

108TH CONGRESS
2D SESSION

H. R. 4310

To direct the Secretary of Commerce to make noninterest bearing loans to State and local governments solely for the purpose of funding capital projects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2004

Mr. LAHOOD (for himself, Mr. EMANUEL, Mr. HINCHEY, Mr. JEFFERSON, Mr. LATOURETTE, Mr. MANZULLO, Mr. SHIMKUS, and Mrs. JONES of Ohio) introduced the following bill; which was referred to the Committee on Government Reform

A BILL

To direct the Secretary of Commerce to make noninterest bearing loans to State and local governments solely for the purpose of funding capital projects, 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 “State and Local Gov-
5 ernment Economic Empowerment Act”.

1 **SEC. 2. ELIGIBILITY OF STATE AND LOCAL GOVERNMENTS**
2 **FOR INTEREST-FREE LOANS.**

3 (a) IN GENERAL.—Subject to subsection (b), each
4 State, county, incorporated municipality, and Indian tribe
5 shall be entitled to obtain a loan under section 3, unless
6 such unit of government is delinquent in repaying a prior
7 loan.

8 (b) MAXIMUM AMOUNT LIMITATION.—The total
9 amount of money to which any entity described in sub-
10 section (a) is entitled to borrow under this section shall
11 not exceed the amount equal to the product of—

12 (1) the resident population, as determined by
13 the Secretary on the basis of the 2000 census, of the
14 geographic territory over which the entity has juris-
15 diction; and

16 (2) the amount equal to—

17 (A) in the case of a State, \$200;

18 (B) in the case of a county (as defined in
19 section 2 of title 1, United States Code), \$200;

20 (C) in the case of an incorporated munic-
21 ipality, \$600; and

22 (D) in the case of an Indian tribe, \$1,000.

23 **SEC. 3. INTEREST-FREE LOANS.**

24 Subject to sections 2(b) and 4, the Secretary shall
25 issue an interest-free loan to any government unit de-
26 scribed in section 2(a) if the Secretary obtains such assur-

ances as the Secretary determines to be appropriate from the unit that the proceeds of such loan will be used solely for the purpose of funding capital projects of the governmental unit, including the construction of or improvements to—

- (1) streets, highways, bridges, and tunnels;
- (2) water and sewer systems;
- (3) waste disposal systems; and
- (4) public buildings and other public facilities.

SEC. 4. ADMINISTRATIVE PROVISIONS.

(a) **DISBURSEMENT REQUIREMENTS.**—Loans made under section 3 shall be disbursed by the Secretary—

- (1) in a lump sum for the full amount of the loan; or
- (2) if the Secretary determines that partial disbursements are appropriate in the case of loans for construction projects in order to accommodate a greater number of loan requests, over the construction period of the project.

(b) **MINIMUM PHASE-IN PERIOD.**—Disbursements on all eligible loans made under section 3 shall begin before the end of the 5-year period beginning on the date of enactment of this Act.

(c) **PERIOD TO MATURITY.**—The period to maturity of any loan made under section 3 shall be the estimated

1 number of years of the useful life of the infrastructure
2 installation (if any) which is financed by the loan, but,
3 in any case, shall be a minimum of 10 years and a max-
4 imum of 30 years.

5 (d) APPLICABILITY OF STATE LAW.—The number or
6 the principal amounts of interest-free loans made under
7 section 3 to any governmental unit established by a State,
8 or the period to maturity of any such loan, may not exceed
9 the maximum number, amount, or period to maturity es-
10 tablished under the law of such State, unless the State
11 provides a waiver from any such limitation with respect
12 to any such governmental unit.

13 (e) ADMINISTRATIVE FEES.—The Secretary shall im-
14 pose an administrative fee on each recipient of a loan
15 under section 3 in an amount not to exceed the lesser of—

16 (1) 0.25 percent of the total amount of the
17 loan; or

18 (2) an amount sufficient to cover all adminis-
19 trative costs incurred by the Secretary, including
20 overhead, for making and administering the loan.

21 (f) TERMS OF REPAYMENT.—The repayment terms
22 of any loan made under section 3 shall require quarterly
23 payments by the recipient in equal amounts determined
24 by dividing—

1 (1) the sum of the principal and the adminis-
2 trative fees applicable with respect to such loan; by

3 (2) the number of calendar quarters any por-
4 tion of which falls within the period to maturity of
5 the loan.

6 (g) COLLECTIONS OF PAST DUE AMOUNTS AND COL-
7 LECTION FEES.—

8 (1) ENFORCED COLLECTIONS.—The Secretary
9 shall take action to enforce collection of past due
10 amounts of any loan on which 4 or more quarterly
11 payments are due and payable.

12 (2) IMPOUNDMENT OF DELINQUENT
13 AMOUNT.—In the case of any delinquent loan de-
14 scribed in paragraph (1), the Secretary may seek an
15 order from a district court of the United States of
16 appropriate jurisdiction directing a United States
17 Marshall to impound, under authority of this sub-
18 section, any available funds of the debtor in an
19 amount equal to the amount currently due as of the
20 date of such action to reduce or eliminate the delin-
21 quency.

22 (3) WAIVER OF DEBTOR'S RIGHT TO DEFEND
23 AGAINST COLLECTION.—As a condition for receiving
24 any loan under section 3, the recipient shall waive
25 any right to take any legal action to prevent or de-

1 fend against the collection by the Secretary of any
2 amount which the parties agree is past due.

3 (4) COST OF COLLECTION.—The costs incurred
4 by the Secretary in collecting any amount under this
5 subsection with respect to any loan shall be added
6 to and treated as a part of the principal amount of
7 the loan.

8 (5) BALANCE OF LOAN PRINCIPAL AND FEES
9 PAYABLE IN ACCORDANCE WITH TERMS OF LOAN.—
10 A debtor who is subject to collection proceedings
11 under this subsection for any delinquent portion of
12 a loan under section 3 shall continue to meet the re-
13 payment schedule applicable to such loan for the re-
14 maining amount of principal and fees.

15 (h) REPAYMENT OF LOANS.—Loans made under sec-
16 tion 3 shall be repaid to the Secretary in accordance with
17 the terms established under this Act and shall be deposited
18 into the Treasury of the United States.

19 **SEC. 5. DEFINITIONS.**

20 For purposes of this Act, the following definitions
21 apply:

22 (1) SECRETARY.—The term “Secretary” means
23 the Secretary of Commerce.

24 (2) INDIAN TRIBE.—The term “Indian tribe”
25 means any Indian tribe, band, pueblo, nation, or

1 other organized group or community, including any
2 Alaska Native village or regional or village corpora-
3 tion as defined in or established pursuant to the
4 Alaska Native Claims Settlement Act, which is rec-
5 ognized as eligible for the special programs and serv-
6 ices provided by the United States to Indians be-
7 cause of their status as Indians.

8 (3) STATE.—The term “State” includes the
9 District of Columbia, the Commonwealth of Puerto
10 Rico, Guam, American Samoa, the United States
11 Virgin Islands, and the Northern Mariana Islands.

12 **SEC. 6. PROGRAM AUTHORITY.**

13 In accordance with the provisions of this Act, there
14 are hereby made available, out of any money in the Treas-
15 ury not otherwise appropriated, such sums as may be nec-
16 essary to make loans to all entities described in section
17 2(a).

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