

## HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
6508(a) .....	42:4242.	Oct. 16, 1968, Pub. L. 90-577, §§ 602, 603, 82 Stat. 1107.
6508(b) .....	42:4243.	

In the section, the words “of Congress” are added for clarity. The words “grant program” are substituted for “grant-in-aid program” for consistency in the chapter.

In subsection (a)(1), before clause (A), the words “The study shall include a review of” are substituted for “to determine” for clarity. In clause (B), the words “among other relevant matters” are omitted as unnecessary.

In subsection (b)(1)(B), the words “administration of the program by the United States Government” are substituted for “Federal administration” for consistency in the revised title.

In subsection (b)(2), the words “requesting the study” are added for clarity.

**CHAPTER 67—FEDERAL PAYMENTS**

Sec.	
6701.	Payments to local governments.
6702.	Local Government Fiscal Assistance Fund.
6703.	Qualification for payment.
6704.	State area allocations; allocations and payments to territorial governments.
6705.	Local government allocations.
6706.	Income gap multiplier.
6707.	State variation of local government allocations.
6708.	Adjustments of local government allocations.
6709.	Information used in allocation formulas.
6710.	Public participation.
6711.	Prohibited discrimination.
6712.	Discrimination proceedings.
6713.	Suspension and termination of payments in discrimination proceedings.
6714.	Compliance agreements.
6715.	Enforcement by the Attorney General of prohibitions on discrimination.
6716.	Civil action by a person adversely affected.
6717.	Judicial review.
6718.	Investigations and reviews.
6719.	Reports.
6720.	Definitions, application, and administration.

**Editorial Notes****PRIOR PROVISIONS**

A prior chapter 67, consisting of sections 6701 to 6724, related to revenue sharing, prior to repeal by Pub. L. 99-272, title XIV, § 14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

**§ 6701. Payments to local governments****(a) PAYMENT AND USE.—**

(1) **PAYMENT.**—The Secretary shall pay to each unit of general local government which qualifies for a payment under this chapter an amount equal to the sum of any amounts allocated to the government under this chapter for each payment period. The Secretary shall pay such amount out of the Local Government Fiscal Assistance Fund under section 6702.

(2) **USE.**—Amounts paid to a unit of general local government under this section shall be used by that unit for carrying out one or more programs of the unit related to—

- (A) education to prevent crime;
- (B) substance abuse treatment to prevent crime; or
- (C) job programs to prevent crime.

(3) **COORDINATION.**—Programs funded under this title shall be coordinated with other ex-

isting Federal programs to meet the overall needs of communities that benefit from funds received under this section.

(b) **TIMING OF PAYMENTS.**—The Secretary shall pay each amount allocated under this chapter to a unit of general local government for a payment period by the later of 90 days after the date the amount is available or the first day of the payment period provided that the unit of general local government has provided the Secretary with the assurances required by section 6703(d).

**(c) ADJUSTMENTS.—**

(1) **IN GENERAL.**—Subject to paragraph (2), the Secretary shall adjust a payment under this chapter to a unit of general local government to the extent that a prior payment to the government was more or less than the amount required to be paid.

(2) **CONSIDERATIONS.**—The Secretary may increase or decrease under this subsection a payment to a unit of local government only if the Secretary determines the need for the increase or decrease, or the unit requests the increase or decrease, within one year after the end of the payment period for which the payment was made.

(d) **RESERVATION FOR ADJUSTMENTS.**—The Secretary may reserve a percentage of not more than 2 percent of the amount under this section for a payment period for all units of general local government in a State if the Secretary considers the reserve is necessary to ensure the availability of sufficient amounts to pay adjustments after the final allocation of amounts among the units of general local government in the State.

**(e) REPAYMENT OF UNEXPENDED AMOUNTS.—**

(1) **REPAYMENT REQUIRED.**—A unit of general local government shall repay to the Secretary, by not later than 15 months after receipt from the Secretary, any amount that is—

(A) paid to the unit from amounts appropriated under the authority of this section; and

(B) not expended by the unit within one year after receipt from the Secretary.

(2) **PENALTY FOR FAILURE TO REPAY.**—If the amount required to be repaid is not repaid, the Secretary shall reduce payments in future payment periods accordingly.

(3) **DEPOSIT OF AMOUNTS REPAYED.**—Amounts received by the Secretary as repayments under this subsection shall be deposited in the Local Government Fiscal Assistance Fund for future payments to units of general local government.

**(f) EXPENDITURE WITH DISADVANTAGED BUSINESS ENTERPRISES.—**

(1) **GENERAL RULE.**—Of amounts paid to a unit of general local government under this chapter for a payment period, not less than 10 percent of the total combined amounts obligated by the unit for contracts and subcontracts shall be expended with—

(A) small business concerns controlled by socially and economically disadvantaged individuals and women;

(B) historically Black colleges and universities and colleges and universities having a

student body in which more than 20 percent of the students are Hispanic Americans or Native Americans; and

(C) qualified HUBZone small business concerns.

(2) EXCEPTION.—Paragraph (1) shall not apply to amounts paid to a unit of general local government to the extent the unit determines that the paragraph does not apply through a process that provides for public participation.

(3) DEFINITIONS.—For purposes of this subsection—

(A) the term “small business concern” has the meaning such term has under section 3 of the Small Business Act;

(B) the term “socially and economically disadvantaged individuals” has the meaning such term has under section 8(d) of the Small Business Act and relevant subcontracting regulations promulgated pursuant to that section; and

(C) the term “qualified HUBZone small business concern” has the meaning given that term in section 3(p)<sup>1</sup> of the Small Business Act (15 U.S.C. 632(o)<sup>2</sup>).

(g) NONSUPPLANTING REQUIREMENT.—

(1) IN GENERAL.—Funds made available under this chapter to units of local government shall not be used to supplant State or local funds, but will be used to increase the amount of funds that would, in the absence of funds under this chapter, be made available from State or local sources.

(2) BASE LEVEL AMOUNT.—The total level of funding available to a unit of local government for accounts serving eligible purposes under this chapter in the fiscal year immediately preceding receipt of a grant under this chapter shall be designated the “base level account” for the fiscal year in which a grant is received. Grants under this chapter in a given fiscal year shall be reduced on a dollar for dollar basis to the extent that a unit of local government reduces its base level account in that fiscal year.

(Added Pub. L. 103-322, title III, §31001(a), Sept. 13, 1994, 108 Stat. 1859; amended Pub. L. 105-135, title VI, §604(e)(2), Dec. 2, 1997, 111 Stat. 2633.)

#### Editorial Notes

##### REFERENCES IN TEXT

Sections 3 and 8(d) of the Small Business Act, referred to in subsec. (f)(3), are classified to sections 632 and 637(d), respectively, of Title 15, Commerce and Trade. Section 3(p) of the Act was redesignated as section 31(b) by Pub. L. 115-91, div. A, title XVII, §1701(a)(2), Dec. 12, 2017, 131 Stat. 1795, and is now classified to section 657a(b) of Title 15.

##### PRIOR PROVISIONS

A prior section 6701, Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1010; Pub. L. 98-185, §§2, 9(a), Nov. 30, 1983, 97 Stat. 1309, 1311, related to definitions and application of chapter, prior to repeal by Pub. L. 99-272, title XIV, §14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

<sup>1</sup> See References in Text note below.

<sup>2</sup> So in original. Probably should be “632(p)”.

#### AMENDMENTS

1997—Subsec. (f)(1)(C). Pub. L. 105-135, §604(e)(2)(A), added subpar. (C).

Subsec. (f)(3)(C). Pub. L. 105-135, §604(e)(2)(B), added subpar. (C).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-135 effective Oct. 1, 1997, see section 3 of Pub. L. 105-135, set out as a note under section 631 of Title 15, Commerce and Trade.

##### REGULATIONS

Pub. L. 103-322, title III, §31001(b), Sept. 13, 1994, 108 Stat. 1881, provided that: “Within 90 days of the date of enactment of this Act [Sept. 13, 1994] the Secretary shall issue regulations, which may be interim regulations, to implement subsection (a) [enacting this chapter], modifying the regulations for carrying into effect the Revenue Sharing Act [former chapter 67 of this title] that were in effect as of July 1, 1987, and that were published in 31 C.F.R. part 51. The Secretary need not hold a public hearing before issuing these regulations.”

#### § 6702. Local Government Fiscal Assistance Fund

(a) ADMINISTRATION OF FUND.—The Department of the Treasury has a Local Government Fiscal Assistance Fund, which consists of amounts appropriated to the Fund.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Fund—

- (1) \$270,000,000 for fiscal year 1996;
- (2) \$283,500,000 for fiscal year 1997;
- (3) \$355,500,000 for fiscal year 1998;
- (4) \$355,500,000 for fiscal year 1999; and
- (5) \$355,500,000 for fiscal year 2000.

Such sums are to remain available until expended.

(c) ADMINISTRATIVE COSTS.—Up to 2.5 percent of the amount authorized to be appropriated under subsection (b) is authorized to be appropriated for the period fiscal year 1995 through fiscal year 2000 to be available for administrative costs by the Secretary in furtherance of the purposes of the program. Such sums are to remain available until expended.

(Added Pub. L. 103-322, title III, §31001(a), Sept. 13, 1994, 108 Stat. 1861.)

#### Editorial Notes

##### PRIOR PROVISIONS

A prior section 6702, Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1012, related to payments to governments, prior to repeal by Pub. L. 99-272, title XIV, §14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

#### Statutory Notes and Related Subsidiaries

##### DEFICIT NEUTRALITY

Pub. L. 103-322, title III, §31001(c), Sept. 13, 1994, 108 Stat. 1881, provided that: “Any appropriation to carry out the amendment made by this subtitle [subtitle J (§§31001, 31002) of title III of Pub. L. 103-322, enacting this chapter] to title 31, United States Code, for fiscal year 1995 or 1996 shall be offset by cuts elsewhere in appropriations for that fiscal year.”

#### § 6703. Qualification for payment

(a) IN GENERAL.—The Secretary shall issue regulations establishing procedures under which