LEGISLATIVE DIGEST
HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM
1420 LONGWORTH HOB, WASHINGTON, DC 20515 www.GOP.gov PHONE 202.225.5107 FAX 202.226.0154

# H.R. 799 – APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS OF 2007

## FLOOR SITUATION

H.R. 799 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative James Oberstar (D-MN) on February 5, 2007, and was reported, as amended, by voice vote, by the Committee on Transportation and Infrastructure on March 6, 2007.

H.R. 799 is expected to be considered on the floor on July 16, 2007.

**Note: In the 109th Congress, similar legislation, S. 2832 sponsored by Senator Voinovich (R-OH) was considered in the House and failed on suspension of the rules by a vote of 215 – 204 (Roll no. 470).*

## SUMMARY

H.R. 799 authorizes $463 million over the next five years for the Appalachian Regional Commission (ARC), with gradually increasing levels of funding starting at $65 million in FY2007 and progressing to $95 million in FY2011.

Additionally, H.R. 799 authorizes $48 million each year for FY2008 – FY2011 for the ARC to establish the Economic and Energy Development Initiative, a grant program promoting energy efficiency and increased use of renewable resources and alternative fuels in the Appalachian region.

The legislation requires that any earmarks for programs under the ARC will be derived from the ARC funds allocated for the state where the earmark project is located as opposed to being funded by the general appropriations for the ARC.

The bill establishes the category of “at risk” counties as a new addition to the current 4 categories for ranking the economic stability and health of counties within the ARC region. A county designated as being “at risk” will typically have access to federal funds at a rate of up to 70% matching, meaning that for programs funded in counties with this designation, state a local funding may have to contribute as little as 30%.

## BACKGROUND

In 1965, Congress passed and President Johnson signed the Appalachian Regional Development Act to create a program to offer federal aid to improve the economic and social development of the Appalachian Region. At that time, one in every three Appalachians lived in poverty, per capita income in the region was 23 percent lower than the U.S. average, and high unemployment and harsh living conditions led over 2 million residents of the region to relocate to other areas.

The program’s goals are to increase job opportunities and per capita income in the region, by reducing the area’s isolation through highway building programs and infrastructure development to make the region economically competitive in the global economy.

According to the ARC, “Appalachia, as defined in the legislation from which the Appalachian Regional Commission derives its authority, is a 200,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

1420 LONGWORTH HOB, WASHINGTON, DC 20515 www.GOP.gov PHONE 202.225.5107 FAX 202.226.0154

About 23 million people live in the 410 counties of the Appalachian Region; 42 percent of the Region's population is rural, compared with 20 percent of the national population. The Region's economic fortunes were based in the past mostly on extraction of natural resources and manufacturing. The modern economy of the Region is gradually diversifying, with a heavier emphasis on services and widespread development of tourism, especially in more remote areas where there is no other viable industry. Coal remains an important resource, but it is not a major provider of jobs. Manufacturing is still an economic mainstay but is no longer concentrated in a few major industries" (ARC website).

## COST

The Congressional Budget Office (CBO) estimates, that "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.

## STAFF CONTACT

For questions or further information contact the Legislative Digest policy shop at (202) 226-2302.