

In the Senate of the United States,

February 24, 2010.

Resolved, That the Senate agrees to the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 2847) entitled “An Act making appropriations for the Departments of Commerce and Justice, and Science, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes.”, with the following

**SENATE AMENDMENT TO HOUSE AMENDMENT TO
SENATE AMENDMENT:**

In lieu of the matter proposed to be inserted by the amendment of the House to the amendment of the Senate insert the following:

1 ***SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;***

2 ***TABLE OF CONTENTS.***

3 (a) *SHORT TITLE.—This Act may be cited as the*
4 *“Hiring Incentives to Restore Employment Act”.*

5 (b) *AMENDMENT OF 1986 CODE.—Except as otherwise*
6 *expressly provided, whenever in this Act an amendment or*
7 *repeal is expressed in terms of an amendment to, or repeal*

1 of, a section or other provision, the reference shall be consid-
 2 ered to be made to a section or other provision of the Inter-
 3 nal Revenue Code of 1986.

4 (c) *TABLE OF CONTENTS.*—The table of contents for
 5 this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

*TITLE I—INCENTIVES FOR HIRING AND RETAINING UNEMPLOYED
 WORKERS*

Sec. 101. Payroll tax forgiveness for hiring unemployed workers.

Sec. 102. Business credit for retention of certain newly hired individuals in 2010.

TITLE II—EXPENSING

Sec. 201. Increase in expensing of certain depreciable business assets.

TITLE III—QUALIFIED TAX CREDIT BONDS

Sec. 301. Issuer allowed refundable credit for certain qualified tax credit bonds.

*TITLE IV—EXTENSION OF CURRENT SURFACE TRANSPORTATION
 PROGRAMS*

Sec. 401. Short title.

Subtitle A—Federal-aid Highways

Sec. 411. In general.

Sec. 412. Administrative expenses.

Sec. 413. Rescission of unobligated balances.

Sec. 414. Reconciliation of funds.

*Subtitle B—National Highway Traffic Safety Administration, Federal Motor
 Carrier Safety Administration, and Additional Programs*

*Sec. 421. Extension of National Highway Traffic Safety Administration High-
 way Safety Programs.*

Sec. 422. Extension of Federal Motor Carrier Safety Administration Programs.

Sec. 423. Additional programs.

Subtitle C—Public Transportation Programs

Sec. 431. Allocation of funds for planning programs.

Sec. 432. Special rule for urbanized area formula grants.

Sec. 433. Allocating amounts for capital investment grants.

Sec. 434. Apportionment of formula grants for other than urbanized areas.

Sec. 435. Apportionment based on fixed guideway factors.

Sec. 436. Authorizations for public transportation.

Sec. 437. Amendments to SAFETEA-LU.

Subtitle D—Revenue Provisions

- Sec. 441. Repeal of provision prohibiting the crediting of interest to the Highway Trust Fund.*
- Sec. 442. Restoration of certain foregone interest to Highway Trust Fund.*
- Sec. 443. Treatment of certain amounts appropriated to Highway Trust Fund.*
- Sec. 444. Termination of transfers from highway trust fund for certain repayments and credits.*
- Sec. 445. Extension of authority for expenditures.*
- Sec. 446. Level of obligation limitations.*

*TITLE V—OFFSET PROVISIONS**Subtitle A—Foreign Account Tax Compliance**PART I—INCREASED DISCLOSURE OF BENEFICIAL OWNERS*

- Sec. 501. Reporting on certain foreign accounts.*
- Sec. 502. Repeal of certain foreign exceptions to registered bond requirements.*

PART II—UNDER REPORTING WITH RESPECT TO FOREIGN ASSETS

- Sec. 511. Disclosure of information with respect to foreign financial assets.*
- Sec. 512. Penalties for underpayments attributable to undisclosed foreign financial assets.*
- Sec. 513. Modification of statute of limitations for significant omission of income in connection with foreign assets.*

PART III—OTHER DISCLOSURE PROVISIONS

- Sec. 521. Reporting of activities with respect to passive foreign investment companies.*
- Sec. 522. Secretary permitted to require financial institutions to file certain returns related to withholding on foreign transfers electronically.*

PART IV—PROVISIONS RELATED TO FOREIGN TRUSTS

- Sec. 531. Clarifications with respect to foreign trusts which are treated as having a United States beneficiary.*
- Sec. 532. Presumption that foreign trust has United States beneficiary.*
- Sec. 533. Uncompensated use of trust property.*
- Sec. 534. Reporting requirement of United States owners of foreign trusts.*
- Sec. 535. Minimum penalty with respect to failure to report on certain foreign trusts.*

PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVALENT PAYMENTS RECEIVED BY FOREIGN PERSONS TREATED AS DIVIDENDS

- Sec. 541. Substitute dividends and dividend equivalent payments received by foreign persons treated as dividends.*

Subtitle B—Delay in Application of Worldwide Allocation of Interest

- Sec. 551. Delay in application of worldwide allocation of interest.*

1 **TITLE I—INCENTIVES FOR HIR-**
 2 **ING AND RETAINING UNEM-**
 3 **LOYED WORKERS**

4 **SEC. 101. PAYROLL TAX FORGIVENESS FOR HIRING UNEM-**
 5 **LOYED WORKERS.**

6 (a) *IN GENERAL.*—Section 3111 is amended by adding
 7 at the end the following new subsection:

8 “(d) *SPECIAL EXEMPTION FOR CERTAIN INDIVIDUALS*
 9 *HIRED IN 2010.*—

10 “(1) *IN GENERAL.*—Subsection (a) shall not
 11 apply to wages paid by a qualified employer with re-
 12 spect to employment during the period beginning on
 13 the day after the date of the enactment of this sub-
 14 section and ending on December 31, 2010, of any
 15 qualified individual for services performed—

16 “(A) in a trade or business of such qualified
 17 employer, or

18 “(B) in the case of a qualified employer ex-
 19 exempt from tax under section 501(a), in further-
 20 ance of the activities related to the purpose or
 21 function constituting the basis of the employer’s
 22 exemption under section 501.

23 “(2) *QUALIFIED EMPLOYER.*—For purposes of
 24 this subsection—

1 “(A) *IN GENERAL.*—*The term ‘qualified em-*
2 *ployer’ means any employer other than the*
3 *United States, any State, or any political sub-*
4 *division thereof, or any instrumentality of the*
5 *foregoing.*

6 “(B) *TREATMENT OF EMPLOYEES OF POST-*
7 *SECONDARY EDUCATIONAL INSTITUTIONS.*—*Not-*
8 *withstanding subparagraph (A), the term ‘quali-*
9 *fied employer’ includes any employer which is a*
10 *public institution of higher education (as defined*
11 *in section 101(b) of the Higher Education Act of*
12 *1965).*

13 “(3) *QUALIFIED INDIVIDUAL.*—*For purposes of*
14 *this subsection, the term ‘qualified individual’ means*
15 *any individual who—*

16 “(A) *begins employment with a qualified*
17 *employer after February 3, 2010, and before*
18 *January 1, 2011,*

19 “(B) *certifies by signed affidavit, under*
20 *penalties of perjury, that such individual has not*
21 *been employed for more than 40 hours during the*
22 *60-day period ending on the date such indi-*
23 *vidual begins such employment,*

24 “(C) *is not employed by the qualified em-*
25 *ployer to replace another employee of such em-*

1 *ployer unless such other employee separated from*
2 *employment voluntarily or for cause, and*

3 *“(D) is not an individual described in sec-*
4 *tion 51(i)(1) (applied by substituting ‘qualified*
5 *employer’ for ‘taxpayer’ each place it appears).*

6 *“(4) ELECTION.—A qualified employer may elect*
7 *to have this subsection not apply. Such election shall*
8 *be made in such manner as the Secretary may re-*
9 *quire.”.*

10 *(b) COORDINATION WITH WORK OPPORTUNITY CRED-*
11 *IT.—Section 51(c) is amended by adding at the end the fol-*
12 *lowing new paragraph:*

13 *“(5) COORDINATION WITH PAYROLL TAX FOR-*
14 *GIVENESS.—The term ‘wages’ shall not include any*
15 *amount paid or incurred to a qualified individual (as*
16 *defined in section 3111(d)(3)) during the 1-year pe-*
17 *riod beginning on the hiring date of such individual*
18 *by a qualified employer (as defined in section*
19 *3111(d)) unless such qualified employer makes an*
20 *election not to have section 3111(d) apply.”.*

21 *(c) TRANSFERS TO FEDERAL OLD-AGE AND SUR-*
22 *VIVORS INSURANCE TRUST FUND.—There are hereby ap-*
23 *propriated to the Federal Old-Age and Survivors Trust*
24 *Fund and the Federal Disability Insurance Trust Fund es-*
25 *tablished under section 201 of the Social Security Act (42*

1 *U.S.C. 401) amounts equal to the reduction in revenues to*
2 *the Treasury by reason of the amendments made by sub-*
3 *section (a). Amounts appropriated by the preceding sen-*
4 *tence shall be transferred from the general fund at such*
5 *times and in such manner as to replicate to the extent pos-*
6 *sible the transfers which would have occurred to such Trust*
7 *Fund had such amendments not been enacted.*

8 *(d) EFFECTIVE DATE.—The amendments made by this*
9 *section shall apply to wages paid after the date of the enact-*
10 *ment of this Act.*

11 **SEC. 102. BUSINESS CREDIT FOR RETENTION OF CERTAIN**
12 **NEWLY HIRED INDIVIDUALS IN 2010.**

13 *(a) IN GENERAL.—In the case of any taxable year end-*
14 *ing after the date of the enactment of this Act, the current*
15 *year business credit determined under section 38(b) of the*
16 *Internal Revenue Code of 1986 for such taxable year shall*
17 *be increased by an amount equal to the product of—*

18 *(1) \$1,000, and*

19 *(2) the number of retained workers with respect*
20 *to which subsection (b)(2) is first satisfied during*
21 *such taxable year.*

22 *(b) RETAINED WORKER.—For purposes of this section,*
23 *the term “retained worker” means any qualified individual*
24 *(as defined in section 3111(d)(3) of the Internal Revenue*
25 *Code of 1986)—*

1 (2) by striking “(\$500,000 in the case of taxable
2 years beginning after 2006 and before 2011)” in
3 paragraph (2) and inserting “(\$800,000 in the case
4 of taxable years beginning after 2007 and before
5 2011)”,

6 (3) by striking paragraphs (5) and (7), and

7 (4) by redesignating paragraph (6) as para-
8 graph (5).

9 (b) *EFFECTIVE DATE.*—*The amendments made by this*
10 *section shall apply to taxable years beginning after Decem-*
11 *ber 31, 2009.*

12 **TITLE III—QUALIFIED TAX** 13 **CREDIT BONDS**

14 **SEC. 301. ISSUER ALLOWED REFUNDABLE CREDIT FOR CER-** 15 **TAIN QUALIFIED TAX CREDIT BONDS.**

16 (a) *CREDIT ALLOWED.*—*Section 6431 is amended by*
17 *adding at the end the following new subsection:*

18 “(f) *APPLICATION OF SECTION TO CERTAIN QUALI-*
19 *FIED TAX CREDIT BONDS.*—

20 “(1) *IN GENERAL.*—*In the case of any specified*
21 *tax credit bond—*

22 “(A) *such bond shall be treated as a quali-*
23 *fied bond for purposes of this section,*

1 “(B) subsection (a) shall be applied without
2 regard to the requirement that the qualified bond
3 be issued before January 1, 2011,

4 “(C) the amount of the payment determined
5 under subsection (b) with respect to any interest
6 payment date under such bond shall be—

7 “(i) in the case of a bond issued by a
8 qualified small issuer, 65 percent of the
9 amount of interest payable on such bond by
10 such issuer with respect to such date, and

11 “(ii) in the case of a bond issued by
12 any other person, 45 percent of the amount
13 of interest payable on such bond by such
14 issuer with respect to such date,

15 “(D) interest on any such bond shall be in-
16 cludible in gross income for purposes of this title,

17 “(E) no credit shall be allowed under sec-
18 tion 54A with respect to such bond,

19 “(F) any payment made under subsection
20 (b) shall not be includible as income for purposes
21 of this title, and

22 “(G) the deduction otherwise allowed under
23 this title to the issuer of such bond with respect
24 to interest paid under such bond shall be reduced

1 *by the amount of the payment made under this*
2 *section with respect to such interest.*

3 “(2) *DEFINITIONS.*—*For purposes of this sub-*
4 *section—*

5 “(A) *SPECIFIED TAX CREDIT BOND.*—*The*
6 *term ‘specified tax credit bond’ means any quali-*
7 *fied tax credit bond (as defined in section*
8 *54A(d)) if—*

9 “(i) *such bond is—*

10 “(I) *a new clean renewable energy*
11 *bond (as defined in section 54C),*

12 “(II) *a qualified energy conserva-*
13 *tion bond (as defined in section 54D),*

14 “(III) *a qualified zone academy*
15 *bond (as defined in section 54E), or*

16 “(IV) *a qualified school construc-*
17 *tion bond (as defined in section 54F),*
18 *and*

19 “(ii) *the issuer of such bond makes an*
20 *irrevocable election to have this subsection*
21 *apply,*

22 “(B) *QUALIFIED SMALL ISSUER.*—*The term*
23 *‘qualified small issuer’ means, with respect to*
24 *any calendar year, any issuer who is not reason-*
25 *ably expected to issue tax-exempt bonds (other*

1 *than private activity bonds) and specified tax*
2 *credit bonds (determined without regard to*
3 *whether an election is made under this sub-*
4 *section) during such calendar year in an aggre-*
5 *gate face amount exceeding \$30,000,000.”.*

6 ***(b) TECHNICAL CORRECTIONS RELATING TO QUALI-***
7 ***FIED SCHOOL CONSTRUCTION BONDS.—***

8 *(1) The second sentence of section 54F(d)(1) is*
9 *amended by striking “by the State” and inserting “by*
10 *the State education agency (or such other agency as*
11 *is authorized under State law to make such alloca-*
12 *tion)”.*

13 *(2) The second sentence of section 54F(e) is*
14 *amended by striking “subsection (d)(4)” and insert-*
15 *ing “paragraphs (2) and (4) of subsection (d)”.*

16 ***(c) EFFECTIVE DATES.—***

17 *(1) IN GENERAL.—The amendment made by sub-*
18 *section (a) shall apply to bonds issued after the date*
19 *of the enactment of this Act.*

20 ***(2) TECHNICAL CORRECTIONS.—The amend-***
21 ***ments made by subsection (b) shall take effect as if in-***
22 ***cluded in section 1521 of the American Recovery and***
23 ***Reinvestment Tax Act of 2009.***

1 **TITLE IV—EXTENSION OF CUR-**
2 **RENT SURFACE TRANSPOR-**
3 **TATION PROGRAMS**

4 **SEC. 401. SHORT TITLE.**

5 *This title may be cited as the “Surface Transportation*
6 *Extension Act of 2010”.*

7 **Subtitle A—Federal-aid Highways**

8 **SEC. 411. IN GENERAL.**

9 *(a) IN GENERAL.—Except as provided in this Act, re-*
10 *quirements, authorities, conditions, eligibilities, limita-*
11 *tions, and other provisions authorized under titles I, V, and*
12 *VI of the SAFETEA—LU (119 Stat. 1144), the SAFETEA—*
13 *LU Technical Corrections Act of 2008 (122 Stat. 1572), ti-*
14 *ties I and VI of the Intermodal Surface Transportation Act*
15 *of 1991 (105 Stat. 1914), titles I and V of the Transpor-*
16 *tation Equity Act for the 21st Century (112 Stat. 107), and*
17 *title 23, United States Code (excluding chapter 4 of that*
18 *title), which would otherwise expire on or cease to apply*
19 *after September 30, 2009, or the date specified in section*
20 *106(3) of the Continuing Appropriations Resolution, 2010*
21 *(Public Law 111–68), are incorporated by reference and*
22 *shall continue in effect until December 31, 2010.*

23 *(b) AUTHORIZATION OF APPROPRIATIONS.—Except as*
24 *provided in section 412, there are authorized to be appro-*

1 *priated out of the Highway Trust Fund (other than the*
2 *Mass Transit Account)—*

3 *(1) for fiscal year 2010, a sum equal to the total*
4 *amount authorized to be appropriated out of the*
5 *Highway Trust Fund for programs, projects, and ac-*
6 *tivities for fiscal year 2009 under titles I, V, and VI*
7 *of the SAFETEA-LU (119 Stat. 1144), and title 23,*
8 *United States Code (excluding chapter 4 of that title);*
9 *and*

10 *(2) for the period beginning on October 1, 2010,*
11 *and ending on December 31, 2010, a sum equal to $\frac{1}{4}$*
12 *of the total amount authorized to be appropriated out*
13 *of the Highway Trust Fund for programs, projects,*
14 *and activities for fiscal year 2009 under titles I, V,*
15 *and VI of the SAFETEA-LU (119 Stat. 1144), and*
16 *title 23, United States Code (excluding chapter 4 of*
17 *that title).*

18 *(c) USE OF FUNDS.—*

19 *(1) FISCAL YEAR 2010.—Except as otherwise ex-*
20 *pressly provided in this Act, funds authorized to be*
21 *appropriated under subsection (b)(1) for fiscal year*
22 *2010 shall be distributed, administered, limited, and*
23 *made available for obligation in the same manner*
24 *and at the same level as funds authorized to be appro-*
25 *priated out of the Highway Trust Fund for fiscal*

1 *year 2009 to carry out programs, projects, activities,*
2 *eligibilities, and requirements under the SAFETEA–*
3 *LU (119 Stat. 1144), the SAFETEA–LU Technical*
4 *Corrections Act of 2008 (122 Stat. 1572), titles I and*
5 *VI of the Intermodal Surface Transportation Act of*
6 *1991 (105 Stat. 1914), titles I and V of the Transpor-*
7 *tation Equity Act for the 21st Century (112 Stat.*
8 *107), and title 23, United States Code (excluding*
9 *chapter 4 of that title).*

10 (2) *FISCAL YEAR 2011.—Except as otherwise ex-*
11 *pressly provided in this Act, funds authorized to be*
12 *appropriated under subsection (b)(2) for the period*
13 *beginning on October 1, 2010, and ending on Decem-*
14 *ber 31, 2010, shall be distributed, administered, lim-*
15 *ited, and made available for obligation in the same*
16 *manner and at the same level as $\frac{1}{4}$ of the total*
17 *amount of funds authorized to be appropriated out of*
18 *the Highway Trust Fund for fiscal year 2009 to*
19 *carry out programs, projects, activities, eligibilities,*
20 *and requirements under the SAFETEA–LU (119*
21 *Stat. 1144), the SAFETEA–LU Technical Corrections*
22 *Act of 2008 (122 Stat. 1572), titles I and VI of the*
23 *Intermodal Surface Transportation Act of 1991 (105*
24 *Stat. 1914), titles I and V of the Transportation Eq-*
25 *uity Act for the 21st Century (112 Stat. 107), and*

1 *title 23, United States Code (excluding chapter 4 of*
2 *that title).*

3 (3) *CALCULATION.—The amounts authorized to*
4 *be appropriated under subsection (b) shall be cal-*
5 *culated without regard to any rescission or cancella-*
6 *tion of funds or contract authority for fiscal year*
7 *2009 under the SAFETEA-LU (119 Stat. 1144) or*
8 *any other law.*

9 (4) *CONTRACT AUTHORITY.—*

10 (A) *IN GENERAL.—Except as provided in*
11 *subparagraph (B), funds authorized to be appro-*
12 *priated under this section shall be available for*
13 *obligation and shall be administered in the same*
14 *manner as if such funds were apportioned under*
15 *chapter 1 of title 23, United States Code, and—*

16 (i) *for fiscal year 2010, shall be subject*
17 *to a limitation on obligations for Federal-*
18 *aid highways and highway safety construc-*
19 *tion programs included in an Act making*
20 *appropriations for fiscal year 2010 or a*
21 *portion of that fiscal year; and*

22 (ii) *for the period beginning on Octo-*
23 *ber 1, 2010, and ending on December 31,*
24 *2010, shall be subject to a limitation on ob-*
25 *ligations included in an Act making appro-*

1 *priations for fiscal year 2011 or a portion*
2 *of that fiscal year, except that during such*
3 *period obligations subject to such limitation*
4 *shall not exceed $\frac{1}{4}$ of the limitation on obli-*
5 *gations included in an Act making appro-*
6 *priations for fiscal year 2011.*

7 *(B) EXCEPTIONS.—A limitation on obliga-*
8 *tions described in clause (i) or (ii) of subpara-*
9 *graph (A) shall not apply to any obligation*
10 *under—*

11 *(i) section 125 of title 23, United*
12 *States Code; or*

13 *(ii) section 105 of title 23, United*
14 *States Code—*

15 *(I) for fiscal year 2010, only in*
16 *an amount equal to \$639,000,000; and*

17 *(II) for the period beginning on*
18 *October 1, 2010, and ending on Decem-*
19 *ber 31, 2010, only in an amount equal*
20 *to \$159,750,000.*

21 *(5) CALCULATIONS FOR DISTRIBUTION OF OBLI-*
22 *GATION LIMITATION.—Upon enactment of an Act*
23 *making appropriations for the Department of Trans-*
24 *portation for fiscal year 2011 (other than an Act or*

1 *resolution making continuing appropriations), the*
 2 *Secretary shall—*

3 *(A) as necessary for purposes of making the*
 4 *calculations for the distribution of any obliga-*
 5 *tion limitation under such Act, annualize the*
 6 *amount of contract authority provided under*
 7 *this Act for Federal-aid highways and highway*
 8 *safety construction programs; and*

9 *(B) multiply the resulting distribution of*
 10 *any obligation limitation under such Act by $\frac{1}{4}$.*

11 *(d) EXTENSION AND FLEXIBILITY FOR CERTAIN ALLO-*
 12 *CATED PROGRAMS.—*

13 *(1) FISCAL YEAR 2010.—Notwithstanding any*
 14 *other provision of law, for fiscal year 2010, the por-*
 15 *tion of the share of funds of a State under subsection*
 16 *(b)(1) determined by the amount that the State re-*
 17 *ceived or was authorized to receive for fiscal year*
 18 *2009 to carry out sections 1301, 1302, 1307, 1702,*
 19 *and 1934 of the SAFETEA-LU (119 Stat. 1198,*
 20 *1204, 1217, 1256, and 1485), and section 144(f)(1) of*
 21 *title 23, United States Code, shall be—*

22 *(A) made available to the State for pro-*
 23 *grams apportioned under sections 104(b) and*
 24 *144 of title 23, United States Code, and in the*
 25 *same proportion for each such program that—*

1 (i) the amount apportioned to the
2 State for that program for fiscal year 2009;
3 bears to

4 (ii) the amount apportioned to the
5 State for fiscal year 2009 for all programs
6 apportioned under such sections of such
7 Code; and

8 (B) administered in the same manner and
9 with the same period of availability as such
10 funding is administered under programs identi-
11 fied in subparagraph (A), except that no funds
12 may be used to carry out the project described in
13 section 1307(d)(1) of the SAFETEA-LU (119
14 Stat. 1217; 122 Stat. 1577).

15 (2) FISCAL YEAR 2011.—Notwithstanding any
16 other provision of law, for the period beginning on
17 October 1, 2010, and ending on December 31, 2010,
18 the portion of the share of funds of a State under sub-
19 section (b)(2) determined by $\frac{1}{4}$ of the amount that the
20 State received or was authorized to receive for fiscal
21 year 2009 to carry out sections 1301, 1302, 1307,
22 1702, and 1934 of the SAFETEA-LU (119 Stat.
23 1198, 1204, 1217, 1256, and 1485) and section
24 144(f)(1) of title 23, United States Code, shall be—

1 (A) made available to the State for pro-
2 grams apportioned under sections 104(b) and
3 144 of title 23, United States Code, and in the
4 same proportion for each such program that—

5 (i) the amount apportioned to the
6 State for that program for fiscal year 2009;
7 bears to

8 (ii) the amount apportioned to the
9 State for fiscal year 2009 for all programs
10 apportioned under such sections of such
11 Code; and

12 (B) administered in the same manner and
13 with the same period of availability as such
14 funding is administered under programs identi-
15 fied in subparagraph (A), except that no funds
16 may be used to carry out the project described in
17 section 1307(d)(1) of the SAFETEA-LU (119
18 Stat. 1217; 122 Stat. 1577).

19 (3) TERRITORIES AND PUERTO RICO.—

20 (A) FISCAL YEAR 2010.—Notwithstanding
21 any other provision of law, for fiscal year 2010,
22 the portion of the share of funds of a territory
23 or Puerto Rico under paragraph (b)(1) deter-
24 mined by the amount that the territory or Puer-
25 to Rico received or was authorized to receive for

1 *fiscal year 2009 to carry out section 1934 of*
2 *SAFETEA-LU (119 Stat. 1485), shall be—*

3 *(i) for a territory, made available and*
4 *administered in the same manner as fund-*
5 *ing is made available and administered*
6 *under section 215 of title 23, United States*
7 *Code; and*

8 *(ii) for Puerto Rico, made available*
9 *and administered in the same manner as*
10 *funding is made available and administered*
11 *under section 165 of title 23, United States*
12 *Code.*

13 *(B) FISCAL YEAR 2011.—Notwithstanding*
14 *any other provision of law, for the period begin-*
15 *ning on October 1, 2010, and ending on Decem-*
16 *ber 31, 2010, the portion of the share of funds of*
17 *a territory or Puerto Rico under paragraph*
18 *(b)(2) determined by $\frac{1}{4}$ of the amount that the*
19 *territory or Puerto Rico received or was author-*
20 *ized to receive for fiscal year 2009 to carry out*
21 *section 1934 of SAFETEA-LU (119 Stat. 1485),*
22 *shall be—*

23 *(i) for a territory, made available and*
24 *administered in the same manner as fund-*
25 *ing is made available and administered*

1 *under section 215 of title 23, United States*
2 *Code; and*

3 *(ii) for Puerto Rico, made available*
4 *and administered in the same manner as*
5 *funding is made available and administered*
6 *under section 165 of title 23, United States*
7 *Code.*

8 *(C) TERRITORY DEFINED.—In this para-*
9 *graph, the term “territory” means any of the fol-*
10 *lowing territories of the United States: American*
11 *Samoa, the Commonwealth of the Northern Mar-*
12 *iana Islands, Guam, or the United States Virgin*
13 *Islands.*

14 *(4) ADDITIONAL FUNDS.—*

15 *(A) IN GENERAL.—No additional funds*
16 *shall be provided for any project or activity*
17 *under subsection (c), or paragraph (1) or (2) of*
18 *this subsection, that the Secretary of Transpor-*
19 *tation determines was sufficiently funded before*
20 *or during fiscal year 2009 to achieve the author-*
21 *ized purpose of the project or activity.*

22 *(B) RESERVATION AND REDISTRIBUTION OF*
23 *FUNDS.—Funds made available in accordance*
24 *with paragraph (1) or (2) of subsection (c) or*
25 *paragraph (1) or (2) of this subsection for a*

1 *project or activity described in subparagraph (A)*
2 *shall be—*

3 *(i) reserved by the Secretary of Trans-*
4 *portation; and*

5 *(ii) distributed to each State in accord-*
6 *ance with paragraph (1) or (2) of sub-*
7 *section (c), or paragraph (1) or (2) of this*
8 *subsection, as appropriate, for use in car-*
9 *rying out other highway projects and activi-*
10 *ties extended by subsection (c) or this sub-*
11 *section, in the proportion that—*

12 *(I) the total amount of funds*
13 *made available for fiscal year 2009 for*
14 *projects and activities described in sub-*
15 *paragraph (A) in the State; bears to*

16 *(II) the total amount of funds*
17 *made available for fiscal year 2009 for*
18 *those projects and activities in all*
19 *States.*

20 *(e) EXTENSION OF AUTHORIZATIONS UNDER TITLE V*
21 *OF SAFETEA-LU.—*

22 *(1) IN GENERAL.—The programs authorized*
23 *under paragraphs (1) through (5) of section 5101(a)*
24 *of the SAFETEA-LU (119 Stat. 1779) shall be con-*
25 *tinued—*

1 (A) for fiscal year 2010, at the funding lev-
2 els authorized for those programs for fiscal year
3 2009; and

4 (B) for the period beginning on October 1,
5 2010, and ending on December 31, 2010, at $\frac{1}{4}$
6 the funding levels authorized for those programs
7 for fiscal year 2009.

8 (2) *DISTRIBUTION OF FUNDS.*—Funds for pro-
9 grams continued under paragraph (1) shall be dis-
10 tributed to major program areas under those pro-
11 grams in the same proportions as funds were allo-
12 cated for those program areas for fiscal year 2009, ex-
13 cept that designations for specific activities shall not
14 be required to be continued for—

15 (A) fiscal year 2010; or

16 (B) the period beginning on October 1,
17 2010, and ending on December 31, 2010.

18 (3) *ADDITIONAL FUNDS.*—

19 (A) *IN GENERAL.*—No additional funds
20 shall be provided for any project or activity
21 under this subsection that the Secretary of
22 Transportation determines was sufficiently fund-
23 ed before or during fiscal year 2009 to achieve
24 the authorized purpose of the project or activity.

1 (B) *DISTRIBUTION.*—*Funds that would*
2 *have been made available under paragraph (1)*
3 *for a project or activity but for the prohibition*
4 *under subparagraph (A) shall be distributed in*
5 *accordance with paragraph (2).*

6 **SEC. 412. ADMINISTRATIVE EXPENSES.**

7 (a) *AUTHORIZATION OF CONTRACT AUTHORITY.*—*Not-*
8 *withstanding any other provision of this Act or any other*
9 *law, there are authorized to be appropriated from the High-*
10 *way Trust Fund (other than the Mass Transit Account),*
11 *from amounts provided under section 411, for administra-*
12 *tive expenses of the Federal-aid highway program—*

13 (1) *\$422,425,000 for fiscal year 2010; and*

14 (2) *\$105,606,250 for the period beginning on Oc-*
15 *tober 1, 2010, and ending on December 31, 2010.*

16 (b) *CONTRACT AUTHORITY.*—*Funds authorized to be*
17 *appropriated by this section shall be—*

18 (1) *available for obligation, and shall be admin-*
19 *istered, in the same manner as if such funds were ap-*
20 *portioned under chapter 1 of title 23, United States*
21 *Code; and*

22 (2) *subject to a limitation on obligations for Fed-*
23 *eral-aid highways and highway safety construction*
24 *programs, except that such funds shall remain avail-*
25 *able until expended.*

1 **SEC. 413. RESCISSION OF UNOBLIGATED BALANCES.**

2 (a) *IN GENERAL.*—*The Secretary of Transportation*
3 *shall restore funds rescinded pursuant to section 10212 of*
4 *the SAFETEA-LU (Public Law 109-59; 119 Stat. 1937)*
5 *to the States and to the programs from which the funds*
6 *were rescinded.*

7 (b) *ADMINISTRATION OF FUNDS.*—*The restored*
8 *amounts shall be administered in the same manner as the*
9 *funds originally rescinded, except those funds may only be*
10 *used with an obligation limitation provided in an Act mak-*
11 *ing appropriations for Federal-aid highways and highway*
12 *safety construction programs enacted after implementation*
13 *of the rescission under section 10212 of the SAFETEA-LU*
14 *(Public Law 109-59; 119 Stat. 1937).*

15 (c) *FUNDING.*—

16 (1) *IN GENERAL.*—*There is authorized to be ap-*
17 *propriated from the Highway Trust Fund (other than*
18 *the Mass Transit Account) for fiscal year 2010 to*
19 *carry out this section an amount equal to the amount*
20 *of funds rescinded under section 10212 of the*
21 *SAFETEA-LU (Public Law 109-59; 119 Stat.*
22 *1937).*

23 (2) *AVAILABILITY FOR OBLIGATION.*—*Funds au-*
24 *thorized to be appropriated by this section shall be—*

25 (A) *made available under this section and*
26 *available for obligation in the same manner as*

1 *if the funds were apportioned under chapter 1 of*
2 *title 23, United States Code, except that the*
3 *funds shall retain the characteristics of the funds*
4 *originally rescinded; and*

5 *(B) subject to a limitation on obligations*
6 *for Federal-aid highways and highway safety*
7 *construction programs included in an Act mak-*
8 *ing appropriations for fiscal year 2010 or a por-*
9 *tion of the fiscal year.*

10 *(d) LIMITATION.—No funds authorized to be restored*
11 *under this section shall be restored after the end of fiscal*
12 *year 2010.*

13 **SEC. 414. RECONCILIATION OF FUNDS.**

14 *The Secretary shall reduce the amount apportioned or*
15 *allocated for a program, project, or activity under this title*
16 *by amounts apportioned or allocated pursuant to the Con-*
17 *tinuing Appropriations Resolution, 2010 (Public Law 111–*
18 *68).*

1 **Subtitle B—National Highway**
 2 **Traffic Safety Administration,**
 3 **Federal Motor Carrier Safety**
 4 **Administration, and Additional**
 5 **Programs**

6 **SEC. 421. EXTENSION OF NATIONAL HIGHWAY TRAFFIC**
 7 **SAFETY ADMINISTRATION HIGHWAY SAFETY**
 8 **PROGRAMS.**

9 (a) *CHAPTER 4 HIGHWAY SAFETY PROGRAMS.*—*Sec-*
 10 *tion 2001(a)(1) of the SAFETEA–LU (119 Stat. 1519) is*
 11 *amended—*

12 (1) *by striking “and”; and*

13 (2) *by striking “2009.” and inserting “2009,*
 14 *\$235,000,000 for fiscal year 2010, and \$58,750,000*
 15 *for the period beginning on October 1, 2010, and end-*
 16 *ing on December 31, 2010.”.*

17 (b) *HIGHWAY SAFETY RESEARCH AND DEVELOP-*
 18 *MENT.*—*Section 2001(a)(2) of the SAFETEA–LU (119*
 19 *Stat. 1519) is amended—*

20 (1) *by striking “and”; and*

21 (2) *by striking “2009.” and inserting “2009,*
 22 *\$107,329,000 for fiscal year 2010, and \$27,061,000*
 23 *for the period beginning on October 1, 2010, and end-*
 24 *ing on December 31, 2010.”.*

25 (c) *OCCUPANT PROTECTION INCENTIVE GRANTS.*—

1 (1) *EXTENSION OF PROGRAM.*—Section 405(a) of
2 *title 23, United States Code, is amended—*

3 (A) *in paragraph (3), by striking “6” and*
4 *inserting “8”; and*

5 (B) *in paragraph (4)(C), by striking “fifth*
6 *and sixth” and inserting “fifth through eighth”.*

7 (2) *AUTHORIZATION OF APPROPRIATIONS.*—Sec-
8 *tion 2001(a)(3) of the SAFETEA-LU (119 Stat.*
9 *1519) is amended—*

10 (A) *by striking “and”; and*

11 (B) *by striking “2009.” and inserting*
12 *“2009, \$25,000,000 for fiscal year 2010, and*
13 *\$6,250,000 for the period beginning on October*
14 *1, 2010, and ending on December 31, 2010.”.*

15 (d) *SAFETY BELT PERFORMANCE GRANTS.*—Section
16 *2001(a)(4) of the SAFETEA-LU (119 Stat. 1519) is*
17 *amended—*

18 (1) *by striking “and”; and*

19 (2) *by striking “2009.” and inserting “2009,*
20 *\$124,500,000 for fiscal year 2010, and \$31,125,000*
21 *for the period beginning on October 1, 2010, and end-*
22 *ing on December 31, 2010.”.*

23 (e) *STATE TRAFFIC SAFETY INFORMATION SYSTEM IM-*
24 *PROVEMENTS.*—Section 2001(a)(5) of the SAFETEA-LU
25 *(119 Stat. 1519) is amended—*

1 (1) *by striking “and”; and*

2 (2) *by striking “2009.” and inserting “2009,*
3 *\$34,500,000 for fiscal year 2010, and \$8,625,000 for*
4 *the period beginning on October 1, 2010, and ending*
5 *on December 31, 2010.”.*

6 (f) *ALCOHOL-IMPAIRED DRIVING COUNTERMEASURES*
7 *INCENTIVE GRANT PROGRAM.—*

8 (1) *EXTENSION OF PROGRAM.—Section 410 of*
9 *title 23, United States Code, is amended—*

10 (A) *in subsection (a)(3)(C), by striking*
11 *“fifth, sixth, seventh, and eighth” and inserting*
12 *“fifth through tenth”; and*

13 (B) *in subsection (b)(2)(C), by striking*
14 *“2008 and 2009” and inserting “2008, 2009,*
15 *2010, and 2011”.*

16 (2) *AUTHORIZATION OF APPROPRIATIONS.—Sec-*
17 *tion 2001(a)(6) of the SAFETEA-LU (119 Stat.*
18 *1519) is amended—*

19 (A) *by striking “and”; and*

20 (B) *by striking “2009.” and inserting*
21 *“2009, \$139,000,000 for fiscal year 2010, and*
22 *\$34,750,000 for the period beginning on October*
23 *1, 2010, and ending on December 31, 2010.”.*

1 (g) *NATIONAL DRIVER REGISTER.—Section*
2 *2001(a)(7) of the SAFETEA–LU (119 Stat. 1520) is*
3 *amended—*

4 (1) *by striking “and”; and*

5 (2) *by striking “2009.” and inserting “2009,*
6 *\$4,078,000 for fiscal year 2010, and \$1,029,000 for*
7 *the period beginning on October 1, 2010, and ending*
8 *on December 31, 2010.”.*

9 (h) *HIGH VISIBILITY ENFORCEMENT PROGRAM.—*

10 (1) *EXTENSION OF PROGRAM.—Section 2009(a)*
11 *of the SAFETEA–LU (23 U.S.C. 402 note) is amend-*
12 *ed by striking “2009” and inserting “2011”.*

13 (2) *AUTHORIZATION OF APPROPRIATIONS.—Sec-*
14 *tion 2001(a)(8) of the SAFETEA–LU (119 Stat.*
15 *1520) is amended—*

16 (A) *by striking “and”; and*

17 (B) *by striking “2009.” and inserting*
18 *“2009, \$29,000,000 for fiscal year 2010, and*
19 *\$7,250,000 for the period beginning on October*
20 *1, 2010, and ending on December 31, 2010.”.*

21 (i) *MOTORCYCLIST SAFETY.—*

22 (1) *EXTENSION OF PROGRAM.—Section*
23 *2010(d)(1)(B) of the SAFETEA–LU (23 U.S.C. 402*
24 *note) is amended by striking “and fourth” and insert-*
25 *ing “fourth, fifth, and sixth”.*

1 (2) *AUTHORIZATION OF APPROPRIATIONS.*—*Sec-*
2 *tion 2001(a)(9) of the SAFETEA-LU (119 Stat.*
3 *1520) is amended—*

4 (A) *by striking “and”; and*

5 (B) *by striking “2009.” and inserting*
6 *“2009, \$7,000,000 for fiscal year 2010, and*
7 *\$1,750,000 for the period beginning on October*
8 *1, 2010, and ending on December 31, 2010.”.*

9 (j) *CHILD SAFETY AND CHILD BOOSTER SEAT SAFETY*
10 *INCENTIVE GRANTS.*—

11 (1) *EXTENSION OF PROGRAM.*—*Section*
12 *2011(c)(2) of the SAFETEA-LU (23 U.S.C. 405*
13 *note) is amended by striking “fourth fiscal year” and*
14 *inserting “fourth, fifth, and sixth fiscal years”.*

15 (2) *AUTHORIZATION OF APPROPRIATIONS.*—*Sec-*
16 *tion 2001(a)(10) of the SAFETEA-LU (119 Stat.*
17 *1520) is amended—*

18 (A) *by striking “and”; and*

19 (B) *by striking “2009.” and inserting*
20 *“2009, \$7,000,000 for fiscal year 2010, and*
21 *\$1,750,000 for the period beginning on October*
22 *1, 2010, and ending on December 31, 2010.”.*

23 (k) *ADMINISTRATIVE EXPENSES.*—*Section 2001(a)(11)*
24 *of the SAFETEA-LU (119 Stat. 1520) is amended—*

1 (2) *in paragraph (5), by striking the period at*
2 *the end and inserting “; and”; and*

3 (3) *by adding at the end the following:*

4 “(6) \$209,000,000 for fiscal year 2010; and

5 “(7) \$52,679,000 for the period beginning on Oc-
6 *ttober 1, 2010, and ending on December 31, 2010.”.*

7 (b) *ADMINISTRATIVE EXPENSES.—Section 31104(i)(1)*
8 *of title 49, United States Code, is amended—*

9 (1) *in subparagraph (D), by striking “and”;*

10 (2) *in subparagraph (E), by striking the period*
11 *at the end and inserting “; and”; and*

12 (3) *by adding at the end the following:*

13 “(F) “(F) \$239,828,000 for fiscal year 2010;

14 *and*

15 “(G) “(G) \$61,036,000 for the period begin-
16 *ning on October 1, 2010, and ending on Decem-*
17 *ber 31, 2010.”.*

18 (c) *GRANT PROGRAMS.—Section 4101(c) of the*
19 *SAFETEA-LU (119 Stat. 1715) is amended—*

20 (1) *in paragraph (1), by striking “2009.” and*
21 *inserting “2009, and \$25,000,000 for fiscal year*
22 *2010, and \$6,301,000 for the period beginning on Oc-*
23 *ttober 1, 2010, and ending on December 31, 2010.”;*

24 (2) *in paragraph (2), by striking “2009.” and*
25 *inserting “2009, \$32,000,000 for fiscal year 2010,*

1 and \$8,066,000 for the period beginning on October
2 1, 2010, and ending on December 31, 2010.”;

3 (3) in paragraph (3), by striking “2009.” and
4 inserting “2009, \$5,000,000 for fiscal year 2010, and
5 \$1,260,000 for the period beginning on October 1,
6 2010, and ending on December 31, 2010.”;

7 (4) in paragraph (4), by striking “2009.” and
8 inserting “2009, \$25,000,000 for fiscal year 2010,
9 and \$6,301,000 for the period beginning on October
10 1, 2010, and ending on December 31, 2010.”; and

11 (5) in paragraph (5), by striking “2009.” and
12 inserting “2009, \$3,000,000 for fiscal year 2010, and
13 \$756,000 for the period beginning on October 1, 2010,
14 and ending on December 31, 2010.”.

15 (d) *HIGH-PRIORITY ACTIVITIES*.—Section 31104(k) of
16 title 49, United States Code, is amended by striking “2009”
17 in paragraph (2) and inserting “2009, \$15,000,000 for fis-
18 cal year 2010, and \$3,781,000 for the period beginning on
19 October 1, 2010, and ending on December 31, 2010”.

20 (e) *NEW ENTRANT AUDITS*.—Section 31144(g)(5)(B)
21 of title 49, United States Code, is amended by inserting
22 “(and up to \$7,310,000 for the period beginning on October
23 1, 2010, and ending on December 31, 2010)” after “fiscal
24 year”.

1 (f) *COMMERCIAL DRIVER’S LICENSE INFORMATION*
2 *SYSTEM MODERNIZATION*.—Section 4123(d) of the
3 *SAFETEA-LU* (119 Stat. 1736) is amended—

4 (1) in paragraph (3), by striking “and” at the
5 end;

6 (2) in paragraph (4), by striking the period at
7 the end and inserting a semicolon; and

8 (3) by adding at the end the following:

9 “(5) \$8,000,000 for fiscal year 2010; and

10 “(6) \$2,016,000 for the period beginning on Oc-
11 tober 1, 2010, and ending on December 31, 2010.”.

12 (g) *OUTREACH AND EDUCATION*.—Section 4127(e) of
13 the *SAFETEA-LU* (119 Stat. 1741) is amended by striking
14 “and 2009” and inserting “2009, and 2010, and \$252,000
15 to the Federal Motor Carrier Safety Administration, and
16 \$756,000 to the National Highway Traffic Safety Adminis-
17 tration, for the period beginning on October 1, 2010, and
18 ending on December 31, 2010,”.

19 (h) *GRANT PROGRAM FOR COMMERCIAL MOTOR VEHI-*
20 *CLE OPERATORS*.—Section 4134(c) of the *SAFETEA-LU*
21 (119 Stat. 1744) is amended by striking “2009” and insert-
22 ing “2009, 2010, and \$252,000 for the period beginning on
23 October 1, 2010, and ending on December 31, 2010,”.

24 (i) *MOTOR CARRIER SAFETY ADVISORY COM-*
25 *MITTEE*.—Section 4144(d) of the *SAFETEA-LU* (1119

1 *Stat. 1748) is amended by striking “September 30, 2010”*
2 *and inserting “December 31, 2010”.*

3 (j) *WORKING GROUP FOR DEVELOPMENT OF PRAC-*
4 *TICES AND PROCEDURES TO ENHANCE FEDERAL-STATE*
5 *RELATIONS.—Section 4213(d) of the SAFETEA–LU (49*
6 *U.S.C. 14710 note) is amended by striking “September 30,*
7 *2009” and inserting “December 31, 2010”.*

8 **SEC. 423. ADDITIONAL PROGRAMS.**

9 (a) *HAZARDOUS MATERIALS RESEARCH PROJECTS.—*
10 *Section 7131(c) of the SAFETEA–LU (119 Stat. 1910) is*
11 *amended by striking “through 2009” and inserting*
12 *“through 2010, and \$315,000 for the period beginning on*
13 *October 1, 2010, and ending on December 31, 2010,”.*

14 (b) *DINGELL-JOHNSON SPORT FISH RESTORATION*
15 *ACT.—Section 4 of the Dingell-Johnson Sport Fish Restora-*
16 *tion Act (16 U.S.C. 777c) is amended—*

17 (1) *in subsection (a), in the matter preceding*
18 *paragraph (1), by striking “2009,” and inserting*
19 *“2010 and for the period beginning on October 1,*
20 *2010, and ending on December 31, 2010,”; and*

21 (2) *in subsection (b)(1)(A), by striking “2010,”*
22 *and inserting “and for the period beginning on Octo-*
23 *ber 1, 2010, and ending on December 31, 2010,”.*

1 ***Subtitle C—Public Transportation***
 2 ***Programs***

3 ***SEC. 431. ALLOCATION OF FUNDS FOR PLANNING PRO-***
 4 ***GRAMS.***

5 *Section 5305(g) of title 49, United States Code, is*
 6 *amended by striking “2009” and inserting “2010, and for*
 7 *the period beginning October 1, 2010, and ending December*
 8 *31, 2010.”.*

9 ***SEC. 432. SPECIAL RULE FOR URBANIZED AREA FORMULA***
 10 ***GRANTS.***

11 *Section 5307(b)(2) of title 49, United States Code, is*
 12 *amended—*

13 (1) *in the paragraph heading, by striking “2009”*
 14 *and inserting “2010, AND THE PERIOD BEGINNING OC-*
 15 *TOBER 1, 2010, AND ENDING DECEMBER 31, 2010”;*

16 (2) *in subparagraph (A), by striking “2009,”*
 17 *and inserting “2010, and the period beginning Octo-*
 18 *ber 1, 2010, and ending December 31, 2010,”; and*

19 (3) *in subparagraph (E)—*

20 (A) *in the subparagraph heading, by strik-*
 21 *ing “AND 2009” and inserting “THROUGH 2010*
 22 *AND DURING THE PERIOD BEGINNING OCTOBER*
 23 *1, 2010, AND ENDING DECEMBER 31, 2010”;* and

24 (B) *in the matter preceding clause (i), by*
 25 *striking “and 2009” and inserting “through*

1 2010, and during the period beginning October
2 1, 2010, and ending December 31, 2010.”.

3 **SEC. 433. ALLOCATING AMOUNTS FOR CAPITAL INVEST-**
4 **MENT GRANTS.**

5 Section 5309(m) of title 49, United States Code, is
6 amended—

7 (1) in paragraph (2)—

8 (A) in the heading, by striking “2009” and
9 inserting “2010 AND OCTOBER 1, 2010, THROUGH
10 DECEMBER 31, 2010”;

11 (B) in the matter preceding subparagraph
12 (A), by striking “2009” and inserting “2010,
13 and during the period beginning October 1,
14 2010, and ending December 31, 2010,”; and

15 (C) in subparagraph (A)(i), by striking
16 “2009” and inserting “2010, and \$50,000,000
17 for the period beginning October 1, 2010, and
18 ending December 31, 2010,”;

19 (2) in paragraph (6)—

20 (A) in subparagraph (B), by striking
21 “2009” and inserting “2010, and \$3,750,000
22 shall be available for the period beginning Octo-
23 ber 1, 2010, and ending December 31, 2010,”;
24 and

1 (B) in subparagraph (C), by striking
2 “2009” and inserting “2010, and \$1,250,000
3 shall be available for the period beginning Octo-
4 ber 1, 2010 and ending December 31, 2010,”;
5 and

6 (3) in paragraph (7)—

7 (A) in subparagraph (A)—

8 (i) by redesignating clauses (i) through
9 (viii) as subclauses (I) through (VIII), re-
10 spectively;

11 (ii) in the matter preceding subclause
12 (I), as so redesignated, by striking
13 “\$10,000,000” and all that follows through
14 “2009” and inserting the following:

15 “(i) FISCAL YEARS 2006 THROUGH
16 2010.—\$10,000,000 shall be available in
17 each of fiscal years 2006 through 2010”;
18 and

19 (iii) by inserting after subclause
20 (VIII), as so redesignated, the following:

21 “(ii) SPECIAL RULE FOR OCTOBER 1,
22 2010, THROUGH DECEMBER 31, 2010.—
23 \$2,500,000 shall be available in the period
24 beginning October 1, 2010, and ending De-
25 cember 31, 2010, for ferry boats or ferry ter-

1 *minal facilities. The Secretary shall set*
2 *aside a portion of such amount in accord-*
3 *ance with clause (i), except that the Sec-*
4 *retary shall set aside 25 percent of each dol-*
5 *lar amount specified in subclauses (I)*
6 *through (VIII).”;*”.

7 *(B) in subparagraph (B), by inserting after*
8 *“2009.” the following:*

9 *“(v) \$13,500,000 for fiscal year 2010.*

10 *“(vi) \$3,375,000 for the period begin-*
11 *ning October 1, 2010, and ending December*
12 *31, 2010.”;*

13 *(C) in subparagraph (C), by inserting “,*
14 *and during the period beginning October 1,*
15 *2010, and ending December 31, 2010,” after “fis-*
16 *cal year”;*

17 *(D) in subparagraph (D), by inserting “,*
18 *and not less than \$8,750,000 shall be available*
19 *for the period beginning October 1, 2010, and*
20 *ending December 31, 2010,” after “year”; and*

21 *(E) in subparagraph (E), by inserting “,*
22 *and \$750,000 shall be available for the period be-*
23 *ginning October 1, 2010, and ending December*
24 *31, 2010,” after “year”.*

1 **SEC. 434. APPORTIONMENT OF FORMULA GRANTS FOR**
2 **OTHER THAN URBANIZED AREAS.**

3 *Section 5311(c)(1) of title 49, United States Code, is*
4 *amended by adding at the end the following:*

5 *“(E) \$15,000,000 for fiscal year 2010.*

6 *“(F) \$3,750,000 for the period beginning*
7 *October 1, 2010, and ending December 31,*
8 *2010.”.*

9 **SEC. 435. APPORTIONMENT BASED ON FIXED GUIDEWAY**
10 **FACTORS.**

11 *Section 5337 of title 49, United States Code, is amend-*
12 *ed—*

13 *(1) in subsection (a), in the matter preceding*
14 *paragraph (1), by striking “2009” and inserting*
15 *“2010”; and*

16 *(2) by adding at the end the following:*

17 *“(g) SPECIAL RULE FOR OCTOBER 1, 2010, THROUGH*
18 *DECEMBER 31, 2010.—The Secretary shall apportion*
19 *amounts made available for fixed guideway modernization*
20 *under section 5309 for the period beginning October 1,*
21 *2010, and ending December 31, 2010, in accordance with*
22 *subsection (a), except that the Secretary shall apportion 25*
23 *percent of each dollar amount specified in subsection (a).”.*

1 **SEC. 436. AUTHORIZATIONS FOR PUBLIC TRANSPOR-**
2 **TATION.**

3 (a) *FORMULA AND BUS GRANTS.*—Section 5338(b) of
4 *title 49, United States Code, is amended—*

5 (1) *in paragraph (1)—*

6 (A) *in subparagraph (C), by striking “and”*
7 *at the end;*

8 (B) *in subparagraph (D), by striking the*
9 *period at the end and inserting a semicolon; and*

10 (C) *by adding at the end the following:*

11 “(E) \$8,360,565,000 for fiscal year 2010;
12 *and*

13 “(F) \$2,090,141,250 for the period begin-
14 *ning October 1, 2010, and ending December 31,*
15 *2010.”; and*

16 (2) *in paragraph (2)—*

17 (A) *in subparagraph (A), by striking “and*
18 *\$113,500,000 for fiscal year 2009” and inserting*
19 *“\$113,500,000 for each of fiscal years 2009 and*
20 *2010, and \$28,375,000 for the period beginning*
21 *October 1, 2010, and ending December 31,*
22 *2010.”;*

23 (B) *in subparagraph (B), by striking “and*
24 *\$4,160,365,000 for fiscal year 2009” and insert-*
25 *ing “\$4,160,365,000 for each of fiscal years 2009*
26 *and 2010, and \$1,040,091,250 for the period be-*

1 *ginning October 1, 2010, and ending December*
2 *31, 2010,”;*

3 *(C) in subparagraph (C), by striking “and*
4 *\$51,500,000 for fiscal year 2009” and inserting*
5 *“\$51,500,000 for each of fiscal years 2009 and*
6 *2010, and \$12,875,000 for the period beginning*
7 *October 1, 2010, and ending December 31,*
8 *2010,”;*

9 *(D) in subparagraph (D), by striking “and*
10 *\$1,666,500,000 for fiscal year 2009” and insert-*
11 *ing “\$1,666,500,000 for each of fiscal years 2009*
12 *and 2010, and \$416,625,000 for the period be-*
13 *ginning October 1, 2010 and ending December*
14 *31, 2010,”;*

15 *(E) in subparagraph (E), by striking “and*
16 *\$984,000,000 for fiscal year 2009” and inserting*
17 *“\$984,000,000 for each of fiscal years 2009 and*
18 *2010, and \$246,000,000 for the period beginning*
19 *October 1, 2010 and ending December 31,*
20 *2010,”;*

21 *(F) in subparagraph (F), by striking “and*
22 *\$133,500,000 for fiscal year 2009” and inserting*
23 *“\$133,500,000 for each of fiscal years 2009 and*
24 *2010, and \$33,375,000 for the period beginning*

1 *October 1, 2010 and ending December 31,*
2 *2010,”;*

3 *(G) in subparagraph (G), by striking “and*
4 *\$465,000,000 for fiscal year 2009” and inserting*
5 *“\$465,000,000 for each of fiscal years 2009 and*
6 *2010, and \$116,250,000 for the period beginning*
7 *October 1, 2010 and ending December 31,*
8 *2010,”;*

9 *(H) in subparagraph (H), by striking “and*
10 *\$164,500,000 for fiscal year 2009” and inserting*
11 *“\$164,500,000 for each of fiscal years 2009 and*
12 *2010, and \$41,125,000 for the period beginning*
13 *October 1, 2010 and ending December 31,*
14 *2010,”;*

15 *(I) in subparagraph (I), by striking “and*
16 *\$92,500,000 for fiscal year 2009” and inserting*
17 *“\$92,500,000 for each of fiscal years 2009 and*
18 *2010, and \$23,125,000 for the period beginning*
19 *October 1, 2010 and ending December 31,*
20 *2010,”;*

21 *(J) in subparagraph (J), by striking “and*
22 *\$26,900,000 for fiscal year 2009” and inserting*
23 *“\$26,900,000 for each of fiscal years 2009 and*
24 *2010, and \$6,725,000 for the period beginning*

1 *October 1, 2010 and ending December 31,*
2 *2010,”;*

3 *(K) in subparagraph (K), by striking “and*
4 *\$3,500,000 for fiscal year 2009” and inserting*
5 *“\$3,500,000 for each of fiscal years 2009 and*
6 *2010, and \$875,000 for the period beginning Oc-*
7 *tober 1, 2010 and ending December 31, 2010,”;*

8 *(L) in subparagraph (L), by striking “and*
9 *\$25,000,000 for fiscal year 2009” and inserting*
10 *“\$25,000,000 for each of fiscal years 2009 and*
11 *2010, and \$6,250,000 for the period beginning*
12 *October 1, 2010 and ending December 31,*
13 *2010,”;*

14 *(M) in subparagraph (M), by striking “and*
15 *\$465,000,000 for fiscal year 2009” and inserting*
16 *“\$465,000,000 for each of fiscal years 2009 and*
17 *2010, and \$116,250,000 for the period beginning*
18 *October 1, 2010 and ending December 31,*
19 *2010,”; and*

20 *(N) in subparagraph (N), by striking “and*
21 *\$8,800,000 for fiscal year 2009” and inserting*
22 *“\$8,800,000 for each of fiscal years 2009 and*
23 *2010, and \$2,200,000 for the period beginning*
24 *October 1, 2010 and ending December 31,*
25 *2010,”.*

1 (b) *CAPITAL INVESTMENT GRANTS.—Section 5338(c)*
2 *of title 49, United States Code, is amended—*

3 (1) *in paragraph (3), by striking “and” at the*
4 *end;*

5 (2) *in paragraph (4), by striking the period at*
6 *the end and inserting a semicolon; and*

7 (3) *by adding at the end the following:*

8 “*(5) \$2,000,000,000 for fiscal year 2010; and*

9 “*(6) \$500,000,000 for the period of October 1,*
10 *2010 through December 31, 2010.”.*

11 (c) *RESEARCH AND UNIVERSITY RESEARCH CEN-*
12 *TERS.—Section 5338(d) of title 49, United States Code, is*
13 *amended—*

14 (1) *in paragraph (1), in the matter preceding*
15 *subparagraph (A), by striking “and \$69,750,000 for*
16 *fiscal year 2009” and inserting “\$69,750,000 for each*
17 *of fiscal years 2009 and 2010, and \$17,437,500 for*
18 *the period beginning October 1, 2010, and ending De-*
19 *cember 31, 2010”; and*

20 (2) *by adding at the end the following:*

21 “*(3) ADDITIONAL AUTHORIZATIONS.—*

22 “*(A) IN GENERAL.—*

23 “*(i) FISCAL YEAR 2010.—Of amounts*
24 *authorized to be appropriated for fiscal year*
25 *2010 under paragraph (1), the Secretary*

1 *shall allocate for each of the activities and*
2 *projects described in subparagraphs (A)*
3 *through (F) of paragraph (1) an amount*
4 *equal to the amount allocated for fiscal year*
5 *2009 under each such subparagraph.*

6 “(ii) *OCTOBER 1, 2010 THROUGH DE-*
7 *CEMBER 31, 2010.—Of amounts authorized*
8 *to be appropriated for the period beginning*
9 *October 1, 2010, through December 31,*
10 *2010, under paragraph (1), the Secretary*
11 *shall allocate for each of the activities and*
12 *projects described in subparagraphs (A)*
13 *through (F) of paragraph (1) an amount*
14 *equal to 25 percent of the amount allocated*
15 *for fiscal year 2009 under each such sub-*
16 *paragraph.*

17 “(B) *UNIVERSITY CENTERS PROGRAM.—*

18 “(i) *FISCAL YEAR 2010.—Of the*
19 *amounts allocated under subparagraph*
20 *(A)(i) for the university centers program*
21 *under section 5506 for fiscal year 2010, the*
22 *Secretary shall allocate for each program*
23 *described in clauses (i) through (iii) and (v)*
24 *through (viii) of paragraph (2)(A) an*

1 *amount equal to the amount allocated for*
2 *fiscal year 2009 under each such clause.*

3 “(ii) *OCTOBER 1, 2010 THROUGH DE-*
4 *CEMBER 31, 2010.—Of the amounts allocated*
5 *under subparagraph (A)(i) for the univer-*
6 *sity centers program under section 5506 for*
7 *the period beginning October 1, 2010, and*
8 *ending December 31, 2010, the Secretary*
9 *shall allocate for each program described in*
10 *clauses (i) through (iii) and (v) through*
11 *(viii) of paragraph (2)(A) an amount equal*
12 *to 25 percent of the amount allocated for*
13 *fiscal year 2009 under each such clause.*

14 “(iii) *FUNDING.—If the Secretary de-*
15 *termines that a project or activity described*
16 *in paragraph (2) received sufficient funds*
17 *in fiscal year 2009, or a previous fiscal*
18 *year, to carry out the purpose for which the*
19 *project or activity was authorized, the Sec-*
20 *retary may not allocate any amounts under*
21 *clause (i) or (ii) for the project or activity*
22 *for fiscal year 2010, or any subsequent fis-*
23 *cal year.”.*

24 (d) *ADMINISTRATION.—Section 5338(e) of title 49,*
25 *United States Code, is amended—*

1 (1) *in paragraph (3), by striking “and” at the*
2 *end;*

3 (2) *in paragraph (4), by striking the period at*
4 *the end and inserting a semicolon; and*

5 (3) *by adding at the end the following:*

6 “(5) \$98,911,000 for fiscal year 2010; and

7 “(6) \$24,727,750 for the period beginning Octo-
8 *ber 1, 2010, and ending December 31, 2010.”.*

9 **SEC. 437. AMENDMENTS TO SAFETEA-LU.**

10 (a) *CONTRACTED PARATRANSIT PILOT.*—Section
11 *3009(i)(1) of the SAFETEA-LU (Public Law 109–59; 119*
12 *Stat. 1572) is amended by striking “2009” and inserting*
13 *“2010, and for the period beginning October 1, 2010, and*
14 *ending December 31, 2010”.*

15 (b) *PUBLIC-PRIVATE PARTNERSHIP PILOT PRO-*
16 *GRAM.*—Section 3011 of the SAFETEA-LU (49 U.S.C.
17 *5309 note) is amended—*

18 (1) *in subsection (c)(5), by striking “2009” and*
19 *inserting “2010 and the period beginning October 1,*
20 *2010, and ending December 31, 2010”; and*

21 (2) *in subsection (d), by striking “2009” and in-*
22 *serting “2010, and for the period beginning October*
23 *1, 2010, and ending December 31, 2010”.*

24 (c) *ELDERLY INDIVIDUALS AND INDIVIDUALS WITH*
25 *DISABILITIES PILOT PROGRAM.*—Section 3012(b)(8) of the

1 *SAFETEA-LU (49 U.S.C. 5310 note) is amended by strik-*
2 *ing “September 30, 2009” and inserting “December 31,*
3 *2010”.*

4 (d) *OBLIGATION CEILING.—Section 3040 of the*
5 *SAFETEA-LU (Public Law 109–59; 119 Stat. 1639) is*
6 *amended—*

7 (1) *in paragraph (4), by striking “and” at the*
8 *end;*

9 (2) *in paragraph (5), by striking the period at*
10 *the end and inserting a semicolon; and*

11 (3) *by adding at the end the following:*

12 “(6) \$10,507,752,000 for fiscal year 2010, of
13 which not more than \$8,360,565,000 shall be from the
14 *Mass Transit Account; and*

15 “(7) \$2,626,938,000 for the period beginning Oc-
16 tober 1, 2010, and ending December 31, 2010, of
17 which not more than \$2,090,141,250 shall be from the
18 *Mass Transit Account.”.*

19 (e) *PROJECT AUTHORIZATIONS FOR NEW FIXED*
20 *GUIDEWAY CAPITAL PROJECTS.—Section 3043 of the*
21 *SAFETEA-LU (Public Law 109–59; 119 Stat. 1640) is*
22 *amended—*

23 (1) *in subsection (b), in the matter preceding*
24 *paragraph (1), by striking “2009” and inserting*

1 “2010, and for the period beginning October 1, 2010,
2 and ending December 31, 2010,”; and

3 (2) in subsection (c), in the matter preceding
4 paragraph (1), by striking “2009” and inserting
5 “2010, and for the period beginning October 1, 2010,
6 and ending December 31, 2010,”.

7 (f) *ALLOCATIONS FOR NATIONAL RESEARCH AND*
8 *TECHNOLOGY PROGRAMS.*—Section 3046 of the
9 *SAFETEA-LU* (49 U.S.C. 5338 note) is amended—

10 (1) in subsection (b), by inserting “or period”
11 after “fiscal year”; and

12 (2) by adding at the end the following:

13 “(c) *ADDITIONAL APPROPRIATIONS.*—The Secretary
14 shall allocate amounts appropriated pursuant to section
15 5338(d) of title 49, United States Code, for national re-
16 search and technology programs under sections 5312, 5314,
17 and 5322 of such title—

18 “(1) for fiscal year 2010, in amounts equal to
19 the amounts allocated for fiscal year 2009 under each
20 of paragraphs (2), (3), (5), (6), and (8) through (25)
21 of subsection (a); and

22 “(2) for the period beginning October 1, 2010,
23 and ending December 31, 2010, in amounts equal to
24 25 percent of the amounts allocated for fiscal year

1 2009 under each of paragraphs (2), (3), (5), (6), and
2 (8) through (25) of subsection (a).

3 “(d) *FUNDING.*—If the Secretary determines that a
4 project or activity described in subsection (a) received suffi-
5 cient funds in fiscal year 2009, or a previous fiscal year,
6 to carry out the purpose for which the project or activity
7 was authorized, the Secretary may not allocate any
8 amounts under subsection (c) for the project or activity for
9 fiscal year 2010, or any subsequent fiscal year.”.

10 ***Subtitle D—Revenue Provisions***

11 ***SEC. 441. REPEAL OF PROVISION PROHIBITING THE CRED-*** 12 ***ITING OF INTEREST TO THE HIGHWAY TRUST*** 13 ***FUND.***

14 (a) *IN GENERAL.*—Paragraph (1) of section 9503(f) is
15 amended by striking subparagraph (B).

16 (b) *CONFORMING AMENDMENTS.*—Such paragraph, as
17 amended by paragraph (1), is further amended—

18 (1) by striking “, and” at the end of subpara-
19 graph (A) and inserting a period; and

20 (2) by striking “1998” in the matter preceding
21 subparagraph (A) and all that follows through “the
22 opening balance” and inserting “1998, the opening
23 balance”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
2 *section shall take effect on the date of the enactment of this*
3 *title.*

4 **SEC. 442. RESTORATION OF CERTAIN FOREGONE INTEREST**
5 **TO HIGHWAY TRUST FUND.**

6 (a) *IN GENERAL.*—*Paragraph (2) of section 9503(f) is*
7 *amended to read as follows:*

8 “(2) *RESTORATION OF FOREGONE INTEREST.*—
9 *Out of money in the Treasury not otherwise appro-*
10 *propriated, there is hereby appropriated—*

11 “(A) *\$14,700,000,000 to the Highway Ac-*
12 *count (as defined in subsection (e)(5)(B)) in the*
13 *Highway Trust Fund; and*

14 “(B) *\$4,800,000,000 to the Mass Transit*
15 *Account in the Highway Trust Fund.”.*

16 (b) *CONFORMING AMENDMENT.*—*Paragraph (1) of sec-*
17 *tion 9503(e) is amended by striking “this subsection” and*
18 *inserting “this section”.*

19 (c) *EFFECTIVE DATE.*—*The amendments made by this*
20 *section shall take effect on the date of the enactment of this*
21 *Act.*

1 **SEC. 443. TREATMENT OF CERTAIN AMOUNTS APPRO-**
2 **RIATED TO HIGHWAY TRUST FUND.**

3 (a) *IN GENERAL.*—Section 9503(f), as amended by this
4 Act, is amended by adding at the end the following new
5 paragraph:

6 “(4) *TREATMENT OF APPROPRIATED AMOUNTS.*—
7 Any amount appropriated under this subsection to
8 the Highway Trust Fund shall remain available
9 without fiscal year limitation.”.

10 (b) *EFFECTIVE DATE.*—The amendment made by this
11 section shall take effect on the date of the enactment of this
12 Act.

13 **SEC. 444. TERMINATION OF TRANSFERS FROM HIGHWAY**
14 **TRUST FUND FOR CERTAIN REPAYMENTS**
15 **AND CREDITS.**

16 (a) *IN GENERAL.*—Section 9503(c) is amended by
17 striking paragraph (2) and by redesignating paragraphs
18 (3), (4), (5), and (6) as paragraphs (2), (3), (4), and (5),
19 respectively.

20 (b) *CONFORMING AMENDMENTS.*—

21 (1) Section 9502(a) is amended by striking “sec-
22 tion 9503(c)(7)” and inserting “section 9503(c)(5)”.

23 (2) Section 9503(b)(4)(D) is amended by strik-
24 ing “paragraph (4)(D) or (5)(B)” and inserting
25 “paragraph (3)(D) or (4)(B)”.

1 (3) Paragraph (2) of section 9503(c), as redesignig-
 2 nated by subsection (a), is amended by adding at the
 3 end the following new sentence: “The amounts pay-
 4 able from the Highway Trust Fund under the pre-
 5 ceding sentence shall be determined by taking into ac-
 6 count only the portion of the taxes which are depos-
 7 ited into the Highway Trust Fund.”.

8 (4) Section 9503(e)(5)(A) is amended by striking
 9 “(2), (3), and (4)” and inserting “(2) and (3)”.

10 (5) Section 9504(a) is amended by striking “sec-
 11 tion 9503(c)(4), section 9503(c)(5)” and inserting
 12 “section 9503(c)(3), section 9503(c)(4)”.

13 (6) Section 9504(b)(2) is amended by striking
 14 “section 9503(c)(5)” and inserting “section
 15 9503(c)(4)”.

16 (7) Section 9504(e) is amended by striking “sec-
 17 tion 9503(c)(4)” and inserting section “9503(c)(3)”.

18 (c) *EFFECTIVE DATE.*—The amendment made by this
 19 section shall apply to transfers relating to amounts paid
 20 and credits allowed after the date of the enactment of this
 21 Act.

22 **SEC. 445. EXTENSION OF AUTHORITY FOR EXPENDITURES.**

23 (a) *HIGHWAYS TRUST FUND.*—

24 (1) *HIGHWAY ACCOUNT.*—Paragraph (1) of sec-
 25 tion 9503(c) is amended—

1 (A) by striking “September 30, 2009 (Octo-
2 ber 1, 2009” and inserting “December 31, 2010
3 (January 1, 2011”;

4 (B) by striking “under” and all that follows
5 and inserting “under the Surface Transportation
6 Extension Act of 2010 or any other provision of
7 law which was referred to in this paragraph be-
8 fore the date of the enactment of such Act (as
9 such Act and provisions of law are in effect on
10 the date of the enactment of such Act).”.

11 (2) *MASS TRANSIT ACCOUNT*.—Paragraph (3) of
12 section 9503(e) is amended—

13 (A) by striking “October 1, 2009” and in-
14 serting “January 1, 2011”;

15 (B) by striking “in accordance with” and
16 all that follows and inserting “in accordance
17 with the Surface Transportation Extension Act
18 of 2010 or any other provision of law which was
19 referred to in this paragraph before the date of
20 the enactment of such Act (as such Act and pro-
21 visions of law are in effect on the date of the en-
22 actment of such Act).”.

23 (3) *EXCEPTION TO LIMITATION ON TRANS-*
24 *FERS*.—Subparagraph (B) of section 9503(b)(6) is
25 amended by striking “September 30, 2009 (October 1,

1 2009” and inserting “December 31, 2010 (January 1,
2 2011”.

3 (b) *SPORT FISH RESTORATION AND BOATING TRUST*
4 *FUND.*—

5 (1) *IN GENERAL.*—Paragraph (2) of section
6 9504(b) is amended—

7 (A) by striking “(as in effect” in subpara-
8 graph (A) and all that follows in such subpara-
9 graph and inserting “(as in effect on the date of
10 the enactment of the Surface Transportation Ex-
11 tension Act of 2010),”;

12 (B) by striking “(as in effect” in subpara-
13 graph (B) and all that follows in such subpara-
14 graph and inserting “(as in effect on the date of
15 the enactment of the Surface Transportation Ex-
16 tension Act of 2010), and”, and

17 (C) by striking “(as in effect” in subpara-
18 graph (C) and all that follows in such subpara-
19 graph and inserting “(as in effect on the date of
20 the enactment of the Surface Transportation Ex-
21 tension Act of 2010).”.

22 (2) *EXCEPTION TO LIMITATION ON TRANS-*
23 *FERS.*—Paragraph (2) of section 9504(d) is amended
24 by striking “October 1, 2009” and inserting “Janu-
25 ary 1, 2011”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
2 *section shall take effect on September 30, 2009.*

3 **SEC. 446. LEVEL OF OBLIGATION LIMITATIONS.**

4 (a) *HIGHWAY CATEGORY.*—*Section 8003(a) of the*
5 *SAFETEA–LU (2 U.S.C. 901 note; 119 Stat. 1917) is*
6 *amended—*

7 (1) *in paragraph (4), by striking “and” at the*
8 *end;*

9 (2) *in paragraph (5), by striking the period at*
10 *the end and inserting “; and”; and*

11 (3) *by adding at the end the following:*

12 “(6) *for the period beginning on October 1, 2009,*
13 *and ending on September 30, 2010, \$42,469,970,178.*

14 “(7) *for the period beginning on October 1, 2010,*
15 *and ending on December 31, 2010, \$10,617,492,545.”.*

16 (b) *MASS TRANSIT CATEGORY.*—*Section 8003(b) of the*
17 *SAFETEA–LU (2 U.S.C. 901 note; 119 Stat. 1917) is*
18 *amended—*

19 (1) *in paragraph (4), by striking “and” at the*
20 *end;*

21 (2) *in paragraph (5), by striking the period at*
22 *the end and inserting “; and”; and*

23 (3) *by adding at the end the following:*

24 “(6) *for the period beginning on October 1, 2009,*
25 *and ending on December 31, 2010, \$10,338,065,000.*

1 “(7) for the period beginning on October 1, 2010,
2 and ending on December 31, 2010, \$2,584,516,250.”.

3 (c) *TREATMENT OF FUNDS.*—No adjustment pursuant
4 to section 110 of title 23, United States Code, shall be made
5 for fiscal year 2010 or fiscal year 2011.

6 **TITLE V—OFFSET PROVISIONS**
7 **Subtitle A—Foreign Account Tax**
8 **Compliance**

9 **PART I—INCREASED DISCLOSURE OF**
10 **BENEFICIAL OWNERS**

11 **SEC. 501. REPORTING ON CERTAIN FOREIGN ACCOUNTS.**

12 (a) *IN GENERAL.*—The Internal Revenue Code of 1986
13 is amended by inserting after chapter 3 the following new
14 chapter:

15 **“CHAPTER 4—TAXES TO ENFORCE RE-**
16 **PORTING ON CERTAIN FOREIGN AC-**
17 **COUNTS**

 “Sec. 1471. Withholdable payments to foreign financial institutions.

 “Sec. 1472. Withholdable payments to other foreign entities.

 “Sec. 1473. Definitions.

 “Sec. 1474. Special rules.

18 **“SEC. 1471. WITHHOLDABLE PAYMENTS TO FOREIGN FINAN-**
19 **CIAL INSTITUTIONS.**

20 “(a) *IN GENERAL.*—In the case of any withholdable
21 payment to a foreign financial institution which does not
22 meet the requirements of subsection (b), the withholding
23 agent with respect to such payment shall deduct and with-

1 *hold from such payment a tax equal to 30 percent of the*
2 *amount of such payment.*

3 “(b) *REPORTING REQUIREMENTS, ETC.—*

4 “(1) *IN GENERAL.—The requirements of this sub-*
5 *section are met with respect to any foreign financial*
6 *institution if an agreement is in effect between such*
7 *institution and the Secretary under which such insti-*
8 *tution agrees—*

9 “(A) *to obtain such information regarding*
10 *each holder of each account maintained by such*
11 *institution as is necessary to determine which (if*
12 *any) of such accounts are United States ac-*
13 *counts,*

14 “(B) *to comply with such verification and*
15 *due diligence procedures as the Secretary may*
16 *require with respect to the identification of*
17 *United States accounts,*

18 “(C) *in the case of any United States ac-*
19 *count maintained by such institution, to report*
20 *on an annual basis the information described in*
21 *subsection (c) with respect to such account,*

22 “(D) *to deduct and withhold a tax equal to*
23 *30 percent of—*

24 “(i) *any passthru payment which is*
25 *made by such institution to a recalcitrant*

1 *account holder or another foreign financial*
2 *institution which does not meet the require-*
3 *ments of this subsection, and*

4 “(i) *in the case of any passthru pay-*
5 *ment which is made by such institution to*
6 *a foreign financial institution which has in*
7 *effect an election under paragraph (3) with*
8 *respect to such payment, so much of such*
9 *payment as is allocable to accounts held by*
10 *recalcitrant account holders or foreign fi-*
11 *ancial institutions which do not meet the*
12 *requirements of this subsection,*

13 “(E) *to comply with requests by the Sec-*
14 *retary for additional information with respect to*
15 *any United States account maintained by such*
16 *institution, and*

17 “(F) *in any case in which any foreign law*
18 *would (but for a waiver described in clause (i))*
19 *prevent the reporting of any information referred*
20 *to in this subsection or subsection (c) with re-*
21 *spect to any United States account maintained*
22 *by such institution—*

23 “(i) *to attempt to obtain a valid and*
24 *effective waiver of such law from each hold-*
25 *er of such account, and*

1 “(ii) if a waiver described in clause (i)
2 is not obtained from each such holder with-
3 in a reasonable period of time, to close such
4 account.

5 Any agreement entered into under this subsection
6 may be terminated by the Secretary upon a deter-
7 mination by the Secretary that the foreign financial
8 institution is out of compliance with such agreement.

9 “(2) *FINANCIAL INSTITUTIONS DEEMED TO MEET*
10 *REQUIREMENTS IN CERTAIN CASES.*—A foreign finan-
11 cial institution may be treated by the Secretary as
12 meeting the requirements of this subsection if—

13 “(A) such institution—

14 “(i) complies with such procedures as
15 the Secretary may prescribe to ensure that
16 such institution does not maintain United
17 States accounts, and

18 “(ii) meets such other requirements as
19 the Secretary may prescribe with respect to
20 accounts of other foreign financial institu-
21 tions maintained by such institution, or

22 “(B) such institution is a member of a class
23 of institutions with respect to which the Sec-
24 retary has determined that the application of

1 *this section is not necessary to carry out the pur-*
2 *poses of this section.*

3 “(3) *ELECTION TO BE WITHHELD UPON RATHER*
4 *THAN WITHHOLD ON PAYMENTS TO RECALCITRANT*
5 *ACCOUNT HOLDERS AND NONPARTICIPATING FOREIGN*
6 *FINANCIAL INSTITUTIONS.—In the case of a foreign fi-*
7 *nancial institution which meets the requirements of*
8 *this subsection and such other requirements as the*
9 *Secretary may provide and which elects the applica-*
10 *tion of this paragraph—*

11 “(A) *the requirements of paragraph (1)(D)*
12 *shall not apply,*

13 “(B) *the withholding tax imposed under*
14 *subsection (a) shall apply with respect to any*
15 *withholdable payment to such institution to the*
16 *extent such payment is allocable to accounts held*
17 *by recalcitrant account holders or foreign finan-*
18 *cial institutions which do not meet the require-*
19 *ments of this subsection, and*

20 “(C) *the agreement described in paragraph*
21 *(1) shall—*

22 “(i) *require such institution to notify*
23 *the withholding agent with respect to each*
24 *such payment of the institution’s election*
25 *under this paragraph and such other infor-*

1 *mation as may be necessary for the with-*
2 *holding agent to determine the appropriate*
3 *amount to deduct and withhold from such*
4 *payment, and*

5 *“(ii) include a waiver of any right*
6 *under any treaty of the United States with*
7 *respect to any amount deducted and with-*
8 *held pursuant to an election under this*
9 *paragraph.*

10 *To the extent provided by the Secretary, the election*
11 *under this paragraph may be made with respect to*
12 *certain classes or types of accounts of the foreign fi-*
13 *nancial institution.*

14 *“(c) INFORMATION REQUIRED TO BE REPORTED ON*
15 *UNITED STATES ACCOUNTS.—*

16 *“(1) IN GENERAL.—The agreement described in*
17 *subsection (b) shall require the foreign financial insti-*
18 *tution to report the following with respect to each*
19 *United States account maintained by such institu-*
20 *tion:*

21 *“(A) The name, address, and TIN of each*
22 *account holder which is a specified United States*
23 *person and, in the case of any account holder*
24 *which is a United States owned foreign entity,*

1 *the name, address, and TIN of each substantial*
2 *United States owner of such entity.*

3 “(B) *The account number.*

4 “(C) *The account balance or value (deter-*
5 *mined at such time and in such manner as the*
6 *Secretary may provide).*

7 “(D) *Except to the extent provided by the*
8 *Secretary, the gross receipts and gross with-*
9 *drawals or payments from the account (deter-*
10 *mined for such period and in such manner as*
11 *the Secretary may provide).*

12 “(2) *ELECTION TO BE SUBJECT TO SAME RE-*
13 *PORTING AS UNITED STATES FINANCIAL INSTITU-*
14 *TIONS.—In the case of a foreign financial institution*
15 *which elects the application of this paragraph—*

16 “(A) *subparagraphs (C) and (D) of para-*
17 *graph (1) shall not apply, and*

18 “(B) *the agreement described in subsection*
19 *(b) shall require such foreign financial institu-*
20 *tion to report such information with respect to*
21 *each United States account maintained by such*
22 *institution as such institution would be required*
23 *to report under sections 6041, 6042, 6045, and*
24 *6049 if—*

1 “(i) such institution were a United
2 States person, and

3 “(ii) each holder of such account which
4 is a specified United States person or
5 United States owned foreign entity were a
6 natural person and citizen of the United
7 States.

8 *An election under this paragraph shall be made*
9 *at such time, in such manner, and subject to*
10 *such conditions as the Secretary may provide.*

11 “(3) *SEPARATE REQUIREMENTS FOR QUALIFIED*
12 *INTERMEDIARIES.—In the case of a foreign financial*
13 *institution which is treated as a qualified inter-*
14 *mediary by the Secretary for purposes of section 1441*
15 *and the regulations issued thereunder, the require-*
16 *ments of this section shall be in addition to any re-*
17 *porting or other requirements imposed by the Sec-*
18 *retary for purposes of such treatment.*

19 “(d) *DEFINITIONS.—For purposes of this section—*

20 “(1) *UNITED STATES ACCOUNT.—*

21 “(A) *IN GENERAL.—The term ‘United*
22 *States account’ means any financial account*
23 *which is held by one or more specified United*
24 *States persons or United States owned foreign*
25 *entities.*

1 “(B) *EXCEPTION FOR CERTAIN ACCOUNTS*
2 *HELD BY INDIVIDUALS.*—Unless the foreign fi-
3 nancial institution elects to not have this sub-
4 paragraph apply, such term shall not include
5 any depository account maintained by such fi-
6 nancial institution if—

7 “(i) each holder of such account is a
8 natural person, and

9 “(ii) with respect to each holder of such
10 account, the aggregate value of all depository
11 accounts held (in whole or in part) by
12 such holder and maintained by the same fi-
13 nancial institution which maintains such
14 account does not exceed \$50,000.

15 *To the extent provided by the Secretary, finan-*
16 *cial institutions which are members of the same*
17 *expanded affiliated group shall be treated for*
18 *purposes of clause (ii) as a single financial insti-*
19 *tution.*

20 “(C) *ELIMINATION OF DUPLICATIVE RE-*
21 *PORTING REQUIREMENTS.*—Such term shall not
22 include any financial account in a foreign fi-
23 nancial institution if—

1 “(i) *such account is held by another fi-*
2 *ancial institution which meets the require-*
3 *ments of subsection (b), or*

4 “(ii) *the holder of such account is oth-*
5 *erwise subject to information reporting re-*
6 *quirements which the Secretary determines*
7 *would make the reporting required by this*
8 *section with respect to United States ac-*
9 *counts duplicative.*

10 “(2) *FINANCIAL ACCOUNT.—Except as otherwise*
11 *provided by the Secretary, the term ‘financial ac-*
12 *count’ means, with respect to any financial institu-*
13 *tion—*

14 “(A) *any depository account maintained by*
15 *such financial institution,*

16 “(B) *any custodial account maintained by*
17 *such financial institution, and*

18 “(C) *any equity or debt interest in such fi-*
19 *ancial institution (other than interests which*
20 *are regularly traded on an established securities*
21 *market).*

22 *Any equity or debt interest which constitutes a finan-*
23 *cial account under subparagraph (C) with respect to*
24 *any financial institution shall be treated for purposes*

1 *of this section as maintained by such financial insti-*
2 *tution.*

3 “(3) *UNITED STATES OWNED FOREIGN ENTITY.*—
4 *The term ‘United States owned foreign entity’ means*
5 *any foreign entity which has one or more substantial*
6 *United States owners.*

7 “(4) *FOREIGN FINANCIAL INSTITUTION.*—*The*
8 *term ‘foreign financial institution’ means any finan-*
9 *cial institution which is a foreign entity. Except as*
10 *otherwise provided by the Secretary, such term shall*
11 *not include a financial institution which is organized*
12 *under the laws of any possession of the United States.*

13 “(5) *FINANCIAL INSTITUTION.*—*Except as other-*
14 *wise provided by the Secretary, the term ‘financial*
15 *institution’ means any entity that—*

16 “(A) *accepts deposits in the ordinary course*
17 *of a banking or similar business,*

18 “(B) *as a substantial portion of its busi-*
19 *ness, holds financial assets for the account of oth-*
20 *ers, or*

21 “(C) *is engaged (or holding itself out as*
22 *being engaged) primarily in the business of in-*
23 *vesting, reinvesting, or trading in securities (as*
24 *defined in section 475(c)(2) without regard to the*
25 *last sentence thereof), partnership interests, com-*

1 *modities (as defined in section 475(e)(2)), or any*
2 *interest (including a futures or forward contract*
3 *or option) in such securities, partnership inter-*
4 *ests, or commodities.*

5 “(6) *RECALCITRANT ACCOUNT HOLDER.*—*The*
6 *term ‘recalcitrant account holder’ means any account*
7 *holder which—*

8 *“(A) fails to comply with reasonable re-*
9 *quests for the information referred to in sub-*
10 *section (b)(1)(A) or (c)(1)(A), or*

11 *“(B) fails to provide a waiver described in*
12 *subsection (b)(1)(F) upon request.*

13 “(7) *PASSTHRU PAYMENT.*—*The term ‘passthru*
14 *payment’ means any withholdable payment or other*
15 *payment to the extent attributable to a withholdable*
16 *payment.*

17 “(e) *AFFILIATED GROUPS.*—

18 *“(1) IN GENERAL.*—*The requirements of sub-*
19 *sections (b) and (c)(1) shall apply—*

20 *“(A) with respect to United States accounts*
21 *maintained by the foreign financial institution,*
22 *and*

23 *“(B) except as otherwise provided by the*
24 *Secretary, with respect to United States accounts*
25 *maintained by each other foreign financial insti-*

1 *tution (other than any foreign financial institu-*
2 *tion which meets the requirements of subsection*
3 *(b)) which is a member of the same expanded af-*
4 *iliated group as such foreign financial institu-*
5 *tion.*

6 “(2) *EXPANDED AFFILIATED GROUP.*—*For pur-*
7 *poses of this section, the term ‘expanded affiliated*
8 *group’ means an affiliated group as defined in section*
9 *1504(a), determined—*

10 *“(A) by substituting ‘more than 50 percent’*
11 *for ‘at least 80 percent’ each place it appears,*
12 *and*

13 *“(B) without regard to paragraphs (2) and*
14 *(3) of section 1504(b).*

15 *A partnership or any other entity (other than a cor-*
16 *poration) shall be treated as a member of an ex-*
17 *panded affiliated group if such entity is controlled*
18 *(within the meaning of section 954(d)(3)) by members*
19 *of such group (including any entity treated as a*
20 *member of such group by reason of this sentence).*

21 “(f) *EXCEPTION FOR CERTAIN PAYMENTS.*—*Sub-*
22 *section (a) shall not apply to any payment to the extent*
23 *that the beneficial owner of such payment is—*

24 *“(1) any foreign government, any political sub-*
25 *division of a foreign government, or any wholly*

1 *owned agency or instrumentality of any one or more*
2 *of the foregoing,*

3 *“(2) any international organization or any*
4 *wholly owned agency or instrumentality thereof,*

5 *“(3) any foreign central bank of issue, or*

6 *“(4) any other class of persons identified by the*
7 *Secretary for purposes of this subsection as posing a*
8 *low risk of tax evasion.*

9 **“SEC. 1472. WITHHOLDABLE PAYMENTS TO OTHER FOREIGN**
10 **ENTITIES.**

11 *“(a) IN GENERAL.—In the case of any withholdable*
12 *payment to a non-financial foreign entity, if—*

13 *“(1) the beneficial owner of such payment is such*
14 *entity or any other non-financial foreign entity, and*

15 *“(2) the requirements of subsection (b) are not*
16 *met with respect to such beneficial owner,*

17 *then the withholding agent with respect to such payment*
18 *shall deduct and withhold from such payment a tax equal*
19 *to 30 percent of the amount of such payment.*

20 *“(b) REQUIREMENTS FOR WAIVER OF WITH-*
21 *HOLDING.—The requirements of this subsection are met*
22 *with respect to the beneficial owner of a payment if—*

23 *“(1) such beneficial owner or the payee provides*
24 *the withholding agent with either—*

1 “(A) a certification that such beneficial
2 owner does not have any substantial United
3 States owners, or

4 “(B) the name, address, and TIN of each
5 substantial United States owner of such bene-
6 ficial owner,

7 “(2) the withholding agent does not know, or
8 have reason to know, that any information provided
9 under paragraph (1) is incorrect, and

10 “(3) the withholding agent reports the informa-
11 tion provided under paragraph (1)(B) to the Sec-
12 retary in such manner as the Secretary may provide.

13 “(c) *EXCEPTIONS.*—Subsection (a) shall not apply
14 to—

15 “(1) except as otherwise provided by the Sec-
16 retary, any payment beneficially owned by—

17 “(A) any corporation the stock of which is
18 regularly traded on an established securities
19 market,

20 “(B) any corporation which is a member of
21 the same expanded affiliated group (as defined
22 in section 1471(e)(2) without regard to the last
23 sentence thereof) as a corporation described in
24 subparagraph (A),

1 “(C) any entity which is organized under
2 the laws of a possession of the United States and
3 which is wholly owned by one or more bona fide
4 residents (as defined in section 937(a)) of such
5 possession,

6 “(D) any foreign government, any political
7 subdivision of a foreign government, or any
8 wholly owned agency or instrumentality of any
9 one or more of the foregoing,

10 “(E) any international organization or any
11 wholly owned agency or instrumentality thereof,

12 “(F) any foreign central bank of issue, or

13 “(G) any other class of persons identified by
14 the Secretary for purposes of this subsection, and

15 “(2) any class of payments identified by the Sec-
16 retary for purposes of this subsection as posing a low
17 risk of tax evasion.

18 “(d) *NON-FINANCIAL FOREIGN ENTITY*.—For purposes
19 of this section, the term ‘non-financial foreign entity’ means
20 any foreign entity which is not a financial institution (as
21 defined in section 1471(d)(5)).

22 **“SEC. 1473. DEFINITIONS.**

23 “For purposes of this chapter—

24 “(1) *WITHHOLDABLE PAYMENT*.—Except as oth-
25 erwise provided by the Secretary—

1 “(A) *IN GENERAL.*—The term ‘withholdable
2 *payment*’ means—

3 “(i) *any payment of interest (includ-*
4 *ing any original issue discount), dividends,*
5 *rents, salaries, wages, premiums, annuities,*
6 *compensations, remunerations, emoluments,*
7 *and other fixed or determinable annual or*
8 *periodical gains, profits, and income, if*
9 *such payment is from sources within the*
10 *United States, and*

11 “(ii) *any gross proceeds from the sale*
12 *or other disposition of any property of a*
13 *type which can produce interest or divi-*
14 *dends from sources within the United*
15 *States.*

16 “(B) *EXCEPTION FOR INCOME CONNECTED*
17 *WITH UNITED STATES BUSINESS.*—Such term
18 *shall not include any item of income which is*
19 *taken into account under section 871(b)(1) or*
20 *882(a)(1) for the taxable year.*

21 “(C) *SPECIAL RULE FOR SOURCING INTER-*
22 *EST PAID BY FOREIGN BRANCHES OF DOMESTIC*
23 *FINANCIAL INSTITUTIONS.*—Subparagraph (B) of
24 *section 861(a)(1) shall not apply.*

25 “(2) *SUBSTANTIAL UNITED STATES OWNER.*—

1 “(A) *IN GENERAL.*—*The term ‘substantial*
2 *United States owner’ means—*

3 “(i) *with respect to any corporation,*
4 *any specified United States person which*
5 *owns, directly or indirectly, more than 10*
6 *percent of the stock of such corporation (by*
7 *vote or value),*

8 “(ii) *with respect to any partnership,*
9 *any specified United States person which*
10 *owns, directly or indirectly, more than 10*
11 *percent of the profits interests or capital in-*
12 *terests in such partnership, and*

13 “(iii) *in the case of a trust—*

14 “(I) *any specified United States*
15 *person treated as an owner of any por-*
16 *tion of such trust under subpart E of*
17 *part I of subchapter J of chapter 1,*
18 *and*

19 “(II) *to the extent provided by the*
20 *Secretary in regulations or other guid-*
21 *ance, any specified United States per-*
22 *son which holds, directly or indirectly,*
23 *more than 10 percent of the beneficial*
24 *interests of such trust.*

1 “(B) *SPECIAL RULE FOR INVESTMENT VEHI-*
2 *CLES.—In the case of any financial institution*
3 *described in section 1471(d)(5)(C), clauses (i),*
4 *(ii), and (iii) of subparagraph (A) shall be ap-*
5 *plied by substituting ‘0 percent’ for ‘10 percent’.*

6 “(3) *SPECIFIED UNITED STATES PERSON.—Ex-*
7 *cept as otherwise provided by the Secretary, the term*
8 *‘specified United States person’ means any United*
9 *States person other than—*

10 “(A) *any corporation the stock of which is*
11 *regularly traded on an established securities*
12 *market,*

13 “(B) *any corporation which is a member of*
14 *the same expanded affiliated group (as defined*
15 *in section 1471(e)(2) without regard to the last*
16 *sentence thereof) as a corporation the stock of*
17 *which is regularly traded on an established secu-*
18 *rities market,*

19 “(C) *any organization exempt from tax-*
20 *ation under section 501(a) or an individual re-*
21 *irement plan,*

22 “(D) *the United States or any wholly*
23 *owned agency or instrumentality thereof,*

24 “(E) *any State, the District of Columbia,*
25 *any possession of the United States, any polit-*

1 *ical subdivision of any of the foregoing, or any*
2 *wholly owned agency or instrumentality of any*
3 *one or more of the foregoing,*

4 “(F) *any bank (as defined in section 581),*

5 “(G) *any real estate investment trust (as*
6 *defined in section 856),*

7 “(H) *any regulated investment company (as*
8 *defined in section 851),*

9 “(I) *any common trust fund (as defined in*
10 *section 584(a)), and*

11 “(J) *any trust which—*

12 “(i) *is exempt from tax under section*
13 *664(c), or*

14 “(ii) *is described in section 4947(a)(1).*

15 “(4) *WITHHOLDING AGENT.—The term ‘with-*
16 *holding agent’ means all persons, in whatever capac-*
17 *ity acting, having the control, receipt, custody, dis-*
18 *posal, or payment of any withholdable payment.*

19 “(5) *FOREIGN ENTITY.—The term ‘foreign entity’*
20 *means any entity which is not a United States per-*
21 *son.*

22 **“SEC. 1474. SPECIAL RULES.**

23 “(a) *LIABILITY FOR WITHHELD TAX.—Every person*
24 *required to deduct and withhold any tax under this chapter*
25 *is hereby made liable for such tax and is hereby indemnified*

1 *against the claims and demands of any person for the*
2 *amount of any payments made in accordance with the pro-*
3 *visions of this chapter.*

4 “(b) *CREDITS AND REFUNDS.—*

5 “(1) *IN GENERAL.—Except as provided in para-*
6 *graph (2), the determination of whether any tax de-*
7 *ducted and withheld under this chapter results in an*
8 *overpayment by the beneficial owner of the payment*
9 *to which such tax is attributable shall be made as if*
10 *such tax had been deducted and withheld under sub-*
11 *chapter A of chapter 3.*

12 “(2) *SPECIAL RULE WHERE FOREIGN FINANCIAL*
13 *INSTITUTION IS BENEFICIAL OWNER OF PAYMENT.—*

14 “(A) *IN GENERAL.—In the case of any tax*
15 *properly deducted and withheld under section*
16 *1471 from a specified financial institution pay-*
17 *ment—*

18 “(i) *if the foreign financial institution*
19 *referred to in subparagraph (B) with re-*
20 *spect to such payment is entitled to a re-*
21 *duced rate of tax with respect to such pay-*
22 *ment by reason of any treaty obligation of*
23 *the United States—*

24 “(I) *the amount of any credit or*
25 *refund with respect to such tax shall*

1 *not exceed the amount of credit or re-*
2 *fund attributable to such reduction in*
3 *rate, and*

4 “(II) *no interest shall be allowed*
5 *or paid with respect to such credit or*
6 *refund, and*

7 “(ii) *if such foreign financial institu-*
8 *tion is not so entitled, no credit or refund*
9 *shall be allowed or paid with respect to such*
10 *tax.*

11 “(B) *SPECIFIED FINANCIAL INSTITUTION*
12 *PAYMENT.—The term ‘specified financial institu-*
13 *tion payment’ means any payment if the bene-*
14 *ficial owner of such payment is a foreign finan-*
15 *cial institution.*

16 “(3) *REQUIREMENT TO IDENTIFY SUBSTANTIAL*
17 *UNITED STATES OWNERS.—No credit or refund shall*
18 *be allowed or paid with respect to any tax properly*
19 *deducted and withheld under this chapter unless the*
20 *beneficial owner of the payment provides the Sec-*
21 *retary such information as the Secretary may require*
22 *to determine whether such beneficial owner is a*
23 *United States owned foreign entity (as defined in sec-*
24 *tion 1471(d)(3)) and the identity of any substantial*
25 *United States owners of such entity.*

1 “(c) *CONFIDENTIALITY OF INFORMATION.*—

2 “(1) *IN GENERAL.*—For purposes of this chapter,
3 rules similar to the rules of section 3406(f) shall
4 apply.

5 “(2) *DISCLOSURE OF LIST OF PARTICIPATING*
6 *FOREIGN FINANCIAL INSTITUTIONS PERMITTED.*—The
7 identity of a foreign financial institution which meets
8 the requirements of section 1471(b) shall not be treat-
9 ed as return information for purposes of section 6103.

10 “(d) *COORDINATION WITH OTHER WITHHOLDING*
11 *PROVISIONS.*—The Secretary shall provide for the coordina-
12 *tion of this chapter with other withholding provisions under*
13 *this title, including providing for the proper crediting of*
14 *amounts deducted and withheld under this chapter against*
15 *amounts required to be deducted and withheld under such*
16 *other provisions.*

17 “(e) *TREATMENT OF WITHHOLDING UNDER AGREE-*
18 *MENTS.*—Any tax deducted and withheld pursuant to an
19 *agreement described in section 1471(b) shall be treated for*
20 *purposes of this title as a tax deducted and withheld by*
21 *a withholding agent under section 1471(a).*

22 “(f) *REGULATIONS.*—The Secretary shall prescribe
23 *such regulations or other guidance as may be necessary or*
24 *appropriate to carry out the purposes of, and prevent the*
25 *avoidance of, this chapter.”.*

1 (b) *SPECIAL RULE FOR INTEREST ON OVERPAY-*
2 *MENTS.—Subsection (e) of section 6611 is amended by add-*
3 *ing at the end the following new paragraph:*

4 “(4) *CERTAIN WITHHOLDING TAXES.—In the*
5 *case of any overpayment resulting from tax deducted*
6 *and withheld under chapter 3 or 4, paragraphs (1),*
7 *(2), and (3) shall be applied by substituting ‘180*
8 *days’ for ‘45 days’ each place it appears.”.*

9 (c) *CONFORMING AMENDMENTS.—*

10 (1) *Section 6414 is amended by inserting “or 4”*
11 *after “chapter 3”.*

12 (2) *Paragraph (1) of section 6501(b) is amended*
13 *by inserting “4,” after “chapter 3,”.*

14 (3) *Paragraph (2) of section 6501(b) is amend-*
15 *ed—*

16 (A) *by inserting “4,” after “chapter 3,” in*
17 *the text thereof, and*

18 (B) *by striking “TAXES AND TAX IMPOSED*
19 *BY CHAPTER 3” in the heading thereof and in-*
20 *serting “AND WITHHOLDING TAXES”.*

21 (4) *Paragraph (3) of section 6513(b) is amend-*
22 *ed—*

23 (A) *by inserting “or 4” after “chapter 3,”*
24 *and*

1 (B) by inserting “or 1474(b)” after “section
2 1462”.

3 (5) Subsection (c) of section 6513 is amended by
4 inserting “4,” after “chapter 3,”.

5 (6) Paragraph (1) of section 6724(d) is amended
6 by inserting “under chapter 4 or” after “filed with
7 the Secretary” in the last sentence thereof.

8 (7) Paragraph (2) of section 6724(d) is amended
9 by inserting “or 4” after “chapter 3”.

10 (8) The table of chapters of the Internal Revenue
11 Code of 1986 is amended by adding at the end the fol-
12 lowing new item:

“CHAPTER 4. TAXES TO ENFORCE REPORTING ON CERTAIN FOREIGN
ACCOUNTS.”.

13 (d) *EFFECTIVE DATE.*—

14 (1) *IN GENERAL.*—*Except as otherwise provided*
15 *in this subsection, the amendments made by this sec-*
16 *tion shall apply to payments made after December*
17 *31, 2012.*

18 (2) *GRANDFATHERED TREATMENT OF OUT-*
19 *STANDING OBLIGATIONS.*—*The amendments made by*
20 *this section shall not require any amount to be de-*
21 *ducted or withheld from any payment under any obli-*
22 *gation outstanding on the date which is 2 years after*
23 *the date of the enactment of this Act or from the gross*
24 *proceeds from any disposition of such an obligation.*

1 (3) *INTEREST ON OVERPAYMENTS.*—*The amend-*
2 *ment made by subsection (b) shall apply—*

3 (A) *in the case of such amendment’s appli-*
4 *cation to paragraph (1) of section 6611(e) of the*
5 *Internal Revenue Code of 1986, to returns the*
6 *due date for which (determined without regard to*
7 *extensions) is after the date of the enactment of*
8 *this Act,*

9 (B) *in the case of such amendment’s appli-*
10 *cation to paragraph (2) of such section, to claims*
11 *for credit or refund of any overpayment filed*
12 *after the date of the enactment of this Act (re-*
13 *gardless of the taxable period to which such re-*
14 *fund relates), and*

15 (C) *in the case of such amendment’s appli-*
16 *cation to paragraph (3) of such section, to re-*
17 *funds paid after the date of the enactment of this*
18 *Act (regardless of the taxable period to which*
19 *such refund relates).*

20 **SEC. 502. REPEAL OF CERTAIN FOREIGN EXCEPTIONS TO**
21 **REGISTERED BOND REQUIREMENTS.**

22 (a) *REPEAL OF EXCEPTION TO DENIAL OF DEDUCTION*
23 *FOR INTEREST ON NON-REGISTERED BONDS.*—

24 (1) *IN GENERAL.*—*Paragraph (2) of section*
25 *163(f) is amended by striking subparagraph (B) and*

1 *by redesignating subparagraph (C) as subparagraph*
2 *(B).*

3 *(2) CONFORMING AMENDMENTS.—*

4 *(A) Paragraph (2) of section 149(a) is*
5 *amended by inserting “or” at the end of sub-*
6 *paragraph (A), by striking “, or” at the end of*
7 *subparagraph (B) and inserting a period, and*
8 *by striking subparagraph (C).*

9 *(B) Subparagraph (A) of section 163(f)(2)*
10 *is amended by inserting “or” at the end of clause*
11 *(ii), by striking “, or” at the end of clause (iii)*
12 *and inserting a period, and by striking clause*
13 *(iv).*

14 *(C) Subparagraph (B) of section 163(f)(2),*
15 *as redesignated by paragraph (1), is amended—*

16 *(i) by striking “, and subparagraph*
17 *(B),” in the matter preceding clause (i),*
18 *and*

19 *(ii) by amending clause (i) to read as*
20 *follows:*

21 *“(i) such obligation is of a type which*
22 *the Secretary has determined by regulations*
23 *to be used frequently in avoiding Federal*
24 *taxes, and”.*

1 (D) Sections 165(j)(2)(A) and 1287(b)(1)
2 are each amended by striking “except that clause
3 (iv) of subparagraph (A), and subparagraph (B),
4 of such section shall not apply”.

5 (b) REPEAL OF TREATMENT AS PORTFOLIO DEBT.—

6 (1) IN GENERAL.—Paragraph (2) of section
7 871(h) is amended to read as follows:

8 “(2) PORTFOLIO INTEREST.—For purposes of
9 this subsection, the term ‘portfolio interest’ means any
10 interest (including original issue discount) which—

11 “(A) would be subject to tax under sub-
12 section (a) but for this subsection, and

13 “(B) is paid on an obligation—

14 “(i) which is in registered form, and

15 “(ii) with respect to which—

16 “(I) the United States person who
17 would otherwise be required to deduct
18 and withhold tax from such interest
19 under section 1441(a) receives a state-
20 ment (which meets the requirements of
21 paragraph (5)) that the beneficial
22 owner of the obligation is not a United
23 States person, or

24 “(II) the Secretary has deter-
25 mined that such a statement is not re-

1 *quired in order to carry out the pur-*
2 *poses of this subsection.”.*

3 (2) *CONFORMING AMENDMENTS.—*

4 (A) *Section 871(h)(3)(A) is amended by*
5 *striking “subparagraph (A) or (B) of”.*

6 (B) *Paragraph (2) of section 881(c) is*
7 *amended to read as follows:*

8 “(2) *PORTFOLIO INTEREST.—For purposes of*
9 *this subsection, the term ‘portfolio interest’ means any*
10 *interest (including original issue discount) which—*

11 “(A) *would be subject to tax under sub-*
12 *section (a) but for this subsection, and*

13 “(B) *is paid on an obligation—*

14 “(i) *which is in registered form, and*

15 “(ii) *with respect to which—*

16 “(I) *the person who would other-*
17 *wise be required to deduct and with-*
18 *hold tax from such interest under sec-*
19 *tion 1442(a) receives a statement*
20 *which meets the requirements of section*
21 *871(h)(5) that the beneficial owner of*
22 *the obligation is not a United States*
23 *person, or*

24 “(II) *the Secretary has deter-*
25 *mined that such a statement is not re-*

1 *quired in order to carry out the pur-*
2 *poses of this subsection.”.*

3 (c) *DEMATERIALIZED BOOK ENTRY SYSTEMS TREAT-*
4 *ED AS REGISTERED FORM.*—*Paragraph (3) of section*
5 *163(f) is amended by inserting “, except that a dematerial-*
6 *ized book entry system or other book entry system specified*
7 *by the Secretary shall be treated as a book entry system*
8 *described in such section” before the period at the end.*

9 (d) *REPEAL OF EXCEPTION TO REQUIREMENT THAT*
10 *TREASURY OBLIGATIONS BE IN REGISTERED FORM.*—

11 (1) *IN GENERAL.*—*Subsection (g) of section 3121*
12 *of title 31, United States Code, is amended by strik-*
13 *ing paragraph (2) and by redesignating paragraphs*
14 *(3) and (4) as paragraphs (2) and (3), respectively.*

15 (2) *CONFORMING AMENDMENTS.*—*Paragraph (1)*
16 *of section 3121(g) of such title is amended—*

17 (A) *by adding “or” at the end of subpara-*
18 *graph (A),*

19 (B) *by striking “; or” at the end of sub-*
20 *paragraph (B) and inserting a period, and*

21 (C) *by striking subparagraph (C).*

22 (e) *PRESERVATION OF EXCEPTION FOR EXCISE TAX*
23 *PURPOSES.*—*Paragraph (1) of section 4701(b) is amended*
24 *to read as follows:*

25 “(1) *REGISTRATION-REQUIRED OBLIGATION.*—

1 “(A) *IN GENERAL.*—The term ‘registration-
2 required obligation’ has the same meaning as
3 when used in section 163(f), except that such
4 term shall not include any obligation which—

5 “(i) is required to be registered under
6 section 149(a), or

7 “(ii) is described in subparagraph (B).

8 “(B) *CERTAIN OBLIGATIONS NOT IN-*
9 *CLUDED.*—An obligation is described in this sub-
10 paragraph if—

11 “(i) there are arrangements reasonably
12 designed to ensure that such obligation will
13 be sold (or resold in connection with the
14 original issue) only to a person who is not
15 a United States person,

16 “(ii) interest on such obligation is pay-
17 able only outside the United States and its
18 possessions, and

19 “(iii) on the face of such obligation
20 there is a statement that any United States
21 person who holds such obligation will be
22 subject to limitations under the United
23 States income tax laws.”.

1 “(2) any of the following assets which are not
2 held in an account maintained by a financial institu-
3 tion (as defined in section 1471(d)(5))—

4 “(A) any stock or security issued by a per-
5 son other than a United States person,

6 “(B) any financial instrument or contract
7 held for investment that has an issuer or
8 counterparty which is other than a United
9 States person, and

10 “(C) any interest in a foreign entity (as de-
11 fined in section 1473).

12 “(c) *REQUIRED INFORMATION.*—The information de-
13 scribed in this subsection with respect to any asset is:

14 “(1) In the case of any account, the name and
15 address of the financial institution in which such ac-
16 count is maintained and the number of such account.

17 “(2) In the case of any stock or security, the
18 name and address of the issuer and such information
19 as is necessary to identify the class or issue of which
20 such stock or security is a part.

21 “(3) In the case of any other instrument, con-
22 tract, or interest—

23 “(A) such information as is necessary to
24 identify such instrument, contract, or interest,
25 and

1 “(B) the names and addresses of all issuers
2 and counterparties with respect to such instru-
3 ment, contract, or interest.

4 “(4) The maximum value of the asset during the
5 taxable year.

6 “(d) *PENALTY FOR FAILURE TO DISCLOSE.*—

7 “(1) *IN GENERAL.*—If any individual fails to
8 furnish the information described in subsection (c)
9 with respect to any taxable year at the time and in
10 the manner described in subsection (a), such person
11 shall pay a penalty of \$10,000.

12 “(2) *INCREASE IN PENALTY WHERE FAILURE*
13 *CONTINUES AFTER NOTIFICATION.*—If any failure de-
14 scribed in paragraph (1) continues for more than 90
15 days after the day on which the Secretary mails no-
16 tice of such failure to the individual, such individual
17 shall pay a penalty (in addition to the penalties
18 under paragraph (1)) of \$10,000 for each 30-day pe-
19 riod (or fraction thereof) during which such failure
20 continues after the expiration of such 90-day period.
21 The penalty imposed under this paragraph with re-
22 spect to any failure shall not exceed \$50,000.

23 “(e) *PRESUMPTION THAT VALUE OF SPECIFIED FOR-*
24 *EIGN FINANCIAL ASSETS EXCEEDS DOLLAR THRESH-*
25 *OLD.*—If—

1 “(1) the Secretary determines that an individual
2 has an interest in one or more specified foreign finan-
3 cial assets, and

4 “(2) such individual does not provide sufficient
5 information to demonstrate the aggregate value of
6 such assets,

7 then the aggregate value of such assets shall be treated as
8 being in excess of \$50,000 (or such higher dollar amount
9 as the Secretary prescribes for purposes of subsection (a))
10 for purposes of assessing the penalties imposed under this
11 section.

12 “(f) *APPLICATION TO CERTAIN ENTITIES.*—To the ex-
13 tent provided by the Secretary in regulations or other guid-
14 ance, the provisions of this section shall apply to any do-
15 mestic entity which is formed or availed of for purposes
16 of holding, directly or indirectly, specified foreign financial
17 assets, in the same manner as if such entity were an indi-
18 vidual.

19 “(g) *REASONABLE CAUSE EXCEPTION.*—No penalty
20 shall be imposed by this section on any failure which is
21 shown to be due to reasonable cause and not due to willful
22 neglect. The fact that a foreign jurisdiction would impose
23 a civil or criminal penalty on the taxpayer (or any other
24 person) for disclosing the required information is not rea-
25 sonable cause.

1 “(h) *REGULATIONS.*—*The Secretary shall prescribe*
 2 *such regulations or other guidance as may be necessary or*
 3 *appropriate to carry out the purposes of this section, in-*
 4 *cluding regulations or other guidance which provide appro-*
 5 *priate exceptions from the application of this section in the*
 6 *case of—*

7 “(1) *classes of assets identified by the Secretary,*
 8 *including any assets with respect to which the Sec-*
 9 *retary determines that disclosure under this section*
 10 *would be duplicative of other disclosures,*

11 “(2) *nonresident aliens, and*

12 “(3) *bona fide residents of any possession of the*
 13 *United States.*”.

14 “(b) *CLERICAL AMENDMENT.*—*The table of sections for*
 15 *subpart A of part III of subchapter A of chapter 61 is*
 16 *amended by inserting after the item relating to section*
 17 *6038C the following new item:*

 “*Sec. 6038D. Information with respect to foreign financial assets.*”.

18 “(c) *EFFECTIVE DATE.*—*The amendments made by this*
 19 *section shall apply to taxable years beginning after the date*
 20 *of the enactment of this Act.*

21 **SEC. 512. PENALTIES FOR UNDERPAYMENTS ATTRIB-**
 22 **UTABLE TO UNDISCLOSED FOREIGN FINAN-**
 23 **CIAL ASSETS.**

24 “(a) *IN GENERAL.*—*Section 6662, as amended by this*
 25 *Act, is amended—*

1 (1) *in subsection (b), by inserting after para-*
2 *graph (6) the following new paragraph:*

3 “*(7) Any undisclosed foreign financial asset un-*
4 *derstatement.*”, and

5 (2) *by adding at the end the following new sub-*
6 *section:*

7 “*(j) UNDISCLOSED FOREIGN FINANCIAL ASSET UN-*
8 *DERSTATEMENT.—*

9 “*(1) IN GENERAL.—For purposes of this section,*
10 *the term ‘undisclosed foreign financial asset under-*
11 *statement’ means, for any taxable year, the portion of*
12 *the understatement for such taxable year which is at-*
13 *tributable to any transaction involving an undis-*
14 *closed foreign financial asset.*

15 “*(2) UNDISCLOSED FOREIGN FINANCIAL*
16 *ASSET.—For purposes of this subsection, the term ‘un-*
17 *disclosed foreign financial asset’ means, with respect*
18 *to any taxable year, any asset with respect to which*
19 *information was required to be provided under sec-*
20 *tion 6038, 6038B, 6038D, 6046A, or 6048 for such*
21 *taxable year but was not provided by the taxpayer as*
22 *required under the provisions of those sections.*

23 “*(3) INCREASE IN PENALTY FOR UNDISCLOSED*
24 *FOREIGN FINANCIAL ASSET UNDERSTATEMENTS.—In*
25 *the case of any portion of an underpayment which is*

1 *attributable to any undisclosed foreign financial asset*
 2 *understatement, subsection (a) shall be applied with*
 3 *respect to such portion by substituting ‘40 percent’ for*
 4 *‘20 percent’.”.*

5 *(b) EFFECTIVE DATE.—The amendments made by this*
 6 *section shall apply to taxable years beginning after the date*
 7 *of the enactment of this Act.*

8 **SEC. 513. MODIFICATION OF STATUTE OF LIMITATIONS FOR**
 9 **SIGNIFICANT OMISSION OF INCOME IN CON-**
 10 **NECTION WITH FOREIGN ASSETS.**

11 *(a) EXTENSION OF STATUTE OF LIMITATIONS.—*

12 *(1) IN GENERAL.—Paragraph (1) of section*
 13 *6501(e) is amended by redesignating subparagraphs*
 14 *(A) and (B) as subparagraphs (B) and (C), respec-*
 15 *tively, and by inserting before subparagraph (B) (as*
 16 *so redesignated) the following new subparagraph:*

17 *“(A) GENERAL RULE.—If the taxpayer*
 18 *omits from gross income an amount properly in-*
 19 *cludible therein and—*

20 *“(i) such amount is in excess of 25*
 21 *percent of the amount of gross income stated*
 22 *in the return, or*

23 *“(ii) such amount—*

24 *“(I) is attributable to one or more*
 25 *assets with respect to which informa-*

1 *tion is required to be reported under*
2 *section 6038D (or would be so required*
3 *if such section were applied without re-*
4 *gard to the dollar threshold specified in*
5 *subsection (a) thereof and without re-*
6 *gard to any exceptions provided pursu-*
7 *ant to subsection (h)(1) thereof), and*

8 *“(II) is in excess of \$5,000,*

9 *the tax may be assessed, or a proceeding in court*
10 *for collection of such tax may be begun without*
11 *assessment, at any time within 6 years after the*
12 *return was filed.”.*

13 *(2) CONFORMING AMENDMENTS.—*

14 *(A) Subparagraph (B) of section 6501(e)(1),*
15 *as redesignated by paragraph (1), is amended by*
16 *striking all that precedes clause (i) and inserting*
17 *the following:*

18 *“(B) DETERMINATION OF GROSS INCOME.—*

19 *For purposes of subparagraph (A)—”.*

20 *(B) Paragraph (2) of section 6229(c) is*
21 *amended by striking “which is in excess of 25*
22 *percent of the amount of gross income stated in*
23 *its return” and inserting “and such amount is*
24 *described in clause (i) or (ii) of section*
25 *6501(e)(1)(A)”.*

1 (b) *ADDITIONAL REPORTS SUBJECT TO EXTENDED*
 2 *PERIOD.*—Paragraph (8) of section 6501(c) is amended—

3 (1) by inserting “pursuant to an election under
 4 section 1295(b) or” before “under section 6038”,

5 (2) by inserting “1298(f),” before “6038”, and

6 (3) by inserting “6038D,” after “6038B,”.

7 (c) *CLARIFICATIONS RELATED TO FAILURE TO DIS-*
 8 *CLOSE FOREIGN TRANSFERS.*—Paragraph (8) of section
 9 6501(c) is amended by striking “event” and inserting “tax
 10 return, event,”.

11 (d) *EFFECTIVE DATE.*—The amendments made by this
 12 section shall apply to—

13 (1) returns filed after the date of the enactment
 14 of this Act; and

15 (2) returns filed on or before such date if the pe-
 16 riod specified in section 6501 of the Internal Revenue
 17 Code of 1986 (determined without regard to such
 18 amendments) for assessment of such taxes has not ex-
 19 pired as of such date.

20 **PART III—OTHER DISCLOSURE PROVISIONS**

21 **SEC. 521. REPORTING OF ACTIVITIES WITH RESPECT TO**

22 **PASSIVE FOREIGN INVESTMENT COMPANIES.**

23 (a) *IN GENERAL.*—Section 1298 is amended by redес-
 24 ignating subsection (f) as subsection (g) and by inserting
 25 after subsection (e) the following new subsection:

1 “(f) *REPORTING REQUIREMENT.*—*Except as otherwise*
2 *provided by the Secretary, each United States person who*
3 *is a shareholder of a passive foreign investment company*
4 *shall file an annual report containing such information as*
5 *the Secretary may require.*”.

6 (b) *CONFORMING AMENDMENT.*—*Subsection (e) of sec-*
7 *tion 1291 is amended by striking “, (d), and (f)” and in-*
8 *serting “and (d)”.*

9 (c) *EFFECTIVE DATE.*—*The amendments made by this*
10 *section take effect on the date of the enactment of this Act.*

11 **SEC. 522. SECRETARY PERMITTED TO REQUIRE FINANCIAL**
12 **INSTITUTIONS TO FILE CERTAIN RETURNS**
13 **RELATED TO WITHHOLDING ON FOREIGN**
14 **TRANSFERS ELECTRONICALLY.**

15 (a) *IN GENERAL.*—*Subsection (e) of section 6011 is*
16 *amended by adding at the end the following new paragraph:*

17 “(4) *SPECIAL RULE FOR RETURNS FILED BY FI-*
18 *NANCIAL INSTITUTIONS WITH RESPECT TO WITH-*
19 *HOLDING ON FOREIGN TRANSFERS.*—*The numerical*
20 *limitation under paragraph (2)(A) shall not apply to*
21 *any return filed by a financial institution (as defined*
22 *in section 1471(d)(5)) with respect to tax for which*
23 *such institution is made liable under section 1461 or*
24 *1474(a).*”.

1 (b) *CONFORMING AMENDMENT.*—Subsection (c) of sec-
 2 tion 6724 is amended by inserting “or with respect to a
 3 return described in section 6011(e)(4)” before the end pe-
 4 riod.

5 (c) *EFFECTIVE DATE.*—The amendment made by this
 6 section shall apply to returns the due date for which (deter-
 7 mined without regard to extensions) is after the date of the
 8 enactment of this Act.

9 **PART IV—PROVISIONS RELATED TO FOREIGN**

10 **TRUSTS**

11 **SEC. 531. CLARIFICATIONS WITH RESPECT TO FOREIGN**

12 **TRUSTS WHICH ARE TREATED AS HAVING A**

13 **UNITED STATES BENEFICIARY.**

14 (a) *IN GENERAL.*—Paragraph (1) of section 679(c) is
 15 amended by adding at the end the following:

16 “For purposes of subparagraph (A), an amount shall
 17 be treated as accumulated for the benefit of a United
 18 States person even if the United States person’s inter-
 19 est in the trust is contingent on a future event.”.

20 (b) *CLARIFICATION REGARDING DISCRETION TO IDEN-*
 21 *TIFY BENEFICIARIES.*—Subsection (c) of section 679 is
 22 amended by adding at the end the following new paragraph:

23 “(4) *SPECIAL RULE IN CASE OF DISCRETION TO*
 24 *IDENTIFY BENEFICIARIES.*—For purposes of para-
 25 graph (1)(A), if any person has the discretion (by au-

1 *thority given in the trust agreement, by power of ap-*
2 *pointment, or otherwise) of making a distribution*
3 *from the trust to, or for the benefit of, any person,*
4 *such trust shall be treated as having a beneficiary*
5 *who is a United States person unless—*

6 *“(A) the terms of the trust specifically iden-*
7 *tify the class of persons to whom such distribu-*
8 *tions may be made, and*

9 *“(B) none of those persons are United*
10 *States persons during the taxable year.”.*

11 *(c) CLARIFICATION THAT CERTAIN AGREEMENTS AND*
12 *UNDERSTANDINGS ARE TERMS OF THE TRUST.—Sub-*
13 *section (c) of section 679, as amended by subsection (b),*
14 *is amended by adding at the end the following new para-*
15 *graph:*

16 *“(5) CERTAIN AGREEMENTS AND UNDER-*
17 *STANDINGS TREATED AS TERMS OF THE TRUST.—For*
18 *purposes of paragraph (1)(A), if any United States*
19 *person who directly or indirectly transfers property to*
20 *the trust is directly or indirectly involved in any*
21 *agreement or understanding (whether written, oral, or*
22 *otherwise) that may result in the income or corpus of*
23 *the trust being paid or accumulated to or for the ben-*
24 *efit of a United States person, such agreement or un-*
25 *derstanding shall be treated as a term of the trust.”.*

1 **SEC. 532. PRESUMPTION THAT FOREIGN TRUST HAS**
2 **UNITED STATES BENEFICIARY.**

3 (a) *IN GENERAL.*—Section 679 is amended by redesignig-
4 nating subsection (d) as subsection (e) and inserting after
5 subsection (c) the following new subsection:

6 “(d) *PRESUMPTION THAT FOREIGN TRUST HAS*
7 *UNITED STATES BENEFICIARY.*—If a United States person
8 directly or indirectly transfers property to a foreign trust
9 (other than a trust described in section 6048(a)(3)(B)(ii)),
10 the Secretary may treat such trust as having a United
11 States beneficiary for purposes of applying this section to
12 such transfer unless such person—

13 “(1) submits such information to the Secretary
14 as the Secretary may require with respect to such
15 transfer, and

16 “(2) demonstrates to the satisfaction of the Sec-
17 retary that such trust satisfies the requirements of
18 subparagraphs (A) and (B) of subsection (c)(1).”.

19 (b) *EFFECTIVE DATE.*—The amendments made by this
20 section shall apply to transfers of property after the date
21 of the enactment of this Act.

22 **SEC. 533. UNCOMPENSATED USE OF TRUST PROPERTY.**

23 (a) *IN GENERAL.*—Paragraph (1) of section 643(i) is
24 amended—

1 (1) *by striking “directly or indirectly to” and*
 2 *inserting “(or permits the use of any other trust prop-*
 3 *erty) directly or indirectly to or by”, and*

4 (2) *by inserting “(or the fair market value of the*
 5 *use of such property)” after “the amount of such*
 6 *loan”.*

7 (b) *EXCEPTION FOR COMPENSATED USE.—Paragraph*
 8 (2) *of section 643(i) is amended by adding at the end the*
 9 *following new subparagraph:*

10 “(E) *EXCEPTION FOR COMPENSATED USE*
 11 *OF PROPERTY.—In the case of the use of any*
 12 *trust property other than a loan of cash or mar-*
 13 *ketable securities, paragraph (1) shall not apply*
 14 *to the extent that the trust is paid the fair mar-*
 15 *ket value of such use within a reasonable period*
 16 *of time of such use.”.*

17 (c) *APPLICATION TO GRANTOR TRUSTS.—Subsection*
 18 (c) *of section 679, as amended by this Act, is amended by*
 19 *adding at the end the following new paragraph:*

20 “(6) *UNCOMPENSATED USE OF TRUST PROPERTY*
 21 *TREATED AS A PAYMENT.—For purposes of this sub-*
 22 *section, a loan of cash or marketable securities (or the*
 23 *use of any other trust property) directly or indirectly*
 24 *to or by any United States person (whether or not a*
 25 *beneficiary under the terms of the trust) shall be*

1 *treated as paid or accumulated for the benefit of a*
2 *United States person. The preceding sentence shall*
3 *not apply to the extent that the United States person*
4 *repays the loan at a market rate of interest (or pays*
5 *the fair market value of the use of such property)*
6 *within a reasonable period of time.”.*

7 (d) *CONFORMING AMENDMENTS.—Paragraph (3) of*
8 *section 643(i) is amended—*

9 (1) *by inserting “(or use of property)” after “If*
10 *any loan”,*

11 (2) *by inserting “or the return of such property”*
12 *before “shall be disregarded”, and*

13 (3) *by striking “REGARDING LOAN PRINCIPAL” in*
14 *the heading thereof.*

15 (e) *EFFECTIVE DATE.—The amendments made by this*
16 *section shall apply to loans made, and uses of property,*
17 *after the date of the enactment of this Act.*

18 **SEC. 534. REPORTING REQUIREMENT OF UNITED STATES**

19 **OWNERS OF FOREIGN TRUSTS.**

20 (a) *IN GENERAL.—Paragraph (1) of section 6048(b)*
21 *is amended by inserting “shall submit such information as*
22 *the Secretary may prescribe with respect to such trust for*
23 *such year and” before “shall be responsible to ensure”.*

1 (b) *EFFECTIVE DATE.*—*The amendment made by this*
2 *section shall apply to taxable years beginning after the date*
3 *of the enactment of this Act.*

4 **SEC. 535. MINIMUM PENALTY WITH RESPECT TO FAILURE**
5 **TO REPORT ON CERTAIN FOREIGN TRUSTS.**

6 (a) *IN GENERAL.*—*Subsection (a) of section 6677 is*
7 *amended—*

8 (1) *by inserting “the greater of \$10,000 or” be-*
9 *fore “35 percent”, and*

10 (2) *by striking the last sentence and inserting*
11 *the following: “At such time as the gross reportable*
12 *amount with respect to any failure can be determined*
13 *by the Secretary, any subsequent penalty imposed*
14 *under this subsection with respect to such failure shall*
15 *be reduced as necessary to assure that the aggregate*
16 *amount of such penalties do not exceed the gross re-*
17 *portable amount (and to the extent that such aggre-*
18 *gate amount already exceeds the gross reportable*
19 *amount the Secretary shall refund such excess to the*
20 *taxpayer).”*

21 (b) *EFFECTIVE DATE.*—*The amendments made by this*
22 *section shall apply to notices and returns required to be*
23 *filed after December 31, 2009.*

1 **PART V—SUBSTITUTE DIVIDENDS AND DIVIDEND**
 2 **EQUIVALENT PAYMENTS RECEIVED BY FOR-**
 3 **EIGN PERSONS TREATED AS DIVIDENDS**

4 **SEC. 541. SUBSTITUTE DIVIDENDS AND DIVIDEND EQUIVA-**
 5 **LENT PAYMENTS RECEIVED BY FOREIGN PER-**
 6 **SONS TREATED AS DIVIDENDS.**

7 (a) *IN GENERAL.*—Section 871 is amended by redesi-
 8 gnating subsection (l) as subsection (m) and by inserting
 9 after subsection (k) the following new subsection:

10 “(l) *TREATMENT OF DIVIDEND EQUIVALENT PAY-*
 11 *MENTS.*—

12 “(1) *IN GENERAL.*—For purposes of subsection
 13 (a), sections 881 and 4948(a), and chapters 3 and 4,
 14 a dividend equivalent shall be treated as a dividend
 15 from sources within the United States.

16 “(2) *DIVIDEND EQUIVALENT.*—For purposes of
 17 this subsection, the term ‘dividend equivalent’
 18 means—

19 “(A) any substitute dividend made pursu-
 20 ant to a securities lending or a sale-repurchase
 21 transaction that (directly or indirectly) is con-
 22 tingent upon, or determined by reference to, the
 23 payment of a dividend from sources within the
 24 United States,

25 “(B) any payment made pursuant to a
 26 specified notional principal contract that (di-

1 rectly or indirectly) is contingent upon, or deter-
2 mined by reference to, the payment of a dividend
3 from sources within the United States, and

4 “(C) any other payment determined by the
5 Secretary to be substantially similar to a pay-
6 ment described in subparagraph (A) or (B).

7 “(3) SPECIFIED NOTIONAL PRINCIPAL CON-
8 TRACT.—For purposes of this subsection, the term
9 ‘specified notional principal contract’ means—

10 “(A) any notional principal contract if—

11 “(i) in connection with entering into
12 such contract, any long party to the con-
13 tract transfers the underlying security to
14 any short party to the contract,

15 “(ii) in connection with the termi-
16 nation of such contract, any short party to
17 the contract transfers the underlying secu-
18 rity to any long party to the contract,

19 “(iii) the underlying security is not
20 readily tradable on an established securities
21 market,

22 “(iv) in connection with entering into
23 such contract, the underlying security is
24 posted as collateral by any short party to

1 *the contract with any long party to the con-*
2 *tract, or*

3 “(v) *such contract is identified by the*
4 *Secretary as a specified notional principal*
5 *contract,*

6 “(B) *in the case of payments made after the*
7 *date which is 2 years after the date of the enact-*
8 *ment of this subsection, any notional principal*
9 *contract unless the Secretary determines that*
10 *such contract is of a type which does not have*
11 *the potential for tax avoidance.*

12 “(4) *DEFINITIONS.—For purposes of paragraph*
13 (3)(A)—

14 “(A) *LONG PARTY.—The term ‘long party’*
15 *means, with respect to any underlying security*
16 *of any notional principal contract, any party to*
17 *the contract which is entitled to receive any pay-*
18 *ment pursuant to such contract which is contin-*
19 *gent upon, or determined by reference to, the*
20 *payment of a dividend from sources within the*
21 *United States with respect to such underlying se-*
22 *curity.*

23 “(B) *SHORT PARTY.—The term ‘short*
24 *party’ means, with respect to any underlying se-*
25 *curity of any notional principal contract, any*

1 *party to the contract which is not a long party*
2 *with respect to such underlying security.*

3 “(C) *UNDERLYING SECURITY.*—*The term*
4 *‘underlying security’ means, with respect to any*
5 *notional principal contract, the security with re-*
6 *spect to which the dividend referred to in para-*
7 *graph (2)(B) is paid. For purposes of this para-*
8 *graph, any index or fixed basket of securities*
9 *shall be treated as a single security.*

10 “(5) *PAYMENTS DETERMINED ON GROSS*
11 *BASIS.*—*For purposes of this subsection, the term*
12 *‘payment’ includes any gross amount which is used*
13 *in computing any net amount which is transferred to*
14 *or from the taxpayer.*

15 “(6) *PREVENTION OF OVER-WITHHOLDING.*—*In*
16 *the case of any chain of dividend equivalents one or*
17 *more of which is subject to tax under subsection (a)*
18 *or section 881, the Secretary may reduce such tax, but*
19 *only to the extent that the taxpayer can establish that*
20 *such tax has been paid with respect to another divi-*
21 *dend equivalent in such chain, or is not otherwise*
22 *due, or as the Secretary determines is appropriate to*
23 *address the role of financial intermediaries in such*
24 *chain. For purposes of this paragraph, a dividend*
25 *shall be treated as a dividend equivalent.*

1 “(7) *COORDINATION WITH CHAPTERS 3 AND 4.*—
2 *For purposes of chapters 3 and 4, each person that*
3 *is a party to any contract or other arrangement that*
4 *provides for the payment of a dividend equivalent*
5 *shall be treated as having control of such payment.”.*

6 **(b) *EFFECTIVE DATE.***—*The amendments made by this*
7 *section shall apply to payments made on or after the date*
8 *that is 180 days after the date of the enactment of this Act.*

9 ***Subtitle B—Delay in Application of***
10 ***Worldwide Allocation of Interest***

11 ***SEC. 551. DELAY IN APPLICATION OF WORLDWIDE ALLOCA-***
12 ***TION OF INTEREST.***

13 **(a) *IN GENERAL.***—*Paragraphs (5)(D) and (6) of sec-*
14 *tion 864(f) are each amended by striking “December 31,*
15 *2017” and inserting “December 31, 2019”.*

16 **(b) *EFFECTIVE DATE.***—*The amendments made by this*
17 *section shall take effect on the date of the enactment of this*
18 *Act.*

Attest:

Secretary.

11TH CONGRESS
2^D SESSION

H.R. 2847

**SENATE AMENDMENT TO
HOUSE AMENDMENT TO
SENATE AMENDMENT**