

## A BILL

To amend the Public Works and Economic Development Act of 1965, and for other purposes.

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

### 1   **SECTION 1. SHORT TITLE.**

2           **SHORT TITLE.** – This Act may be cited as the “Public Works and Economic  
3   Development Improvements Act of 2010.”  
4

### 5   **SEC. 2. REVISIONS TO FINDINGS AND DECLARATIONS AND** 6   **DEFINITIONS.**

7           **(a) FINDINGS AND DECLARATIONS.** Section 2 of the Public Works and Economic  
8   Development Act of 1965 (42 U.S.C. § 3121) (the Act) is amended to read as follows:

9           **“(a) FINDINGS.**

10           *“(1) sustainable economic growth in the 21<sup>st</sup> Century depends upon*  
11           *economic development strategies that invest in the essential infrastructure that*  
12           *fosters innovation, entrepreneurship and competition in the global marketplace;*

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

20           *“(3) conventional development practices often contribute to inefficiencies*  
21           *in the use of land and other resources and do not consider sufficiently sustainable*  
22           *development practices, including:*

23                   *(A) locating new development on previously developed land, close*  
24                   *to existing activity centers, and near transportation choices; and*

1                                *(B) leveraging and coordinating public investments (federal, state,*  
2                                *and local) to support economic prosperity and community goals for future*  
3                                *growth;*

4                                *“(4) economic growth in the States, cities and rural areas of the United*  
5                                *States can best be promoted by helping communities invest in regional innovation*  
6                                *strategies that build upon their unique competitive advantages and are designed*  
7                                *to foster innovation and entrepreneurship;*

8                                *“(5) the goal of Federal economic development programs is to raise the*  
9                                *standard of living for all citizens and increase the wealth and overall rate of*  
10                                *growth of the economy by encouraging communities to develop a more*  
11                                *competitive and diversified economic base by–*

12                                *“(A) expanding economic opportunities, increasing international*  
13                                *competitiveness, and creating a climate for job creation and business*  
14                                *development;*

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

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

19                                *“(D) empowering local and regional communities experiencing*  
20                                *chronic high unemployment and low per capita income to develop private*  
21                                *sector business and attract increased private-sector capital investment,*  
22                                *including capital investments from foreign sources;*

23                                *“(6) while economic development is an inherently local process, the*  
24                                *Federal Government should work in partnership with public and private*  
25                                *organizations on the State, regional, tribal, and local level to maximize the impact*  
26                                *of existing resources and enable regions, communities, and citizens to participate*  
27                                *more fully in the American dream and national prosperity;*

28                                *“(7) in order to avoid duplication of effort and achieve meaningful, long-*  
29                                *lasting results, Federal, State, tribal, and local economic development activities*  
30                                *should have a clear focus, improved coordination, a comprehensive approach,*  
31                                *and simplified and consistent requirements; and*

1                   “(8) *Federal economic development efforts will be more effective if the*  
2                   *efforts are coordinated with, and build upon, the trade, workforce investment,*  
3                   *transportation, environmental protection and technology programs of the United*  
4                   *States.*

5  
6                   “(b) **DECLARATIONS.**— *In order to promote a strong and growing economy*  
7                   *throughout the United States, Congress declares that—*

8                   “(1) *assistance under this Act should be made available to both rural- and*  
9                   *urban-distressed communities;*

10                   “(2) *local communities should work in partnership with neighboring*  
11                   *communities, the States, Indian tribes, the private sector and the Federal*  
12                   *Government to increase the capacity of the local communities to develop and*  
13                   *implement comprehensive economic development strategies to alleviate economic*  
14                   *distress and enhance competitiveness in the global economy;*

15                   “(3) *whether suffering from long-term distress or a sudden dislocation,*  
16                   *distressed communities should be encouraged to take affirmative steps to promote*  
17                   *innovation and entrepreneurship and to support the formation of business*  
18                   *incubators in economically distressed areas, so as to help regions create higher-*  
19                   *skill, higher-wage jobs and foster the participation of those regions in the global*  
20                   *marketplace;*

21                   “(4) *assistance under this Act should be made available to promote*  
22                   *environmentally sustainable economic development practices and assist*  
23                   *communities with the productive reuse of abandoned industrial facilities and the*  
24                   *redevelopment of brownfields; and*

25                   “(5) *research assistance under this Act should help regions across the*  
26                   *nation leverage their economic assets in a comprehensive manner and should*  
27                   *enhance EDA’s ability to provide a leading-edge economic development*  
28                   *framework to assist the nation’s distressed communities and regions.”.*

29                   **(b) DEFINITIONS.** Paragraph (8) of section 3 of the Act is amended by deleting  
30                   the ‘and’ at the end of paragraph (C) and inserting the following new paragraphs (E)  
31                   through (G) to read as follows:

1                   “(E) the Northern Border Regional Commission established under  
2                   section 14217 of the Food, Conservation and Energy Act (40 U.S.C.  
3                   § 15301(a)(3));

4                   “(F) the Southeast Crescent Regional Commission established under  
5                   section 14217 of the Food, Conservation and Energy Act (40 U.S.C.  
6                   § 15301(a)(1)); and

7                   “(G) the Southwest Border Regional Commission established under  
8                   section 14217 of the Food, Conservation and Energy Act (40 U.S.C.  
9                   § 15301(a)(2)).”.

10  
11       **SEC. 3. ESTABLISHMENT OF ECONOMIC DEVELOPMENT**  
12       **PARTNERSHIPS.**

13           (a) Section 101 of the Act is amended by revising paragraph (b)(2) to read as  
14       follows:

15                   “(2) *encourage and support public-private partnerships for the formation*  
16                   *and improvement of regional economic development strategies that sustain and*  
17                   *promote innovation and entrepreneurship that is critical to economic*  
18                   *competitiveness across the United States; and”.*

19  
20           (b) Section 101 of the Act is further amended by adding a new subsection (e) as  
21       follows:

22                   “(e) *EXCELLENCE IN ECONOMIC DEVELOPMENT AWARDS.—*

23                   “(1) *ESTABLISHMENT OF PROGRAM.—To recognize innovative economic*  
24                   *development strategies of national significance, the Secretary may conduct an*  
25                   *“Excellence in Economic Development Award Program” (referred to in this*  
26                   *subsection as the “program”).*

27                   “(2) *ELIGIBLE ENTITIES.—To be recognized under the program, an entity*  
28                   *shall be an eligible recipient that is not a for-profit organization or institution.*

29                   “(3) *NOMINATIONS.—Before making an award under the program, the*  
30                   *Secretary shall solicit nominations publicly, in accordance with such selection*  
31                   *and evaluation procedures as the Secretary may establish in the solicitation.*

32                   “(4) *CATEGORIES.—The categories of awards under the program may*  
33                   *include awards for—*

1                   “(A) innovative urban or suburban economic development;

2                   “(B) innovative rural economic development;

3                   “(C) sustainable environmental economic development initiatives;

4                   “(D) economic diversification strategies that respond to economic  
5                   dislocations, including economic dislocations caused by natural disasters and  
6                   military base realignment and closure actions;

7                   “(E) university-led strategies to enhance economic development that foster  
8                   the acceleration of innovative business creation and growth;

9                   “(F) regional innovation cluster development;

10                  “(G) entrepreneurial infrastructure development (business incubators); and

11                  “(H) such other categories as the Secretary determines to be appropriate.

12                  “(5) PROVISION OF AWARDS.—The Secretary may provide to each entity selected  
13                  to receive an award under this subsection a plaque, bowl, or similar article to  
14                  commemorate the accomplishments of the entity.

15                  “(6) FUNDING.—Of amounts made available to carry out this Act, the  
16                  Secretary may use not more than \$5,000 for each fiscal year to carry out this  
17                  subsection.”.

18  
19                  (c) Section 102 of the Act is amended by adding the following sentence at the end  
20                  thereof: “The Secretary is encouraged to consult and cooperate with other agencies,  
21                  including representatives of Federal, State, local governments, and consortia of  
22                  governmental organizations, that can assist in addressing challenges and capitalize on  
23                  opportunities that require intergovernmental coordination. This includes cooperation  
24                  with the U.S. Department of Labor to support economic and workforce development  
25                  strategies and the promotion of regional innovation clusters.”

26  
27                  **SEC. 4. ADDITIONAL SUPPORT FOR ENTERPRISE DEVELOPMENT**  
28                  **ORGANIZATIONS WITHIN THE PUBLIC WORKS PROGRAM.**

29                  Section 201 of the Act is amended by inserting ‘(including science and research  
30                  parks)’ after ‘facility’ at the end of paragraph (a)(1); striking ‘and’ at the end of

paragraph (a)(1); striking the period at the end of paragraph (a)(2) and inserting ‘; and’ in lieu thereof; and by adding a new paragraph (a)(3) to read as follows:

*“(3) other activities which the Secretary determines would be necessary or useful to support the establishment and operation of such facilities on a sustainable basis, including related planning, technical assistance and business development assistance to enable the recipient to bring together regional assets and encourage entrepreneurial development, and, to the extent needed to support entrepreneurial development, revolving loan funds pursuant to the authority under section 209 of this Act.”.*

## **SEC. 5. FOSTERING INNOVATION AND COLLABORATION IN THE PLANNING PARTNERSHIP PROGRAM.**

(a) Section 203 of the Act is amended by revising paragraph (b)(4) and adding new paragraphs (b)(5) and (6) to read as follows:

*“(4) formulating and implementing an economic development program that includes systematic efforts to reduce unemployment and increase incomes by fostering innovation and entrepreneurship;*

*“(5) fostering regional collaboration among local jurisdictions and organizations; and*

*“(6) facilitating a stakeholder process which assists the community or region in creating an economic development vision that takes into account local and regional assets (including natural, social, community, and geographic resources) and global economic change.”.*

(b) Paragraph (d)(4) of section 203 is further amended by striking ‘and’ at the end of paragraph (E); deleting the period and inserting ‘; and’ at the end of paragraph (F); and inserting a new paragraph (G) to read as follows:

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

(b) Section 203 is further amended by adding new subsections (e) and (f) at the end thereof to read as follows:

1                   “(e) *ADDITIONAL AMOUNTS TO ADDRESS SEVERE NEED. In determining the*  
2                   *amount of funds to provide a recipient for planning assistance under this section,*  
3                   *the Secretary shall take into account those recipients located in regions which*  
4                   *are eligible for an investment rate of 80 percent or higher or located in regions*  
5                   *that are experiencing severe need due to long-term economic deterioration or*  
6                   *sudden and severe economic distress.*”

7                   “(f) *ENCOURAGING PLANNING ASSISTANCE ON A BROADER REGIONAL SCALE.*  
8                   *In order to encourage district organizations to develop regional economic*  
9                   *competitiveness strategies on a broader basis in collaboration with other district*  
10                  *organizations and entities outside the confines of a single economic development*  
11                  *district, the Secretary may increase the Federal share otherwise applicable to*  
12                  *such recipients or increase the amount of Federal assistance to such recipients.*”

13  
14       **SEC. 6. NON-FEDERAL MATCHING SHARE REQUIREMENTS.**

15                  (a) DETERMINATION OF EXHAUSTION OF TAXING AND BORROWING CAPACITY.  
16       Paragraph (b)(2) of section 204 of the Act is amended by adding the following sentence  
17       at the end thereof: *“In making a determination under this paragraph, the Secretary may*  
18       *consider the impact on a State, tribal or local recipient of direct tax revenue declines on*  
19       *the availability of resources reasonably available to the recipient to meet the non-*  
20       *Federal share requirement of this section.*”.

21  
22                  (b) FEDERAL SHARE IN CONNECTION WITH PLANNING ASSISTANCE. Paragraph (3)  
23       of subsection (c) of section 204 is amended by inserting ‘(A)’ in front of the existing text  
24       and inserting a new subsection (B) to read as follows:

25                       “(B) *The Secretary may also provide a higher Federal share in order to*  
26                       *encourage planning organizations receiving assistance under section 203 to*  
27                       *conduct planning on a broader regional scale to build on competitive advantages*  
28                       *available beyond the boundaries of a single district.*”.

29  
30       **SEC. 7. INNOVATION IN THE TECHNICAL ASSISTANCE PROGRAM.**

31       Section 207 of the Act is amended by --

32       (1) re-designating paragraph (b)(2)(I) as paragraph (K).

33       (2) revising paragraph (b)(2)(H) to read as follows:

1                   “(H) studies evaluating regional innovation clusters and best practices  
2                   relating to support of entrepreneurial infrastructure;

3                   and

4                   (3) adding new paragraphs (b)(2)(I) and (J) to read as follows:

5                   “(I) a peer exchange program to promote industry-leading practices and  
6                   innovations relating to the organizational development, program delivery, and  
7                   regional initiatives of economic development districts;

8                   “(J) development and promotion of performance measures and centers of  
9                   excellence in commercialization and entrepreneurship; and

10  
11       **SEC. 8. SCIENCE AND RESEARCH PARKS.**

12           (a) The table of contents to the Act is amended by revising the entry for section 208  
13       to read “Sec. 208. Science and research parks.”.

14           (b) Section 208 of the Act is amended to read as follows:

15       **“SEC. 208. SCIENCE AND RESEARCH PARKS.**

16           “(a) Upon the application of an eligible recipient, the Secretary is authorized to  
17       provide financial assistance under this section for the development and construction of  
18       science and research parks to promote the clustering of innovation through high  
19       technology activities.

20           “(b) DEFINITION.-- ‘Science park’ refers to a property-based venture, which has:

21                   “(1) Master planned property and buildings designed primarily for  
22                   private-public research and development activities, high technology and science-  
23                   based companies, and research and development support services;

24                   “(2) A contractual or operational relationship with one or more science-  
25                   or research-related institution of higher education or governmental or non-profit  
26                   research laboratories;

27                   “(3) A primary mission to promote research and development through  
28                   industry partnerships, assisting in the growth of new ventures and promoting  
29                   innovation-driven economic development;

30                   “(4) A role in facilitating the transfer of technology and business skills  
31                   between researchers and industry teams; and



1                   “(5) *A role in promoting technology-led economic development for the*  
2                   *community or region in which the science park is located.*

3                   *A science park may be owned by a governmental or not-for-profit entity, but it may enter*  
4                   *into partnerships or joint ventures with for-profit entities for development or*  
5                   *management of specific components of the park.*

6                   “(c) *DEVELOPMENT OF PLANS FOR CONSTRUCTION OF SCIENCE PARKS.--*

7                   “(1) *IN GENERAL.-- The Secretary may award grants for the development of*  
8                   *feasibility studies and plans for the construction of new science parks or the renovation*  
9                   *or expansion of existing science parks.*

10                  “(2) *LIMITATION ON AMOUNT OF GRANTS.-- The amount of a grant awarded under*  
11                  *this subsection may not exceed \$750,000.*

12                  “(3) *AWARD.--*

13                  “(A) *COMPETITION REQUIRED.-- The Secretary shall award grants under*  
14                  *this subsection pursuant to a full and open competition.*

15                  “(B) *GEOGRAPHIC DISPERSION.-- In conducting a competitive process,*  
16                  *the Secretary shall consider the need to avoid undue geographic concentration*  
17                  *among any one category of States based on their predominate rural or urban*  
18                  *character as indicated by population density.*

19                  “(C) *SELECTION CRITERIA.-- The Secretary shall publish the criteria to*  
20                  *be utilized in any competition under this paragraph for the selection of recipients*  
21                  *of grants under this subsection, which shall include requirements relating to the--*

22                         “(i) *effect the science park will have on regional economic*  
23                         *growth and development;*

24                         “(ii) *number of jobs to be created at the science park and the*  
25                         *surrounding regional community each year during its first 5 years;*

26                         “(iii) *funding to be required to construct, renovate or expand the*  
27                         *science park during its first 5 years;*

28                         “(iv) *amount and type of financing and access to capital*  
29                         *available to the applicant;*

30                         “(v) *types of businesses and research entities expected in the*  
31                         *science park and surrounding regional community;*

32                         “(vi) *letters of intent by businesses and research entities to*  
33                         *locate in the science park;*

1                                   “(vii) capability to attract a well-trained workforce to the  
2                                   science park;  
3                                   “(viii) management of the science park during its first 5 years;  
4                                   “(ix) expected financial risks in the construction and operation  
5                                   of the science park and the risk mitigation strategy;  
6                                   “(x) physical infrastructure available to the science park,  
7                                   including roads, utilities, and telecommunications;  
8                                   “(xi) utilization of energy-efficient building technology including  
9                                   nationally recognized green building design practices, renewable  
10                                  energy, cogeneration, and other methods that increase energy efficiency  
11                                  and conservation;  
12                                  “(xii) consideration to the transformation of military bases  
13                                  affected by the base realignment and closure process (BRAC) or the  
14                                  redevelopment of existing buildings, structures, or brownfield sites that  
15                                  are abandoned, idled, or underused into single or multiple building  
16                                  facilities for science and technology companies and institutions;  
17                                  “(xiii) ability to collaborate with other science parks throughout  
18                                  the world;  
19                                  “(xiv) consideration of sustainable development practices and  
20                                  the quality of life at the science park; and  
21                                  “(xv) other such criteria as the Secretary shall prescribe.

22                   “(4) AUTHORIZATION OF APPROPRIATIONS.—Of the amounts otherwise authorized  
23                   for economic development assistance programs under section 701 of this Act, there are  
24                   hereby authorized to be appropriated \$7,500,000 for each of the fiscal years 2011  
25                   through 2015 to carry out this subsection.

26                   “(d) LOAN GUARANTEES FOR SCIENCE PARK INFRASTRUCTURE.--(1) IN GENERAL.-- Subject  
27                   to paragraph (2), the Secretary may guarantee up to 80 percent of the loan amount for projects  
28                   for the construction, renovation, or expansion of science park infrastructure.

29                   “(2) LIMITATIONS OF GUARANTEE AMOUNTS.-- The maximum amount of loan  
30                   principal guaranteed under this subsection may not exceed--

31                                   “(A) \$50,000,000 with respect to any single project; and

32                                   “(B) \$500,000,000 with respect to all projects.

33                   “(3) SELECTION OF GUARANTEE RECIPIENTS.-- The Secretary shall select  
34                   recipients of loan guarantees under this subsection based upon the ability of the recipient

1        *to collateralize the loan amount through bonds, equity, property, and such other things of*  
2        *value as the Secretary shall deem necessary. Recipients of grants under subsection (a)*  
3        *are not eligible for a loan guarantee during the period of such grant. To the extent that*  
4        *the Secretary determines it to be feasible, the Secretary may select recipients of*  
5        *guarantee assistance in accord with a competitive process that takes into account the*  
6        *factors set out in subsection (c) of this section.*

7                *“(4) TERMS AND CONDITIONS FOR LOAN GUARANTEES.-- The loans guaranteed*  
8        *under this subsection shall be subject to such terms and conditions as the Secretary may*  
9        *prescribe, except that--*

10                *“(A) the final maturity of such loans made or guaranteed may not exceed*  
11        *the lesser of--*

12                        *“(i) 30 years; or*

13                        *“(ii) 90 percent of the useful life of any physical asset to be*  
14        *financed by such loan;*

15                *“(B) a loan guaranteed under this subsection may not be subordinated to*  
16        *another debt contracted by the borrower or to any other claims against the*  
17        *borrowers in the case of default;*

18                *“(C) a loan may not be guaranteed under this subsection unless the*  
19        *Secretary determines that the lender is responsible and that provision is made for*  
20        *servicing the loan on reasonable terms and in a manner that adequately protects*  
21        *the financial interest of the United States;*

22                *“(D) a loan may not be guaranteed under this subsection if--*

23                        *“(i) the income from such loan is excluded from gross income*  
24        *for purposes of chapter 1 of the Internal Revenue Code of 1986; or*

25                        *“(ii) the guarantee provides significant collateral or security, as*  
26        *determined by the Secretary in coordination with the Secretary of the*  
27        *Treasury, for other obligations the income from which is so excluded;*

28                *“(E) any guarantee provided under this subsection shall be conclusive*  
29        *evidence that--*

30                        *“(i) the guarantee has been properly obtained;*

31                        *“(ii) the underlying loan qualified for such guarantee; and*

32                        *“(iii) absent fraud or material misrepresentation by the holder,*  
33        *the guarantee is presumed to be valid, legal, and enforceable;*

1                   “(F) the Secretary may not extend credit assistance unless the Secretary  
2                   has determined that there is a reasonable assurance of repayment; and

3                   “(G) new loan guarantees may not be committed except to the extent that  
4                   appropriations of budget authority to cover their costs are made in advance, as  
5                   required under section 504 of the Federal Credit Reform Act of 1990 (2 U.S.C.  
6                   § 661c).

7                   “(5) PAYMENT ON LOSSES.--

8                   “(A) IN GENERAL.-- If, as a result of a default by a borrower under a loan  
9                   guaranteed under this subsection, after the holder has made such further  
10                  collection efforts and instituted such enforcement proceedings as the Secretary  
11                  may require, the Secretary determines that the holder has suffered a loss, the  
12                  Secretary shall pay to such holder the percentage of such loss specified in the  
13                  guarantee contract. Upon making any such payment, the Secretary shall be  
14                  subrogated to all the rights of the recipient of the payment. The Secretary shall  
15                  be entitled to recover from the borrower the amount of any payments made  
16                  pursuant to any guarantee entered into under this section.

17                  “(B) ENFORCEMENT OF RIGHTS.-- The Attorney General shall take such  
18                  action as may be appropriate to enforce any right accruing to the United States  
19                  as a result of the issuance of any guarantee under this section.

20                  “(C) FORBEARANCE.-- Nothing in this section may be construed to  
21                  preclude any forbearance for the benefit of the borrower which may be agreed  
22                  upon by the parties to the guaranteed loan and approved by the Secretary, if  
23                  budget authority for any resulting subsidy costs (as defined in section 502(5) of  
24                  the Federal Credit Reform Act of 1990) is available.

25                  “(6) REVIEW.—(A) the Secretary shall periodically assess the credit risk of new  
26                  and existing direct loans or guaranteed loans.

27                               “(B) Not later than 2 years after the date of the enactment of this  
28                               section, the Comptroller General of the United States shall--

29                                       “(i) conduct a review of the subsidy estimates for the  
30                                       loan guarantees under this subsection; and

31                                       “(ii) submit to Congress a report on the review  
32                                       conducted under this paragraph.

33                  “(7) TERMINATION.--A loan may not be guaranteed under this subsection after  
34                  September 30, 2015.

“(8) *AUTHORIZATION OF APPROPRIATIONS.—Of the amounts otherwise authorized to be appropriated for economic development assistance programs under section 701 of this Act, there are hereby authorized to be appropriated--*

“(A) *such sums as are necessary annually for the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) of guaranteeing up to \$235,000,000 in loans under this subsection; and*

“(B) *such sums as may be necessary for administrative expenses in fiscal year 2011 and thereafter, such sums to remain available until expended.*

## **SEC. 9. ECONOMIC ADJUSTMENT PROGRAM IMPROVEMENTS.**

(a) **OPERATING SUPPORT FOR BUSINESS INCUBATORS.** Subsection (a) of section 209 of the Act is amended by inserting ‘*science and research parks*’ between ‘public facilities,’ and ‘public services’ in the first sentence thereof and by inserting ‘*challenge grants and prizes, and operating support for a business incubator*’ after ‘, revolving loan fund’ within the parenthetical expression in the first sentence thereof.

(b) **GROWTH COMMUNITIES.** Subsection (c) of section 209 of the Act is amended by striking ‘injured’ and in lieu thereof inserting ‘impacted’ and revising paragraph (1) of this subsection to read as follows:

“(1) *military base closures, realignments, or mission growth, defense contractor reductions in force, or Department of Energy defense-related funding reductions, for help in diversifying their economies or otherwise supporting the economic adjustment activities of the Secretary of Defense through projects to be carried out on Federal Government installations or elsewhere in the communities;”.*

(c) **EXPANDING LOCAL FLEXIBILITY TO DEAL WITH REVOLVING LOAN FUNDS AND PROGRAMMATIC IMPROVEMENTS.** —

(1) Subsection (d) of section 209 is amended by re-designating paragraphs (2)(B) and (2)(C) as (2)(C) and (2)(D) and adding a new paragraph (2)(B) to read as follows:

“(B) *at the request of a grantee, approve the transfer of all or a portion of the assets of a revolving loan fund to another eligible recipient*

1                   to assist in establishing or maintaining a multi-region or national  
2                   revolving loan fund which has a focus on sustainable economic  
3                   development practices as provided in section 218 of this Act;”.

4  
5                   (2) Subsection (d) of section 209 is amended by inserting a new sentence  
6                   at the end of paragraph (3) to read as follows: “*In the event that the Secretary*  
7                   *realizes proceeds as a result of a termination of a revolving loan fund award*  
8                   *previously made under this Act, the Secretary may transfer and merge such*  
9                   *proceeds with funds received to carry out this Act and use such proceeds to make*  
10                  *additional revolving loan fund awards.*”.

11                  (3) Subsection (d) of section 209 is further amended by inserting new  
12                  paragraph (5) to read as follows:

13                  “(5) *CONVERSION OF PROJECT ASSETS. If a recipient determines that a*  
14                  *revolving loan fund established with funds available to the Secretary pursuant to*  
15                  *this section is no longer needed as indicated by its inability to meet capital*  
16                  *lending standards as the Secretary may prescribe, and the Secretary determines*  
17                  *that the recipient is unable to improve operations by consolidating the fund with*  
18                  *another fund or by changes in lending areas and borrowing criteria pursuant to*  
19                  *paragraph (d)(2) of this section, the Secretary may consider the recipient’s*  
20                  *request to convert project assets for use in connection with one or more other*  
21                  *projects that meets or meet the requirements of this Act. The Secretary may*  
22                  *approve a request to convert project assets if the Secretary determines that the*  
23                  *proposed reuse of the funds by the recipient will make better use of such funds in*  
24                  *light of the recipient’s current economic development needs.*

25                  “(A) *A recipient may accomplish such conversion under this*  
26                  *subsection by selling revolving loan fund assets to a third party. The*  
27                  *recipient shall use net proceeds from such sale to finance up to 100*  
28                  *percent of the cost of one or more projects that otherwise meets or meet*  
29                  *the requirements of this Act (except that for purposes of section 301 of this*  
30                  *Act, eligibility shall be presumed).*

31                  “(B) *A recipient may also accomplish such conversion over time*  
32                  *by retaining repayments of principal and interest on loans. Such*  
33                  *conversion shall be in accord with a strategic re-use plan approved by the*  
34                  *Secretary to allow for the build up of capital over time until sufficient*  
35                  *funds are accumulated to fund other projects that meet the requirements of*

*this Act. Interest earned on such retained repayments may also be retained by the recipient and used in accordance with such strategic re-use plan.*

*“(C) The Secretary may attach such terms and conditions to a proposed conversion of project assets under this section as the Secretary deems appropriate. The Secretary shall ensure that any funds intended for conversion under this paragraph of this subsection are used in an expeditious manner.”.*

(d) RELEASE.— Paragraph (b)(2) of section 601 is amended by adding “RELEASE.— (A) IN GENERAL--.” in front of the existing text and adding a new paragraph (B) to read as follows:

*“(B) REVOLVING LOAN FUND PROGRAM. The Secretary may release the Government’s interest in connection with a grant under subsection (d) of section 209 of this Act (42 U.S.C. § 3149) after the date that is 7 years after the date on which the grant was fully disbursed, provided the Secretary determines that such recipient has carried out the terms of the award in a satisfactory manner and provided that the Secretary determines that any proceeds realized from the release of the Government’s interest will be used for one or more activities that continue to carry out the economic development purposes of this Act. The Secretary may also establish such additional terms and conditions as deemed appropriate.”.*

## **SEC. 10. SUSTAINABLE ECONOMIC DEVELOPMENT.**

Section 218 of the Act is amended to read as follows:

**“SEC. 218. SUSTAINABLE ECONOMIC DEVELOPMENT.** (42 U.S.C. § 3154d)

*“(a) In administering programs under this Act, the Secretary shall support activities which will employ economic development practices that contribute to the preservation and enhancement of environmental quality by limiting the nation’s dependence on non-renewable fuels, enhancing energy efficiency, curbing greenhouse-gas emissions, protecting natural systems, and promoting development and redevelopment on previously developed land. By supporting these activities as an essential part of carrying out the agency’s core mission of economic development, the Secretary will effectively contribute to the growth of an environmentally sustainable economy by supporting the efforts of rural and urban regions in developing new and emerging business clusters related to renewable energy, environmental technology, and*

1 *natural resource restoration. For purposes of this section, an ‘environmentally*  
2 *sustainable economy’ refers to the development, manufacturing and use of products,*  
3 *processes and services that contribute to economic growth and alleviate economic*  
4 *distress by respecting, repairing, and sustaining the environment.*

5 *“(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated*  
6 *to carry out this section \$25,000,000 for fiscal year 2010, \$16,500,000 for fiscal year*  
7 *2011, and such sums as may be necessary for each of fiscal years 2012 through 2015, to*  
8 *remain available until expended.”.*

9  
10 **SEC. 11. COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES**  
11 **IMPROVEMENTS.**

12 Section 302 of the Act is amended by:

13 (1) Inserting ‘*and opportunities*’ after ‘problems’ in paragraph (1) of  
14 subsection (a);

15 (2) Inserting ‘*and non-profit*’ after ‘private’ in paragraph (2) of subsection  
16 (a);

17 (3) In paragraph (3)(A) of subsection (a), inserting ‘*and opportunities*’  
18 after ‘economic problems’; inserting ‘*effective*’ after ‘the’ and before ‘use’; and  
19 deleting ‘balances’ and inserting in lieu thereof ‘*optimizes*’;

20 (4) In paragraph (3)(B) of subsection (a), inserting ‘*and take advantage of*  
21 *the opportunities*’ at the end thereof;

22 (5) Inserting ‘*State, and locally*’ after ‘federally’ and before ‘supported’ in  
23 paragraph (1) of subsection (c).

24  
25 **SEC. 12. DISTRICT DESIGNATION REVIEW.**

26 Section 402 of the Act is amended by adding at the end thereof the following:

27 *“The Secretary shall also review district designations periodically to evaluate whether*  
28 *they are aligned in a manner to best meet current economic development and labor force*  
29 *needs. The Secretary may also approve the combination of existing districts when*  
30 *warranted and provide a level of assistance commensurate with that combination.”.*



**SEC. 13. ADMINISTRATIVE EXPENSES.**

Subsection (c) of section 604 of the Act is amended by re-designating paragraph (2)(B) as *paragraph (2)(C) and adding a new paragraph (2)(B) to read as follows;*

*“(B) may be used for administrative expenses incident to the projects associated with such transfers to the extent that such expenses do not exceed 3 percent in the case of projects not involving construction and 5 percent in the case of projects involving construction; and”.*

**SEC. 14. ENHANCED AUTHORITY TO INCREASE LOCAL FLEXIBILITY WITH RESPECT TO MAINTENANCE OF EFFORT.**

Title VI of the Act is amended by adding a new section 613 at the end thereof to read as follows:

**“SEC. 613. MAINTENANCE OF EFFORT.**

*“(a) PERIOD OF FEDERAL INTEREST. To carry out the purposes of this Act, before awarding assistance for a construction project, the Secretary shall establish the expected period during which a recipient must make best efforts to accomplish economic development objectives of the investment assistance. In order to secure the Government’s interest in obtaining the efforts for the entire period, property that is acquired or improved, in whole or in part, with investment assistance shall be held in trust by the recipient for the benefit of the project for the entire period, during which time the Secretary shall retain an undivided equitable reversionary interest in the property. If the Secretary determines that a recipient has fulfilled its obligations for the entire period with due regard for economic conditions present during the period, the Secretary may terminate the Government’s interest.*

*“(b) TERMINATION OF FEDERAL INTEREST. If a recipient determines that its economic development needs have changed since the time of the grant award but before the expiration of the period of Federal interest, the recipient may request the Secretary to extinguish the Federal interest in advance of the date established under subsection (a) of this section. The Secretary may approve that request upon payment of the Federal share in accord with the following:*

1                   “(1) If the recipient requests termination on or before the 10<sup>th</sup> anniversary  
2                   of the date of award, the recipient shall repay 100 percent of the fair market value  
3                   of the pro rata Federal share of the project;

4                   “(2) If the recipient requests termination after the 10<sup>th</sup> anniversary of the  
5                   date of award, the recipient shall repay the Federal share of the fair market value  
6                   as if the value of the Federal share had been amortized over the period  
7                   designated pursuant to subsection (a) based on a straight-line depreciation of the  
8                   project throughout its estimated useful life.

9                   “(c) *TERMS AND CONDITIONS.* The authority of the Secretary under this section is  
10                  in addition to any authority currently available under law or grant agreement. The  
11                  Secretary may attach such terms and conditions as the Secretary deems appropriate in  
12                  exercising this authority, including extending the period of Federal interest when the  
13                  Secretary determines that a recipient’s performance has been less than fully satisfactory.

14                  “(d) *PREVIOUSLY EXTENDED ASSISTANCE.* Upon request of a recipient of assistance  
15                  previously extended under the Act prior to the date of enactment of the Public Works and  
16                  Economic Development Improvements Act of 2010, the Secretary may approve a period  
17                  of Federal interest applicable to that previous award in a manner consistent with  
18                  subsections (a) through (c) of this section in order to provide for uniform administration  
19                  of the Act notwithstanding estimated useful life periods that may otherwise pertain to the  
20                  award of assistance. In addition, when a recipient demonstrates that the original  
21                  intended use of a project funded with assistance under this Act no longer represents the  
22                  best use of such project property, the Secretary may approve the recipient’s request to  
23                  convert the project to a different use for the remainder of the term of the Federal interest  
24                  provided that the new use is consistent with the purposes of this Act.”.

25

26       **SEC. 15. EXTENSION OF AUTHORIZATION.**

27                  Section 701 of the Act is amended to read as follows;

28

29       “*SEC. 701. GENERAL AUTHORIZATION OF APPROPRIATIONS.* (42 U.S.C. § 3231)

30                  (a) *ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS.*— There are authorized  
31                  to be appropriated for economic development assistance programs to carry out  
32                  this Act, to remain available until expended, \$255,000,000 for the period

1           *beginning October 1, 2009, and ending September 30, 2010, \$246,000,000 for the*  
2           *period beginning October 1, 2010, and ending September 30, 2011, and such*  
3           *sums as may be necessary for the period beginning October 1, 2011, and ending*  
4           *September 30, 2015.*

5           “(b) SALARIES AND EXPENSES.— *There are authorized to be appropriated for*  
6           *salaries and expenses of administering this Act, to remain available until expended,*

7                       “(1) \$38,000,000 for the period beginning October 1, 2009, and ending  
8           *September 30, 2010;*

9                       “(2) \$40,181,000 for the period beginning October 1, 2010, and ending  
10           *September 30, 2011; and*

11                      “(3) *such sums as may be necessary for each fiscal year thereafter.*”.

12

13       **SEC. 16. PRIOR DISASTER APPROPRIATION FUNDS.**

14           Section 703 of the Act is amended by adding a new subsection (c) at the end  
15       thereof to read as follows:

16           “(c) *MERGING OF MISCELLANEOUS DISASTER FUNDS. As determined to be necessary*  
17       *to administer programs under this Act in an efficient manner, the Secretary is authorized*  
18       *to transfer and merge prior year disaster appropriations into the economic development*  
19       *assistance programs account whenever the Secretary determines that such funds are no*  
20       *longer reasonably necessary to respond to those disasters, provided that the Secretary’s*  
21       *authority under this provision shall extend only to the extent that such appropriations*  
22       *under prior Acts do not exceed \$10,000,000 in any one fiscal year, such merged funds to*  
23       *remain available until expended. Amounts in excess of that amount shall be returned to*  
24       *the general fund of the Treasury.*”.