

106TH CONGRESS  
1ST SESSION

# S. 23

To promote a new urban agenda, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. SPECTER (for himself and Mr. DURBIN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To promote a new urban agenda, 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       “New Urban Agenda Act of 1999”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

### TITLE I—FEDERAL COMMITMENT TO URBAN ECONOMIC DEVELOPMENT

Sec. 101. Federal purchases from businesses in empowerment zones and enter-  
prise communities.

Sec. 102. Minimum allocation of foreign assistance for purchase of certain  
United States goods.

- Sec. 103. Preference for location of manufacturing outreach centers in urban areas.
- Sec. 104. Preference for construction and improvement of Federal facilities in distressed urban areas.
- Sec. 105. Definitions.

## TITLE II—TAX INCENTIVES TO STIMULATE URBAN ECONOMIC DEVELOPMENT

- Sec. 201. Treatment of rehabilitation credit under passive activity limitations.
- Sec. 202. Rehabilitation credit allowed to offset portion of alternative minimum tax.
- Sec. 203. Commercial industrial development bonds.
- Sec. 204. Increase in amount of qualified small issue bonds permitted for facilities to be used by related principal users.
- Sec. 205. Simplification of arbitrage interest rebate waiver.
- Sec. 206. Qualified residential rental project bonds partially exempt from State volume cap.
- Sec. 207. Expansion of qualified wages subject to work opportunity credit.
- Sec. 208. Exclusion for capital gains on certain investments within empowerment zones and enterprise communities.

## TITLE III—COMMUNITY-BASED HOUSING DEVELOPMENT

- Sec. 301. Block grant study.

## TITLE IV—RESPONSE TO URBAN ENVIRONMENTAL CHALLENGES

- Sec. 401. Release from liability of persons that fulfill requirements of State and local law.
- Sec. 402. Brownfield program.
- Sec. 403. Reauthorization of urban and community forestry assistance program.

### 1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) cities in the United States have been facing

4 an economic downhill trend in the past several years;

5 and

6 (2) a new approach to help such cities prosper

7 is necessary.

8 (b) PURPOSES.—It is the purpose of this Act to—

9 (1) provide various incentives for the economic

10 growth of cities in the United States;

1           (2) provide an economic agenda designed to re-  
2       verse current urban economic trends; and

3           (3) revitalize the jobs and tax base of such cit-  
4       ies without significant new Federal outlays.

5       **TITLE     I—FEDERAL     COMMIT-**  
6       **MENT TO URBAN ECONOMIC**  
7       **DEVELOPMENT**

8       **SEC. 101. FEDERAL PURCHASES FROM BUSINESSES IN EM-**  
9                       **POWERMENT ZONES AND ENTERPRISE COM-**  
10                      **MUNITIES.**

11       (a) REQUIREMENTS.—The Office of Federal Procure-  
12       ment Policy Act (41 U.S.C. 401 et seq.) is amended by  
13       adding at the end the following new section:

14       “PURCHASES FROM BUSINESSES IN EMPOWERMENT  
15       ZONES, ENTERPRISE COMMUNITIES, AND ENTER-  
16       PRISE ZONES

17       “SEC. 40. (a) MINIMUM PURCHASE REQUIRE-  
18       MENT.—Not less than 15 percent of the total amount ex-  
19       pended by executive agencies for the purchase of goods  
20       in a fiscal year shall be expended for the purchase of goods  
21       from businesses located in empowerment zones or enter-  
22       prise communities.

23       “(b) RECYCLED PRODUCTS.—To the maximum ex-  
24       tent practicable consistent with applicable law, the head  
25       of an executive agency shall purchase recycled products  
26       that meet the needs of the executive agency from busi-

1 nesses located in empowerment zones or enterprise com-  
 2 munities.

3 “(c) REGULATIONS.—The Federal Acquisition Regu-  
 4 lation shall include provisions that ensure the attainment  
 5 of the minimum purchase requirement set out in sub-  
 6 section (a).

7 “(d) DEFINITIONS.—In this section:

8 “(1) The term ‘empowerment zone’ means a  
 9 zone designated as an empowerment zone pursuant  
 10 to subchapter U of chapter 1 of the Internal Reve-  
 11 nue Code of 1986 (26 U.S.C. 1391 et seq.).

12 “(2) The term ‘enterprise community’ means a  
 13 community designated as an enterprise community  
 14 pursuant to subchapter U of chapter 1 of the Inter-  
 15 nal Revenue Code of 1986 (26 U.S.C. 1391 et  
 16 seq.).”

17 (b) GSA ASSESSMENT.—(1) Not later than Decem-  
 18 ber 31, 1999, the Administrator of General Services shall  
 19 submit to Congress, in writing, the Administrator’s assess-  
 20 ment of the extent to which executive agencies are commit-  
 21 ted, by policy and practice, to encouraging and supporting  
 22 economic renewal in empowerment zones and enterprise  
 23 communities.

24 (2) In this subsection, the term “executive agency”  
 25 has the meaning given such term in section 4(1) of the

1 Office of Federal Procurement Policy Act (41 U.S.C.  
2 403(1)).

3 (c) EFFECTIVE DATE.—Section 40 of the Office of  
4 Federal Procurement Policy Act, as added by subsection  
5 (a), shall take effect on the date of the enactment of this  
6 Act and shall apply with respect to fiscal years beginning  
7 after September 30, 1999.

8 (d) CONFORMING AMENDMENT.—The table of con-  
9 tents in section 1(b) of the Office of Federal Procurement  
10 Policy Act is amended by adding at the end the following  
11 new item:

“Sec. 40. Purchases from businesses in empowerment zones, enterprise commu-  
nities and enterprise zones.”

12 **SEC. 102. MINIMUM ALLOCATION OF FOREIGN ASSISTANCE**  
13 **FOR PURCHASE OF CERTAIN UNITED STATES**  
14 **GOODS.**

15 (a) ALLOCATION OF ASSISTANCE.—Notwithstanding  
16 any other provision of law, effective beginning with fiscal  
17 year 2000, not less than 15 percent of United States as-  
18 sistance provided in a fiscal year shall be provided in the  
19 form of credits which may only be used for the purchase  
20 of United States goods produced, manufactured, or assem-  
21 bled in empowerment zones or enterprise communities  
22 within the United States.

23 (b) UNITED STATES ASSISTANCE.—As used in this  
24 section, the term “United States assistance” means—

1 (1) any assistance under the Foreign Assistance  
2 Act of 1961 (22 U.S.C. 2151 et seq.);

3 (2) sales or financing of sales under the Arms  
4 Export Control Act (22 U.S.C. 2751 et seq.); and

5 (3) assistance and other activities under the  
6 Support for East European Democracy (SEED) Act  
7 of 1989 (22 U.S.C. 5401 et seq.).

8 **SEC. 103. PREFERENCE FOR LOCATION OF MANUFACTUR-**  
9 **ING OUTREACH CENTERS IN URBAN AREAS.**

10 (a) DESIGNATION.—In designating an organization  
11 as a manufacturing outreach center under subsection  
12 (c)(11) of section 5 of the Stevenson-Wydler Technology  
13 Innovation Act of 1980 (15 U.S.C. 3704), the Secretary  
14 of Commerce shall, to the maximum extent practicable,  
15 designate organizations that are located in empowerment  
16 zones or enterprise communities.

17 (b) FINANCIAL ASSISTANCE.—In utilizing a competi-  
18 tive, merit-based review process to determine the manufac-  
19 turing outreach centers to which to provide financial as-  
20 sistance under such section, the Secretary shall give such  
21 additional preference to centers located in empowerment  
22 zones and enterprise communities as the Secretary deter-  
23 mines appropriate in order to ensure the continuing exist-  
24 ence of such centers in such zones and communities.

1 **SEC. 104. PREFERENCE FOR CONSTRUCTION AND IM-**  
2 **PROVEMENT OF FEDERAL FACILITIES IN DIS-**  
3 **TRESSED URBAN AREAS.**

4 (a) DEFINITIONS.—In this section:

5 (1) DISTRESSED URBAN AREA.—The term “dis-  
6 tressed urban area” means a city having a popu-  
7 lation of more than 100,000 that, as determined by  
8 the Secretary of Housing and Urban Development,  
9 meets the qualifications for making an urban devel-  
10 opment action grant to a community experiencing  
11 severe economic distress established for large cities  
12 and urban counties under subpart G of part 570 of  
13 title 24, Code of Federal Regulations (as in effect on  
14 April 1, 1998).

15 (2) EXECUTIVE AGENCY.—The term “Federal  
16 agency” means an Executive agency (as defined in  
17 section 105 of title 5, United States Code).

18 (3) FACILITY.—The term “facility” means any  
19 place where employees of a Federal agency are regu-  
20 larly employed.

21 (b) PREFERENCE.—Notwithstanding any other provi-  
22 sion of law, in determining the location for the construc-  
23 tion of a new facility of an Executive agency, in determin-  
24 ing to improve an existing facility, or in determining the  
25 location to which to relocate functions of an Executive  
26 agency, the head of the Federal agency making the deter-

1 mination shall make best efforts to construct or improve  
 2 the facility or to relocate the functions in a distressed  
 3 urban area.

4 (c) URBAN IMPACT STATEMENT.—A determination  
 5 to construct a new facility of an Executive agency, to im-  
 6 prove an existing facility, or to relocate the functions of  
 7 an Executive agency shall not be made until the head of  
 8 the Executive agency making the determination submits  
 9 to the President a report that—

10 (1) in the case of a facility to be constructed—

11 (A) identifies at least 1 distressed urban  
 12 area that would be an appropriate location for  
 13 the facility;

14 (B) describes the costs and benefits arising  
 15 from the construction and use of the facility in  
 16 the distressed urban area, including the effects  
 17 of the construction and use on the rate of un-  
 18 employment in the distressed urban area; and

19 (C) describes the effect on the economy of  
 20 the area of the closure or consolidation, if any,  
 21 of facilities located in the distressed urban area  
 22 during the 10-year period ending on the date of  
 23 the report, including the number of Federal and  
 24 non-Federal employment positions terminated



1 in the distressed urban area as a result of the  
2 closure or consolidation;

3 (2) in the case of a facility to be improved that  
4 is not located in a distressed urban area—

5 (A) identifies at least 1 facility located in  
6 a distressed urban area that would serve as an  
7 appropriate alternative location for the facility;

8 (B) describes the costs and benefits arising  
9 from the improvement and use of the facility lo-  
10 cated in the distressed urban area as an alter-  
11 native location for the facility to be improved,  
12 including the effect of the improvement and use  
13 of the facility on the rate of unemployment in  
14 the distressed urban area; and

15 (C) describes the effect on the economy of  
16 the distressed urban area of the closure or con-  
17 solidation, if any, of facilities located in the dis-  
18 tressed urban area during the 10-year period  
19 ending on the date of the report, including the  
20 number of Federal and non-Federal employ-  
21 ment positions terminated in the distressed  
22 urban area as a result of the closure or consoli-  
23 dation;

24 (3) in the case of a facility to be improved that  
25 is located in a distressed urban area—

1 (A) describes the costs and benefits arising  
2 from the improvement and continuing use of  
3 the facility in the distressed urban area, includ-  
4 ing the effect of the improvement and continu-  
5 ing use on the rate of unemployment in the dis-  
6 tressed urban area; and

7 (B) describes the effect on the economy of  
8 the distressed urban area of the closure or con-  
9 solidation, if any, of facilities located in the dis-  
10 tressed urban area during the 10-year period  
11 ending on the date of the report, including the  
12 number of Federal and non-Federal employ-  
13 ment positions terminated in the distressed  
14 urban area as a result of the closure or consoli-  
15 dation; or

16 (4) in the case of a relocation of functions—

17 (A) identifies at least 1 distressed urban  
18 area that would serve as an appropriate loca-  
19 tion for the carrying out of the functions;

20 (B) describes the costs and benefits arising  
21 from carrying out the functions in the dis-  
22 tressed urban area, including the effect of car-  
23 rying out the functions on the rate of unem-  
24 ployment in the distressed urban area; and

(C) describes the effect on the economy of the distressed urban area of the closure or consolidation, if any, of facilities located in the distressed urban area during the 10-year period ending on the date of the report, including the number of Federal and non-Federal employment positions terminated in the distressed urban area as a result of such closure or consolidation.

(d) APPLICABILITY TO DEPARTMENT OF DEFENSE FACILITIES.—The requirements set forth in subsections (b) and (c) shall not apply to a determination to construct or improve a facility of the Department of Defense, or to relocate any functions of the Department of Defense, if the President determines that the waiver of the application of the requirements to that facility or relocation is in the national interest.

**SEC. 105. DEFINITIONS.**

As used in this title:

(1) The term “empowerment zone” means a zone designated as an empowerment zone pursuant to subchapter U of chapter 1 of the Internal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

(2) The term “enterprise community” means a community designated as an enterprise community

1       pursuant to subchapter U of chapter 1 of the Inter-  
 2       nal Revenue Code of 1986 (26 U.S.C. 1391 et seq.).

3       **TITLE II—TAX INCENTIVES TO**  
 4       **STIMULATE URBAN ECO-**  
 5       **NOMIC DEVELOPMENT**

6       **SEC. 201. TREATMENT OF REHABILITATION CREDIT UNDER**  
 7       **PASSIVE ACTIVITY LIMITATIONS.**

8       (a) GENERAL RULE.—Paragraphs (2) and (3) of sec-  
 9       tion 469(i) of the Internal Revenue Code of 1986 (relating  
 10      to \$25,000 offset for rental real estate activities) are  
 11      amended to read as follows:

12               “(2) DOLLAR LIMITATIONS.—

13                   “(A) IN GENERAL.—Except as otherwise  
 14                   provided in this paragraph, the aggregate  
 15                   amount to which paragraph (1) applies for any  
 16                   taxable year shall not exceed \$25,000, reduced  
 17                   (but not below zero) by 50 percent of the  
 18                   amount (if any) by which the adjusted gross in-  
 19                   come of the taxpayer for the taxable year ex-  
 20                   ceeds \$100,000.

21                   “(B) PHASEOUT NOT APPLICABLE TO  
 22                   LOW-INCOME HOUSING CREDIT.—In the case of  
 23                   the portion of the passive activity credit for any  
 24                   taxable year which is attributable to any credit  
 25                   determined under section 42—

1 “(i) subparagraph (A) shall not apply,  
2 and

3 “(ii) paragraph (1) shall not apply to  
4 the extent that the deduction equivalent of  
5 such portion exceeds—

6 “(I) \$25,000, reduced by

7 “(II) the aggregate amount of  
8 the passive activity loss (and the de-  
9 duction equivalent of any passive ac-  
10 tivity credit which is not so attrib-  
11 utable and is not attributable to the  
12 rehabilitation credit determined under  
13 section 47) to which paragraph (1)  
14 applies after the application of sub-  
15 paragraph (A).

16 “(C) \$55,500 LIMIT FOR REHABILITATION  
17 CREDITS.—In the case of the portion of the  
18 passive activity credit for any taxable year  
19 which is attributable to the rehabilitation credit  
20 determined under section 47—

21 “(i) subparagraph (A) shall not apply,  
22 and

23 “(ii) paragraph (1) shall not apply to  
24 the extent that the deduction equivalent of  
25 such portion exceeds—

1 “(I) \$55,500, reduced by

2 “(II) the aggregate amount of  
3 the passive activity loss (and the de-  
4 duction equivalent of any passive ac-  
5 tivity credit which is not so attrib-  
6 utable) to which paragraph (1) applies  
7 for the taxable year after the applica-  
8 tion of subparagraphs (A) and (B).

9 “(3) ADJUSTED GROSS INCOME.—For purposes  
10 of paragraph (2)(A), adjusted gross income shall be  
11 determined without regard to—

12 “(A) any amount includable in gross in-  
13 come under section 86,

14 “(B) any amount excludable from gross in-  
15 come under section 135, 911, 931, or 933,

16 “(C) any amount allowable as a deduction  
17 under section 219, and

18 “(D) any passive activity loss.”

19 (b) CONFORMING AMENDMENTS.—

20 (1) Subparagraph (B) of section 469(i)(4) of  
21 the Internal Revenue Code of 1986 is amended to  
22 read as follows:

23 “(B) REDUCTION FOR SURVIVING  
24 SPOUSE’S EXEMPTION.—For purposes of sub-  
25 paragraph (A), the \$25,000 amounts under

1 paragraphs (2)(A) and (2)(B)(ii) and the  
 2 \$55,500 amount under paragraph (2)(C)(ii)  
 3 shall each be reduced by the amount of the ex-  
 4 emption under paragraph (1) (determined with-  
 5 out regard to the reduction contained in para-  
 6 graph (2)(A)) which is allowable to the surviv-  
 7 ing spouse of the decedent for the taxable year  
 8 ending with or within the taxable year of the es-  
 9 tate.”

10 (2) Subparagraph (A) of section 469(i)(5) of  
 11 such Code is amended by striking clauses (i), (ii),  
 12 and (iii) and inserting the following:

13 “(i) ‘\$12,500’ for ‘\$25,000’ in sub-  
 14 paragraphs (A) and (B)(ii) of paragraph  
 15 (2),

16 “(ii) ‘\$50,000’ for ‘\$100,000’ in para-  
 17 graph (2)(A)”, and

18 “(iii) ‘\$27,750’ for ‘\$55,500’ in para-  
 19 graph (2)(C)(ii).”

20 (3) The subsection heading for subsection (i) of  
 21 section 469 of such Code is amended by striking  
 22 “\$25,000”.

23 (c) EFFECTIVE DATE.—The amendments made by  
 24 this section shall apply to property placed in service on

1 or after the date of enactment of this Act, in taxable years  
 2 ending on or after such date.

3 **SEC. 202. REHABILITATION CREDIT ALLOWED TO OFFSET**  
 4 **PORTION OF ALTERNATIVE MINIMUM TAX.**

5 (a) IN GENERAL.—Section 38(c) of the Internal Rev-  
 6 enue Code of 1986 (relating to limitation based on amount  
 7 of tax) is amended by redesignating paragraph (3) as  
 8 paragraph (4) and by inserting after paragraph (2) the  
 9 following:

10 “(3) REHABILITATION INVESTMENT CREDIT  
 11 MAY OFFSET PORTION OF MINIMUM TAX.—

12 “(A) IN GENERAL.—In the case of the re-  
 13 habilitation investment tax credit—

14 “(i) this section and section 39 shall  
 15 be applied separately with respect to such  
 16 credit, and

17 “(ii) for purposes of applying para-  
 18 graph (1) to such credit—

19 “(I) the tentative minimum tax  
 20 under subparagraph (A) thereof shall  
 21 be reduced by the minimum tax offset  
 22 amount determined under subpara-  
 23 graph (B) of this paragraph, and

24 “(II) the limitation under para-  
 25 graph (1) (as modified by subclause



1 (I)) shall be reduced by the credit al-  
 2 lowed under subsection (a) for the  
 3 taxable year (other than the rehabili-  
 4 tation investment tax credit).

5 “(B) MINIMUM TAX OFFSET AMOUNT.—  
 6 For purposes of subparagraph (A)(ii)(I), the  
 7 minimum tax offset amount is an amount equal  
 8 to—

9 “(i) in the case of a taxpayer not de-  
 10 scribed in clause (ii), the lesser of—

11 “(I) 25 percent of the tentative  
 12 minimum tax for the taxable year, or

13 “(II) \$20,000, or

14 “(ii) in the case of a C corporation  
 15 other than a closely held C corporation (as  
 16 defined in section 469(j)(1)), 5 percent of  
 17 the tentative minimum tax for the taxable  
 18 year.

19 “(C) REHABILITATION INVESTMENT TAX  
 20 CREDIT.—For purposes of this paragraph, the  
 21 term ‘regular investment tax credit’ means the  
 22 portion of the credit under subsection (a) which  
 23 is attributable to the credit determined under  
 24 section 47.”

1 (b) CONFORMING AMENDMENT.—Section 38(d) of  
 2 the Internal Revenue Code of 1986 (relating to compo-  
 3 nents of investment credit) is amended by adding at the  
 4 end the following:

5 “(4) SPECIAL RULE FOR REHABILITATION  
 6 CREDIT.—Notwithstanding paragraphs (1) and (2),  
 7 the rehabilitation investment tax credit (as defined  
 8 in subsection (c)(2)(C)) shall be treated as used  
 9 last.”

10 (c) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to taxable years beginning after  
 12 December 31, 1998.

13 **SEC. 203. COMMERCIAL INDUSTRIAL DEVELOPMENT**  
 14 **BONDS.**

15 (a) FACILITY BONDS.—

16 (1) IN GENERAL.—Subsection (a) of section  
 17 142 of the Internal Revenue Code of 1986 (relating  
 18 to exempt facility bond) is amended by striking “or”  
 19 at the end of paragraph (11), by striking the period  
 20 at the end of paragraph (12) and inserting a  
 21 comma, and by adding at the end the following:

22 “(13) sports facilities,

23 “(14) convention or trade show facilities,

24 “(15) freestanding parking facilities,

25 “(16) air or water pollution control facilities, or

1 “(17) industrial parks.”

2 (2) INDUSTRIAL PARKS DEFINED.—Section 142  
3 of such Code is amended by adding at the end the  
4 following:

5 “(k) INDUSTRIAL PARKS.—A facility shall be treated  
6 as described in subsection (a)(17) only if all of the prop-  
7 erty to be financed by the net proceeds of the issue—

8 “(1) is—

9 “(A) land, and

10 “(B) water, sewage, drainage, or similar  
11 facilities, or transportation, power, or commu-  
12 nication facilities incidental to the use of such  
13 land as an industrial park, and

14 “(2) is not structures or buildings (other than  
15 with respect to facilities described in paragraph  
16 (1)(B)).”

17 (3) CONFORMING AMENDMENTS.—

18 (A) Section 147(c) of such Code (relating  
19 to limitation on use for land acquisition) is  
20 amended by adding at the end the following:

21 “(4) SPECIAL RULE FOR INDUSTRIAL PARKS.—  
22 In the case of a bond described in section  
23 142(a)(17), paragraph (1)(A) shall be applied by  
24 substituting ‘50 percent’ for ‘25 percent’.”

1 (B) Section 147(e) of such Code (relating  
 2 to no portion of bonds may be issued for  
 3 skyboxes, airplanes, gambling establishments,  
 4 etc.) is amended by striking “A private activity  
 5 bond” and inserting “Except in the case of a  
 6 bond described in section 142(a)(13), a private  
 7 activity bond”.

8 (b) SMALL ISSUE BONDS.—Section 144(a)(12) of the  
 9 Internal Revenue Code of 1986 (relating to termination  
 10 of qualified small issue bonds) is amended—

11 (1) by striking “any bond” in subparagraph  
 12 (A)(i) and inserting “any bond described in subpara-  
 13 graph (B)”,

14 (2) by striking “a bond” in subparagraph  
 15 (A)(ii) and inserting “a bond described in subpara-  
 16 graph (B)”, and

17 (3) by striking subparagraph (B) and inserting  
 18 the following:

19 “(B) BONDS FOR FARMING PURPOSES.—A  
 20 bond is described in this subparagraph if it is  
 21 issued as part of an issue 95 percent or more  
 22 of the net proceeds of which are to be used to  
 23 provide any land or property not in accordance  
 24 with section 147(c)(2).”

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to bonds issued after December  
 3 31, 1998.

4 **SEC. 204. INCREASE IN AMOUNT OF QUALIFIED SMALL**  
 5 **ISSUE BONDS PERMITTED FOR FACILITIES**  
 6 **TO BE USED BY RELATED PRINCIPAL USERS.**

7 (a) IN GENERAL.—Clause (i) of section 144(a)(4)(A)  
 8 of the Internal Revenue Code of 1986 (relating to  
 9 \$10,000,000 limit in certain cases) is amended by striking  
 10 “\$10,000,000” and inserting “\$50,000,000”.

11 (b) CLERICAL AMENDMENT.—The heading of para-  
 12 graph (4) of section 144(a) of the Internal Revenue Code  
 13 of 1986 is amended by striking “\$10,000,000” and insert-  
 14 ing “\$50,000,000”.

15 (c) EFFECTIVE DATE.—The amendments made by  
 16 this section shall apply to—

17 (1) obligations issued after the date of enact-  
 18 ment of this Act, and

19 (2) capital expenditures made after such date  
 20 with respect to obligations issued on or before such  
 21 date.

22 **SEC. 205. SIMPLIFICATION OF ARBITRAGE INTEREST RE-**  
 23 **BATE WAIVER.**

24 (a) IN GENERAL.—Clause (ii) of section 148(f)(4)(C)  
 25 of the Internal Revenue Code of 1986 (relating to excep-

1 tion from rebate for certain proceeds to be used to finance  
 2 construction expenditures) is amended to read as follows:

3 “(ii) SPENDING REQUIREMENT.—The  
 4 spending requirement of this clause is met  
 5 if 100 percent of the available construction  
 6 proceeds of the construction issue are  
 7 spent for the governmental purposes of the  
 8 issue within the 3-year period beginning on  
 9 the date the bonds are issued.”

10 (b) CONFORMING AMENDMENTS.—

11 (1) Clause (iii) of section 148(f)(4)(C) of the  
 12 Internal Revenue Code of 1986 (relating to excep-  
 13 tion for reasonable retainage) is repealed.

14 (2) Subclause (II) of section 148(f)(4)(C)(vi) of  
 15 such Code (relating to available construction pro-  
 16 ceeds) is amended by striking “2-year period” and  
 17 inserting “3-year period”.

18 (3) Subclause (I) of section 148(f)(4)(C)(vii) of  
 19 such Code (relating to election to pay penalty in lieu  
 20 of rebate) is amended by striking “, with respect to  
 21 each 6-month period after the date the bonds were  
 22 issued,” and “, as of the close of such 6-month pe-  
 23 riod,”.

24 (4) Clause (viii) of section 148(f)(4)(C) of such  
 25 Code (relating to election to terminate 1½ percent

1 penalty) is amended by striking “to any 6-month pe-  
 2 riod” in the matter preceding subclause (I).

3 (5) Clause (ii) of section 148(c)(2)(C) of such  
 4 Code (relating to bonds used to provide construction  
 5 financing) is amended by striking “2 years” and in-  
 6 serting “3 years”.

7 (c) EFFECTIVE DATE.—The amendments made by  
 8 this section shall apply to bonds issued after the date of  
 9 enactment of this Act.

10 **SEC. 206. QUALIFIED RESIDENTIAL RENTAL PROJECT**  
 11 **BONDS PARTIALLY EXEMPT FROM STATE**  
 12 **VOLUME CAP.**

13 (a) IN GENERAL.—Section 146(g) of the Internal  
 14 Revenue Code of 1986 (relating to exception for certain  
 15 bonds) is amended by striking “and” at the end of para-  
 16 graph (3), by striking the period at the end of paragraph  
 17 (4) and inserting “, and”, and by inserting after para-  
 18 graph (4) the following:

19 “(5) 75 percent of any exempt facility bond  
 20 issued as part of an issue described in section  
 21 142(a)(7) (relating to qualified residential rental  
 22 projects).”

23 (b) EFFECTIVE DATE.—The amendments made by  
 24 this section shall apply to bonds issued after the date of  
 25 enactment of this Act.

1 **SEC. 207. EXPANSION OF QUALIFIED WAGES SUBJECT TO**  
 2 **WORK OPPORTUNITY CREDIT.**

3 (a) INCREASE IN PERCENTAGE.—Section 51(a) of  
 4 the Internal Revenue Code of 1986 (relating to determina-  
 5 tion of amount) is amended by striking “40 percent” and  
 6 inserting “50 percent”.

7 (b) FIRST 3 YEARS OF WAGES SUBJECT TO CRED-  
 8 IT.—Section 51 of the Internal Revenue Code of 1986 (re-  
 9 lating to amount of credit) is amended—

10 (1) in subsections (a) and (b)(3), by striking  
 11 “first-year”; and

12 (2) in subsection (b)—

13 (A) by striking paragraphs (1) and (2) and  
 14 inserting the following:

15 “(1) IN GENERAL.—The term ‘qualified wages’  
 16 means the wages paid or incurred by the employer  
 17 during the taxable year—

18 “(A) with respect to an individual who is  
 19 a member of a targeted group, and

20 “(B) attributable to service rendered by  
 21 such individual during the 3-year period begin-  
 22 ning with the day the individual begins work for  
 23 the employer.”; and

24 (B) by redesignating paragraph (3) as  
 25 paragraph (2).



1 (b) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to individuals who begin work for  
 3 the employer after the date of enactment of this Act.

4 **SEC. 208. EXCLUSION FOR CAPITAL GAINS ON CERTAIN IN-**  
 5 **VESTMENTS WITHIN EMPOWERMENT ZONES**  
 6 **AND ENTERPRISE COMMUNITIES.**

7 (a) IN GENERAL.—Part II of subchapter U of chap-  
 8 ter 1 of the Internal Revenue Code of 1986 is amended  
 9 by adding at the end the following new section:

10 **“SEC. 1395. EXCLUSION FOR GAIN FROM ZONE OR COMMU-**  
 11 **NITY INVESTMENTS.**

12 “(a) GENERAL RULE.—In the case of a taxpayer,  
 13 gross income shall not include any qualified capital gain  
 14 recognized on the sale or exchange of a qualified zone  
 15 asset held for more than 3 years.

16 “(b) QUALIFIED ZONE ASSET.—For purposes of this  
 17 section—

18 “(1) IN GENERAL.—The term ‘qualified zone  
 19 asset’ means, with respect to any qualified small  
 20 business—

21 “(A) any qualified zone stock,

22 “(B) any qualified zone property, and

23 “(C) any qualified zone partnership inter-  
 24 est.

25 “(2) QUALIFIED SMALL BUSINESS.—

“(A) IN GENERAL.—The term ‘qualified small business’ means any entity or proprietorship the aggregate gross assets (within the meaning of section 1202(d)(2)) of which do not exceed \$50,000,000.

“(B) APPLICATION OF RULES.—In determining if an entity or proprietorship is a qualified small business, rules similar to the rules of subsections (a) and (b) of section 52 shall apply.

“(3) QUALIFIED ZONE STOCK.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘qualified zone stock’ means any stock in a domestic corporation if—

“(i) such stock is acquired by the taxpayer on original issue from the corporation solely in exchange for cash,

“(ii) as of the time such stock was issued, such corporation was an enterprise zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being an enterprise zone business), and

1                   “(iii) during substantially all of the  
 2                   taxpayer’s holding period for such stock,  
 3                   such corporation qualified as an enterprise  
 4                   zone business.

5                   “(B) REDEMPTIONS.—The term ‘qualified  
 6                   zone stock’ shall not include any stock acquired  
 7                   from a corporation which made a substantial  
 8                   stock redemption or distribution (without a  
 9                   bona fide business purpose therefor) in an at-  
 10                  tempt to avoid the purposes of this section.

11                  “(4) QUALIFIED ZONE PROPERTY.—

12                   “(A) IN GENERAL.—The term ‘qualified  
 13                   zone property’ has the meaning given to such  
 14                   term by section 1397C, except that references  
 15                   to empowerment zones shall be treated as in-  
 16                   cluding references to enterprise communities.

17                  “(5) QUALIFIED ZONE PARTNERSHIP INTER-  
 18                  EST.—The term ‘qualified zone partnership interest’  
 19                  means any interest in a partnership if—

20                   “(A) such interest is acquired by the tax-  
 21                   payer from the partnership solely in exchange  
 22                   for cash,

23                   “(B) as of the time such interest was ac-  
 24                   quired, such partnership was an enterprise zone  
 25                   business (or, in the case of a new partnership,

1           such partnership was being organized for pur-  
2           poses of being an enterprise zone business), and

3           “(C) during substantially all of the tax-  
4           payer’s holding period for such interest, such  
5           partnership qualified as an enterprise zone  
6           business.

7           A rule similar to the rule of paragraph (2)(B) shall  
8           apply for purposes of this paragraph.

9           “(6) TREATMENT OF SUBSEQUENT PUR-  
10          CHASERS.—The term ‘qualified zone asset’ includes  
11          any property which would be a qualified zone asset  
12          but for paragraph (3)(A)(i), section 1397(a)(1)(B),  
13          or paragraph (5)(A) in the hands of the taxpayer if  
14          such property was a qualified zone asset in the  
15          hands of any prior holder.

16          “(7) 10-YEAR SAFE HARBOR.—If any property  
17          ceases to be a qualified zone asset by reason of para-  
18          graph (3)(A)(iii), section 1397(a)(1)(C), or para-  
19          graph (5)(C) after the 10-year period beginning on  
20          the date the taxpayer acquired such property, such  
21          property shall continue to be treated as meeting the  
22          requirements of such paragraph; except that the  
23          amount of gain to which subsection (a) applies on  
24          any sale or exchange of such property shall not ex-  
25          ceed the amount which would be qualified capital

1 gain had such property been sold on the date of such  
2 cessation.

3 “(8) TREATMENT OF ZONE OR COMMUNITY  
4 TERMINATIONS.—The termination of any designa-  
5 tion of an area as an empowerment zone or enter-  
6 prise community shall be disregarded for purposes of  
7 determining whether any property is a qualified zone  
8 asset.

9 “(c) OTHER DEFINITIONS AND SPECIAL RULES.—  
10 For purposes of this section—

11 “(1) ENTERPRISE ZONE BUSINESS.—For pur-  
12 poses of this section, the term ‘enterprise zone busi-  
13 ness’ has the meaning given to such term by section  
14 1394(b)(3).”

15 “(2) QUALIFIED CAPITAL GAIN.—Except as  
16 otherwise provided in this subsection, the term  
17 ‘qualified capital gain’ means any long-term capital  
18 gain.

19 “(3) CERTAIN GAIN ON REAL PROPERTY NOT  
20 QUALIFIED.—The term ‘qualified capital gain’ shall  
21 not include any gain which would be treated as ordi-  
22 nary income under section 1250 if section 1250 ap-  
23 plied to all depreciation rather than the additional  
24 depreciation.

1           “(4) GAIN ATTRIBUTABLE TO PERIODS AFTER  
 2           TERMINATION OF ZONE OR COMMUNITY DESIGNA-  
 3           TION NOT QUALIFIED.—The term ‘qualified capital  
 4           gain’ shall not include any gain attributable to peri-  
 5           ods after the termination of any designation of an  
 6           area as an empowerment zone or enterprise commu-  
 7           nity.

8           “(d) TREATMENT OF PASS-THRU ENTITIES.—

9           “(1) SALES AND EXCHANGES.—Gain on the  
 10          sale or exchange of an interest in a pass-thru entity  
 11          which is a qualified small business held by the tax-  
 12          payer (other than an interest in an entity which was  
 13          an enterprise zone business during substantially all  
 14          of the period the taxpayer held such interest) for  
 15          more than 3 years shall be treated as gain described  
 16          in subsection (a) to the extent such gain is attrib-  
 17          utable to amounts which would be qualified capital  
 18          gain on qualified zone assets (determined as if such  
 19          assets had been sold on the date of the sale or ex-  
 20          change) held by such entity for more than 3 years  
 21          and throughout the period the taxpayer held such in-  
 22          terest. A rule similar to the rule of paragraph (2)(B)  
 23          shall apply for purposes of the preceding sentence.

24          “(2) DISTRIBUTIONS.—

1           “(A) IN GENERAL.—Any amount included  
2           in income by reason of holding an interest in a  
3           pass-thru entity (other than an entity which  
4           was an enterprise zone business during substan-  
5           tially all of the period the taxpayer held the in-  
6           terest to which such inclusion relates) shall be  
7           treated as gain described in subsection (a) if  
8           such amount meets the requirements of sub-  
9           paragraph (B).

10           “(B) REQUIREMENTS.—An amount meets  
11           the requirements of this subparagraph if—

12                   “(i) such amount is attributable to  
13                   gain on the sale or exchange by the pass-  
14                   thru entity of property which is a qualified  
15                   zone asset in the hands of such entity and  
16                   which was held by such entity for the pe-  
17                   riod required under subsection (a), and

18                   “(ii) such amount is includible in the  
19                   gross income of the taxpayer by reason of  
20                   the holding of an interest in such entity  
21                   which was held by the taxpayer on the date  
22                   on which such pass-thru entity acquired  
23                   such asset and at all times thereafter be-  
24                   fore the disposition of such asset by such  
25                   pass-thru entity.

1                   “(C) LIMITATION BASED ON INTEREST  
 2                   ORIGINALLY HELD BY TAXPAYER.—Subpara-  
 3                   graph (A) shall not apply to any amount to the  
 4                   extent such amount exceeds the amount to  
 5                   which subparagraph (A) would have applied if  
 6                   such amount were determined by reference to  
 7                   the interest the taxpayer held in the pass-thru  
 8                   entity on the date the qualified zone asset was  
 9                   acquired.

10                  “(3) PASS-THRU ENTITY.—For purposes of this  
 11                  subsection, the term ‘pass-thru entity’ means—

12                               “(A) any partnership,

13                               “(B) any S corporation,

14                               “(C) any regulated investment company,

15                               and

16                               “(D) any common trust fund.

17                  “(e) SALES AND EXCHANGES OF INTERESTS IN  
 18                  PARTNERSHIPS AND S CORPORATIONS WHICH ARE  
 19                  QUALIFIED ZONE BUSINESSES.—In the case of the sale  
 20                  or exchange of an interest in a partnership, or of stock  
 21                  in an S Corporation, which was an enterprise zone busi-  
 22                  ness during substantially all of the period the taxpayer  
 23                  held such interest or stock, is an enterprise zone business,  
 24                  the amount of qualified capital gain shall be determined  
 25                  without regard to—



1           “(1) any intangible, and any land, which is not  
 2           an integral part of any qualified business (as defined  
 3           in section 1397B(d)), and

4           “(2) gain attributable to periods before the des-  
 5           ignation of an area as an empowerment zone or en-  
 6           terprise community.

7           “(f) CERTAIN TAX-FREE AND OTHER TRANSFERS.—  
 8           For purposes of this section—

9           “(1) IN GENERAL.—In the case of a transfer of  
 10          a qualified zone asset to which this subsection ap-  
 11          plies, the transferee shall be treated as—

12               “(A) having acquired such asset in the  
 13               same manner as the transferor, and

14               “(B) having held such asset during any  
 15               continuous period immediately preceding the  
 16               transfer during which it was held (or treated as  
 17               held under this subsection) by the transferor.

18          “(2) TRANSFERS TO WHICH SUBSECTION AP-  
 19          PLIES.—This subsection shall apply to any  
 20          transfer—

21               “(A) by gift,

22               “(B) at death, or

23               “(C) from a partnership to a partner  
 24               thereof of a qualified zone asset with respect to  
 25               which the requirements of subsection (d)(2) are

1 met at the time of the transfer (without regard  
2 to the 3-year holding requirement).

3 “(3) CERTAIN RULES MADE APPLICABLE.—  
4 Rules similar to the rules of section 1244(d)(2) shall  
5 apply for purposes of this section.”

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 172(d)(2)(B) of the Internal Reve-  
8 nue Code of 1986 (relating to modifications with re-  
9 spect to net operating loss deduction) is amended by  
10 striking “section 1202” and inserting “sections  
11 1202 and 1395B”.

12 (2) Section 642(c)(4) of such Code (relating to  
13 adjustments) is amended by inserting “or  
14 1395B(a)” after “section 1202(a)” and by inserting  
15 “or 1395B” after “section 1202”.

16 (3) Section 643(a)(3) of such Code (defining  
17 distributable net income) is amended by striking  
18 “section 1202” and inserting “sections 1202 and  
19 1395B”.

20 (4) Section 691(c)(4) of such Code (relating to  
21 coordination with capital gain provisions) is amend-  
22 ed by striking “1202, and 1211” and inserting  
23 “1202, 1211, and 1395B”.

24 (5) The second sentence of section 871(a)(2) of  
25 such Code (relating to capital gains of aliens present

1 in the United States 183 days or more) is amended  
 2 by inserting “or 1395B” after “section 1202”.

3 (6) Part II of subchapter U of chapter 1 of  
 4 such Code is amended to read as follows:

5 **“PART II—INCENTIVES FOR EMPOWERMENT**  
 6 **ZONES AND ENTERPRISE COMMUNITIES.”**

7 (7) The table of parts of subchapter U of chap-  
 8 ter 1 of such Code is amended to read as follows:

“Part II. Incentives for empowerment zones and enterprise com-  
 munities.”

9 (8) The table of sections of part II of sub-  
 10 chapter U of chapter 1 of such Code is amended by  
 11 adding at the end the following new item:

“Sec. 1395. Exclusion for gain from zone or community invest-  
 ments.”

12 (c) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply to taxable years beginning after  
 14 December 31, 1998.

15 **SEC. 209. HOMEBUYER CREDIT FOR EMPOWERMENT ZONES**  
 16 **AND ENTERPRISE COMMUNITIES.**

17 (a) IN GENERAL.—Part II of subchapter U of chap-  
 18 ter 1 of the Internal Revenue Code of 1986, as amended  
 19 by section 208, is amended by adding at the end the fol-  
 20 lowing new section:

21 **“SEC. 1395A. HOMEBUYER CREDIT.**

22 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
 23 dividual who purchases a principal residence in an em-

1 powerment zone or enterprise community during any tax-  
 2 able year, there shall be allowed as a credit against the  
 3 tax imposed by this chapter for the taxable year an  
 4 amount equal to so much of the purchase price of the resi-  
 5 dence as does not exceed \$5,000.

6 “(b) LIMITATIONS.—

7 “(1) LIMITATION BASED ON MODIFIED AD-  
 8 JUSTED GROSS INCOME.—

9 “(A) IN GENERAL.—The amount allowable  
 10 as a credit under subsection (a) (determined  
 11 without regard to this subsection and sub-  
 12 section (d)) for the taxable year shall be re-  
 13 duced (but not below zero) by the amount  
 14 which bears the same ratio to the credit so al-  
 15 lowable as—

16 “(i) the excess (if any) of—

17 “(I) the taxpayer’s modified ad-  
 18 justed gross income for such taxable  
 19 year, over

20 “(II) \$70,000 (\$110,000 in the  
 21 case of a joint return), bears to

22 “(ii) \$20,000.

23 “(B) MODIFIED ADJUSTED GROSS IN-  
 24 COME.—For purposes of subparagraph (A), the  
 25 term ‘modified adjusted gross income’ means

1           the adjusted gross income of the taxpayer for  
 2           the taxable year increased by any amount ex-  
 3           cluded from gross income under section 911,  
 4           931, or 933.

5           “(2) PURCHASE PRICE LIMITATION.—A credit  
 6           shall not be allowed under subsection (a) with re-  
 7           spect to the purchase of a residence the purchase  
 8           price of which exceeds \$225,000.

9           “(c) PRINCIPAL RESIDENCE.—For purposes of this  
 10          section, the term ‘principal residence’ has the same mean-  
 11          ing as when used in section 121.

12          “(d) CARRYOVER OF CREDIT.—If the credit allowable  
 13          under subsection (a) exceeds the limitation imposed by  
 14          section 26(a) for such taxable year reduced by the sum  
 15          of the credits allowable under subpart A of part IV of sub-  
 16          chapter A (other than this section), such excess shall be  
 17          carried to the succeeding taxable year and added to the  
 18          credit allowable under subsection (a) for such taxable year.

19          “(e) SPECIAL RULES.—For purposes of this  
 20          section—

21                 “(1) ALLOCATION OF DOLLAR LIMITATION.—

22                         “(A) MARRIED INDIVIDUALS FILING SEPA-  
 23                         RATELY.—In the case of a married individual  
 24                         filing a separate return, subsection (a) shall be  
 25                         applied by substituting ‘\$2,500’ for ‘\$5,000’.

“(B) OTHER TAXPAYERS.—If 2 or more individuals who are not married purchase a principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$5,000.

“(2) PURCHASE.—

“(A) IN GENERAL.—The term ‘purchase’ means any acquisition, but only if—

“(i) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

“(ii) the basis of the property in the hands of the person acquiring it is not determined—

1 “(I) in whole or in part by ref-  
 2 erence to the adjusted basis of such  
 3 property in the hands of the person  
 4 from whom acquired, or

5 “(II) under section 1014(a) (re-  
 6 lating to property acquired from a de-  
 7 cedent).

8 “(B) CONSTRUCTION.—A residence which  
 9 is constructed by the taxpayer shall be treated  
 10 as purchased by the taxpayer on the date the  
 11 taxpayer first occupies such residence.

12 “(3) PURCHASE PRICE.—The term ‘purchase  
 13 price’ means the adjusted basis of the principal resi-  
 14 dence on the date such residence is purchased.

15 “(f) REPORTING.—If the Secretary requires informa-  
 16 tion reporting under section 6045 by a person described  
 17 in subsection (e)(2) thereof to verify the eligibility of tax-  
 18 payers for the credit allowable by this section, the excep-  
 19 tion provided by section 6045(e)(5) shall not apply.

20 “(g) CREDIT TREATED AS NONREFUNDABLE PER-  
 21 SONAL CREDIT.—For purposes of this title, the credit al-  
 22 lowed by this section shall be treated as a credit allowable  
 23 under subpart A of part IV of subchapter A of this chap-  
 24 ter.

1       “(h) BASIS ADJUSTMENT.—For purposes of this sub-  
 2 title, if a credit is allowed under this section with respect  
 3 to the purchase of any residence, the basis of such resi-  
 4 dence shall be reduced by the amount of the credit so al-  
 5 lowed.

6       “(i) APPLICATION OF SECTION.—This section shall  
 7 apply to property purchased after December 31, 1998, and  
 8 before January 1, 2002.”

9       (b) CONFORMING AMENDMENT.—The table of sec-  
 10 tions of part II of subchapter U of chapter 1 of such Code  
 11 is amended by adding at the end the following new item:

“Sec. 1395A. Homebuyer credit.”

## 12       **TITLE III—COMMUNITY-BASED** 13       **HOUSING DEVELOPMENT**

### 14       **SEC. 301. BLOCK GRANT STUDY.**

15       (a) STUDY.—

16               (1) IN GENERAL.—The Secretary of Housing  
 17 and Urban Development shall conduct a study  
 18 regarding—

19                       (A) the feasibility of consolidating existing  
 20 public and low-income housing programs under  
 21 the United States Housing Act of 1937 into a  
 22 comprehensive block grant system of Federal  
 23 aid that—

24                               (i) provides assistance on an annual  
 25 basis;



1 (ii) maximizes funding certainty and  
2 flexibility; and

3 (iii) minimizes paperwork and delay;  
4 and

5 (B) the possibility of administering future  
6 public and low-income housing programs under  
7 the United States Housing Act of 1937 in ac-  
8 cordance with such a block grant system.

9 (2) PUBLIC HOUSING/SECTION 8 MOVING TO  
10 WORK DEMONSTRATION.—In conducting the study  
11 described in paragraph (1), the Secretary of Hous-  
12 ing and Urban Development shall consider data  
13 from and assessments of the demonstration program  
14 conducted under section 204 of the Omnibus Con-  
15 solidated Rescissions and Appropriations Act of  
16 1996 (Public Law 104–134, 110 Stat. 1321).

17 (b) REPORT TO COMPTROLLER GENERAL.—Not later  
18 than 18 months after the date of enactment of this Act,  
19 the Secretary of Housing and Urban Development shall  
20 submit to the Comptroller General of the United States  
21 a report that includes—

22 (1) the results of the study conducted under  
23 subsection (a); and

24 (2) any recommendations for legislation.

1 (c) REPORT TO CONGRESS.—Not later than 24  
 2 months after the date of enactment of this Act, the Comp-  
 3 troller General of the United States shall submit to the  
 4 Congress a report that includes—

5 (1) an analysis of the report submitted under  
 6 subsection (b); and

7 (2) any recommendations for legislation.

## 8 **TITLE IV—RESPONSE TO URBAN** 9 **ENVIRONMENTAL CHALLENGES**

### 10 **SEC. 401. RELEASE FROM LIABILITY OF PERSONS THAT** 11 **FULFILL REQUIREMENTS OF STATE AND** 12 **LOCAL LAW.**

13 Section 107 of the Comprehensive Environmental Re-  
 14 sponse, Compensation, and Liability Act of 1980 (42  
 15 U.S.C. 9607) is amended by adding at the end the follow-  
 16 ing:

17 “(o) RELEASE FROM LIABILITY OF PERSONS THAT  
 18 FULFILL REQUIREMENTS OF STATE AND LOCAL LAW.—

19 “(1) DEFINITIONS.—In this subsection—

20 “(A) URBAN AREA.—The term ‘urban  
 21 area’ has the meaning given the term in section  
 22 1393(a) of the Internal Revenue Code of 1986.

23 “(B) URBAN NONLISTED FACILITY.—The  
 24 term ‘urban nonlisted facility’ means a facility  
 25 that is located in an urban area and is not list-

1           ed or proposed for listing on the National Pri-  
2           orities List.

3           “(2) IN GENERAL.—Neither the President nor  
4           any other person may bring an administrative or ju-  
5           dicial enforcement action under this Act with respect  
6           to an urban nonlisted facility against a person that  
7           has fulfilled all requirements applicable to the person  
8           under State and local law to conduct a response ac-  
9           tion at the urban nonlisted facility, as evidenced by  
10          a release from liability issued by authorized State  
11          and local officials, to the extent that the administra-  
12          tive or judicial action would seek to require response  
13          action that is within the scope of the response action  
14          conducted in accordance with State and local law.”

15 **SEC. 402. BROWNFIELD PROGRAM.**

16          Title I of the Comprehensive Environmental Re-  
17          sponse, Compensation, and Liability Act of 1980 (42  
18          U.S.C. 9601 et seq.) is amended by adding at the end  
19          the following:

20 **“SEC. 127. BROWNFIELD PROGRAM.**

21          “(a) DEFINITION OF BROWNFIELD FACILITY.—In  
22          this section—

23                 “(1) IN GENERAL.—The term ‘brownfield facil-  
24          ity’ means a parcel of land that contains an aban-  
25          doned, idled, or underused commercial or industrial

1 facility, the expansion or redevelopment of which is  
2 complicated by the presence or potential presence of  
3 a hazardous substance.

4 “(2) EXCLUSIONS.—The term ‘brownfield facil-  
5 ity’ does not include—

6 “(A) a facility that is the subject of a re-  
7 moval or planned removal under this title;

8 “(B) a facility that is listed or has been  
9 proposed for listing on the National Priorities  
10 List or that has been removed from the Na-  
11 tional Priorities List;

12 “(C) a facility that is subject to corrective  
13 action under section 3004(u) or 3008(h) of the  
14 Solid Waste Disposal Act (42 U.S.C. 6924(u)  
15 or 6928(h)) at the time at which an application  
16 for a grant or loan concerning the facility is  
17 submitted under this section;

18 “(D) a land disposal unit with respect to  
19 which—

20 “(i) a closure notification under sub-  
21 title C of the Solid Waste Disposal Act (42  
22 U.S.C. 6921 et seq.) has been submitted;  
23 and

24 “(ii) closure requirements have been  
25 specified in a closure plan or permit;

1           “(E) a facility with respect to which an ad-  
2           ministrative order on consent or judicial con-  
3           sent decree requiring cleanup has been entered  
4           into by the United States under this Act, the  
5           Solid Waste Disposal Act (42 U.S.C. 6901 et  
6           seq.), the Federal Water Pollution Control Act  
7           (33 U.S.C. 1251 et seq.), the Toxic Substances  
8           Control Act (15 U.S.C. 2601 et seq.), or the  
9           Safe Drinking Water Act (42 U.S.C. 300f et  
10          seq.);

11          “(F) a facility that is owned or operated  
12          by a department, agency, or instrumentality of  
13          the United States; or

14          “(G) a portion of a facility, for which por-  
15          tion, assistance for response activity has been  
16          obtained under subtitle I of the Solid Waste  
17          Disposal Act (42 U.S.C. 6991 et seq.) from the  
18          Leaking Underground Storage Tank Trust  
19          Fund established under section 9508 of the In-  
20          ternal Revenue Code of 1986.

21          “(b) MAINTENANCE OF BROWNFIELD PROGRAM.—  
22          The Administrator shall maintain the brownfield program  
23          established by the Administrator before the date of enact-  
24          ment of this section.

1       “(c) ELEMENTS OF PROGRAM.—In conducting the  
2 brownfield program, the Administrator may—

3               “(1) expend funds to identify and examine idle  
4 or underused industrial and commercial facilities for  
5 inclusion in the brownfield program; and

6               “(2) provide grants to State and local govern-  
7 ments to clean up brownfields and return  
8 brownfields to productive use.

9       “(d) MAXIMUM GRANT AMOUNT.—A grant under  
10 subsection (c) shall not exceed \$200,000 with respect to  
11 any brownfield facility.

12       “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
13 are authorized to be appropriated out of the Hazardous  
14 Substance Superfund to carry out this section—

15               “(1) \$50,000,000 for fiscal year 2000;

16               “(2) \$55,000,000 for fiscal year 2001; and

17               “(3) \$60,000,000 for fiscal year 2002.”

18 **SEC. 403. REAUTHORIZATION OF URBAN AND COMMUNITY**

19 **FORESTRY ASSISTANCE PROGRAM.**

20       Section 9(i) of the Cooperative Forestry Assistance  
21 Act of 1978 (16 U.S.C. 2105(i)) is amended by striking  
22 “\$30,000,000 for each of the fiscal years 1991 through  
23 1995” and inserting “\$50,000,000 for each of fiscal years  
24 2000 through 2005”.

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