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SENATE

{ REPORT
110-63

APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS OF 2007

MAY 7, 2007.—Ordered to be printed

Mrs. BOXER, from the Committee on Environment and Public Works, submitted the following

R E P O R T

[To accompany S. 496]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, to which was referred a bill (S. 496) to reauthorize and improve the program authorized by the Appalachian Regional Development Act of 1965, having considered the same, reports favorably thereon and recommends that the bill as amended do pass.

PURPOSE OF THE LEGISLATION

S. 496, the Appalachian Regional Development Act Amendments of 2007, provides for the reauthorization and improvement of the Appalachian Regional Development Act of 1965. The bill strengthens the Act by providing tools to better assist those counties most at-risk of becoming economically distressed and by increasing the authorization level of the Act. S. 496 authorizes appropriations for the Appalachian Regional Commission programs for five years.

GENERAL STATEMENT AND BACKGROUND

The Appalachian Regional Development Act of 1965 (title 40, subtitle IV, United States Code) established the Appalachian Regional Commission (ARC). ARC is a Federal-State partnership that works with the people of Appalachia to create opportunities for self-sustaining economic development and improved quality of life. ARC includes all or portions of 13 States: Alabama, Georgia, Kentucky, Maryland, 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 a highway system, education and job training, and water and sewer systems.

ARC administers economic development funds through a series of grant programs. The agency generally allocates funds based on the economic distress of a given locality, devoting a significant percentage of its resources to benefit economically distressed communities. By law, at least 50 percent of all non-highway project grant funds must go to distressed counties and areas. In fiscal year 2006, for example, 61 percent of ARC's non-highway funds supported projects that primarily or substantially benefited distressed counties and areas.

Since its creation in 1965, ARC's funding and projects have contributed significantly to improvements in the region. The number of economically distressed counties has been cut by more than half, from 223 distressed counties in 1965 to 78 counties in 2007. The regional poverty rate has been cut by more than half. High school graduation rates have increased by more than 70 percent. The infant mortality rate has been cut by two-thirds, and more than 400 ARC-funded rural health facilities have expanded access to health care across Appalachia. Since 1977, ARC has invested \$37.6 million in revolving loan funds that generated \$123 million in loans for small businesses and leveraged \$8.41 in other investment for each ARC dollar, helping create more than 30,000 jobs.

Unfortunately, however, roughly one-fifth of ARC's counties remain distressed. Additionally, one-fourth of Appalachia's counties have a poverty rate more than 150 percent of the national average and a majority of the counties have a higher unemployment rate than the national average.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that this Act may be cited as the "Appalachian Regional Development Act Amendments of 2007".

Sec. 2. Limitation on available amounts; Maximum commission contribution

Summary

Section 2 amends section 14321, 14502, 14503, 14504, 14505, 14506, and 14507 of Title 40, United States Code, to provide a maximum grant rate of 70 percent for designated at-risk counties.

Description

ARC's grant programs include assistance for economic development, demonstration health projects, assistance for proposed low- and middle-income housing projects, a telecommunications and technology initiative, an entrepreneurship initiative, a regional skills partnership, and supplements to Federal grant programs. Currently each of these non-highway programs includes a max-

imum grant rate of 75 for administrative expenses and 80 percent for the cost of eligible projects for distressed counties, and 50 percent for all other counties. This section provides ARC with an additional tool to try to prevent those counties most at risk of becoming economically distressed from actually becoming distressed by providing a maximum grant rate for these ‘at-risk’ counties of 70 percent for all of ARC’s non-highway grant programs.

Sec. 3. Economic and Energy Development Initiative

Summary

This section amends subchapter I of chapter 145, subtitle IV of Title 40, by adding Section 14508, the Economic and Energy Development Initiative.

Description

This provision will allow the Appalachian Regional Commission to provide technical assistance, grants, or enter into contracts with individuals or entities to promote energy efficiency, renewable energy resources, and to enhance the economic competitiveness of the Appalachian region.

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

Summary

This section amends section 14526(a)(1) of title 40, United States Code, to direct the Commission to designate as ‘at-risk’ those counties that are most at risk of becoming economically distressed.

Sec. 5. Authorization of appropriations

Summary

This section amends section 14703 of title 40, United States Code, to set authorization levels for fiscal years 2007–2011.

Description

The section authorizes \$95.2 million in fiscal year 2007; \$98.6 million in fiscal year 2008; \$102 million in fiscal year 2009; \$105.7 million in fiscal year 2010; and \$109.4 in fiscal year 2011. These levels include increases in line with projected inflation rates (Historical Tables of the U.S. Government Budget, Table 10.1, (‘Other Grants’).) Further, spending for Section 14504, Telecommunications and Technology is specified as \$10,000,000 for fiscal year 2007; \$8,000,000 for fiscal year 2008; \$5,000,000 for each of the fiscal years 2009 through 2011. The bill also specifies the expenditures for economic and energy initiative as follows: \$12,000,000 for fiscal year 2007; \$12,400,000 for fiscal year 2008; \$12,900,000 for fiscal year 2009; \$13,300,000 for fiscal year 2010; and \$13,800,000 for fiscal year 2011.

Sec. 6. Termination

This section amends section 14704 of title 40, United States Code, to extend the date on which the Appalachian Regional Development Act of 1965 (with the exception of the Appalachian development highway system and the definition of the Appalachian region) ceases to be in effect from October 1, 2007, to October 1, 2011.

Sec. 7. Effective date

This section states that the amendments made by this Act take effect on October 1, 2006.

LEGISLATIVE HISTORY

On February 6, 2007 Senator Voinovich introduced S. 496, which was co-sponsored by Senators Clinton, Warner, Byrd, Lott, Brown, Cochran, Schumer, Burr, Cardin, Mikulski, Dole, Alexander, Shelby, Graham, Rockefeller, Sessions, Specter, and McConnell. The bill was read twice and referred to the Senate Committee on Environment and Public Works. The committee met on March 29, 2007 to consider the bill as amended by a Chairman's mark amendment. S. 496 as revised by the Chairman's mark was ordered favorably reported without amendment by voice vote.

HEARINGS

The Committee did not hold hearings on S. 496 during the 110th Congress. However, on April 20, 2006, the Committee on Environment and Public Works conducted a field hearing in Marietta, Ohio, to receive testimony on the impact of the 2002 reauthorization and issues regarding the upcoming reauthorization. The committee received testimony from Ms. Anne Pope, Federal Co-Chair, Appalachian Regional Commission; Mr. T.J. Justice, Director, Governor's Office of Appalachia, Appalachian Regional Commission; Mr. Don Myers, Director, Ohio Mid-Eastern Governments Association; Mr. Gary Little, President, Information Technology Alliance of Appalachian Ohio; Mr. David Matusoff, Principal and Director of Technology Planning, Whiteboard Broadband Solutions; Dr. David Scholl, President, CEO, Diagnostic Hybrid, Inc.; Ms. Angela Stuber, Executive Director, Ohio Community Computing Network; Mr. Steve Grossman, Executive Director, Ohio Water Development Authority; Mr. Jeff Hughes, Director, Environmental Finance Center, University of North Carolina at Chapel Hill, Institute of Government; and Mr. Ken Reed, Director, Vinton County Community and Economic Development, Vinton County Courthouse.

ROLLCALL VOTES

The Committee on Environment and Public Works met to consider S. 496 as revised by the Chairman's mark amendment on March 29, 2007. The Chairman's mark was ordered favorably reported by voice vote. No rollcall votes were taken.

REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the committee finds that S. 496 does not create any additional regulatory burdens, nor will it cause any adverse impact on the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (Public Law 104-4), the committee finds that S. 496 would impose no Federal intergovernmental unfunded mandates on State, local,

or tribal governments. The bill contains no new private-sector mandates as defined in UMRA.

COST OF LEGISLATION

Section 402 of the Congressional Budget and Impoundment Control Act, 2 U.S.C. § 653, requires that any timely-submitted estimate of the cost of the reported bill prepared by the Congressional Budget Office be included in this report. That statement follows:

S. 496, Appalachian Regional Development Act Amendments of 2007, As ordered reported by the Senate Committee on Environment and Public Works on March 29, 2007

Summary: S. 496 would authorize appropriations for the Appalachian Regional Commission (ARC), modify the terms of some existing programs, and create a new grant program to promote energy efficiency and renewable energy in the Appalachian region. The bill would authorize a total of \$511 million over 2007–2011 period, including \$95 million for fiscal year 2007. S. 496 also would allow the ARC to increase the government’s share of the cost of projects in counties most at risk of becoming economically distressed.

CBO estimates that implementing this bill would cost \$294 million over the 2007–2012 period, assuming appropriation of the specified amounts. Enacting S. 496 would have no effect on direct spending or revenues.

S. 496 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit local governments in the Appalachian region.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 496 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

| | 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: | | | | | | |
| Budget Authority ¹ | 65 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 64 | 60 | 51 | 29 | 15 | 7 |
| Proposed Changes: | | | | | | |
| Economic Development Grants | | | | | | |
| Authorization Level | 18 | 87 | 89 | 93 | 95 | 0 |
| Estimated Outlays | 2 | 12 | 32 | 56 | 71 | 75 |
| Energy Grants | | | | | | |
| Authorization Level | 12 | 12 | 13 | 13 | 14 | 0 |
| Estimated Outlays | 1 | 4 | 7 | 10 | 12 | 12 |
| Total Changes | | | | | | |
| Authorization Level | 30 | 99 | 102 | 106 | 109 | 0 |
| Estimated Outlays | 3 | 16 | 39 | 66 | 83 | 87 |
| Spending Under S. 496 for the Appalachian Regional Commission: | | | | | | |
| Authorization Level | 95 | 99 | 102 | 106 | 109 | 0 |
| Estimated Outlays | 67 | 76 | 90 | 95 | 98 | 94 |

¹The 2007 level is the amount provided thus far for this year under Public Law 110–5. S. 496 would authorize the appropriation of \$95 million for 2007.

Basis of estimate: S. 496 would authorize the appropriation of \$511 million over the 2007–2011 period for the ARC, which makes grants to the 13 states of the Appalachian region. Based on histor-

ical spending patterns, CBO estimates that implementing S. 496 would cost \$3 million in 2007 and \$294 million over the 2007–2012 period. For this estimate, CBO assumes that this legislation will be enacted in the spring of 2007 and that the authorized amounts will be appropriated for each year.

The funding authorized by S. 496 includes \$95 million for fiscal year 2007, of which \$12 million would be for a new grant program to promote energy efficiency and renewable energy in the Appalachian region. Thus far, the ARC has received funding of \$65 million for fiscal year 2007 under Public Law 110–5, the Revised Continuing Appropriations Resolution, 2007. Thus, enacting this legislation would authorize the appropriation of an additional \$30 million for the ARC in 2007. For this estimate, CBO assumes that the added amount would be provided in a supplemental appropriation.

The bill also would specify funding levels for fiscal years 2008 through 2011, authorizing the appropriation of \$416 million over those four years. That total includes \$364 million for ARC’s existing grant programs, of which \$23 million would be allocated for the commission’s Telecommunications and Technology Initiative. The remaining \$52 million would be authorized for the new energy grant program.

Intergovernmental and private-sector impact: S. 496 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit local governments in the Appalachian region.

Previous CBO estimate: On February 13, 2007, CBO transmitted a cost estimate for H.R. 799, the Appalachian Regional Development Act Amendments of 2007, as ordered reported by the House Committee on Transportation and Infrastructure on February 7, 2007. S. 496 and H.R. 799 are similar but would authorize different amounts of funding. In addition, CBO has updated the estimated spending under current law to reflect the amounts appropriated under Public Law 110–5.

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: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

In compliance with section 12 of rule XXVI of the Standing Rules of the Senate, 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:

* * * * *

SUBTITLE IV—APPALACHIAN REGIONAL DEVELOPMENT

[As Amended Through P.L. 109–270, Enacted August 12, 2006]

* * * * *

§ 14101. Findings and purposes

(a) 1965 FINDINGS AND PURPOSE.—

(1) FINDINGS.—* * *

* * * * *

§ 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 project eligible for financial assistance under this section, not more than—

(i) 50 percent may be provided from amounts made available 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 made available 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 ef-
fect under section 14526, 70 percent may be provided
from amounts made available to carry out this subtitle.*

* * * * *

CHAPTER 145—SPECIAL APPALACHIAN PROGRAMS

[As Amended Through P.L. 108–199, Enacted January 23, 2004]

SUBCHAPTER I—PROGRAMS

- Sec.
- 14501. Appalachian development highway system.
- 14502. Demonstration health projects.
- 14503. Assistance for proposed low- and middle-income housing projects.
- 14504. Telecommunications and technology initiative.
- 14505. Entrepreneurship initiative.
- 14506. Regional skills partnerships.
- 14507. Supplements to federal grant programs.
- 14508. *Economic and energy development initiative.*

SUBCHAPTER II—ADMINISTRATIVE

- 14521. Required level of expenditure.
- 14522. Consent of States.
- 14523. Program implementation.
- 14524. Program development criteria.
- 14525. State development planning process.
- 14526. **Distressed and economically strong counties.**
- 14526. *Distressed, at-risk, and economically strong counties.*

SUBCHAPTER I—PROGRAMS

§ 14501. Appalachian development highway system

(a) PURPOSE.—* * *
* * * * *

§ 14502. Demonstration health projects

(a) PURPOSE.—* * *
* * * * *

(d) OPERATION GRANTS.—
(1) STANDARDS FOR MAKING GRANTS.—* * *
* * * * *

[(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 to be appropriated by this section, may be provided 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 in 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), 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.

(2) DISTRESSED COUNTIES.—The maximum Commission contribution 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 may be increased to the lesser of—

(A) 80 percent; or

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

(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) APPALACHIAN HOUSING FUND.—

(1) ESTABLISHMENT.—* * *

* * * * *

(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 in 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) PROJECTS TO BE ASSISTED.—* * *

* * * * *

[(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 project eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts made available 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 made available 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 made available to carry out this section.

* * * * *

§ 14505. Entrepreneurship initiative

(a) BUSINESS INCUBATOR SERVICE.—In this section, the term “business incubator service” means a professional or technical service necessary for the initiation and initial sustainment of the operations of a newly established business, including a service such as—

(1) * * *

* * * * *

[(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 project eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts made available 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 made available 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 made available to carry out this section.

* * * * *

§ 14506. Regional skills partnerships

(a) ELIGIBLE ENTITY.—In this section, the term “eligible entity” means a consortium that—

(1) * * *

* * * * *

[(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 project eligible for a grant under this section, not more than—

(1) 50 percent may be provided from amounts made available 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 made available 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 made available to carry out this section.

* * * * *

§ 14507. Supplements to federal grant programs

(a) DEFINITION.—

(1) FEDERAL GRANT PROGRAMS.—In this section, the term “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.

(2) DISTRESSED COUNTIES.—* * *

(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, provide grants, enter into contracts, or otherwise provide amounts to individuals or entities in the Appalachian region for use in carrying out projects and activities—

(1) to promote energy efficiency in the Appalachian region to enhance the economic competitiveness of the Appalachian region; and

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

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

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

(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 made available to carry out this section.

(c) SOURCES OF ASSISTANCE.—Subject to subsection (b), grants provided under this section may be provided—

(1) entirely from amounts made available to carry out this section; or

(2) 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 other provision of law limiting a Federal share of the cost of a project under any other Federal program, amounts made available to carry out this section may be used to increase that Federal share, as the Commission determines to be appropriate.

* * * * *

SUBCHAPTER II—ADMINISTRATIVE

§ 14521. Required level of expenditure

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§ 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—

* * * * *

【§ 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.**

[(c) AVAILABILITY.—Amounts made available under subsection (a) remain available until expended.]

§ 14703. Authorization of appropriations

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

- (1) \$95,200,000 for fiscal year 2007;
- (2) \$98,600,000 for fiscal year 2008;
- (3) \$102,000,000 for fiscal year 2009;
- (4) \$105,700,000 for fiscal year 2010; and
- (5) \$109,400,000 for fiscal year 2011.

(b) *TELECOMMUNICATIONS AND TECHNOLOGY INITIATIVE.*—Of the amounts made available under subsection (a), the following amounts may be used to carry out section 14504:

- (1) \$10,000,000 for fiscal year 2007.
- (2) \$8,000,000 for fiscal year 2008.
- (3) \$5,000,000 for each of fiscal years 2009 through 2011.

(c) *ECONOMIC AND ENERGY INITIATIVE.*—Of the amounts made available under subsection (a), the following amounts may be used to carry out section 14508:

- (1) \$12,000,000 for fiscal year 2007.
- (2) \$12,400,000 for fiscal year 2008.
- (3) \$12,900,000 for fiscal year 2009.
- (4) \$13,300,000 for fiscal year 2010.
- (5) \$13,800,000 for fiscal year 2011.

(d) *AVAILABILITY.*—Amounts made available under subsection (a) shall remain available until expended.

(e) *ALLOCATION OF FUNDS.*—Funds approved by the Appalachian Regional Commission for a project in an Appalachian State pursuant to a congressional directive shall be derived from the total amount allocated to the State by the Appalachian Regional Commission from amounts made available to carry out this subtitle.

§ 14704. Termination

This subtitle, except sections 14102(a)(1) and (b) and 14501, ceases to be in effect on October 1, **[2007]** 2011.

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