

Union Calendar No. 104

106TH CONGRESS
1ST Session

H. R. 629

[Report No. 106-183]

A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community Development Financial Institutions Fund and to more efficiently and effectively promote economic revitalization, community development, and community development financial institutions, and for other purposes.

JUNE 14, 1999

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1999

Mr. VENTO (for himself and Mrs. ROUKEMA) introduced the following bill;
which was referred to the Committee on Banking and Financial Services

JUNE 14, 1999

Additional sponsors: Mr. LAFALCE, Mr. WALSH, Mr. FROST, Mr. OLVER, Mrs. JONES of Ohio, Ms. SCHAKOWSKY, Mr. MCGOVERN, Mr. HINCHEY, Mr. BENTSEN, Mr. FARR of California, Mr. JEFFERSON, Mr. SANDLIN, Mr. FRANK of Massachusetts, Mr. BARRETT of Wisconsin, Ms. DEGETTE, Mr. BROWN of California, Mr. RUSH, Mr. CASTLE, Mr. FATTAH, Ms. KILPATRICK, and Mr. GUTIERREZ

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A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to reauthorize the Community Development Financial Institutions Fund and to

more efficiently and effectively promote economic revitalization, community development, and community development financial institutions, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Community Development Financial Institutions Fund
 6 Amendments Act of 1999”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Change of status of the Fund; miscellaneous technical corrections.

Sec. 3. Amendments to programs administered by the Fund and the Bank
 Enterprise Act of 1991.

Sec. 4. Extension of authorization.

Sec. 5. Amendments to Small Business Capital Enhancement Program.

Sec. 6. Additional safeguards.

9 **SEC. 2. CHANGE OF STATUS OF THE FUND; MISCELLA-**
 10 **NEOUS TECHNICAL CORRECTIONS.**

11 (a) PURPOSE.—Section 102(b) of the Community
 12 Development Banking and Financial Institutions Act of
 13 1994 (12 U.S.C. 4701(b)) is amended to read as follows:

14 “(b) PURPOSE.—The purpose of this subtitle is to
 15 create a Community Development Financial Institutions
 16 Fund to promote economic revitalization and community
 17 development through investment in and assistance to com-
 18 munity development financial institutions, including en-
 19 hancing the liquidity of community development financial

1 institutions, and through incentives to insured depository
2 institutions that increase lending and other assistance and
3 investment in both economically distressed communities
4 and community development financial institutions.”.

5 (b) DEFINITIONS.—

6 (1) Section 103 of the Community Development
7 Banking and Financial Institutions Act of 1994 is
8 amended—

9 (A) by striking paragraph (1);

10 (B) by redesignating paragraphs (2)
11 through (17) as paragraphs (1) through (16),
12 respectively; and

13 (C) by inserting after paragraph (16), as
14 so redesignated, the following new paragraph:

15 “(17) SECRETARY.—Except in the case of sec-
16 tion 104(d)(2), the term ‘Secretary’ means the Sec-
17 retary of the Treasury.”.

18 (2) The Community Development Banking and
19 Financial Institutions Act of 1994 (12 U.S.C. 4701
20 et seq.) is amended (other than in section 118) by
21 striking “Administrator” each place such term ap-
22 pears and inserting “Secretary”.

23 (c) ESTABLISHMENT OF FUND WITHIN THE DE-
24 PARTMENT OF THE TREASURY.—

1 (1) IN GENERAL.—Section 104(a) of the Com-
2 munity Development Banking and Financial Institu-
3 tions Act of 1994 (12 U.S.C. 4703(a)) is amended
4 to read as follows:

5 “(a) ESTABLISHMENT.—

6 “(1) IN GENERAL.—There is established in the
7 Department of the Treasury a Community Develop-
8 ment Financial Institutions Fund that shall have the
9 functions specified by this subtitle and subtitle B of
10 Title II. The offices of the Fund shall be in Wash-
11 ington, D.C. The Fund shall not be affiliated with
12 any other agency or department of the Federal
13 Government.

14 “(2) WHOLLY OWNED GOVERNMENT CORPORA-
15 TION.—The Fund shall be a wholly owned govern-
16 ment corporation within the Department of the
17 Treasury and shall be treated in all respects as an
18 agency of the United States, except as otherwise
19 provided in this subtitle.”.

20 (2) AUTHORITY OF THE SECRETARY OF THE
21 TREASURY.—Section 104(b) of the Community De-
22 velopment Banking and Financial Institutions Act of
23 1994 (12 U.S.C. 4703(b)) is amended to read as
24 follows:

25 “(b) MANAGEMENT OF FUND.—

1 “(1) AUTHORITY OF SECRETARY OF THE
2 TREASURY.—All functions of the Fund shall be per-
3 formed by or under the supervision of the Secretary.

4 “(2) APPOINTMENT OF OFFICERS AND EMPLOY-
5 EES.—The Secretary may appoint such officers and
6 employees of the Fund, including a Director, as the
7 Secretary deems necessary or appropriate.”.

8 (3) INSPECTOR GENERAL.—

9 (A) IN GENERAL.—Section 118 of the
10 Community Development Banking and Finan-
11 cial Institutions Act of 1994 is amended to read
12 as follows:

13 **“SEC. 118. INSPECTOR GENERAL.**

14 “The Inspector General of the Department of the
15 Treasury shall be the Inspector General of the Fund.”.

16 (B) TECHNICAL AND CONFORMING AMEND-
17 MENT.—Section 11 of the Inspector General
18 Act of 1978 (5 U.S.C. App. 3) is amended—

19 (i) in paragraph (1), by striking “; the
20 Administrator of the Community Develop-
21 ment Financial Institutions Fund;”; and

22 (ii) in paragraph (2), by striking “the
23 Community Development Financial Insti-
24 tutions Fund,”.

1 (4) TECHNICAL CORRECTION TO RULEMAKING
 2 AUTHORITY.—Section 119(a)(1) of the Community
 3 Development Banking and Financial Institutions Act
 4 of 1994 (12 U.S.C. 4717(a)(1)) is amended to read
 5 as follows:

6 “(1) IN GENERAL.—The Secretary may pre-
 7 scribe such regulations and procedures as may be
 8 necessary to carry out this subtitle.”.

9 **SEC. 3. AMENDMENTS TO PROGRAMS ADMINISTERED BY**
 10 **THE FUND AND THE BANK ENTERPRISE ACT**
 11 **OF 1991.**

12 (a) AMENDMENTS TO COMMUNITY DEVELOPMENT
 13 FINANCIAL INSTITUTIONS PROGRAM.—

14 (1) FORM OF ASSISTANCE PROVIDED.—Section
 15 108(a)(1)(B)(iii) of the Community Development
 16 Banking and Financial Institutions Act of 1994 (12
 17 U.S.C. 4707(a)(1)(B)(iii)) is amended by inserting
 18 “through cooperative agreements or” before “by
 19 contracting”.

20 (2) TRAINING PROGRAMS.—Section 109(d) of
 21 the Community Development Banking and Financial
 22 Institutions Act of 1994 (12 U.S.C. 4708(d)) is
 23 amended to read as follows:

24 “(d) FORM OF TRAINING.—The Fund may offer the
 25 training program described in this section—

1 “(1) directly; or

2 “(2) through grants, contracts, or cooperative
3 agreements with other organizations that possess
4 special expertise in community development, without
5 regard to whether the organizations receive or are
6 eligible to receive assistance under this subtitle.”.

7 (b) AMENDMENTS TO THE BANK ENTERPRISE ACT
8 AWARDS PROGRAM.—

9 (1) AWARDS FOR ASSISTANCE TO COMMUNITY
10 DEVELOPMENT FINANCIAL INSTITUTIONS.—Para-
11 graph (2) of section 233(a) of the Bank Enterprise
12 Act (12 U.S.C. 1834a(a)) is amended—

13 (A) in that portion of such paragraph
14 which precedes subparagraph (A), by striking
15 “for for” and inserting “for”;

16 (B) in subparagraph (A), by striking “for
17 low- and moderate-income persons” and insert-
18 ing “to community development financial insti-
19 tutions, low- and moderate-income persons”;
20 and

21 (C) in subparagraph (B)—

22 (i) by inserting “of the increase” after
23 “the amount”; and

24 (ii) by striking “financial” each place
25 such term appears.

1 (2) INCREASE IN AWARD AMOUNTS FOR CER-
 2 TAIN ACTIVITIES.—Section 114(b)(2) of the Commu-
 3 nity Development Banking and Financial Institu-
 4 tions Act of 1994 (12 U.S.C. 4713(b)(2)) is amend-
 5 ed by amending the substitute text used to apply
 6 section 233(a)(3) of the Bank Enterprise Act of
 7 1991—

8 (A) in subparagraph (A), by inserting “or
 9 (2)(B)” after “paragraph (2)(A)”;

10 (B) in subparagraph (A)(i), by inserting
 11 “each” before “such subparagraph”; and

12 (C) in subparagraph (A)(ii), by inserting
 13 “each” before “such subparagraph”.

14 (3) AWARDING CREDIT FOR ADDITIONAL QUALI-
 15 FIED ACTIVITIES.—Paragraph (4) of section 233(a)
 16 of the Bank Enterprise Act (12 U.S.C. 1834a(a)(4))
 17 is amended—

18 (A) in the portion of such paragraph which
 19 precedes subparagraph (A), by inserting “and
 20 (2)(B)” after “paragraph (2)(A)”;

21 (B) by adding at the end the following new
 22 subparagraph:

23 “(P) Other forms of assistance that the
 24 Board determines to be appropriate.

1 (4) EVALUATION OF TECHNICAL ASSISTANCE
2 PROVIDED.—Section 233(a)(7) of the Bank Enter-
3 prise Act (12 U.S.C. 1834a(a)(7)) is amended—

4 (A) by inserting “and other” after “tech-
5 nical”; and

6 (B) by striking “and (O)” and inserting
7 instead “(O), and (P)”.

8 (5) ESTABLISHING ALTERNATIVE CRITERIA IN
9 DEFINING CERTAIN DISTRESSED COMMUNITIES.—
10 Section 233(b)(4)(C) of the Bank Enterprise Act
11 (12 U.S.C. 1834a(b)(4)(C)) is amended by inserting
12 “or alternative” before “eligibility requirements”.

13 **SEC. 4. EXTENSION OF AUTHORIZATION.**

14 Paragraph (1) of section 121(a) of the Community
15 Development Banking and Financial Institutions Act of
16 1994 (12 U.S.C. 4718(a)) is amended to read as follows:

17 “(1) IN GENERAL.—To carry out this subtitle
18 and subtitle B of title II, there are authorized to be
19 appropriated to the Fund, to remain available until
20 expended—

21 “(A) \$95,000,000 for fiscal year 2000;

22 “(B) \$100,000,000 for fiscal year 2001;

23 “(C) \$105,000,000 for fiscal year 2002;

24 and

25 “(D) \$110,000,000 for fiscal year 2003.”.

1 **SEC. 5. AMENDMENTS TO SMALL BUSINESS CAPITAL EN-**
2 **HANCEMENT PROGRAM.**

3 (a) DEFINITION OF FINANCIAL INSTITUTION.—Sec-
4 tion 252(5) of the Riegle Community Development and
5 Regulatory Improvement Act of 1994 (12 U.S.C. 4742(5))
6 is amended by inserting “any community development fi-
7 nancial institution (as defined in section 103(5) of this
8 Act) and,” before “any federally chartered”.

9 (b) ELIMINATION OF THRESHOLD APPROPRIA-
10 TION.—Section 253 of the Riegle Community Develop-
11 ment and Regulatory Improvement Act of 1994 (12
12 U.S.C. 4743) is amended by striking subsection (d) and
13 redesignating subsection (e) as subsection (d).

14 (c) CONFORMING AMENDMENT.—Section 254(a) of
15 the Riegle Community Development and Regulatory Im-
16 provement Act of 1994 (12 U.S.C. 4744(a)) is amended
17 by inserting “(if any)” after “appropriate Federal banking
18 agency”.

19 (d) AMENDMENTS TO REIMBURSEMENT AUTHOR-
20 ITY.—Section 257(a) of the Riegle Community Develop-
21 ment and Regulatory Improvement Act of 1994 (12
22 U.S.C. 4747(a)) is amended to read as follows—

23 “(a) REIMBURSEMENTS.—

24 “(1) IN GENERAL.—The Fund shall reimburse
25 participating States according to criteria established
26 by the Fund.

1 “(2) EXAMPLES OF CRITERIA.—Criteria estab-
2 lished under paragraph (1) may include whether a
3 participating State is creating a new program, is ex-
4 panding in scope or scale an existing State program,
5 the need for Fund reimbursement, the availability of
6 Fund resources, and other criteria established by the
7 Fund.

8 “(3) TIMING AND AMOUNT OF REIMBURSE-
9 MENT.—Not later than 30 calendar days after re-
10 ceiving a report filed in compliance with section 256,
11 the Fund shall reimburse a participating State meet-
12 ing such criteria in an amount equal to up to 50
13 percent of the amount of contributions by the par-
14 ticipating State to the reserve funds that are subject
15 to reimbursement by the Fund pursuant to section
16 256 and this section, until such sums made available
17 by the Fund for this purpose are expended.”.

18 (e) CONFORMING AMENDMENT.—Section 260 of the
19 Riegle Community Development and Regulatory Improve-
20 ment Act of 1994 (12 U.S.C. 4750) is hereby repealed.

21 **SEC. 6. ADDITIONAL SAFEGUARDS.**

22 (a) NEUTRAL REVIEW REQUIREMENTS.—Section
23 107 of the Community Development Banking and Finan-
24 cial Institutions Act of 1994 (12 U.S.C. 4706) is amended
25 by adding at the end the following new subsections:

1 “(c) OBJECTIVE SCORING SYSTEM.—

2 “(1) IN GENERAL.—For purposes of making
3 any evaluation under subsection (a) of any applica-
4 tion, the Fund shall develop a scoring system which
5 assigns a relative point value to each factor required
6 to be considered under paragraphs (1) through (14)
7 of subsection (a) in connection with the selection of
8 applicants.

9 “(2) NOTICE OF SCORING SYSTEM.—A descrip-
10 tion of the scoring system shall be included in any
11 notice of funding availability issued by the Fund.

12 “(d) NEUTRAL MULTIPERSON REVIEW PANEL.—

13 “(1) IN GENERAL.—The Fund shall convene
14 multiperson review panels to—

15 “(A) review all applications for selection,
16 under subsection (a), on the basis of the factors
17 required to be considered under paragraphs (1)
18 through (14) of subsection (a) using the objec-
19 tive scoring system developed pursuant to sub-
20 section (c) before any selection is made by the
21 Fund under subsection (a) with respect to such
22 applications; and

23 “(B) make recommendations with regard
24 to such selections to the Fund on the basis of
25 such review.

1 “(2) COMPOSITION.—The multiperson review
2 panels shall each consist of such number of members
3 as the Fund determines to be appropriate, but not
4 less than 3, who shall be appointed from among in-
5 dividuals who, by virtue of their education, training,
6 or experience, are specially qualified to carry out the
7 responsibilities of the panel and at least 1/3 of the
8 members of each panel shall be appointed from
9 among individuals with diverse experiences who are
10 not officers or employees of any government.”.

11 (b) ADDITIONAL INFORMATION TO BE INCLUDED IN
12 ANNUAL REPORTS.—Section 117 of the Community De-
13 velopment Banking and Financial Institutions Act of 1994
14 (12 U.S.C. 4716) is amended by adding at the end the
15 following new subsections:

16 “(g) CONTRACT AND COMPLIANCE INFORMATION.—
17 The annual report submitted to the Congress by the Fund
18 pursuant to subsection (a) shall contain the following in-
19 formation:

20 “(1) SERVICES OF CONTRACTORS.—Information
21 on the use of contractors to carry out any function
22 of the Fund under this subtitle, including—

23 “(A) a description of the services provided
24 by contractors under this subtitle during the
25 period covered by the report;

1 “(B) a description of the procurement
2 process utilized to obtain such services;

3 “(C) the basis of the authority of the Fund
4 to contract for the services so obtained; and

5 “(D) the total amount obligated by the
6 Fund for such contracts.

7 “(2) COMPLIANCE WITH OTHER REQUIRE-
8 MENTS.—An evaluation of the extent to which the
9 Fund is maintaining compliance, in connection with
10 the activities of the Fund under this subtitle and
11 subtitle B of title II, with the requirements of, and
12 regulations prescribed pursuant to subsections (b)
13 and (d) of section 3512 of title 31, United States
14 Code.

15 “(3) PLAN FOR ADDRESSING WEAKNESSES OF
16 INTERNAL CONTROLS.—A plan for addressing any
17 material weakness in internal controls identified in
18 the most recent external audit pursuant to sub-
19 section (f).”.

20 “(c) REPORT ON IMPLEMENTATION OF SCORING SYS-
21 TEM.—The 1st annual report submitted by the Fund to
22 the Congress under section 117(a) of the Community De-
23 velopment Banking and Financial Institutions Act of 1994
24 after the effective date of this Act shall include a complete
25 description of the implementation of the scoring system

1 required under subsection (c) of the amendment made by
2 subsection (a) of this section, including a description of
3 the methodology of the system.

4 (d) GAO REPORT.—Before the end of the 18-month
5 period beginning on the date of the enactment of this Act,
6 the Comptroller General of the United States shall submit
7 a report to the Congress evaluating the structure, govern-
8 ance, and performance of the Community Development Fi-
9 nancial Institutions Fund.

10 (e) PRIOR NOTICE OF CONTRACTS.—For the purpose
11 of ensuring that the requirements of section 8(a) of the
12 Small Business Act are being met, and preventing eva-
13 sions of such requirements, with regard to contracts in-
14 volving the Fund and contractors under such section, the
15 Fund shall submit a notice of any such contract to the
16 Congress at least 15 days before any performance is due
17 under such contract.

18 (f) TECHNICAL AND CONFORMING AMENDMENT.—
19 That portion of section 107(a) of the Community Develop-
20 ment Banking and Financial Institutions Act of 1994 (12
21 U.S.C. 4706(a)) which appears before paragraph (1) of
22 such section is amended to read as follows:

23 “(a) SELECTION CRITERIA.—Except as provided in
24 section 113, the Fund shall, after considering the results
25 of the scoring system developed under subsection (c) and

1 the recommendations of the multiperson review panels
2 under subsection (d), select community development finan-
3 cial institution applicants meeting the requirements of sec-
4 tion 105 for assistance based on—”.