

105TH CONGRESS
2D SESSION

H. R. 4666

To authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, to provide grant funding for 20 empowerment zones, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 1998

Mr. HINCHEY (for himself, Mr. WATKINS, Mr. OLVER, Ms. LEE, Ms. WATERS, Mr. RODRIGUEZ, Mr. BRADY of Pennsylvania, Mrs. THURMAN, and Mr. JACKSON of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, to provide grant funding for 20 empowerment zones, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Empowerment Zone
5 Enhancement and Rural Enterprise Communities Act of
6 1998”.

1 **SEC. 2. SELECTION OF ADDITIONAL ENTERPRISE COMMU-**
2 **NITIES.**

3 (a) IN GENERAL.—Section 1391(g)(1) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) in the first sentence by inserting before the
6 period at the end the following: “, and an additional
7 33 nominated areas as enterprise communities in
8 rural areas”, and

9 (2) in the second sentence by striking “Of that
10 number” and inserting “Of the 20 additional em-
11 powerment zones created pursuant to this para-
12 graph”.

13 (b) EXTENSION OF APPLICATION DEADLINE FOR
14 NEW RURAL ENTERPRISE COMMUNITIES.—Paragraph
15 (2) of section 1391(g) of such Code (relating to period
16 designations may be made and take effect) is amended to
17 read as follows:

18 “(2) PERIOD DESIGNATIONS MAY BE MADE AND
19 TAKE EFFECT.—

20 “(A) EMPOWERMENT ZONE.—A designa-
21 tion of an empowerment zone may be made
22 under this subsection after August 5, 1997, and
23 before January 1, 1999.

24 “(B) RURAL ENTERPRISE COMMUNITY.—A
25 designation of a rural enterprise community

1 may be made under this subsection after Au-
2 gust 5, 1997, and before January 1, 2000.”.

3 (c) MODIFICATIONS TO ELIGIBILITY CRITERIA.—

4 (1) POVERTY RATE.—Clause (v) of section
5 1391(g)(3)(A) of such Code is amended to read as
6 follows:

7 “(v) SPECIAL RULE FOR RURAL EM-
8 POWERMENT ZONES AND ENTERPRISE
9 COMMUNITIES.—The Secretary of Agri-
10 culture may designate an empowerment
11 zone or enterprise community in a rural
12 area (but not more than 1 empowerment
13 zone and 16 enterprise communities) with-
14 out regard to clause (i) if the area to be
15 designated satisfies 1 or more of the fol-
16 lowing criteria:

17 “(I) Emigration criteria specified
18 by the Secretary of Agriculture.

19 “(II) Underemployment criteria
20 specified by the Secretary of Agri-
21 culture.

22 “(III) Is an area which the Sec-
23 retary of Agriculture has determined
24 has experienced, or may reasonably be
25 foreseen to experience, a special need

1 to meet an expected rise in unemploy-
2 ment, or other economic adjustment
3 problems, including those caused by
4 any action or decision of the Federal
5 Government.

6 “(IV) Is an area which the Sec-
7 retary of Agriculture has determined
8 has experienced, or may reasonably be
9 foreseen to experience, a sudden eco-
10 nomic dislocation resulting in job loss
11 that is significant both in terms of the
12 number of jobs eliminated and the ef-
13 fect upon the employment rate of the
14 area.”.

15 (2) SIZE LIMITATION.—Clause (i) of section
16 1391(g)(3)(B) of such Code is amended to read as
17 follows:

18 “(i) IN GENERAL.—

19 “(I) DEVELOPABLE SITES NOT
20 TAKEN INTO ACCOUNT.—The parcels
21 described in subparagraph (A)(iii)
22 shall not be taken into account in de-
23 termining whether the requirement of
24 subparagraph (A) or (B) of section
25 1392(a)(3) is met.

1 “(II) INAPPLICABLE TO CERTAIN
2 AREAS.—The Secretary of Agriculture
3 may designate no more than 1 em-
4 powerment zone and no more than 8
5 enterprise communities in rural areas
6 without regard to subparagraph (A)
7 or (B) of section 1392(a)(3) so long
8 as such zone or community (as the
9 case may be) meets the eligibility cri-
10 teria set forth in this paragraph.”.

11 (d) ZONE FACILITY BONDS.—

12 (1) USE OF BOND PROCEEDS MUST BE CON-
13 SISTENT WITH STRATEGIC PLAN.—Subparagraph
14 (C) of section 1394(f)(2) of such Code is amended
15 by adding at the end the following new clause:

16 “(iii) In the case of new empowerment
17 zone facility bonds issued after the date of
18 the enactment of the Empowerment Zone
19 Enhancement and Rural Enterprise Com-
20 munities Act of 1998 (including an issue of
21 refunding bonds), paragraph (1) and sub-
22 section (a) shall not apply if the bond pro-
23 ceeds will be used for activities which are
24 inconsistent with the strategic plan for
25 such empowerment zone.”.

1 (2) LIMITATION.—Section 1394 of such Code is
 2 amended by adding at the end the following new
 3 subsection:

4 “(g) ENTERPRISE COMMUNITY BONDS EX-
 5 CLUDED.—For purposes of this section, the terms ‘exempt
 6 facility bond’ and ‘new empowerment zone facility bond’
 7 (f) shall not include any bond issued by a rural enterprise
 8 community designated pursuant to section 1391(g)(1).”.

9 (e) ZONE ACADEMY BONDS.—

10 (1) COMPREHENSIVE EDUCATION PLAN MUST
 11 NOT BE INCONSISTENT WITH STRATEGIC PLAN.—
 12 Subparagraph (A) of section 1397E(d)(4) of such
 13 Code is amended by striking “and” at the end of
 14 clause (iii), by striking the period at the end of
 15 clause (iv) and inserting “, and”, and by adding at
 16 the end the following new clause:

17 “(v) in the case of an empowerment
 18 zone, the comprehensive education plan of
 19 such public school or program (as the case
 20 may be) is not inconsistent with the strate-
 21 gic plan for such empowerment zone.”.

22 (2) ALLOCATION OF NATIONAL LIMITATION TO
 23 RURAL EMPOWERMENT ZONES.—Subsection (c) of
 24 section 1397E of such Code is amended by adding
 25 at the end the following new paragraph:

1 “(5) ALLOCATION TO RURAL EMPOWERMENT
 2 ZONES.—For each calendar year, not less than 25
 3 percent of the national zone academy bond limitation
 4 shall be allocated to empowerment zones in rural
 5 areas.”.

6 (f) ELIGIBILITY OF INSULAR AREAS.—Subsection (a)
 7 of section 1393 of such Code is amended by adding at
 8 the end the following new paragraph:

9 “(10) STATE.—For the purposes of designating
 10 rural enterprise communities after the date of the
 11 enactment of the Empowerment Zone Enhancement
 12 and Rural Enterprise Communities Act of 1998, the
 13 term ‘State’ includes Puerto Rico, the Virgin Is-
 14 lands, Guam, American Samoa, and the Common-
 15 wealth of the Northern Mariana Islands.”.

16 (g) TECHNICAL AMENDMENT.—Subparagraph (C) of
 17 section 1391(g)(3) of such Code is amended by striking
 18 “paragraph (1)(B)” and inserting “paragraph (3)(B)”.

19 **SEC. 3. RECOGNITION AND INCENTIVES FOR WELL PER-**
 20 **FORMING EMPOWERMENT ZONES AND EN-**
 21 **TERPRISE COMMUNITIES.**

22 (a) PRIORITY GIVEN TO WELL PERFORMING ENTER-
 23 PRISE COMMUNITIES.—Subparagraph (D) of section
 24 1391(g)(3) of the Internal Revenue Code of 1986 (relating

1 to modifications to eligibility criteria, etc.) is amended to
 2 read as follows:

3 “(D) PREVIOUSLY DESIGNATED ENTER-
 4 PRISE COMMUNITIES MAY BE INCLUDED.—

5 “(i) IN GENERAL.—Subsection (e)(5)
 6 shall not apply to any enterprise commu-
 7 nity designated under subsection (a) that
 8 is also nominated for designation under
 9 this subsection.

10 “(ii) PRIORITY.—In ranking nomina-
 11 tions for designation as an empowerment
 12 zone under paragraph (1), the appropriate
 13 Secretary shall give additional points in
 14 the designation process for any nominated
 15 area if such area includes a well perform-
 16 ing enterprise community.”.

17 (b) RECOGNITION OF WELL PERFORMING EM-
 18 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—
 19 Section 1391 of such Code (relating to designation proce-
 20 dure) is amended by adding at the end the following new
 21 subsection:

22 “(h) RECOGNITION OF WELL PERFORMING EM-
 23 POWERMENT ZONES AND ENTERPRISE COMMUNITIES.—
 24 For purposes of subsection (g)—

1 “(1) IN GENERAL.—The appropriate Secretary
2 shall—

3 “(A) recognize annually the well perform-
4 ing empowerment zones and enterprise commu-
5 nities, and

6 “(B) disseminate the best practices of the
7 well performing empowerment zones and enter-
8 prise communities to other designated empower-
9 ment zones and enterprise communities.

10 “(2) WELL PERFORMING EMPOWERMENT ZONE
11 AND ENTERPRISE COMMUNITY.—The terms ‘well
12 performing empowerment zone’ and ‘well performing
13 enterprise community’ mean an empowerment zone
14 or an enterprise community, as the case may be,
15 that, as of the end of the applicable period of evalua-
16 tion, has completed or made substantial progress in
17 the implementation of the strategic plan submitted
18 in the application for designation as an empower-
19 ment zone or enterprise community under this sec-
20 tion, as determined by the appropriate Secretary.”.

21 (c) ADDITIONAL FUNDING FOR EMPOWERMENT
22 ZONES AND ENTERPRISE COMMUNITIES DEMONSTRAT-
23 ING SATISFACTORY PERFORMANCE.—

24 (1) SOURCE OF FUNDING.—Notwithstanding
25 any other provision of law, the Secretary of Health

1 and Human Services may set aside up to 10 percent
2 of the amounts otherwise made available for urban
3 or rural empowerment zones after the date of enact-
4 ment of this Act under title XX of the Social Secu-
5 rity Act (42 U.S.C. 1397 et seq.) or under any other
6 provision of law, and such amount set aside shall be
7 used as provided in paragraphs (2) and (3).

8 (2) DISTRIBUTION OF FUNDS.—

9 (A) DETERMINATION OF SATISFACTORY
10 PROGRESS TOWARD IMPLEMENTATION OF STRA-
11 TEGIC PLAN.—If the Secretary of Housing and
12 Urban Development or the Secretary of Agri-
13 culture, as appropriate, determines that an
14 urban or rural empowerment zone or enterprise
15 community has completed or made satisfactory
16 progress in the implementation of its approved
17 strategic plan, then such Secretary may direct
18 the Secretary of Health and Human Services to
19 make funds available for such zone or commu-
20 nity.

21 (B) From amounts set aside under para-
22 graph (1), the Secretary of Health and Human
23 Services shall, at the direction of the Secretary
24 of Housing and Urban Development or the Sec-
25 retary of Agriculture under subparagraph (A),

1 make funds available to the State in which such
2 zone or community is located.

3 (3) USE OF FUNDS.—Amounts distributed
4 under paragraph (2) shall be used by an urban or
5 rural empowerment zone or enterprise community to
6 continue to implement its approved strategic plan.

7 **SEC. 4. FUNDING ENTITLEMENT FOR ADDITIONAL EM-**
8 **POWERMENT ZONES AND RURAL ENTER-**
9 **PRISE COMMUNITIES.**

10 (a) ENTITLEMENT.—Paragraph (1) of section
11 2007(a) of the Social Security Act (42 U.S.C. 1397f(a))
12 is amended—

13 (1) in subparagraph (A), by striking “in the
14 State; and” and inserting “in the State designated
15 pursuant to section 1391(b) of the Internal Revenue
16 Code of 1986;”,

17 (2) in subparagraph (B), by striking the period
18 at the end and inserting “; and”, and

19 (3) by adding at the end the following new sub-
20 paragraph:

21 “(C) 10 grants under this section for each qualified
22 empowerment zone and 2 grants for each qualified rural
23 enterprise community in the State designated pursuant to
24 section 1391(g) of such Code.”.

1 (b) AMOUNT OF GRANTS.—Paragraph (2) of section
2 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

3 (1) in the heading of subparagraph (A), by
4 striking “EMPOWERMENT” and inserting “ORIGINAL
5 EMPOWERMENT”,

6 (2) in subparagraph (A), in the matter preced-
7 ing clause (i), by inserting “described in paragraph
8 (1)(A)” after “empowerment zone”,

9 (3) by redesignating subparagraph (C) as sub-
10 paragraph (D), and

11 (4) by inserting after subparagraph (B) the fol-
12 lowing new subparagraph:

13 “(C) ADDITIONAL EMPOWERMENT
14 GRANTS.—The amount of each grant to a State
15 made under this section for a qualified em-
16 powerment zone or rural enterprise community
17 described in paragraph (1)(C) shall—

18 “(i) not exceed \$10,000,000 if the
19 area is designated as an urban empower-
20 ment zone,

21 “(ii) not exceed \$2,000,000 if the
22 area is designated as a rural empowerment
23 zone, or

24 “(iii) be \$1,500,000 if the area is des-
25 ignated as a rural enterprise community,

1 multiplied by the proportion of the population
2 of the zone that resides in that State.”.

3 (c) TIMING OF GRANTS.—Paragraph (3) of section
4 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

5 (1) in the heading of subparagraph (A) by
6 striking “QUALIFIED” and inserting “ORIGINAL
7 QUALIFIED”,

8 (2) in subparagraph (A), in the matter preced-
9 ing clause (i), by inserting “described in paragraph
10 (1)(A)” after “empowerment zone”, and

11 (3) by adding at the end the following new sub-
12 paragraphs:

13 “(C) ADDITIONAL QUALIFIED EMPOWER-
14 MENT ZONES.—With respect to each qualified
15 empowerment zone described in paragraph
16 (1)(C), the Secretary shall make—

17 “(i) 1 grant under this subsection to
18 the State (or, if applicable, to the govern-
19 ing body of the Indian tribe or tribal orga-
20 nization of the area) in which the em-
21 powerment zone lies, on the date of the
22 designation of the zone under such part I;
23 and

24 “(ii) 1 grant under this subsection to
25 such State (or, if applicable, to the govern-

ing body of the Indian tribe or tribal organization of the area), on the first day of each of the nine fiscal years that begin after the date of the designation.

“(D) ADDITIONAL QUALIFIED ENTERPRISE COMMUNITIES.—With respect to each qualified enterprise community described in paragraph (1)(C), the Secretary shall make—

“(i) 1 grant under this subsection to the State (or, if applicable, to the governing body of the Indian tribe or tribal organization of the area) in which the rural enterprise community lies, on the date of the designation of the zone under such part I; and

“(ii) 1 grant under this subsection to such State (or, if applicable, to the governing body of the Indian tribe or tribal organization of the area), on the first day of the fiscal year that begins one year after the date of the designation.”.

(d) FUNDING.—Paragraph (4) of section 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

(1) by redesignating the matter following the caption as subparagraph (A), by indenting such

1 matter, and by moving such matter 2 ems to the
2 right,

3 (2) by inserting “ORIGINAL GRANTS.—” after
4 the subparagraph designation “(A)”,

5 (3) in subparagraph (A), as so redesignated, by
6 inserting before the period “for empowerment zones
7 and enterprise communities described in subpara-
8 graphs (A) and (B) of paragraph (1)”, and

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

11 “(B) ADDITIONAL GRANTS.—
12 \$1,700,000,000 shall be made available to the
13 Secretary for grants under this section for em-
14 powerment zones and enterprise communities
15 described in subparagraphs (C) and (D) of
16 paragraph (1).”.

17 (e) COMMUNITY PLANNING GRANTS.—

18 (1) IN GENERAL.—From amounts made avail-
19 able to carry out section 2007 of the Social Security
20 Act, the Secretary may make grants to assist rural
21 communities in participating in the application proc-
22 ess under section 1391 of the Internal Revenue Code
23 of 1986 for designation as a rural empowerment
24 zone or enterprise community, as the case may be.

25 (2) LIMITATIONS.—

1 (A) No grant under paragraph (1) may ex-
 2 ceed \$10,000.

3 (B) The Secretary may not make more
 4 than 1 grant under this subsection to a commu-
 5 nity.

6 (C) The Secretary may not make more
 7 than 100 grants under this subsection.

8 (3) DEFINITIONS.—For purposes of this sub-
 9 section—

10 (A) COMMUNITY.—The term “community”
 11 includes a regional development organization.

12 (B) REGIONAL DEVELOPMENT ORGANIZA-
 13 TION.—The term “regional development organi-
 14 zation” means any organization recognized or
 15 designated by the appropriate official or agency
 16 of a State government as a regional or substate
 17 multijurisdictional planning or development
 18 agency.

19 (f) REPEAL OF RESTRICTION ON EXPENSING IN DE-
 20 VELOPABLE SITES.—Section 1397A of the Internal Reve-
 21 nue Code of 1986 (relating to increase in expensing under
 22 section 179) is amended by striking subsection (c).

23 **SEC. 5. RESPONSIBILITY FOR ENVIRONMENTAL REVIEW.**

24 Section 2007 of the Social Security Act (42 U.S.C.
 25 1397f) is amended by redesignating subsection (f) as sub-

1 section (g) and by inserting after subsection (e) the follow-
 2 ing new subsection:

3 “(f) ENVIRONMENTAL REVIEW.—

4 “(1) EXECUTION OF RESPONSIBILITY BY THE
 5 SECRETARY OF HOUSING AND URBAN DEVELOPMENT
 6 AND THE SECRETARY OF AGRICULTURE.—

7 “(A) APPLICABILITY.—This subsection
 8 shall apply to grants under this section in con-
 9 nection with empowerment zones and enterprise
 10 communities designated under section 1391(a)
 11 of the Internal Revenue Code of 1986 and em-
 12 powerment zones and rural enterprise commu-
 13 nities designated under section 1391(g) of such
 14 Code—

15 “(i) by the Secretary of Housing and
 16 Urban Development in the case of those lo-
 17 cated in urban areas; and

18 “(ii) by the Secretary of Agriculture
 19 in the case of those located in rural areas.

20 “(B) EXECUTION OF RESPONSIBILITY.—

21 With respect to grants described in subpara-
 22 graph (A), the Secretary of Housing and Urban
 23 Development and the Secretary of Agriculture,
 24 as appropriate, shall execute the responsibilities
 25 under the National Environmental Policy Act of

1 1969 and other provisions of law which further
 2 the purposes of such Act (as specified in regula-
 3 tions issued by each such Secretary under para-
 4 graph (2)(B)) that would otherwise apply to the
 5 Secretary of Health and Human Services, and
 6 may provide for the assumption of such respon-
 7 sibilities in accordance with paragraphs (2)
 8 through (5).

9 “(C) DEFINITION OF SECRETARY.—Except
 10 as used in subparagraphs (A) and (B), the term
 11 ‘Secretary’ as used in this subsection means the
 12 Secretary of Housing and Urban Development
 13 for purposes of grants under this section with
 14 respect to urban areas and means the Secretary
 15 of Agriculture for purposes of grants under this
 16 section with respect to rural areas.

17 “(2) ASSUMPTION OF RESPONSIBILITY BY
 18 STATES, UNITS OF GENERAL LOCAL GOVERNMENT,
 19 AND INDIAN TRIBES.—

20 “(A) RELEASE OF FUNDS.—In order to as-
 21 sure that the policies of the National Environ-
 22 mental Policy Act of 1969 and other provisions
 23 of law that further the purposes of such Act (as
 24 specified in regulations issued by the Secretary
 25 under paragraph (2)(B)) are most effectively

1 implemented in connection with the expenditure
2 of funds under this section, and to assure to the
3 public undiminished protection of the environ-
4 ment, the Secretary may, under such regula-
5 tions, in lieu of the environmental protection
6 procedures otherwise applicable, provide for the
7 release of funds for particular projects to recipi-
8 ents of assistance under this section if the
9 State, unit of general local government, or In-
10 dian tribe, as designated by the Secretary in ac-
11 cordance with regulations issued by the Sec-
12 retary under paragraph (2)(B), assumes all of
13 the responsibilities for environmental review,
14 decisionmaking, and action pursuant to such
15 Act, and such other provisions of law as the
16 regulations of the Secretary specify, that would
17 otherwise apply to the Secretary were the Sec-
18 retary to undertake such projects as Federal
19 projects.

20 “(B) IMPLEMENTATION.—The Secretary of
21 Housing and Urban Development and the Sec-
22 retary of Agriculture shall each issue regula-
23 tions to carry out this subsection only after con-
24 sultation with the Council on Environmental
25 Quality. Such regulations shall—

1 “(i) specify any other provisions of
2 law which further the purposes of the Na-
3 tional Environmental Policy Act of 1969
4 and to which the assumption of respon-
5 sibility as provided in this subsection ap-
6 plies;

7 “(ii) provide eligibility criteria and
8 procedures for the designation of a State,
9 unit of general local government, or Indian
10 tribe to assume all of the responsibilities in
11 this section;

12 “(iii) specify the purposes for which
13 funds may be committed without regard to
14 the procedure established under paragraph
15 (3);

16 “(iv) provide for monitoring of the
17 performance of environmental reviews
18 under this subsection;

19 “(v) in the discretion of the Secretary,
20 provide for the provision or facilitation of
21 training for such performance; and

22 “(vi) subject to the discretion of the
23 Secretary, provide for suspension or termi-
24 nation by the Secretary of the assumption
25 under subparagraph (A).

1 “(C) RESPONSIBILITIES OF STATE, UNIT
2 OF GENERAL LOCAL GOVERNMENT, OR INDIAN
3 TRIBE.—The Secretary’s duty under subpara-
4 graph (B) shall not be construed to limit any
5 responsibility assumed by a State, unit of gen-
6 eral local government, or Indian tribe with re-
7 spect to any particular release of funds under
8 subparagraph (A).

9 “(3) PROCEDURE.—The Secretary shall ap-
10 prove the release of funds for projects subject to the
11 procedures authorized by this subsection only if, not
12 less than 15 days prior to such approval and prior
13 to any commitment of funds to such projects (except
14 for such purposes specified in the regulations issued
15 under paragraph (2)(B)), the recipient submits to
16 the Secretary a request for such release accompanied
17 by a certification of the State, unit of general local
18 government, or Indian tribe which meets the require-
19 ments of paragraph (4). The approval by the Sec-
20 retary of any such certification shall be deemed to
21 satisfy the Secretary’s responsibilities pursuant to
22 paragraph (1) under the National Environmental
23 Policy Act of 1969 and such other provisions of law
24 as the regulations of the Secretary specify insofar as
25 those responsibilities relate to the release of funds

1 for projects to be carried out pursuant thereto which
2 are covered by such certification.

3 “(4) CERTIFICATION.—A certification under the
4 procedures authorized by this subsection shall—

5 “(A) be in a form acceptable to the Sec-
6 retary;

7 “(B) be executed by the chief executive of-
8 ficer or other officer of the State, unit of gen-
9 eral local government, or Indian tribe who
10 qualifies under regulations of the Secretary;

11 “(C) specify that the State, unit of general
12 local government, or Indian tribe under this
13 subsection has fully carried out its responsibil-
14 ities as described under paragraph (2); and

15 “(D) specify that the certifying officer—

16 “(i) consents to assume the status of
17 a responsible Federal official under the
18 National Environmental Policy Act of
19 1969 and each provision of law specified in
20 regulations issued by the Secretary insofar
21 as the provisions of such Act or other such
22 provision of law apply pursuant to para-
23 graph (2); and

24 “(ii) is authorized and consents on be-
25 half of the State, unit of general local gov-

1 ernment, or Indian tribe and himself or
 2 herself to accept the jurisdiction of the
 3 Federal courts for the purpose of enforce-
 4 ment of the responsibilities as such an offi-
 5 cial.

6 “(5) APPROVAL BY STATES.—In cases in which
 7 a unit of general local government carries out the re-
 8 sponsibilities described in paragraph (2), the Sec-
 9 retary may permit the State to perform those ac-
 10 tions of the Secretary described in paragraph (3).
 11 The performance of such actions by the State, where
 12 permitted, shall be deemed to satisfy the responsibil-
 13 ities referred to in the second sentence of paragraph
 14 (3).”.

15 **SEC. 6. PERFORMANCE MEASUREMENT AND EVALUATION.**

16 Section 2007 of the Social Security Act (42 U.S.C.
 17 1397f), as amended by section 5, is further amended by
 18 redesignating subsection (g) as subsection (h) and by in-
 19 serting after subsection (f) the following new subsection:

20 “(g) PERFORMANCE MEASUREMENT SYSTEM, RE-
 21 PORTS, AND EVALUATIONS, GRANT ADJUSTMENTS, AND
 22 RELATED MATTERS.—

23 “(1) APPLICABILITY.—The requirements of this
 24 subsection—

1 “(A) apply to all grants made by a State,
2 from grants to the State under subsection
3 (a)(2)(C), to lead implementing entities (as de-
4 fined in paragraph (7)) for empowerment zones
5 and rural enterprise communities designated
6 pursuant to section 1391(g) of the Internal
7 Revenue Code of 1986 (26 U.S.C. 1391(g));
8 and

9 “(B) are in addition to the annual report
10 and biennial audit requirements applicable to
11 States under section 2006.

12 “(2) PERFORMANCE MEASUREMENT SYSTEM.—

13 The lead implementing entity for an empowerment
14 zone or enterprise community shall establish a per-
15 formance measurement system as prescribed by the
16 Secretary to assist in assessing the extent to which
17 its strategic plan is being implemented and funds
18 made available under subsection (a)(2)(C) are being
19 used effectively.

20 “(3) PERFORMANCE REPORT.—Each lead im-

21 plementing entity shall submit to the Secretary (and
22 make available to the public upon request), at such
23 time and in such manner as the Secretary shall pre-
24 scribe, a report including an assessment of the
25 progress the empowerment zone or enterprise com-

1 munity has made toward implementing its strategic
2 plan, and such other information as the Secretary
3 shall prescribe. To the extent practicable, the report
4 shall also include information available to the lead
5 implementing entity with respect to the use of tax
6 incentives available to empowerment zones des-
7 ignated pursuant to section 1391(g) of the Internal
8 Revenue Code of 1986.

9 “(4) PERFORMANCE EVALUATIONS, ADJUST-
10 MENTS, AND RECORDKEEPING.—

11 “(A) PERFORMANCE EVALUATIONS.—The
12 Secretary shall regularly evaluate the progress
13 of the lead implementing entity for the em-
14 powerment zone or enterprise community in im-
15 plementing the strategic plan for the zone or
16 community, on the basis of performance reviews
17 and any other information that the Secretary
18 may require.

19 “(B) ADJUSTMENTS.—On the basis of the
20 Secretary’s evaluation under subparagraph (A),
21 the Secretary may direct the Secretary of
22 Health and Human Services to adjust, reduce,
23 or cancel the grant to a State under subsection
24 (a)(2)(C) for the current or any future fiscal
25 year or years, except that amounts already

1 properly expended by a lead implementing en-
2 tity on eligible activities under this Act shall
3 not be recaptured or deducted from future
4 grants to the State.

5 “(5) RETENTION OF RECORDS.—Each lead im-
6 plementing entity shall keep such records relating to
7 funds received from grants to the State under sub-
8 section (a)(2)(C), including the amounts and disposi-
9 tion of such funds and the types of activities funded,
10 as the Secretary determines to be necessary to en-
11 able the Secretary to evaluate the performance of
12 the lead implementing agency and to determine com-
13 pliance with the requirements of this subsection.

14 “(6) SECRETARY’S ACCESS TO DOCUMENTS.—
15 The Secretary shall have access, for the purpose of
16 evaluations and examinations pursuant to paragraph
17 (4)(A), to any books, documents, papers, and
18 records of any grantee or other entity or person that
19 are pertinent to grant amounts received in connec-
20 tion with this section.

21 “(7) DEFINITIONS.—For purposes of this sub-
22 section—

23 “(A) The term ‘lead implementing entity’
24 means the local government or governments,
25 the governance body of an empowerment zone

or enterprise community as specified in the strategic plan, or any non-profit entity that is principal administrator of an empowerment zone or enterprise community.

“(B) The term ‘Secretary’ means the Secretary of Housing and Urban Development for purposes of grants under this section with respect to urban areas and means the Secretary of Agriculture for purposes of grants under this section with respect to rural areas, except as the context otherwise indicates.”.

SEC. 7. CONVEYANCE OF EXCESS AGRICULTURAL DEPARTMENT PROPERTY.

(a) CONVEYANCE OF EXCESS AGRICULTURE DEPARTMENT PROPERTY TO SUPPORT EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—Section 923 of the Federal Agricultural Improvement and Reform Act of 1996 (7 U.S.C. 2206a) is amended—

(1) by striking “Notwithstanding” and inserting “(a) IN GENERAL.—Notwithstanding”,

(2) in paragraph (1) of subsection (a) (as designated by paragraph (1) of this subsection)—

(A) by striking “and” at the end of subparagraph (B), and

1 (B) by inserting after subparagraph (C)
 2 the following new subparagraph:

3 “(D) persons, including Federal, State, or
 4 local government agencies, for activities consist-
 5 ent with the strategic plan for an empowerment
 6 zone, enterprise community, or champion com-
 7 munity located in a rural area; and”, and

8 (3) by adding at the end the following new sub-
 9 section:

10 “(b) DEFINITION.—For the purpose of this section,
 11 the term ‘champion community’ means an applicant for
 12 designation as a rural empowerment zone or enterprise
 13 community whose strategic plan meets criteria specified
 14 by the Secretary of Agriculture.”.

15 **SEC. 8. EFFECTIVE DATES.**

16 (a) IN GENERAL.—Except as otherwise provided in
 17 this section, the amendments made by this Act shall take
 18 effect as if included in the amendments made by section
 19 952 of the Taxpayer Relief Act of 1997.

20 (b) ZONE ACADEMY BOND ALLOCATION.—The
 21 amendments made by section 2(e) shall apply to calendar
 22 years after 1998.

23 (c) EMPOWERMENT ZONE GRANTS; ENVIRONMENTAL
 24 RESPONSIBILITY AND PROPERTY CONVEYANCE.—Section
 25 4 (other than subsection (f)), 5, 6, and 7 and the amend-

1 ments made by such sections shall take effect on the date
2 of the enactment of this Act.

3 (d) RESTRICTION ON EXPENSING IN DEVELOPABLE
4 SITES.—The amendment made by section 4(f) shall apply
5 to property placed in service on or after the date of the
6 enactment of this Act.

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