance, to the States to enable them to organize and conduct conferences on balanced growth and economic development;

(3) prepare and make available background materials for the use of delegates to the White House Conference on Balanced National Growth and Economic Development as they may deem necessary;

(4) prepare and distribute interim reports of the White House

Conference on Balanced National Growth and Economic Development as may be appropriate; and

(5) engage such personnel as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 57 and subchapter 53 of such title relating to classification and General Schedule pay rates.

SEC. 203. For the purpose of this title the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

SEC. 204. The President is authorized and directed to establish an Advisory Committee to the White House Conference on Balanced National Growth and Economic Development composed of fifteen members, of whom not less than five shall represent businesses in the private sector, and the Secretaries of the Departments of Commerce, Agriculture, Housing and Urban Development, and relevant Federal program managers.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*