110TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
110–33

APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS OF 2007

MARCH 6, 2007.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OBERSTAR, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 799]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 799) to reauthorize and improve the program authorized by the Appalachian Regional Development Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Appalachian Regional Development Act Amendments of 2007".

SEC. 2. LIMITATION ON AVAILABLE AMOUNTS; MAXIMUM COMMISSION CONTRIBUTION.

(a) GRANTS AND OTHER ASSISTANCE.—Section 14321(a) of title 40, United States Code, is amended—

(1) by striking paragraph (1)(A)(i) and inserting the following:

"(i) the amount of the grant shall not exceed—

"(I) 50 percent of administrative expenses;

"(II) at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or a part of a county for which a distressed county designation is in effect under section 14526, 75 percent of administrative expenses; or

"(III) at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or a part of a county for which an at-risk county designation is in effect under section 14526, 70 percent of administrative expenses;"; and

(2) by striking paragraph (2)(A) and inserting the following:

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"(A) IN GENERAL.—Except as provided in subparagraph (B), of the cost of any activity eligible for financial assistance under this section, not more than—

"(i) 50 percent may be provided from amounts appropriated to carry out this subtitle;

"(ii) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this subtitle; or

"(iii) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this subtitle.".

(b) DEMONSTRATION HEALTH PROJECTS.—Section 14502 of title 40, United States Code, is amended—

(1) by striking subsection (d)(2) and inserting the following:

"(2) LIMITATION ON AVAILABLE AMOUNTS.—Grants under this section for the operation (including initial operating amounts and operating deficits, which include the cost of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with amounts authorized by this section, may be made for up to—

"(A) 50 percent of the cost of that operation;

"(B) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of the cost of that operation; or

"(C) in the case of a project to be carried out for a county for which an at-risk county designation is in effect under section 14526, 70 percent of the cost of that operation."; and

(2) in subsection (f)—

(A) in paragraph (1) by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(B) by adding at the end the following:

"(3) AT-RISK COUNTIES.—The maximum Commission contribution for a project to be carried out in a county for which an at-risk county designation is in effect under section 14526 may be increased to the lesser of—

"(A) 70 percent; or

"(B) the maximum Federal contribution percentage authorized by this section.".

(c) ASSISTANCE FOR PROPOSED LOW- AND MIDDLE-INCOME HOUSING PROJECTS.—Section 14503 of title 40, United States Code, is amended—

(1) by striking subsection (d)(1) and inserting the following:

"(1) LIMITATION ON AVAILABLE AMOUNTS.—A loan under subsection (b) for the cost of planning and obtaining financing (including the cost of preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, application and mortgage commitment fees, legal fees, and construction loan fees and discounts) of a project described in that subsection may be made for up to—

"(A) 50 percent of that cost;

"(B) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of that cost; or

"(C) in the case of a project to be carried out for a county for which an at-risk county designation is in effect under section 14526, 70 percent of that cost."; and

(2) by striking subsection (e)(1) and inserting the following:

"(1) IN GENERAL.—A grant under this section for expenses incidental to planning and obtaining financing for a project under this section that the Secretary considers to be unrecoverable from the proceeds of a permanent loan made to finance the project shall—

"(A) not be made to an organization established for profit; and

"(B) except as provided in paragraph (2), not exceed—

"(i) 50 percent of those expenses;

"(ii) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of those expenses; or

"(iii) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent of those expenses.".

(d) TELECOMMUNICATIONS AND TECHNOLOGY INITIATIVE.—Section 14504 of title 40, United States Code, is amended by striking subsection (b) and inserting the following:

"(b) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

"(1) 50 percent may be provided from amounts appropriated to carry out this section;

"(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

"(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.".

(e) ENTREPRENEURSHIP INITIATIVE.—Section 14505 of title 40, United States Code, is amended by striking subsection (c) and inserting the following:

"(c) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

"(1) 50 percent may be provided from amounts appropriated to carry out this section;

"(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

"(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.".

(f) REGIONAL SKILLS PARTNERSHIPS.—Section 14506 of title 40, United States Code, is amended by striking subsection (d) and inserting the following:

"(d) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

"(1) 50 percent may be provided from amounts appropriated to carry out this section;

"(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

"(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.".

(g) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—Section 14507(g) of title 40, United States Code, is amended—

(1) in paragraph (1) by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(2) by adding at the end the following:

"(3) AT-RISK COUNTIES.—The maximum Commission contribution for a project to be carried out in a county for which an at-risk county designation is in effect under section 14526 may be increased to 70 percent.".

SEC. 3. ECONOMIC AND ENERGY DEVELOPMENT INITIATIVE.

(a) IN GENERAL.—Subchapter I of chapter 145 of subtitle IV of title 40, United States Code, is amended by adding at the end the following:

§ 14508. Economic and energy development initiative

"(a) PROJECTS TO BE ASSISTED.—The Appalachian Regional Commission may provide technical assistance, make grants, enter into contracts, or otherwise provide amounts to persons or entities in the Appalachian region for projects—

"(1) to promote energy efficiency in the region to enhance its economic competitiveness;

"(2) to increase the use of renewable energy resources in the region to produce alternative transportation fuels, electricity, and heat; and

"(3) to support the development of conventional energy resources in the region to produce alternative transportation fuels, electricity, and heat.

"(b) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any project eligible for a grant under this section, not more than—

"(1) 50 percent may be provided from amounts appropriated to carry out this section;

"(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

"(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.

"(c) SOURCES OF ASSISTANCE.—Assistance under this section may be provided from amounts made available to carry out this section in combination with amounts made available under other Federal programs or from any other source.

"(d) FEDERAL SHARE.—Notwithstanding any provision of law limiting the Federal share under any other Federal program, amounts made available to carry out this section may be used to increase that Federal share, as the Commission decides is appropriate.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 145 of title 40, United States Code, is amended by inserting after the item relating to section 14507 the following:

"14508. Economic and energy development initiative.".

SEC. 4. DISTRESSED, AT-RISK, AND ECONOMICALLY STRONG COUNTIES.

(a) DESIGNATION OF AT-RISK COUNTIES.—Section 14526 of title 40, United States Code, is amended—

(1) in the section heading by inserting "**, at-risk,**" after "**Distressed**"; and

(2) in subsection (a)(1)—

(A) by redesignating subparagraph (B) as subparagraph (C);

(B) in subparagraph (A) by striking "and" at the end; and

(C) by inserting after subparagraph (A) the following:

"(B) designate as 'at-risk counties' those counties in the Appalachian region that are most at risk of becoming economically distressed; and".

(b) CONFORMING AMENDMENT.—The analysis for chapter 145 of such title is amended by striking the item relating to section 14526 and inserting the following:

"14526. Distressed, at-risk, and economically strong counties.".

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 14703(a) of title 40, United States Code, is amended to read as follows:

"(a) IN GENERAL.—In addition to amounts made available under section 14501, there is authorized to be appropriated to the Appalachian Regional Commission to carry out this subtitle (other than section 14508)—

"(1) $65,000,000 for fiscal year 2007;

"(2) $80,000,000 for fiscal year 2008;

"(3) $85,000,000 for fiscal year 2009;

"(4) $90,000,000 for fiscal year 2010; and

"(5) $95,000,000 for fiscal year 2011.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 14703(b) of such title is amended to read as follows:

"(b) ECONOMIC AND ENERGY DEVELOPMENT INITIATIVE.—In addition to amounts made available under section 14501, there is authorized to be appropriated to the Commission to carry out section 14508 $12,000,000 for each of fiscal years 2008 through 2011.".

(c) AVAILABILITY.—Section 14703(c) of such title is amended by striking "subsection (a)" and inserting "subsections (a) and (b)".

(d) ALLOCATION OF FUNDS.—Section 14703 of such title is amended by adding at the end the following:

"(d) ALLOCATION OF FUNDS.—Funds approved by the Commission for a project in a State in the Appalachian region pursuant to congressional direction shall be derived from such State's portion of the Commission's allocation of appropriated amounts among the States.".

SEC. 6. TERMINATION.

Section 14704 of title 40, United States Code, is amended by striking "2006" and inserting "2011".

PURPOSE OF THE LEGISLATION

H.R. 799, the Appalachian Regional Development Act Amendments of 2007, is a bill to reauthorize and improve the programs authorized by the Appalachian Regional Development Act of 1965. H.R. 799 authorizes appropriations for the Appalachian Regional Commission programs for five years.

BACKGROUND AND NEED FOR LEGISLATION

The Appalachian Regional Development Act of 1965 (ARDA) established the Appalachian Regional Commission (ARC). The ARC is a regional economic development agency representing a unique and precedent-setting partnership of Federal, State, and local government. ARC includes all or part of 13 States: Alabama, Georgia, Kentucky, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia. ARC's primary function is to support development of Appalachia's economy and critical infrastructure to provide a climate for growth in business and industry that will create jobs. ARC administers a variety of programs to aid in the development and advancement of the region including the creation a highway system, enhancements in education and job training, and the development of water and sewer systems.

Since its creation in 1965, ARC's funding and projects have contributed significantly to employment, health, public works, and general economic development improvements in the region. The regional poverty rate has been reduced by almost one-half. High school graduation rates have doubled, and the percentage of Appalachian students now completing high school is slightly above the national average. The infant mortality rate has been cut by two-thirds, and ARC funds have helped build more than 400 health facilities serving four million Appalachians. ARC projects have provided more than 800,000 Appalachians with access to clean water and sanitation facilities.

Building its successful strategy on a regional approach, ARC States work cooperatively with the Federal ARC co-chair to address issues of economic development particular to the Appalachian region. ARC programs do not duplicate other Federal programs, but respond to locally identified needs and are extremely flexible in their ability to quickly respond to unique problems of the Appalachian region.

H.R. 799 reauthorizes the ARC for five years, from fiscal year 2007 through fiscal year 2011.

SUMMARY OF THE LEGISLATION

Section 1. Short title

Section 1 states that this Act may be cited as the "Appalachian Regional Development Act Amendments of 2007".

Section 2. Limitation on available amounts; Maximum commission contribution

Section 2(a)(1) amends section 14321(a)(1)(A) of Title 40, United States Code, by striking paragraph (1)(A)(i) and inserting the following: the amount of the grant shall not exceed 50 percent of administrative expenses; at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or part of a county for which a distressed county designation is in effect, 75 percent of administrative expenses; or, at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or a part of a county for which an at-risk county designation is in effect, 70 percent of administrative expenses.

Section 2(a)(2) amends section 14321(a)(2)(A) of Title 40, United States Code, by adding a provision which authorizes the Commission, at its discretion, to make grants for 70 percent for any activity eligible for financial assistance to a designated at-risk county.

Section 2(b) amends section 14502 of Title 40, United States Code, by striking subsection (d)(2) and inserting a new subsection (d)(2). The new subsection authorizes the Commission to make grants for the operation (including initial operating amounts and operating deficits, which include the cost of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with amounts authorized by this section. The grant amounts may be made for up to 50 percent, or 80 percent in the case of a project to be carried out in a county which is a designated distressed county, or 70 percent for a designated at-risk county. Subsection (f) of section 14502 is amended by adjusting the maximum commission contribution for an at-risk county to the lesser of 70 percent or the maximum Federal contribution percentage authorized by this section.

Section 2(c) amends section 14503 of Title 40, United States Code, by striking subsection (d)(1) and inserting a new subsection (d)(1). The new subsection authorizes the Commission to make loans for the cost of planning and obtaining financing (including the cost of preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, application and mortgage commitment fees, legal fees, and construction loan fees and discounts) of up to 50 percent of the cost, 80 percent of the cost in a designated distressed county, and up to 70 percent of the cost for a designated at-risk county.

Section 2(c) further amends section 14503(e)(1) by striking the existing provision and by inserting a new provision that states a grant under this section for expenses incidental to planning and obtaining financing for a project under this section that the Secretary considers to be unrecoverable from the proceeds of a permanent loan made to finance the project shall not be made to an organization established for profit, and shall not exceed 50 percent, 80 percent in a designated distressed county, or 70 percent of those expenses in a designated at-risk county.

Section 2(d) amends section 14504(b) of Title 40, United States Code, by striking subsection (b) and inserting a new subsection (b) to authorize the Commission to make grants for the costs of any activity eligible under this section of not more than 50 percent, 80 percent for a designated distressed county, or 70 percent for a designated at-risk county.

Section 2(e) amends section 14505 of Title 40, United States Code, by striking subsection (c) and inserting a new subsection (c). The new subsection authorizes the Commission to make grants for the costs of any activity under this section of not more than 50 percent may be provided from amounts appropriated to carry out this section; in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or in the case of a project to be carried out in a county for which an at-risk designation is in effect to under section 14526, 70 percent may be provide from amounts appropriated to carry out this section.

Section 2(f) amends section 14506 of Title 40, United States Code, by striking subsection (d) by adding a new subsection (d).

The new subsection authorizes the Commission to make grants for the costs of any activity eligible under this subsection of not more than 50 percent, 80 percent for a designated distressed county, or 70 percent grant amount for a designated at-risk county.

Section 2(g) amends section 14507(g) of Title 40, United States Code, by adding a new subsection (g)(3). The new subsection states that the maximum Commission contribution for a project to be carried out in an at-risk county may be increased to 70 percent.

Section 3. Economic and energy development initiative

This section adds section 14508 of Title 40, United States Code, and authorizes the Commission to provide technical assistance, make grants, enter into contracts, or to otherwise provide amounts to person or entities in the Appalachian region for projects to promote energy efficiency in the region; to increase the use of renewable energy resources in the region to productive alternative transportation fuels, electricity, and heat; and to support the development of conventional energy resources in the region to produce alternative transportation fuels, electricity, and heat. Further, this new section sets a limitation of available amounts to not more than 50 percent, 80 percent for a designated distressed county, or 70 percent for a designated at-risk county to be provided from amounts appropriated to carry out the section.

Section 4. Distressed, at-risk, and economically strong counties

Section 4(a) amends section 14526 of title 40, United States Code by inserting "at-risk" after "distressed". This section also adds the definition of "at-risk counties" as those counties in the Appalachian region that are most at risk of becoming economically distressed.

Section 5. Authorization of appropriations

Section 5(a) amends section 14703(a) of Title 40, United States Code, to authorize appropriations for the ARC for five fiscal years as follows: $65 million for fiscal year 2007, $80 million for fiscal year 2008; $85 million for fiscal year 2009; $90 million for fiscal year 2010, and $95 million for fiscal year 2011.

Section 5(b) and (c) amend section 14703(b) of Title 40, United States Code, to authorize appropriations for the economic and energy development initiative as follows: $12 million for each of fiscal years 2008 through 2011. These amounts are in addition to the amounts provided under subsection (a).

Section 5(d) amends section 14703 of Title 40, United States Code, to add subsection (d). Subsection (d) provides that funds approved by the Commission for a project in a State pursuant to congressional direction will be derived from such State's portion of the Commission's allocation of appropriated amounts among the States.

Section 6. Termination

Section 6 extends the termination date of the ARC from 2006 to 2011.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

During the 107th Congress, Congress enacted the Appalachian Regional Development Reauthorization Act of 2001 (P.L. 107–149), which built upon past successes of the Appalachian Regional Commission, made several amendments to existing law, and extended the authorization for an additional five years. Specifically, the Appalachian Regional Development Reauthorization Act expanded the Commission by adding four new, adjacent counties to the region, required the Commission to direct at least one-half of its grant funding to activities and projects in distressed counties, established a program to provide enhanced access to telecommunications and technology to the region, and lowered the cost-sharing amount for distressed counties.

ARC's current authorization expired in FY 2006. During the 109th Congress, the Committee leadership introduced H.R. 5812, a bill reauthorizing ARC through FY 2011. In addition, on July 12, 2006, the Subcommittee held a legislative hearing to assess the progress of ARC's programs in preparation for the reauthorization, and to examine legislative proposals that would create additional regional economic development authorities, including the Northeast Regional Development Commission, the Southeast Crescent Authority, and the Southwest Regional Border Authority. No further action was taken on H.R. 5812.

On February 6, 2007, the Economic Development, Public Buildings, and Emergency Management Subcommittee met in open session and recommended H.R. 799 favorably to the Committee on Transportation and Infrastructure by voice vote.

On February 7, 2007, the Committee on Transportation and Infrastructure met in open session and adopted by voice vote an amendment to authorize an economic and energy development initiative in Appalachia. The Committee on Transportation and Infrastructure ordered H.R. 799, as amended, reported favorably to the House by voice vote.

RECORD VOTES

Clause 3(b) of rule XIII of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no recorded votes taken in connection with ordering H.R. 799 reported. A motion to order H.R. 799, as amended, reported favorably to the House was agreed to by voice vote with a quorum present.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(I) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included in the report.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objective of this legislation are to reauthorize and improve the programs authorized by the Appalachian Regional Development Act of 1965. H.R. 799 authorizes appropriations for the Appalachian Regional Commission programs for five years.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the enclosed cost estimate for H.R. 799 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 13, 2007.

Hon. JAMES L. OBERSTAR,
Chairman, Committee on Transportation and Infrastructure, House of Representatives, Washington, DC,

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 799, the Appalachian Regional Development Act Amendments of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Daniel Hoople (for federal costs), and Melissa Merrell (for the state and local impact).

Sincerely,

PETER R. ORSZAG,
Director.

Enclosure.

H.R. 799—Appalachian Regional Development Act Amendments of 2007

Summary: H.R. 799 would authorize the appropriation of $65 million for the Appalachian Regional Commission (ARC) for 2007. (The commission is currently funded at an annual rate of $35 million in Public Law 109–383, a joint resolution making further continuing appropriations for fiscal year 2007.) The bill also would authorize $398 million over the 2008–2011 period for the ARC to make grants to state and local governments that support economic development within the Appalachian region. CBO estimates that implementing H.R. 799 would cost $280 million over the 2007–2012 period.

H.R. 799 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budget impact of H.R. 799 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development). For this estimate, CBO assumes that the bill will be enacted in fiscal year 2007 and that the amounts authorized by the bill will be appropriated for each fiscal year.

	By fiscal year, in millions of dollars—					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for the Appalachian Regional Commission[1]:						
Budget Authority	35	0	0	0	0	0
Estimated Outlays	64	54	37	21	12	4
Proposed Changes:						
Economic Development Grants:						
Authorization Level	30	80	85	90	95	0
Estimated Outlays	3	14	33	55	71	73
Energy Grants:						
Authorization Level	0	12	12	12	12	0
Estimated Outlays	0	1	4	7	9	10
Total:						
Authorization Level	30	92	97	102	107	0
Estimated Outlays	3	15	37	62	80	83
Spending Under H.R. 799 for the Appalachian Regional Commission:						
Authorization Level	65	92	97	102	107	0
Estimated Outlays	67	69	74	83	92	87

[1] The 2007 level is the amount provided under the current continuing resolution (Public Law 109–383). A full-year appropriation for this agency has not yet been enacted for fiscal year 2007. H.R. 799 would authorize the appropriation of $65 million for 2007.

Basis of estimate: H.R. 799 would authorize the appropriation of $65 million in fiscal year 2007 for the ARC to make grants to the 13 states of the Appalachian region. The ARC is currently funded at an annual rate of $35 million for fiscal year 2007 under the continuing resolution (Public Law 109–383) in effect through February 15. Thus, enacting this legislation would authorize the appropriation of an additional $30 million to the ARC in 2007.

H.R. 799 also would authorize the appropriation of $350 million over the 2008–2011 period for the ARC and would increase the maximum percentage of funds available for projects within counties determined to be the most at risk of becoming economically distressed. In addition, H.R. 799 would authorize the appropriation of $48 million over the 2008–2011 period for the ARC to establish a grant program promoting energy efficiency and increased use of renewable energy resources and alternative fuels in the Appalachian region. Based on historical spending patterns, CBO estimates that implementing H.R. 799 would cost $3 million in 2007 and $280 million over the 2007–2012 period, assuming appropriation of the authorized sums.

Intergovernmental and private-sector impact: H.R. 799 contains no intergovernmental or private-sector mandates as defined in UMRA. Assuming the appropriation of the authorized amounts, counties in the Appalachian region would receive more than $380 million over the next several years for a variety of grant programs. In addition, this bill would increase the funding available to certain counties that are at risk of becoming economically distressed. Any costs to those governments would be incurred voluntarily as conditions of receiving federal assistance. This bill would not affect the budgets of other state, local, or tribal governments.

Estimate prepared by: Federal Costs: Daniel Hoople. Impact on state, local, and tribal governments: Melissa Merrell. Impact on the private sector: Craig Cammarata.

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

Compliance With House Rule XXI

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 799 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI of the Rules of the House of Representatives.

Constitutional Authority Statement

Pursuant to clause (3)(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

Federal Mandates Statement

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

Preemption Clarification

Section 423 of the Congressional Budget Act of 1974 requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee states that H.R. 799 does not preempt any state, local, or tribal law.

Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

Applicability to the Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 40, UNITED STATES CODE

* * * * * * *

SUBTITLE IV—APPALACHIAN REGIONAL DEVELOPMENT

* * * * * * *

CHAPTER 143—APPALACHIAN REGIONAL COMMISSION

* * * * * * *

SUBCHAPTER II—FINANCIAL ASSISTANCE

§ 14321. Grants and other assistance

(a) AUTHORIZATION TO MAKE GRANTS.—

(1) IN GENERAL.—The Appalachian Regional Commission may make grants—

(A) for administrative expenses, including the development of areawide plans or action programs and technical assistance activities, of local development districts, but—

[(i) the amount of a grant shall not exceed 50 percent of administrative expenses or, at the discretion of the Commission, 75 percent of administrative expenses if the grant is to a local development district that has a charter or authority that includes the economic development of a county or part of a county for which a distressed county designation is in effect under section 14526 of this title;]

(i) the amount of the grant shall not exceed—

(I) 50 percent of administrative expenses;

(II) at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or a part of a county for which a distressed county designation is in effect under section 14526, 75 percent of administrative expenses; or

(III) at the discretion of the Commission, if the grant is to a local development district that has a charter or authority that includes the economic development of a county or a part of a county for which an at-risk county designation is in effect under section 14526, 70 percent of administrative expenses;

* * * * * * *

(2) LIMITATION ON AVAILABLE AMOUNTS.—

[(A) IN GENERAL.—Except as provided in subparagraph (B), not more than 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of the cost of any activity eligible for financial assistance under this section may be provided from amounts appropriated to carry out this subtitle.]–

(A) IN GENERAL.—Except as provided in subparagraph (B), of the cost of any activity eligible for financial assistance under this section, not more than—

(i) 50 percent may be provided from amounts appropriated to carry out this subtitle;

(ii) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this subtitle; or

(iii) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this subtitle.

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CHAPTER 145—SPECIAL APPALACHIAN PROGRAMS

SUBCHAPTER I—PROGRAMS

SUBCHAPTER I—PROGRAMS

* * * * * * *

§ 14502. Demonstration health projects

(a) * * *

* * * * * * *

(d) OPERATION GRANTS.—

(1) * * *

[(2) LIMITATION ON AVAILABLE AMOUNTS.—Grants under this section for the operation (including initial operating amounts and operating deficits, which include the cost of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with amounts authorized by this section, may be made for up to 50 percent of the cost of that operation (or 80 percent of the cost of that operation for a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title).]

(2) LIMITATION ON AVAILABLE AMOUNTS.—Grants under this section for the operation (including initial operating amounts and operating deficits, which include the cost of attracting, training, and retaining qualified personnel) of a demonstration health project, whether or not constructed with amounts authorized by this section, may be made for up to—

(A) 50 percent of the cost of that operation;

(B) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of the cost of that operation; or

(C) in the case of a project to be carried out for a county for which an at-risk county designation is in effect under section 14526, 70 percent of the cost of that operation.

* * * * * * *

(f) MAXIMUM COMMISSION CONTRIBUTION.—

(1) IN GENERAL.—Subject to [paragraph (2)] *paragraphs (2) and (3)*, the Commission may contribute not more than 50 percent of any project cost eligible for financial assistance under this section from amounts appropriated to carry out this subtitle.

* * * * * * *

(3) AT-RISK COUNTIES.—The maximum Commission contribution for a project to be carried out in a county for which an at-risk county designation is in effect under section 14526 may be increased to the lesser of—

(A) 70 percent; or

(B) the maximum Federal contribution percentage authorized by this section.

* * * * * * *

§ 14503. Assistance for proposed low- and middle-income housing projects

(a) * * *

* * * * * * *

(d) LOANS.—

[(1) LIMITATION ON AVAILABLE AMOUNTS.—A loan under subsection (b) shall not be more than 50 percent (or 80 percent for a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of the cost of planning and obtaining financing for a project, including preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, application and mortgage commitment fees, legal fees, and construction loan fees and discounts.]

(1) LIMITATION ON AVAILABLE AMOUNTS.—A loan under subsection (b) for the cost of planning and obtaining financing (including the cost of preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site options, application and mortgage commitment fees, legal fees, and construction loan fees and discounts) of a project described in that subsection may be made for up to—

(A) 50 percent of that cost;

(B) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of that cost; or

(C) in the case of a project to be carried out for a county for which an at-risk county designation is in effect under section 14526, 70 percent of that cost.

* * * * * * *

(e) GRANTS.—

[(1) IN GENERAL.—A grant under this section shall not be made to an organization established for profit and, except as provided in paragraph (2), shall not exceed 50 percent (or 80 percent for a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of expenses, incident to planning and obtaining financing for a project, which the Secretary considers not to be recoverable from the proceeds of a permanent loan made to finance the project.]

(1) IN GENERAL.—A grant under this section for expenses incidental to planning and obtaining financing for a project under this section that the Secretary considers to be unrecoverable from the proceeds of a permanent loan made to finance the project shall—

(A) not be made to an organization established for profit; and

(B) except as provided in paragraph (2), not exceed—

(i) 50 percent of those expenses;

(ii) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent of those expenses; or

(iii) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent of those expenses.

* * * * * * *

§ 14504. Telecommunications and technology initiative

(a) * * *

[(b) LIMITATION ON AVAILABLE AMOUNTS.—Not more than 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of the cost of any activity eligible for a grant under this section may be provided from amounts appropriated to carry out this section.]

(b) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts appropriated to carry out this section;

(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.

* * * * * * *

§ 14505. Entrepreneurship initiative

(a) * * *

* * * * * * *

[(c) LIMITATION ON AVAILABLE AMOUNTS.—Not more than 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of the cost of any activity eligible for a grant under this section may be provided from amounts appropriated to carry out this section.]

(c) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts appropriated to carry out this section;

(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.

* * * * * * *

§ 14506. Regional skills partnerships

(a) * * *

* * * * * * *

[(d) LIMITATION ON AVAILABLE AMOUNTS.—Not more than 50 percent (or 80 percent in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526 of this title) of the cost of any activity eligible for a grant under this section may be provided from amounts appropriated to carry out this section.]

(d) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any activity eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts appropriated to carry out this section;

(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.

* * * * * * *

§ 14507. Supplements to federal grant programs

(a) * * *

* * * * * * *

(g) MAXIMUM COMMISSION CONTRIBUTION.—

(1) IN GENERAL.—Subject to [paragraph (2)] *paragraphs (2) and (3)*, the Commission may contribute not more than 50 percent of a project or activity cost eligible for financial assistance under this section from amounts appropriated to carry out this subtitle.

* * * * * * *

(3) AT-RISK COUNTIES.—The maximum Commission contribution for a project to be carried out in a county for which an at-

risk county designation is in effect under section 14526 may be increased to 70 percent.

§ 14508. Economic and energy development initiative

(a) PROJECTS TO BE ASSISTED.—The Appalachian Regional Commission may provide technical assistance, make grants, enter into contracts, or otherwise provide amounts to persons or entities in the Appalachian region for projects—

(1) to promote energy efficiency in the region to enhance its economic competitiveness;

(2) to increase the use of renewable energy resources in the region to produce alternative transportation fuels, electricity, and heat; and

(3) to support the development of conventional energy resources in the region to produce alternative transportation fuels, electricity, and heat.

(b) LIMITATION ON AVAILABLE AMOUNTS.—Of the cost of any project eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts appropriated to carry out this section;

(2) in the case of a project to be carried out in a county for which a distressed county designation is in effect under section 14526, 80 percent may be provided from amounts appropriated to carry out this section; or

(3) in the case of a project to be carried out in a county for which an at-risk county designation is in effect under section 14526, 70 percent may be provided from amounts appropriated to carry out this section.

(c) SOURCES OF ASSISTANCE.—Assistance under this section may be provided from amounts made available to carry out this section in combination with amounts made available under other Federal programs or from any other source.

(d) FEDERAL SHARE.—Notwithstanding any provision of law limiting the Federal share under any other Federal program, amounts made available to carry out this section may be used to increase that Federal share, as the Commission decides is appropriate.

SUBCHAPTER II—ADMINISTRATIVE

* * * * * * *

§ 14526. Distressed, *at-risk*, and economically strong counties

(a) DESIGNATIONS.—

(1) IN GENERAL.—The Appalachian Regional Commission, in accordance with criteria the Commission may establish, each year shall—

(A) designate as "distressed counties" those counties in the Appalachian region that are the most severely and persistently distressed; [and]

(B) designate as "at-risk counties" those counties in the Appalachian region that are most at risk of becoming economically distressed; and

[(B)] *(C)* designate two categories of economically strong counties, consisting of—

(i) * * *

*   *   *   *   *   *   *

CHAPTER 147—MISCELLANEOUS

*   *   *   *   *   *   *

§ 14703. Authorization of appropriations

【(a) IN GENERAL.—In addition to amounts authorized by section 14501 of this title and other amounts made available for the Appalachian development highway system program, the following amounts may be appropriated to the Appalachian Regional Commission to carry out this subtitle:

【(1) $88,000,000 for each of the fiscal years 2002–2004.

【(2) $90,000,000 for fiscal year 2005.

【(3) $92,000,000 for fiscal year 2006.

【(b) TELECOMMUNICATIONS AND TECHNOLOGY INITIATIVE.—Of the amounts made available under subsection (a), the following amounts are available to carry out section 14504 of this title:

【(1) $10,000,000 for fiscal year 2002.

【(2) $8,000,000 for fiscal year 2003.

【(3) $5,000,000 for each of the fiscal years 2004–2006.】

(a) IN GENERAL.—In addition to amounts made available under section 14501, there is authorized to be appropriated to the Appalachian Regional Commission to carry out this subtitle (other than section 14508)—

(1) $65,000,000 for fiscal year 2007;

(2) $80,000,000 for fiscal year 2008;

(3) $85,000,000 for fiscal year 2009;

(4) $90,000,000 for fiscal year 2010; and

(5) $95,000,000 for fiscal year 2011.

(b) ECONOMIC AND ENERGY DEVELOPMENT INITIATIVE.—In addition to amounts made available under section 14501, there is authorized to be appropriated to the Commission to carry out section 14508 $12,000,000 for each of fiscal years 2008 through 2011.

(c) AVAILABILITY.—Amounts made available under 【subsection (a)】 *subsections (a) and (b)* remain available until expended.

(d) ALLOCATION OF FUNDS.—Funds approved by the Commission for a project in a State in the Appalachian region pursuant to congressional direction shall be derived from such State's portion of the Commission's allocation of appropriated amounts among the States.

§ 14704. Termination

This subtitle, except sections 14102(a)(1) and (b) and 14501, ceases to be in effect on October 1, 【2006】 *2011*.

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