

110TH CONGRESS  
1ST SESSION

# S. 347

To amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JANUARY 22, 2007

Mr. VOINOVICH (for himself and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Minimum Wage Act  
5 of 2007”.

6 **TITLE I—MINIMUM WAGE**

7 **SEC. 101. MINIMUM WAGE.**

8 (a) IN GENERAL.—Section 6(a)(1) of the Fair Labor  
9 Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended  
10 to read as follows:

1           “(1) except as otherwise provided in this sec-  
2           tion, not less than—

3                   “(A) \$5.85 an hour, beginning on the 60th  
4                   day after the date of enactment of the Min-  
5                   imum Wage Act of 2007;

6                   “(B) \$6.55 an hour, beginning 12 months  
7                   after that 60th day; and

8                   “(C) \$7.25 an hour, beginning 24 months  
9                   after that 60th day;”.

10           (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall take effect 60 days after the date of  
12 enactment of this Act.

## 13           **TITLE II—TAX PROVISIONS**

### 14           **SEC. 200. AMENDMENT OF CODE.**

15           Except as otherwise expressly provided, whenever in  
16 this title an amendment or repeal is expressed in terms  
17 of an amendment to, or repeal of, a section or other provi-  
18 sion, the reference shall be considered to be made to a  
19 section or other provision of the Internal Revenue Code  
20 of 1986.



1           “(1) IN GENERAL.—An eligible taxpayer shall  
2 not be required to use an accrual method of account-  
3 ing for any taxable year.

4           “(2) ELIGIBLE TAXPAYER.—For purposes of  
5 this subsection, a taxpayer is an eligible taxpayer  
6 with respect to any taxable year if—

7                   “(A) for all prior taxable years beginning  
8 after December 31, 2006, the taxpayer (or any  
9 predecessor) met the gross receipts test of sec-  
10 tion 448(c), and

11                   “(B) the taxpayer is not subject to section  
12 447 or 448.”.

13           (2) EXPANSION OF GROSS RECEIPTS TEST.—

14                   (A) IN GENERAL.—Paragraph (3) of sec-  
15 tion 448(b) of such Code (relating to entities  
16 with gross receipts of not more than  
17 \$5,000,000) is amended by striking  
18 “\$5,000,000” in the text and in the heading  
19 and inserting “\$10,000,000”.

20                   (B) CONFORMING AMENDMENTS.—Section  
21 448(c) of such Code is amended—

22                           (i) by striking “\$5,000,000” each  
23 place it appears in the text and in the  
24 heading of paragraph (1) and inserting  
25 “\$10,000,000”, and

1 (ii) by adding at the end the following  
2 new paragraph:

3 “(4) INFLATION ADJUSTMENT.—In the case of  
4 any taxable year beginning in a calendar year after  
5 2007, the dollar amount contained in subsection  
6 (b)(3) and paragraph (1) of this subsection shall be  
7 increased by an amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-  
10 mined under section 1(f)(3) for the calendar  
11 year in which the taxable year begins, by sub-  
12 stituting ‘calendar year 2006’ for ‘calendar year  
13 1992’ in subparagraph (B) thereof.

14 If any amount as adjusted under this subparagraph  
15 is not a multiple of \$100,000, such amount shall be  
16 rounded to the nearest multiple of \$100,000.”.

17 (b) CLARIFICATION OF INVENTORY RULES FOR  
18 SMALL BUSINESS.—

19 (1) IN GENERAL.—Section 471 of the Internal  
20 Revenue Code of 1986 (relating to general rule for  
21 inventories) is amended by redesignating subsection  
22 (c) as subsection (d) and by inserting after sub-  
23 section (b) the following new subsection:

24 “(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED  
25 TO USE INVENTORIES.—

1           “(1) IN GENERAL.—A qualified taxpayer shall  
2 not be required to use inventories under this section  
3 for a taxable year.

4           “(2) TREATMENT OF TAXPAYERS NOT USING  
5 INVENTORIES.—If a qualified taxpayer does not use  
6 inventories with respect to any property for any tax-  
7 able year beginning after December 31, 2006, such  
8 property shall be treated as a material or supply  
9 which is not incidental.

10           “(3) QUALIFIED TAXPAYER.—For purposes of  
11 this subsection, the term ‘qualified taxpayer’  
12 means—

13                   “(A) any eligible taxpayer (as defined in  
14 section 446(g)(2)), and

15                   “(B) any taxpayer described in section  
16 448(b)(3).”.

17           (2) CONFORMING AMENDMENTS.—

18                   (A) Subpart D of part II of subchapter E  
19 of chapter 1 of such Code is amended by strik-  
20 ing section 474.

21                   (B) The table of sections for subpart D of  
22 part II of subchapter E of chapter 1 of such  
23 Code is amended by striking the item relating  
24 to section 474.

25           (c) EFFECTIVE DATE AND SPECIAL RULES.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to taxable years beginning  
3 after December 31, 2006.

4           (2) CHANGE IN METHOD OF ACCOUNTING.—In  
5 the case of any taxpayer changing the taxpayer’s  
6 method of accounting for any taxable year under the  
7 amendments made by this section—

8                   (A) such change shall be treated as initi-  
9 ated by the taxpayer;

10                   (B) such change shall be treated as made  
11 with the consent of the Secretary of the Treas-  
12 ury; and

13                   (C) the net amount of the adjustments re-  
14 quired to be taken into account by the taxpayer  
15 under section 481 of the Internal Revenue Code  
16 of 1986 shall be taken into account over a pe-  
17 riod (not greater than 4 taxable years) begin-  
18 ning with such taxable year.

19 **SEC. 203. EXTENSION OF WORK OPPORTUNITY TAX CREDIT**  
20 **TO QUALIFIED RESTAURANT EMPLOYEES.**

21           (a) IN GENERAL.—Section 51(d)(1) is amended by  
22 striking “or” at the end of subparagraph (H), by striking  
23 the period at the end of subparagraph (I) and inserting  
24 “, or”, and by adding at the end the following new sub-  
25 paragraph:

1 “(J) a qualified restaurant employee.”.

2 (b) QUALIFIED RESTAURANT EMPLOYEE.—Section  
3 51(d) is amended by redesignating paragraphs (11)  
4 through (13) as paragraphs (12) through (14), respec-  
5 tively, and by inserting after paragraph (10) the following  
6 new paragraph:

7 “(11) QUALIFIED RESTAURANT EMPLOYEE.—

8 “(A) IN GENERAL.—The term ‘qualified  
9 restaurant employee’ means any individual—

10 “(i) who performs services in a res-  
11 taurant where tipping is not customary,

12 “(ii) who is not exempt under the  
13 Fair Labor Standards Act and earns at  
14 least the Federal minimum wage, and

15 “(iii) who is certified by the employer  
16 during the hiring process as having at-  
17 tained age 16 but not 20 on the hiring  
18 date.

19 “(B) SPECIAL RULE FOR DETERMINING  
20 AMOUNT OF CREDIT.—For purposes of applying  
21 this subpart to wages paid or incurred to any  
22 qualified restaurant employee, subsection (b)(3)  
23 shall be applied by substituting ‘\$3,000’ for  
24 ‘\$6,000’.”.

1 (c) SPECIAL RULE FOR CERTIFICATIONS.—Subpara-  
2 graph (A) of section 51(d)(14), as redesignated by sub-  
3 section (b), is amended by inserting “, other than an indi-  
4 vidual described in paragraph (11),” after “An indi-  
5 vidual”.

6 (d) NONQUALIFYING REHIRES.—Paragraph (2) of  
7 section 51(i) is amended to read as follows:

8 “(2) NONQUALIFYING REHIRES.—

9 “(A) IN GENERAL.—No wages shall be  
10 taken into account under subsection (a) with re-  
11 spect to any individual, other than an individual  
12 described in subsection (d)(11), if, prior to the  
13 hiring date of such individual, such individual  
14 had been employed by the employer at any  
15 time.

16 “(B) QUALIFIED RESTAURANT EMPLOY-  
17 EES.—In the case of an individual described in  
18 subsection (d)(11), no wages shall be taken into  
19 account under subsection (a) if, prior to the hir-  
20 ing date of such individual, such individual had  
21 been employed by the employer within the prior  
22 90 day period.”.

23 (e) MINIMUM EMPLOYMENT PERIODS.—Section  
24 51(i)(3) is amended by adding at the end the following  
25 new subparagraph:

1           “(C) NONAPPLICATION TO QUALIFIED RES-  
 2           TAURANT EMPLOYEES.—Subparagraphs (A)  
 3           and (B) shall not apply to an individual de-  
 4           scribed in subsection (d)(11).”.

5           (f) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to individuals who begin work for  
 7 the employer after the date of the enactment of this Act.

8           **Subtitle B—Revenue Offset**  
 9           **Provisions**

10 **SEC. 211. CLARIFICATION OF ECONOMIC SUBSTANCE DOC-**  
 11 **TRINE.**

12           (a) IN GENERAL.—Section 7701 is amended by re-  
 13 designating subsection (p) as subsection (q) and by insert-  
 14 ing after subsection (o) the following new subsection:

15           “(p) CLARIFICATION OF ECONOMIC SUBSTANCE  
 16 DOCTRINE; ETC.—

17           “(1) GENERAL RULES.—

18           “(A) IN GENERAL.—In any case in which  
 19 a court determines that the economic substance  
 20 doctrine is relevant for purposes of this title to  
 21 a transaction (or series of transactions), such  
 22 transaction (or series of transactions) shall have  
 23 economic substance only if the requirements of  
 24 this paragraph are met.

1           “(B) DEFINITION OF ECONOMIC SUB-  
2 STANCE.—For purposes of subparagraph (A)—

3           “(i) IN GENERAL.—A transaction has  
4 economic substance only if—

5           “(I) the transaction changes in a  
6 meaningful way (apart from Federal  
7 tax effects) the taxpayer’s economic  
8 position, and

9           “(II) the taxpayer has a substan-  
10 tial nontax purpose for entering into  
11 such transaction and the transaction  
12 is a reasonable means of accom-  
13 plishing such purpose.

14 In applying subclause (II), a purpose of  
15 achieving a financial accounting benefit  
16 shall not be taken into account in deter-  
17 mining whether a transaction has a sub-  
18 stantial nontax purpose if the origin of  
19 such financial accounting benefit is a re-  
20 duction of income tax.

21           “(ii) SPECIAL RULE WHERE TAX-  
22 PAYER RELIES ON PROFIT POTENTIAL.—A  
23 transaction shall not be treated as having  
24 economic substance by reason of having a  
25 potential for profit unless—

1                   “(I) the present value of the rea-  
2                   sonably expected pre-tax profit from  
3                   the transaction is substantial in rela-  
4                   tion to the present value of the ex-  
5                   pected net tax benefits that would be  
6                   allowed if the transaction were re-  
7                   spected, and

8                   “(II) the reasonably expected  
9                   pre-tax profit from the transaction ex-  
10                  ceeds a risk-free rate of return.

11                  “(C) TREATMENT OF FEES AND FOREIGN  
12                  TAXES.—Fees and other transaction expenses  
13                  and foreign taxes shall be taken into account as  
14                  expenses in determining pre-tax profit under  
15                  subparagraph (B)(ii).

16                  “(2) SPECIAL RULES FOR TRANSACTIONS WITH  
17                  TAX-INDIFFERENT PARTIES.—

18                  “(A) SPECIAL RULES FOR FINANCING  
19                  TRANSACTIONS.—The form of a transaction  
20                  which is in substance the borrowing of money  
21                  or the acquisition of financial capital directly or  
22                  indirectly from a tax-indifferent party shall not  
23                  be respected if the present value of the deduc-  
24                  tions to be claimed with respect to the trans-  
25                  action is substantially in excess of the present

1 value of the anticipated economic returns of the  
2 person lending the money or providing the fi-  
3 nancial capital. A public offering shall be treat-  
4 ed as a borrowing, or an acquisition of financial  
5 capital, from a tax-indifferent party if it is rea-  
6 sonably expected that at least 50 percent of the  
7 offering will be placed with tax-indifferent par-  
8 ties.

9 “(B) ARTIFICIAL INCOME SHIFTING AND  
10 BASIS ADJUSTMENTS.—The form of a trans-  
11 action with a tax-indifferent party shall not be  
12 respected if—

13 “(i) it results in an allocation of in-  
14 come or gain to the tax-indifferent party in  
15 excess of such party’s economic income or  
16 gain, or

17 “(ii) it results in a basis adjustment  
18 or shifting of basis on account of over-  
19 stating the income or gain of the tax-indif-  
20 ferent party.

21 “(3) DEFINITIONS AND SPECIAL RULES.—For  
22 purposes of this subsection—

23 “(A) ECONOMIC SUBSTANCE DOCTRINE.—  
24 The term ‘economic substance doctrine’ means  
25 the common law doctrine under which tax bene-

1 fits under subtitle A with respect to a trans-  
2 action are not allowable if the transaction does  
3 not have economic substance or lacks a business  
4 purpose.

5 “(B) TAX-INDIFFERENT PARTY.—The  
6 term ‘tax-indifferent party’ means any person  
7 or entity not subject to tax imposed by subtitle  
8 A. A person shall be treated as a tax-indifferent  
9 party with respect to a transaction if the items  
10 taken into account with respect to the trans-  
11 action have no substantial impact on such per-  
12 son’s liability under subtitle A.

13 “(C) EXCEPTION FOR PERSONAL TRANS-  
14 ACTIONS OF INDIVIDUALS.—In the case of an  
15 individual, this subsection shall apply only to  
16 transactions entered into in connection with a  
17 trade or business or an activity engaged in for  
18 the production of income.

19 “(D) TREATMENT OF LESSORS.—In apply-  
20 ing paragraph (1)(B)(ii) to the lessor of tan-  
21 gible property subject to a lease—

22 “(i) the expected net tax benefits with  
23 respect to the leased property shall not in-  
24 clude the benefits of—

25 “(I) depreciation,

1 “(II) any tax credit, or

2 “(III) any other deduction as  
3 provided in guidance by the Secretary,  
4 and

5 “(ii) subclause (II) of paragraph  
6 (1)(B)(ii) shall be disregarded in deter-  
7 mining whether any of such benefits are al-  
8 lowable.

9 “(4) OTHER COMMON LAW DOCTRINES NOT AF-  
10 FECTED.—Except as specifically provided in this  
11 subsection, the provisions of this subsection shall not  
12 be construed as altering or supplanting any other  
13 rule of law, and the requirements of this subsection  
14 shall be construed as being in addition to any such  
15 other rule of law.

16 “(5) REGULATIONS.—The Secretary shall pre-  
17 scribe such regulations as may be necessary or ap-  
18 propriate to carry out the purposes of this sub-  
19 section. Such regulations may include exemptions  
20 from the application of this subsection.”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to transactions entered into after  
23 the date of the enactment of this Act.

1 **SEC. 212. PENALTY FOR UNDERSTATEMENTS ATTRIB-**  
 2 **UTABLE TO TRANSACTIONS LACKING ECO-**  
 3 **NOMIC SUBSTANCE, ETC.**

4 (a) IN GENERAL.—Subchapter A of chapter 68 is  
 5 amended by inserting after section 6662A the following  
 6 new section:

7 **“SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIB-**  
 8 **UTABLE TO TRANSACTIONS LACKING ECO-**  
 9 **NOMIC SUBSTANCE, ETC.**

10 “(a) IMPOSITION OF PENALTY.—If a taxpayer has an  
 11 noneconomic substance transaction understatement for  
 12 any taxable year, there shall be added to the tax an  
 13 amount equal to 40 percent of the amount of such under-  
 14 statement.

15 “(b) REDUCTION OF PENALTY FOR DISCLOSED  
 16 TRANSACTIONS.—Subsection (a) shall be applied by sub-  
 17 stituting ‘20 percent’ for ‘40 percent’ with respect to the  
 18 portion of any noneconomic substance transaction under-  
 19 statement with respect to which the relevant facts affect-  
 20 ing the tax treatment of the item are adequately disclosed  
 21 in the return or a statement attached to the return.

22 “(c) NONECONOMIC SUBSTANCE TRANSACTION UN-  
 23 DERSTATEMENT.—For purposes of this section—

24 “(1) IN GENERAL.—The term ‘noneconomic  
 25 substance transaction understatement’ means any  
 26 amount which would be an understatement under

1 section 6662A(b)(1) if section 6662A were applied  
2 by taking into account items attributable to non-  
3 economic substance transactions rather than items  
4 to which section 6662A would apply without regard  
5 to this paragraph.

6 “(2) NONECONOMIC SUBSTANCE TRANS-  
7 ACTION.—The term ‘noneconomic substance trans-  
8 action’ means any transaction if—

9 “(A) there is a lack of economic substance  
10 (within the meaning of section 7701(p)(1)) for  
11 the transaction giving rise to the claimed ben-  
12 efit or the transaction was not respected under  
13 section 7701(p)(2), or

14 “(B) the transaction fails to meet the re-  
15 quirements of any similar rule of law.

16 “(d) RULES APPLICABLE TO COMPROMISE OF PEN-  
17 ALTY.—

18 “(1) IN GENERAL.—If the 1st letter of pro-  
19 posed deficiency which allows the taxpayer an oppor-  
20 tunity for administrative review in the Internal Rev-  
21 enue Service Office of Appeals has been sent with  
22 respect to a penalty to which this section applies,  
23 only the Commissioner of Internal Revenue may  
24 compromise all or any portion of such penalty.

1           “(2) APPLICABLE RULES.—The rules of para-  
2           graphs (2) and (3) of section 6707A(d) shall apply  
3           for purposes of paragraph (1).

4           “(e) COORDINATION WITH OTHER PENALTIES.—Ex-  
5           cept as otherwise provided in this part, the penalty im-  
6           posed by this section shall be in addition to any other pen-  
7           alty imposed by this title.

8           “(f) CROSS REFERENCES.—

          “(1) For coordination of penalty with understatements  
          under section 6662 and other special rules, see section  
          6662A(e).

          “(2) For reporting of penalty imposed under this section  
          to the Securities and Exchange Commission, see section  
          6707A(e).”.

9           (b) COORDINATION WITH OTHER UNDERSTATE-  
10          MENTS AND PENALTIES.—

11           (1) The second sentence of section  
12           6662(d)(2)(A) is amended by inserting “and without  
13           regard to items with respect to which a penalty is  
14           imposed by section 6662B” before the period at the  
15           end.

16           (2) Subsection (e) of section 6662A is amend-  
17           ed—

18                   (A) in paragraph (1), by inserting “and  
19                   noneconomic substance transaction understatement-  
20                   ments” after “reportable transaction under-  
21                   statements” both places it appears,

1 (B) in paragraph (2)(A), by inserting “and  
2 a noneconomic substance transaction under-  
3 statement” after “reportable transaction under-  
4 statement”,

5 (C) in paragraph (2)(B), by inserting  
6 “6662B or” before “6663”,

7 (D) in paragraph (2)(C)(i), by inserting  
8 “or section 6662B” before the period at the  
9 end,

10 (E) in paragraph (2)(C)(ii), by inserting  
11 “and section 6662B” after “This section”,

12 (F) in paragraph (3), by inserting “or non-  
13 economic substance transaction understatement”  
14 after “reportable transaction understatement”  
15 and

16 (G) by adding at the end the following new  
17 paragraph:

18 “(4) NONECONOMIC SUBSTANCE TRANSACTION  
19 UNDERSTATEMENT.—For purposes of this sub-  
20 section, the term ‘noneconomic substance trans-  
21 action understatement’ has the meaning given such  
22 term by section 6662B(c).”.

23 (3) Subsection (e) of section 6707A is amend-  
24 ed—

1 (A) by striking “or” at the end of subpara-  
2 graph (B), and

3 (B) by striking subparagraph (C) and in-  
4 serting the following new subparagraphs:

5 “(C) is required to pay a penalty under  
6 section 6662B with respect to any noneconomic  
7 substance transaction, or

8 “(D) is required to pay a penalty under  
9 section 6662(h) with respect to any transaction  
10 and would (but for section 6662A(e)(2)(C))  
11 have been subject to penalty under section  
12 6662A at a rate prescribed under section  
13 6662A(c) or under section 6662B.”.

14 (c) CLERICAL AMENDMENT.—The table of sections  
15 for part II of subchapter A of chapter 68 is amended by  
16 inserting after the item relating to section 6662A the fol-  
17 lowing new item:

“Sec. 6662B. Penalty for understatements attributable to transactions lacking  
economic substance, etc.”.

18 (d) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to transactions entered into after  
20 the date of the enactment of this Act.

1 **SEC. 213. APPLICATION OF RULES TREATING INVERTED**  
2 **CORPORATIONS AS DOMESTIC CORPORA-**  
3 **TIONS TO CERTAIN TRANSACTIONS OCCUR-**  
4 **RING AFTER MARCH 20, 2002.**

5 (a) IN GENERAL.—Section 7874(b) (relating to in-  
6 verted corporations treated as domestic corporations) is  
7 amended to read as follows:

8 “(b) INVERTED CORPORATIONS TREATED AS DO-  
9 MESTIC CORPORATIONS.—

10 “(1) IN GENERAL.—Notwithstanding section  
11 7701(a)(4), a foreign corporation shall be treated for  
12 purposes of this title as a domestic corporation if  
13 such corporation would be a surrogate foreign cor-  
14 poration if subsection (a)(2) were applied by sub-  
15 stituting ‘80 percent’ for ‘60 percent’.

16 “(2) SPECIAL RULE FOR CERTAIN TRANS-  
17 ACTIONS OCCURRING AFTER MARCH 20, 2002.—

18 “(A) IN GENERAL.—If—

19 “(i) paragraph (1) does not apply to  
20 a foreign corporation, but

21 “(ii) paragraph (1) would apply to  
22 such corporation if, in addition to the sub-  
23 stitution under paragraph (1), subsection  
24 (a)(2) were applied by substituting ‘March  
25 20, 2002’ for ‘March 4, 2003’ each place  
26 it appears,

1           then paragraph (1) shall apply to such corpora-  
2           tion but only with respect to taxable years of  
3           such corporation beginning after December 31,  
4           2006.

5           “(B) SPECIAL RULES.—Subject to such  
6           rules as the Secretary may prescribe, in the  
7           case of a corporation to which paragraph (1)  
8           applies by reason of this paragraph—

9                   “(i) the corporation shall be treated,  
10                   as of the close of its last taxable year be-  
11                   ginning before January 1, 2007, as having  
12                   transferred all of its assets, liabilities, and  
13                   earnings and profits to a domestic corpora-  
14                   tion in a transaction with respect to which  
15                   no tax is imposed under this title,

16                   “(ii) the bases of the assets trans-  
17                   ferred in the transaction to the domestic  
18                   corporation shall be the same as the bases  
19                   of the assets in the hands of the foreign  
20                   corporation, subject to any adjustments  
21                   under this title for built-in losses,

22                   “(iii) the basis of the stock of any  
23                   shareholder in the domestic corporation  
24                   shall be the same as the basis of the stock  
25                   of the shareholder in the foreign corpora-

1           tion for which it is treated as exchanged,  
2           and

3                   “(iv) the transfer of any earnings and  
4           profits by reason of clause (i) shall be dis-  
5           regarded in determining any deemed divi-  
6           dend or foreign tax creditable to the do-  
7           mestic corporation with respect to such  
8           transfer.

9                   “(C) REGULATIONS.—The Secretary may  
10          prescribe such regulations as may be necessary  
11          or appropriate to carry out this paragraph, in-  
12          cluding regulations to prevent the avoidance of  
13          the purposes of this paragraph.”.

14          (b) EFFECTIVE DATE.—The amendment made by  
15          this section shall apply to taxable years beginning after  
16          December 31, 2006.

17   **SEC. 214. MODIFICATION OF COLLECTION DUE PROCESS**  
18                   **PROCEDURES FOR EMPLOYMENT TAX LI-**  
19                   **ABILITIES.**

20          (a) IN GENERAL.—Section 6330(f) (relating to jeop-  
21          ardy and State refund collection) is amended—

22                  (1) by striking “; or” at the end of paragraph

23          (1) and inserting a comma,

24                  (2) by adding “or” at the end of paragraph (2),

25          and

1           (3) by inserting after paragraph (2) the fol-  
2           lowing new paragraph:

3           “(3) the Secretary has served a levy in connec-  
4           tion with the collection of taxes under chapter 21,  
5           22, 23, or 24.”.

6           (b) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to levies issued after December 31,  
8           2006.

○