

108TH CONGRESS
1ST SESSION

H. R. 2335

To provide for general revenue sharing and assistance for education for
States and their local governments.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2003

Mr. OWENS introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Government Reform, 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 provide for general revenue sharing and assistance for
education for States and their local governments.

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 “Emergency Targeted
5 Revenue Sharing Act of 2003”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Federal grants to State and local govern-
9 ments predate the Constitution. Early grants in-

1 cluded land grants for public schools and univer-
2 sities. Later, Congress created financial grants to
3 the States with matching requirements and condi-
4 tions, including grants for highway construction, vo-
5 cational education, public health, and maternity
6 care.

7 (2) During the Nixon Administration, the em-
8 phasis of Federal grants-in-aid programs was shifted
9 from categorical grants to block grants and general
10 revenue sharing, which sent funds to State and local
11 governments with virtually no programmatic require-
12 ments. Revenue sharing is not a new or radical pro-
13 posal.

14 (3) Despite this long history of assistance to
15 State and local governments, the Federal Govern-
16 ment is not providing sufficient aid to the States in
17 their current fiscal crisis. The State fiscal crisis is
18 twice as severe as the crisis in the early 1990s, with
19 States carrying fiscal year 2004 budget deficits to-
20 taling roughly \$100,000,000,000. Yet continuing de-
21 creases in Federal taxes for the wealthiest Ameri-
22 cans leave significantly fewer Federal revenues to
23 help the States provide basic services for their resi-
24 dents.

1 (4) To meet residents' needs, States have been
2 forced to increase income, property, and sales taxes
3 for middle-income and working families, in addition
4 to raising taxes on businesses. States also have had
5 to cut funding for health care, education, child care,
6 public safety, and other programs. At least 18
7 States have planned or are considering cuts in
8 spending on elementary and secondary education, re-
9 sulting in shortened school years and teacher layoffs.
10 Cuts in State aid have caused many colleges and
11 universities to lay off faculty and raise tuition.

12 (5) Federal spending for the war and occupa-
13 tion of Iraq is further straining the Federal Govern-
14 ment's ability to aid the States, undermining finan-
15 cial assistance for education, public housing, Med-
16 icaid, Temporary Assistance for Needy Families, and
17 other important programs.

18 (6) Defense appropriations will grow rapidly
19 and uncontrollably, continuing to crowd out spend-
20 ing for vital human needs at the Federal and State
21 levels. Homeland security is directly threatened by
22 cuts in police, fire, and hospital budgets.

23 (7) The Federal Government must help the
24 States to avert greater fiscal damage because it has
25 more economic tools available than the States. Un-

1 like the Federal Government, 49 States have some
2 form of a balanced budget requirement, forcing
3 States to reduce expenditures, increase revenues, or
4 use both of these options to close their budget gaps.

5 (8) To live up to its historic obligations and
6 provide relief at a time of economic disaster, the
7 Federal Government immediately should enact a
8 program of emergency targeted revenue sharing,
9 with assistance for schools and education given first
10 priority.

11 **SEC. 3. EDUCATION FINANCIAL ASSISTANCE FOR STATES**
12 **AND THEIR LOCAL GOVERNMENTS.**

13 (a) APPROPRIATION.—There is authorized to be ap-
14 propriated and is appropriated to carry out this section
15 \$14,500,000,000 for fiscal year 2003, \$12,500,000,000
16 for fiscal year 2004, and \$12,500,000,000 for fiscal year
17 2005.

18 (b) PAYMENT.—The Secretary of the Treasury shall
19 pay to each State an amount equal to the amount allotted
20 to the State under subsection (c).

21 (c) ALLOTMENTS.—From the amounts appropriated
22 under subsection (a) for each fiscal year, the Secretary
23 of the Treasury shall allot to each of the States as follows,
24 except that no State shall receive less than $\frac{1}{2}$ of 1 percent
25 of such amount:

1 (1) STATE LEVEL.—50 percent shall be allotted
2 among such States on the basis of the relative
3 school-age population of each such State, as deter-
4 mined by the Secretary of the Treasury, in consulta-
5 tion with the Secretary of Education, on the basis
6 of the most recent decennial census.

7 (2) LOCAL GOVERNMENT LEVEL.—50 percent
8 shall be allotted among such States as determined
9 under paragraph (1) for distribution by the State to
10 the various units of general local government within
11 such States on the basis of the relative school-age
12 population of each such unit within each such State,
13 as determined by the Secretary of the Treasury, in
14 consultation with the Secretary of Education, on the
15 basis of the most recent decennial census.

16 (d) USE OF FUNDS BY STATE AND LOCAL GOVERN-
17 MENTS.—Funds received under this section may be used
18 only for ordinary and necessary maintenance and oper-
19 ating expenses, and ordinary and necessary capital ex-
20 penditures authorized by law, for primary, secondary, or
21 higher education.

22 (e) EFFECTIVE DATE.—Not later than 45 days after
23 the date of enactment of this Act, the Secretary of the
24 Treasury shall make payments to States under this section
25 for fiscal year 2003. The Secretary of the Treasury shall

1 make subsequent fiscal year payments not later than one
2 year following the prior fiscal year's payments under this
3 section.

4 **SEC. 4. GENERAL REVENUE SHARING WITH STATES AND**
5 **THEIR LOCAL GOVERNMENTS.**

6 (a) APPROPRIATION.—There is authorized to be ap-
7 propriated and is appropriated to carry out this section
8 \$14,500,000,000 for fiscal year 2003, \$12,500,000,000
9 for fiscal year 2004, and \$12,500,000,000 for fiscal year
10 2005.

11 (b) PAYMENT.—The Secretary of the Treasury shall
12 pay to each State an amount equal to the amount allotted
13 to the State under subsection (c).

14 (c) ALLOTMENTS.—From the amounts appropriated
15 under subsection (a) for each fiscal year, the Secretary
16 of the Treasury shall allot to each of the States as follows,
17 except that no State shall receive less than $\frac{1}{2}$ of 1 percent
18 of such amount:

19 (1) STATE LEVEL.—50 percent shall be allotted
20 among such States on the basis of the relative popu-
21 lation of each such State, as determined by the Sec-
22 retary of the Treasury on the basis of the most re-
23 cent decennial census.

24 (2) LOCAL GOVERNMENT LEVEL.—50 percent
25 shall be allotted among such States as determined

1 under paragraph (1) for distribution by the State to
2 the various units of general local government within
3 such States on the basis of the relative population
4 of each such unit within each such State, as deter-
5 mined by the Secretary of the Treasury on the basis
6 of the most recent decennial census.

7 (d) EFFECTIVE DATE.—Not later than 45 days after
8 the date of enactment of this Act, the Secretary of the
9 Treasury shall make payments to States under this section
10 for fiscal year 2003. The Secretary of the Treasury shall
11 make subsequent fiscal year payments not later than one
12 year following the prior fiscal year’s payments under this
13 section.

14 **SEC. 5. DEFINITIONS.**

15 In this Act:

16 (1) STATE.—The term “State” means any of
17 the several States, the District of Columbia, and the
18 Commonwealth of Puerto Rico.

19 (2) UNIT OF GENERAL LOCAL GOVERNMENT.—

20 (A) IN GENERAL.—The term “unit of gen-
21 eral local government” means—

22 (i) a county, parish, township, city, or
23 political subdivision of a county, parish,
24 township, or city, that is a unit of general
25 local government as determined by the Sec-

retary of Commerce for general statistical purposes; and

(ii) the District of Columbia, the Commonwealth of Puerto Rico, and the recognized governing body of an Indian tribe or Alaskan native village that carries out substantial governmental duties and powers.

(B) TREATMENT OF SUBSUMED AREAS.—

For purposes of determining a unit of general local government under this section, the rules under section 6720(c) of title 31, United States Code, shall apply.

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