To extend tax relief for all Americans, to replace the defense sequester scheduled to take effect on January 2, 2013, with responsible reductions in direct and other spending, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2012

Mr. JORDAN (for himself, Mr. MULVANEY, Mr. SCALISE, Mr. GARRETT, Mr. FLORES, Mr. BROU of Georgia, Mr. WALBERG, Mrs. HARTZLER, Mr. STUTZMAN, Mr. OLSON, Mr. LUETKEMEYER, Mr. GRIFFIN of Arkansas, Mr. CULBERSON, Mr. ROE of Tennessee, Mr. PEARCE, Mr. GRAVES of Georgia, Mr. HUELSKAMP, Mr. GIBBS, Mr. FLEMING, Mrs. MYRICK, Mr. PRICE of Georgia, Mrs. BLACKBURN, and Mr. SCHWEIKERT) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, Agriculture, Energy and Commerce, Financial Services, the Judiciary, Oversight and Government Reform, House Administration, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To extend tax relief for all Americans, to replace the defense sequester scheduled to take effect on January 2, 2013, with responsible reductions in direct and other spending, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Averting the Fiscal Cliff Act”.

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TITLE I—JOB PROTECTION AND RECESSION PREVENTION ACT

Subtitle A—Job Protection and Recession Prevention Act

SEC. 1101. SHORT TITLE.

This subtitle may be cited as the “Job Protection and Recession Prevention Act of 2012”.

SEC. 1102. PERMANENT EXTENSION OF 2001 AND 2003 TAX RELIEF.

(a) Extension of 2001 tax relief.—

(1) In general.—The Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking title IX.

(2) Effective date.—The amendments made by this section shall take effect as if included in the
enactment of the Economic Growth and Tax Relief

(b) EXTENSION OF 2003 TAX RELIEF.—

(1) IN GENERAL.—The Jobs and Growth Tax
Relief Reconciliation Act of 2003 is amended by
striking section 303.

(2) EFFECTIVE DATE.—The amendment made
by this section shall take effect as if included in the
enactment of the Jobs and Growth Tax Relief Re-

(c) EXTENSION OF ESTATE TAX RELIEF.—

(1) IN GENERAL.—Section 304 of the Tax Re-
lief, Unemployment Insurance Reauthorization, and
Job Creation Act of 2010 is amended to read as fol-

“SEC. 304. SUNSET OF ESTATE TAX RELIEF.

“(a) IN GENERAL.—All provisions of, and amend-
ments made by, this title shall not apply to estates of dece-
dents dying, gifts made, or generation skipping transfers,
after December 31, 2013.

“(b) APPLICATION OF CERTAIN LAWS.—The Internal
Revenue Code of 1986 shall be applied and administered
to estates, gifts, and transfers described in subsection (a)
as if the provisions and amendments described in sub-
section (a) had never been enacted.”.
(2) Effective Date.—The amendment made by paragraph (1) shall apply to estates of decedents dying, gifts made, or generation skipping transfers, after December 31, 2012.

SEC. 1103. EXTENSION OF INCREASED SMALL BUSINESS EXPENSING.

(a) Dollar Limitation.—Section 179(b)(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking “and” at the end of subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (C) the following new subparagraph:

“(D) $100,000 in the case of taxable years beginning in 2013, and”, and

(2) by striking “2012” in subparagraph (E) (as redesignated by paragraph (1)) and inserting “2013”.

(b) Reduction in Limitation.—Section 179(b)(2) of such Code is amended—

(1) by striking “and” at the end of subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (C) the following new subparagraph:

“(D) $400,000 in the case of taxable years beginning in 2013, and”, and
(2) by striking “2012” in subparagraph (E) (as redesignated by paragraph (1)) and inserting “2013”.

c. Application of Inflation Adjustment.—Section 179(b)(6)(A) of such Code is amended—

(1) by striking “calendar year 2012, the $125,000 and $500,000 amounts in paragraphs (1)(C) and (2)(C)” in the matter preceding clause (i) and inserting “calendar year 2013, the $100,000 and $400,000 amounts in paragraphs (1)(D) and (2)(D)”, and

(2) by striking “calendar year 2006” in clause (ii) and inserting “calendar year 2002”.

d. Computer Software.—Section 179(d)(1)(A)(ii) of such Code is amended by striking “2013” and inserting “2014”.

e. Special Rule for Revocation of Elections.—Section 179(e)(2) of such Code is amended by striking “2013” and inserting “2014”.

f. Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2012.
SEC. 1104. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR INDIVIDUALS.

(a) Extension of Increased Alternative Minimum Tax Exemption Amount.—Section 55(d)(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking “$72,450” and all that follows through “2011” in subparagraph (A) and inserting “$78,750 in the case of taxable years beginning in 2012 and $79,850 in the case of taxable years beginning in 2013”, and

(2) by striking “$47,450” and all that follows through “2011” in subparagraph (B) and inserting “$50,600 in the case of taxable years beginning in 2012 and $51,150 in the case of taxable years beginning in 2013”.

(b) Extension of Alternative Minimum Tax Relief for Nonrefundable Personal Credits.—Section 26(a)(2) of such Code is amended—


(2) by striking “2011” in the heading thereof and inserting “2013”.

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(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

Subtitle B—Pathway to Job Creation Through a Simpler, Fairer Tax Code Act

SEC. 1201. SHORT TITLE.

This subtitle may be cited as the “Pathway to Job Creation through a Simpler, Fairer Tax Code Act of 2012”.

SEC. 1202. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that the following problems exist with the Internal Revenue Code of 1986 (in this section referred to as the “tax code”):

(1) The tax code is unfair, containing hundreds of provisions that only benefit certain special interests, resulting in a system of winners and losers.

(2) The tax code violates the fundamental principle of equal justice by subjecting families in similar circumstances to significantly different tax bills.

(3)(A) Many tax preferences, sometimes referred to as “tax expenditures”, are similar to government spending—instead of markets directing economic resources to their most efficient uses, the
Government directs resources to other uses, creating a drag on economic growth and job creation.

(B) The exclusions, deductions, credits, and special rules that make up such tax expenditures amount to over $1 trillion per year, nearly matching the total amount of annual revenue that is generated from the income tax itself.

(C) In some cases, tax subsidies can literally take the form of spending through the tax code, re-distributing taxes paid by some Americans to individuals and businesses who do not pay any income taxes at all.

(4) The failure to adopt a permanent tax code with stable statutory tax policy has created greater economic uncertainty. Tax rates have been scheduled to increase sharply in 3 of the last 5 years, requiring the enactment of repeated temporary extensions. Additionally, approximately 70 other, more targeted tax provisions expired in 2011 or are currently scheduled to expire by the end of 2012.

(5) Since 2001, there have been nearly 4,500 changes made to the tax code, averaging more than one each day over the past decade.

(6) The tax code’s complexity leads nearly nine out of ten families either to hire tax preparers (60
percent) or purchase software (29 percent) to file
their taxes, while 71 percent of unincorporated busi-
nesses are forced to pay someone else to prepare
their taxes.

(7) The cost of complying with the tax code is
too burdensome, forcing individuals, families, and
employers to spend over six billion hours and over
$160 billion per year trying to comply with the law
and pay the actual tax owed.

(8) Compliance with the current tax code is a
financial hardship for employers that falls dispropor-
tionately on small businesses, which spend an aver-
age of $74 per hour on tax-related compliance, mak-
ing it the most expensive paperwork burden they en-
counter.

(9) Small businesses have been responsible for
two-thirds of the jobs created in the United States
over the past 15 years, and approximately half of
small-business profits are taxed at the current top 2
individual rates.

(10) The historic range for tax revenues col-
lected by the Federal government has averaged 18
to 19 percent of Gross Domestic Product (GDP),
but will rise to 21.2 percent of GDP under current
law—a level never reached, let alone sustained, in
the Nation’s history.

(11) The current tax code is highly punitive,
with a top Federal individual income tax rate of 35
percent (which is set to climb to over 40 percent in
2013 when taking into account certain hidden
rates), meaning some Americans could face a com-
bined local, State and Federal tax rate of 50 per-
cent.

(12) The tax code contains harmful provisions,
such as the Alternative Minimum Tax (AMT), which
was initially designed to affect only the very highest-
income taxpayers but now threatens more than 30
million middle-class households because of a flawed
design.

(13) As of April 1, 2012, the United States
achieved the dubious distinction of having the high-
est corporate tax rate (39.2 percent for Federal and
State combined) in the developed world.

(14) The United States corporate tax rate is
more than 50 percent higher than the average rate
of member states of the Organization for Economic
Cooperation and Development (OECD)—a factor
that discourages employers and investors from locat-
ing jobs and investments in the United States.
(15) The United States has become an outlier in that it still uses a “worldwide” system of taxation—one that has not been substantially reformed in 50 years, when the United States accounted for nearly half of global economic output and had no serious competitors around the world.

(16) The combination of the highest corporate tax rate with an antiquated “worldwide” system subjects American companies to double taxation when they attempt to compete with foreign companies in overseas markets and then reinvest their earnings in the United States.

(17) The Nation’s outdated tax code has contributed to the fact that the world’s largest companies are more likely to be headquartered overseas today than at any point in the last 50 years: In 1960, 17 of the world’s 20 largest companies were based in the United States; by 2010, that number sank to a mere six out of 20.

(18) The United States has one of the highest levels of taxation on capital—taxing it once at the corporate level and then again at the individual level—with integrated tax rates on certain investment income already reaching roughly 50 percent (and scheduled to reach nearly 70 percent in 2013).
(19) The United States overall taxation of capital is higher than all but four of the 38 countries that make up the OECD and the BRIC (Brazil, Russia, India and China).

(b) PURPOSES.—It is the purpose of this title to provide for enactment of comprehensive tax reform in 2013 that—

(1) protects taxpayers by creating a fairer, simpler, flatter tax code for individuals and families by—

(A) lowering marginal tax rates and broadening the tax base;

(B) eliminating special interest loopholes;

(C) reducing complexity in the tax code, making tax compliance easier and less costly;

(D) repealing the Alternative Minimum Tax;

(E) maintaining modern levels of progressivity so as to not overburden any one group or further erode the tax base;

(F) making it easier for Americans to save; and

(G) reducing the tax burdens imposed on married couples and families;
(2) is comprehensive (addressing both individual and corporate rates), so as to have the maximum economic impact by benefitting employers and their employees regardless of how a business is structured;

(3) results in tax revenue consistent with historical norms;

(4) spurs greater investment, innovation and job creation, and therefore increases economic activity and the size of the economy on a dynamic basis as compared to the current tax code; and

(5) makes American workers and businesses more competitive by—

(A) creating a stable, predictable tax code under which families and employers are best able to plan for the future;

(B) keeping taxes on small businesses low;

(C) reducing America’s corporate tax rate, which is currently the highest in the industrialized world;

(D) maintaining a level of parity between individual and corporate rates to reduce economic distortions;

(E) promoting innovation in the United States;
(F) transitioning to a globally competitive territorial tax system;

(G) minimizing the double taxation of investment and capital; and

(H) reducing the impact of taxes on business decision-making to allow such decisions to be driven by their economic potential.

SEC. 1203. EXPEDITED CONSIDERATION OF A MEASURE PROVIDING FOR COMPREHENSIVE TAX REFORM.

(a) DEFINITION.—For purposes of this section, the term “tax reform bill” means a bill of the 113th Congress—

(1) introduced in the House of Representatives by the chair of the Committee on Ways and Means not later than April 30, 2013, or the first legislative day thereafter if the House is not in session on that day, the title of which is as follows: “A bill to provide for comprehensive tax reform.”; and

(2) which is the subject of a certification under subsection (b).

(b) CERTIFICATION.—The chair of the Joint Committee on Taxation shall notify the House and Senate in writing whenever the chair of the Joint Committee deter-
mines that an introduced bill described in subsection (a)(1) contains at least each of the following proposals:

(1) a consolidation of the current 6 individual income tax brackets into not more than two brackets of 10 and not more than 25 percent;

(2) a reduction in the corporate tax rate to not greater than 25 percent;

(3) a repeal of the Alternative Minimum Tax;

(4) a broadening of the tax base to maintain revenue between 18 and 19 percent of the economy; and

(5) a change from a “worldwide” to a “territorial” system of taxation.

(e) EXPEDITED CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—

(1) Any committee of the House of Representatives to which the tax reform bill is referred shall report it to the House not later than 20 calendar days after the date of its introduction. If a committee fails to report the tax reform bill within that period, such committee shall be automatically discharged from further consideration of the bill.

(2) If the House has not otherwise proceeded to the consideration of the tax reform bill upon the expiration of 15 legislative days after the bill has been
placed on the Union Calendar, it shall be in order for the majority leader or a designee (or, after the expiration of an additional 2 legislative days, any Member), to offer one motion that the House resolve into the Committee of the Whole House on the state of the Union for the consideration of the tax reform bill. The previous question shall be considered as ordered on the motion to its adoption without intervening motion except 20 minutes of debate equally divided and controlled by the proponent and an opponent. If such a motion is adopted, consideration shall proceed in accordance with paragraph (3). A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(3) The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed 4 hours, equally divided and controlled by the chair and ranking minority member of the Committee on Ways and Means. At the conclusion of general debate, the bill shall be read for amendment under the five-minute rule. Any committee amendment shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been
adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. A motion to reconsider the vote on passage of the bill shall not be in order.

(d) Expedited Consideration in the Senate.—

(1) Committee Consideration.—A tax reform bill, as defined in subsection (a), received in the Senate shall be referred to the Committee on Finance. The Committee shall report the bill not later than 15 calendar days after receipt of the bill in the Senate. If the Committee fails to report the bill within that period, that committee shall be discharged from consideration of the bill, and the bill shall be placed on the calendar.

(2) Motion to Proceed.—Notwithstanding rule XXII of the Standing Rules of the Senate, it is in order, not later than 2 days of session after the date on which the tax reform bill is reported or discharged from committee, for the majority leader of the Senate or the majority leader’s designee to move to proceed to the consideration of the tax reform bill. It shall also be in order for any Member of the Senate to move to proceed to the consideration of
the tax reform bill at any time after the conclusion
of such 2-day period. A motion to proceed is in order
even though a previous motion to the same effect
has been disagreed to. All points of order against
the motion to proceed to the tax reform bill are
waived. The motion to proceed is not debatable. The
motion is not subject to a motion to postpone.

(3) CONSIDERATION.—No motion to recommit
shall be in order and debate on any motion or appeal
shall be limited to one hour, to be divided in the
usual form.

(4) AMENDMENTS.—All amendments must be
relevant to the bill and debate on any amendment
shall be limited to 2 hours to be equally divided in
the usual form between the opponents and pro-
ponents of the amendment. Debate on any amend-
ment to an amendment, debatable motion, or appeal
shall be limited to 1 hour to be equally divided in
the usual form between the opponents and pro-
ponents of the amendment.

(5) VOTE ON PASSAGE.—If the Senate has pro-
ceeded to the bill, and following the conclusion of all
debate, the Senate shall proceed to a vote on pas-
sage of the bill as amended, if amended.
(c) CONFERENCE IN THE HOUSE.—If the House receives a message that the Senate has passed the tax reform bill with an amendment or amendments, it shall be in order for the chair of the Committee on Ways and Means or a designee, without intervention of any point of order, to offer any motion specified in clause 1 of rule XXII.

(f) CONFERENCE IN THE SENATE.—If the Senate receives from the House a message to accompany the tax reform bill, as defined in subsection (a), then no later than two session days after its receipt—

(1) the Chair shall lay the message before the Senate;

(2) the motion to insist on the Senate amendment or disagree to the House amendment or amendments to the Senate amendment, the request for a conference with the House or the motion to agree to the request of the House for a conference, and the motion to authorize the Chair to appoint conferees on the part of the Senate shall be agreed to; and

(3) the Chair shall then be authorized to appoint conferees on the part of the Senate without intervening motion, with a ratio agreed to with the concurrence of both leaders.
(g) Rulemaking.—This section is enacted by the Congress as an exercise of the rulemaking power of the House of Representatives and Senate, respectively, and as such is deemed a part of the rules of each House, respectively, or of that House to which they specifically apply, and such procedures supersede other rules only to the extent that they are inconsistent with such rules; and with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner, and to the same extent as any other rule of that House.

TITLE II—SEQUESTRATION REPLACEMENT ACT
Subtitle A—Agriculture

SEC. 2101. SHORT TITLE.

This subtitle may be cited as the “Agricultural Reconciliation Act of 2012”.

SEC. 2102. ARRA SUNSET ON DATE OF ENACTMENT OF THIS ACT.

Section 101(a)(2) of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5; 123 Stat. 120) is amended by striking “October 31, 2013” and inserting “the date of enactment of the Averting the Fiscal Cliff Act”.

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SEC. 2103. CATEGORICAL ELIGIBILITY LIMITED TO CASH ASSISTANCE.

Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended—

(1) in the second sentence of subsection (a) by striking “households in which each member receives benefits” and inserting “households in which each member receives cash assistance”, and

(2) in subsection (j) by striking “or who receives benefits under a State program” and inserting “or who receives cash assistance under a State program”.

SEC. 2104. STANDARD UTILITY ALLOWANCES BASED ON THE RECEIPT OF ENERGY ASSISTANCE PAYMENTS.

(a) STANDARD UTILITY ALLOWANCE.—Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended—

(1) in subsection (e)(6)(C) by striking clause (iv), and

(2) in subsection (k) by striking paragraph (4) and inserting the following:

“(4) THIRD-PARTY ENERGY ASSISTANCE PAYMENTS.—For purposes of subsection (d)(1), a payment made under a State law (other than a law referred to in paragraph (2)(G)) to provide energy as-
sistance to a household shall be considered money payable directly to the household.”.

(b) CONFORMING AMENDMENTS.—Section 2605(f)(2) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)(2)) is amended—

(1) by striking “and for purposes of determining any excess shelter expense deduction under section 5(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e))”, and

(2) in subparagraph (A) by inserting before the semicolon the following: “, except that such payments or allowances shall not be deemed to be expended for purposes of determining any excess shelter expense deduction under section 5(e)(6) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6))”.

SEC. 2105. EMPLOYMENT AND TRAINING; WORKFARE.

(a) ADMINISTRATIVE COST-SHARING FOR EMPLOYMENT AND TRAINING PROGRAMS.—

(1) IN GENERAL.—Section 16 of the Food and Nutrition Act of 2008 (7 U.S.C. 2025) is amended—

(A) in subsection (a) by inserting “(other than a program carried out under section 6(d)(4) or section 20)” after “supplemental nu-
trition assistance program” the first place it appears, and

(B) in subsection (h)—

(i) by striking paragraphs (2) and (3),

and

(ii) by redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Section 17(b)(1)(B)(iv)(III)(hh) of the Food and Nutrition Act of 2008 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(hh)) is amended by striking “(g), (h)(2), or (h)(3)” and inserting “or (g)”.

(B) Section 22(d)(1)(B)(ii) of the Food and Nutrition Act of 2008 (7 U.S.C. 2031(d)(1)(B)(ii)) is amended by striking “, (g), (h)(2), and (h)(3)” and inserting “and (g)”.

(b) ADMINISTRATIVE COST-SHARING AND REIMBURSEMENTS FOR WORKFARE.—Section 20 of the Food and Nutrition Act of 2008 (7 U.S.C. 2029) is amended by striking subsection (g).
SEC. 2106. END STATE BONUS PROGRAM FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

Section 16 of the Food and Nutrition Act of 2008 (7 U.S.C. 2025) is amended by striking subsection (d).

SEC. 2107. FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS.

For purposes of fiscal year 2013, the reference to $90,000,000 in section 16(h)(1)(A) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(h)(1)(A)) shall be deemed to be a reference to $79,000,000.

SEC. 2108. TURN OFF INDEXING FOR NUTRITION EDUCATION AND OBESITY PREVENTION.

Section 28(d) of the Food and Nutrition Act of 2008 (7 U.S.C. 2037(d)) is amended by striking “years—” and all that follows through the period at the end, and inserting “years, $375,000,000.”.

SEC. 2109. EXTENSION OF AUTHORIZATION OF FOOD AND NUTRITION ACT OF 2008.

Section 18(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(1)) is amended by striking “2012” and inserting “2013”.

SEC. 2110. EFFECTIVE DATES AND APPLICATION OF AMENDMENTS.

(a) General Effective Date.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on the date of enact-
ment of this Act, and shall apply only with respect to cer-
tification periods that begin on or after such date.

(b) Special Effective Date.—Section 2107 and the amendments made by sections 2102, 2103, 2104, and 2109 shall take effect on the date of the enactment of this Act and shall apply only with respect to certification periods that begin on or after such date.

Subtitle B—Committee on Energy and Commerce

CHAPTER 1—REPEAL OF CERTAIN ACA FUNDING PROVISIONS

SEC. 2201. REPEALING MANDATORY FUNDING TO STATES TO ESTABLISH AMERICAN HEALTH BENEFIT EXCHANGES.

(a) In General.—Section 1311(a) of the Patient Protection and Affordable Care Act (42 U.S.C. 18031(a)) is repealed.

(b) Rescission of Unobligated Funds.—Of the funds made available under such section 1311(a), the unobligated balance is rescinded.

SEC. 2202. REPEALING PREVENTION AND PUBLIC HEALTH FUND.

(a) In General.—Section 4002 of the Patient Protection and Affordable Care Act (42 U.S.C. 300u–11) is repealed.
(b) **Rescission of Unobligated Funds.**—Of the funds made available by such section 4002, the unobligated balance is rescinded.

**SEC. 2203. RESCINDING UNOBLIGATED BALANCES FOR CO-OP PROGRAM.**

Of the funds made available under section 1322(g) of the Patient Protection and Affordable Care Act (42 U.S.C. 18042(g)), the unobligated balance is rescinded.

**CHAPTER 2—MEDICAID**

**SEC. 2211. REVISION OF PROVIDER TAX INDIRECT GUARANTEE THRESHOLD.**

Section 1903(w)(4)(C)(ii) of the Social Security Act (42 U.S.C. 1396b(w)(4)(C)(ii)) is amended by inserting “and for portions of fiscal years beginning on or after October 1, 2012,” after “October 1, 2011,”.

**SEC. 2212. REBASING OF STATE DSH ALLOTMENTS FOR FISCAL YEAR 2022.**

Section 1923(f) of the Social Security Act (42 U.S.C. 1396r–4(f)) is amended—

(1) by redesignating paragraph (9) as paragraph (10);

(2) in paragraph (3)(A) by striking “paragraphs (6), (7), and (8)” and inserting “paragraphs (6), (7), (8), and (9)”;

and
(3) by inserting after paragraph (8) the following new paragraph:

“(9) Rebasing of State DSH allotments for fiscal year 2022.—With respect to fiscal 2022, for purposes of applying paragraph (3)(A) to determine the DSH allotment for a State, the amount of the DSH allotment for the State under paragraph (3) for fiscal year 2021 shall be treated as if it were such amount as reduced under paragraph (7).”.

SEC. 2213. REPEAL OF MEDICAID AND CHIP MAINTENANCE OF EFFORT REQUIREMENTS UNDER PPACA.

(a) Repeal of PPACA Medicaid MOE.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended by striking subsection (gg).

(b) Repeal of PPACA CHIP MOE.—Section 2105(d)(3) of the Social Security Act (42 U.S.C. 1397ee(d)(3)) is amended—

(1) by striking subparagraph (A);

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(3) in the paragraph heading, by striking “Continuation of eligibility standards for children until October 1, 2019” and inserting “Continuity of coverage”.

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(c) CONFORMING AMENDMENTS.—

(1) Section 1902(a) of the Social Security Act
(42 U.S.C. 1396a(a)) is amended by striking para-
graph (74).

(2) Effective January 1, 2014, paragraph (14)
of section 1902(e) (as added by section 2002(a) of
Public Law 111–148) is amended by striking the
third sentence of subparagraph (A).

(d) EFFECTIVE DATE.—Except as provided in sub-
section (c)(2), the amendments made by this section shall
take effect on the date of the enactment of this section.

SEC. 2214. MEDICAID PAYMENTS TO TERRITORIES.

(a) LIMIT ON PAYMENTS.—Section 1108(g) of the
Social Security Act (42 U.S.C. 1308(g)) is amended—

(1) in paragraph (2)—

(A) by striking “paragraphs (3) and (5)”;

and

(B) by inserting “paragraph (3)” after
“and subject to”;

(2) in paragraph (4), by striking “(3), and”
and all that follows through “of this subsection” and
inserting “and (3) of this subsection”; and

(3) by striking paragraph (5).

(b) FMAP.—The first sentence of section 1905(b) of
the Social Security Act (42 U.S.C. 1396d(b)) is amended
by striking “shall be 55 percent” and inserting “shall be 50 percent”.

SEC. 2215. REPEALING BONUS PAYMENTS FOR ENROLLMENT UNDER MEDICAID AND CHIP.

(a) In general.—Paragraphs (3) and (4) of section 2105(a) of the Social Security Act (42 U.S.C. 1397ee(a)) are repealed.

(b) Rescission of unobligated funds.—Of the funds made available by section 2105(a)(3) of the Social Security Act, the unobligated balance is rescinded.

(c) Conforming changes.—

(1) Availability of excess funds for performance bonuses.—Section 2104(n)(2) of the Social Security Act (42 U.S.C. 1397dd(n)(2)) is amended by striking subparagraph (D).

(2) Outreach or coverage benchmarks.—Section 2111(b)(3) of the Social Security Act (42 U.S.C. 1397kk(b)(3)) is amended—

(A) in subparagraph (A)—

(i) in clause (i), by inserting “or” after the semicolon at the end; and

(ii) by striking clause (ii); and

(B) by striking subparagraph (C).
Subtitle C—Financial Services

SEC. 2301. TABLE OF CONTENTS.

The table of contents for this subtitle is as follows:

Sec. 2301. Table of contents.

CHAPTER 1—ORDERLY LIQUIDATION FUND

Sec. 2311. Repeal of liquidation authority.

CHAPTER 2—HOME AFFORDABLE MODIFICATION PROGRAM

Sec. 2321. Short title.
Sec. 2322. Congressional findings.
Sec. 2323. Termination of authority.
Sec. 2324. Sense of Congress.

CHAPTER 3—BUREAU OF CONSUMER FINANCIAL PROTECTION

Sec. 2331. Bringing the Bureau of Consumer Financial Protection into the regular appropriations process.

CHAPTER 4—REPEAL OF THE OFFICE OF FINANCIAL RESEARCH


CHAPTER 1—ORDERLY LIQUIDATION FUND

SEC. 2311. REPEAL OF LIQUIDATION AUTHORITY.

(a) IN GENERAL.—Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act is hereby repealed and any Federal law amended by such title shall, on and after the date of enactment of this Act, be effective as if title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act had not been enacted.

(b) CONFORMING AMENDMENTS.—

(1) DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT.—The Dodd-Frank
Wall Street Reform and Consumer Protection Act is amended—

(A) in the table of contents for such Act, by striking all items relating to title II;

(B) in section 165(d)(6), by striking ‘‘, a receiver appointed under title II,’’;

(C) in section 716(g), by striking ‘‘or a covered financial company under title II’’;

(D) in section 1105(e)(5), by striking ‘‘amount of any securities issued under that chapter 31 for such purpose shall be treated in the same manner as securities issued under section 208(n)(5)(E)’’ and inserting ‘‘issuances of such securities under that chapter 31 for such purpose shall by treated as public debt transactions of the United States, and the proceeds from the sale of any obligations acquired by the Secretary under this paragraph shall be deposited into the Treasury of the United States as miscellaneous receipts’’; and

(E) in section 1106(e)(2), by amending subparagraph (A) to read as follows: ‘‘(A) require the company to file a petition for bankruptcy under section 301 of title 11, United States Code; or’’.
(2) Federal Deposit Insurance Act.—Section 10(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1820(b)(3)) is amended by striking ‘‘, or of such nonbank financial company supervised by the Board of Governors or bank holding company described in section 165(a) of the Financial Stability Act of 2010, for the purpose of implementing its authority to provide for orderly liquidation of any such company under title II of that Act’’.

(3) Federal Reserve Act.—Section 13(3) of the Federal Reserve Act is amended—

(A) in subparagraph (B)—

(i) in clause (ii), by striking ‘‘, resolution under title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or’’ and inserting ‘‘or is subject to resolution under’’; and

(ii) in clause (iii), by striking ‘‘, resolution under title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or’’ and inserting ‘‘or resolution under’’; and

(B) by striking subparagraph (E).
CHAPTER 2—HOME AFFORDABLE MODIFICATION PROGRAM

SEC. 2321. SHORT TITLE.

This chapter may be cited as the “HAMP Termination Act of 2012”.

SEC. 2322. CONGRESSIONAL FINDINGS.

The Congress finds the following:

(1) According to the Department of the Treasury—

(A) the Home Affordable Modification Program (HAMP) is designed to “help as many as 3 to 4 million financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term”; and

(B) as of February 2012, only 782,609 active permanent mortgage modifications were made under HAMP.

(2) Many homeowners whose HAMP modifications were canceled suffered because they made futile payments and some of those homeowners were even forced into foreclosure.

(3) The Special Inspector General for TARP reported that HAMP “benefits only a small portion of distressed homeowners, offers others little more
than false hope, and in certain cases causes more harm than good”.

(4) Approximately $30 billion was obligated by the Department of the Treasury to HAMP, however, approximately only $2.54 billion has been disbursed.

(5) Terminating HAMP would save American taxpayers approximately $2.84 billion, according to the Congressional Budget Office.

SEC. 2323. TERMINATION OF AUTHORITY.

Section 120 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5230) is amended by adding at the end the following new subsection:

“(c) TERMINATION OF AUTHORITY TO PROVIDE NEW ASSISTANCE UNDER THE HOME AFFORDABLE MODIFICATION PROGRAM.—

“(1) IN GENERAL.—Except as provided under paragraph (2), after the date of the enactment of this subsection the Secretary may not provide any assistance under the Home Affordable Modification Program under the Making Home Affordable initiative of the Secretary, authorized under this Act, on behalf of any homeowner.

“(2) PROTECTION OF EXISTING OBLIGATIONS ON BEHALF OF HOMEOWNERS ALREADY EXTENDED AN OFFER TO PARTICIPATE IN THE PROGRAM.—
Paragraph (1) shall not apply with respect to assistance provided on behalf of a homeowner who, before the date of the enactment of this subsection, was extended an offer to participate in the Home Affordable Modification Program on a trial or permanent basis.

“(3) Deficit reduction.—

“(A) Use of unobligated funds.—Notwithstanding any other provision of this title, the amounts described in subparagraph (B) shall not be available after the date of the enactment of this subsection for obligation or expenditure under the Home Affordable Modification Program of the Secretary, but should be covered into the General Fund of the Treasury and should be used only for reducing the budget deficit of the Federal Government.

“(B) Identification of unobligated funds.—The amounts described in this subparagraph are any amounts made available under title I of the Emergency Economic Stabilization Act of 2008 that—

“(i) have been allocated for use, but not yet obligated as of the date of the enactment of this subsection, under the
Home Affordable Modification Program of the Secretary; and

“(ii) are not necessary for providing assistance under such Program on behalf of homeowners who, pursuant to paragraph (2), may be provided assistance after the date of the enactment of this subsection.

“(4) Study of use of program by members of the armed forces, veterans, and gold star recipients.—

“(A) Study.—The Secretary shall conduct a study to determine the extent of usage of the Home Affordable Modification Program by, and the impact of such Program on, covered homeowners.

“(B) Report.—Not later than the expiration of the 90-day period beginning on the date of the enactment of this subsection, the Secretary shall submit to the Congress a report setting forth the results of the study under subparagraph (A) and identifying best practices, derived from studying the Home Affordable Modification Program, that could be applied to
existing mortgage assistance programs available
to covered homeowners.

“(C) COVERED HOMEOWNER.—For pur-
poses of this subsection, the term ‘covered
homeowner’ means a homeowner who is—

“(i) a member of the Armed Forces of
the United States on active duty or the
spouse or parent of such a member;

“(ii) a veteran, as such term is de-
defined in section 101 of title 38, United
States Code; or

“(iii) eligible to receive a Gold Star
lapel pin under section 1126 of title 10,
United States Code, as a widow, parent, or
next of kin of a member of the Armed
Forces person who died in a manner de-
scribed in subsection (a) of such section.

“(5) PUBLICATION OF MEMBER AVAILABILITY
FOR ASSISTANCE.—Not later than 5 days after the
date of the enactment of this subsection, the Sec-
retary of the Treasury shall publish to its Website
on the World Wide Web in a prominent location,
large point font, and boldface type the following
statement: ‘The Home Affordable Modification Pro-
gram (HAMP) has been terminated. If you are hav-
ing trouble paying your mortgage and need help contacting your lender or servicer for purposes of negotiating or acquiring a loan modification, please contact your Member of Congress to assist you in contacting your lender or servicer for the purpose of negotiating or acquiring a loan modification.’.

“(6) Notification to HAMP Applicants Required.—Not later than 30 days after the date of the enactment of this subsection, the Secretary of the Treasury shall inform each individual who applied for the Home Affordable Modification Program and will not be considered for a modification under such Program due to termination of such Program under this subsection—

“(A) that such Program has been terminated;

“(B) that loan modifications under such Program are no longer available;

“(C) of the name and contact information of such individual’s Member of Congress; and

“(D) that the individual should contact his or her Member of Congress to assist the individual in contacting the individual’s lender or servicer for the purpose of negotiating or acquiring a loan modification.”.
SEC. 2324. SENSE OF CONGRESS.

The Congress encourages banks to work with homeowners to provide loan modifications to those that are eligible. The Congress also encourages banks to work and assist homeowners and prospective homeowners with foreclosure prevention programs and information on loan modifications.

CHAPTER 3—BUREAU OF CONSUMER FINANCIAL PROTECTION

SEC. 2331. BRINGING THE BUREAU OF CONSUMER FINANCIAL PROTECTION INTO THE REGULAR APPROPRIATIONS PROCESS.

Section 1017 of the Consumer Financial Protection Act of 2010 is amended—

(1) in subsection (a)—

(A) by amending the heading of such subsection to read as follows: “BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.—”;

(B) by striking paragraphs (1), (2), and (3);

(C) by redesignating paragraphs (4) and (5) as paragraphs (1) and (2), respectively; and

(D) by striking subparagraphs (E) and (F) of paragraph (1), as so redesignated;

(2) by striking subsections (b), (c), and (d);
(3) by redesignating subsection (e) as subsection (b); and

(4) in subsection (b), as so redesignated—

(A) by striking paragraphs (1), (2), and (3) and inserting the following:

“(1) AUTHORIZATION OF APPROPRIATIONS.—
There is authorized to be appropriated $200,000,000 to carry out this title for each of fiscal years 2012 and 2013.”; and

(B) by redesignating paragraph (4) as paragraph (2).

CHAPTER 4—REPEAL OF THE OFFICE OF FINANCIAL RESEARCH

SEC. 2341. REPEAL OF THE OFFICE OF FINANCIAL RESEARCH.

(a) IN GENERAL.—Subtitle B of title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act is hereby repealed.

(b) CONFORMING AMENDMENTS TO THE DODD-FRANK ACT.—The Dodd-Frank Wall Street Reform and Consumer Protection Act is amended—

(1) in section 102(a), by striking paragraph (5);

(2) in section 111—

(A) in subsection (b)(2)—
(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively;

(B) in subsection (c)(1), by striking “subparagraphs (C), (D), and (E)” and inserting “subparagraphs (B), (C), and (D)”;

(3) in section 112—

(A) in subsection (a)(2)—

(i) in subparagraph (A), by striking “direct the Office of Financial Research to”;  

(ii) by striking subparagraph (B); and 

(iii) by redesignating subparagraphs (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), (M), and (N) as subparagraphs (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (L), and (M), respectively; and

(B) in subsection (d)—

(i) in paragraph (1), by striking “the Office of Financial Research, member agencies, and” and inserting “member agencies and”;  

(ii) in paragraph (2), by striking “the Office of Financial Research, any member
agency, and” and inserting “any member agency and”;

(iii) in paragraph (3)—

(I) by striking “, acting through the Office of Financial Research,” each place it appears; and

(II) in subparagraph (B), by striking “the Office of Financial Research or”; and

(iv) in paragraph (5)(A), by striking “, the Office of Financial Research,”;

(4) in section 116, by striking “, acting through the Office of Financial Research,” each place it appears; and

(5) by striking section 118.

(e) CONFORMING AMENDMENT TO THE PAPERWORK REDUCTION ACT.—Effective as of the date specified in section 1100H of the Dodd-Frank Wall Street Reform and Consumer Protection Act, section 1100D(a) of such Act is amended to read as follows:

“(a) DESIGNATION AS AN INDEPENDENT AGENCY.—

Section 3502(5) of subchapter I of chapter 35 of title 44, United States Code (commonly known as the Paperwork Reduction Act) is amended by inserting ‘the Bureau of
Consumer Financial Protection,’ after ‘the Securities and
Exchange Commission,’.”

(d) TECHNICAL AMENDMENTS.—The table of con-
tents for the Dodd-Frank Wall Street Reform and Con-
sumer Protection Act is amended—

(1) by striking the item relating to section 118;

and

(2) by striking the items relating to subtitle B
of title I.

Subtitle D—Committee on the
Judiciary

SEC. 2401. SHORT TITLE.

This title may be cited as the “Help Efficient, Access-
sible, Low-cost, Timely Healthcare (HEALTH) Act of
2012”.

SEC. 2402. ENCOURAGING SPEEDY RESOLUTION OF
CLAIMS.

The time for the commencement of a health care law-
suit shall be 3 years after the date of manifestation of
injury or 1 year after the claimant discovers, or through
the use of reasonable diligence should have discovered, the
injury, whichever occurs first. In no event shall the time
for commencement of a health care lawsuit exceed 3 years
after the date of manifestation of injury unless tolled for
any of the following—
(1) upon proof of fraud;

(2) intentional concealment; or

(3) the presence of a foreign body, which has no therapeutic or diagnostic purpose or effect, in the

person of the injured person.

Actions by a minor shall be commenced within 3 years from the date of the alleged manifestation of injury except that actions by a minor under the full age of 6 years shall be commenced within 3 years of manifestation of injury or prior to the minor’s 8th birthday, whichever provides a longer period. Such time limitation shall be tolled for minors for any period during which a parent or guardian and a health care provider or health care organization have committed fraud or collusion in the failure to bring an action on behalf of the injured minor.

SEC. 2403. COMPENSATING PATIENT INJURY.

(a) UNLIMITED AMOUNT OF DAMAGES FOR ACTUAL ECONOMIC LOSSES IN HEALTH CARE LAWSUITS.—In any health care lawsuit, nothing in this title shall limit a claimant’s recovery of the full amount of the available economic damages, notwithstanding the limitation in subsection (b).

(b) ADDITIONAL NONECONOMIC DAMAGES.—In any health care lawsuit, the amount of noneconomic damages, if available, may be as much as $250,000, regardless of the number of parties against whom the action is brought.
or the number of separate claims or actions brought with respect to the same injury.

(c) No Discount of Award for Noneconomic Damages.—For purposes of applying the limitation in subsection (b), future noneconomic damages shall not be discounted to present value. The jury shall not be informed about the maximum award for noneconomic damages. An award for noneconomic damages in excess of $250,000 shall be reduced either before the entry of judgment, or by amendment of the judgment after entry of judgment, and such reduction shall be made before accounting for any other reduction in damages required by law. If separate awards are rendered for past and future noneconomic damages and the combined awards exceed $250,000, the future noneconomic damages shall be reduced first.

(d) Fair Share Rule.—In any health care lawsuit, each party shall be liable for that party’s several share of any damages only and not for the share of any other person. Each party shall be liable only for the amount of damages allocated to such party in direct proportion to such party’s percentage of responsibility. Whenever a judgment of liability is rendered as to any party, a separate judgment shall be rendered against each such party for the amount allocated to such party. For purposes of
this section, the trier of fact shall determine the proportion of responsibility of each party for the claimant’s harm.

SEC. 2404. MAXIMIZING PATIENT RECOVERY.

(a) Court Supervision of Share of Damages Actually Paid to Claimants.—In any health care lawsuit, the court shall supervise the arrangements for payment of damages to protect against conflicts of interest that may have the effect of reducing the amount of damages awarded that are actually paid to claimants. In particular, in any health care lawsuit in which the attorney for a party claims a financial stake in the outcome by virtue of a contingent fee, the court shall have the power to restrict the payment of a claimant’s damage recovery to such attorney, and to redirect such damages to the claimant based upon the interests of justice and principles of equity. In no event shall the total of all contingent fees for representing all claimants in a health care lawsuit exceed the following limits:

(1) Forty percent of the first $50,000 recovered by the claimant(s).

(2) Thirty-three and one-third percent of the next $50,000 recovered by the claimant(s).

(3) Twenty-five percent of the next $500,000 recovered by the claimant(s).
(4) Fifteen percent of any amount by which the recovery by the claimant(s) is in excess of $600,000.

(b) Applicability.—The limitations in this section shall apply whether the recovery is by judgment, settlement, mediation, arbitration, or any other form of alternative dispute resolution. In a health care lawsuit involving a minor or incompetent person, a court retains the authority to authorize or approve a fee that is less than the maximum permitted under this section. The requirement for court supervision in the first two sentences of subsection (a) applies only in civil actions.

SEC. 2405. PUNITIVE DAMAGES.

(a) In General.—Punitive damages may, if otherwise permitted by applicable State or Federal law, be awarded against any person in a health care lawsuit only if it is proven by clear and convincing evidence that such person acted with malicious intent to injure the claimant, or that such person deliberately failed to avoid unnecessary injury that such person knew the claimant was substantially certain to suffer. In any health care lawsuit where no judgment for compensatory damages is rendered against such person, no punitive damages may be awarded with respect to the claim in such lawsuit. No demand for punitive damages shall be included in a health care lawsuit as initially filed. A court may allow a claimant to file an
amended pleading for punitive damages only upon a motion by the claimant and after a finding by the court, upon review of supporting and opposing affidavits or after a hearing, after weighing the evidence, that the claimant has established by a substantial probability that the claimant will prevail on the claim for punitive damages. At the request of any party in a health care lawsuit, the trier of fact shall consider in a separate proceeding—

(1) whether punitive damages are to be awarded and the amount of such award; and

(2) the amount of punitive damages following a determination of punitive liability.

If a separate proceeding is requested, evidence relevant only to the claim for punitive damages, as determined by applicable State law, shall be inadmissible in any proceeding to determine whether compensatory damages are to be awarded.

(b) Determining Amount of Punitive Damages.—

(1) Factors Considered.—In determining the amount of punitive damages, if awarded, in a health care lawsuit, the trier of fact shall consider only the following—

(A) the severity of the harm caused by the conduct of such party;
(B) the duration of the conduct or any concealment of it by such party;

(C) the profitability of the conduct to such party;

(D) the number of products sold or medical procedures rendered for compensation, as the case may be, by such party, of the kind causing the harm complained of by the claimant;

(E) any criminal penalties imposed on such party, as a result of the conduct complained of by the claimant; and

(F) the amount of any civil fines assessed against such party as a result of the conduct complained of by the claimant.

(2) MAXIMUM AWARD.—The amount of punitive damages, if awarded, in a health care lawsuit may be as much as $250,000 or as much as two times the amount of economic damages awarded, whichever is greater. The jury shall not be informed of this limitation.

(c) NO PUNITIVE DAMAGES FOR PRODUCTS THAT COMPLY WITH FDA STANDARDS.—

(1) IN GENERAL.—
(A) No punitive damages may be awarded against the manufacturer or distributor of a medical product, or a supplier of any component or raw material of such medical product, based on a claim that such product caused the claimant’s harm where—

(i)(I) such medical product was subject to premarket approval, clearance, or licensure by the Food and Drug Administration with respect to the safety of the formulation or performance of the aspect of such medical product which caused the claimant’s harm or the adequacy of the packaging or labeling of such medical product; and

(II) such medical product was so approved, cleared, or licensed; or

(ii) such medical product is generally recognized among qualified experts as safe and effective pursuant to conditions established by the Food and Drug Administration and applicable Food and Drug Administration regulations, including without limitation those related to packaging and labeling, unless the Food and Drug Admin-
istration has determined that such medical product was not manufactured or distributed in substantial compliance with applicable Food and Drug Administration statutes and regulations.

(B) Rule of Construction.—Subparagraph (A) may not be construed as establishing the obligation of the Food and Drug Administration to demonstrate affirmatively that a manufacturer, distributor, or supplier referred to in such subparagraph meets any of the conditions described in such subparagraph.

(2) Liability of Health Care Providers.—A health care provider who prescribes, or who dispenses pursuant to a prescription, a medical product approved, licensed, or cleared by the Food and Drug Administration shall not be named as a party to a product liability lawsuit involving such product and shall not be liable to a claimant in a class action lawsuit against the manufacturer, distributor, or seller of such product. Nothing in this paragraph prevents a court from consolidating cases involving health care providers and cases involving products liability claims against the manufacturer, distributor, or product seller of such medical product.
(3) PACKAGING.—In a health care lawsuit for harm which is alleged to relate to the adequacy of the packaging or labeling of a drug which is required to have tamper-resistant packaging under regulations of the Secretary of Health and Human Services (including labeling regulations related to such packaging), the manufacturer or product seller of the drug shall not be held liable for punitive damages unless such packaging or labeling is found by the trier of fact by clear and convincing evidence to be substantially out of compliance with such regulations.

(4) EXCEPTION.—Paragraph (1) shall not apply in any health care lawsuit in which—

(A) a person, before or after premarket approval, clearance, or licensure of such medical product, knowingly misrepresented to or withheld from the Food and Drug Administration information that is required to be submitted under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) or section 351 of the Public Health Service Act (42 U.S.C. 262) that is material and is causally related to the harm which the claimant allegedly suffered;
(B) a person made an illegal payment to an official of the Food and Drug Administration for the purpose of either securing or maintaining approval, clearance, or licensure of such medical product; or

(C) the defendant caused the medical product which caused the claimant’s harm to be misbranded or adulterated (as such terms are used in chapter V of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351 et seq.)).

SEC. 2406. AUTHORIZATION OF PAYMENT OF FUTURE DAMAGES TO CLAIMANTS IN HEALTH CARE LAWSUITS.

(a) In general.—In any health care lawsuit, if an award of future damages, without reduction to present value, equaling or exceeding $50,000 is made against a party with sufficient insurance or other assets to fund a periodic payment of such a judgment, the court shall, at the request of any party, enter a judgment ordering that the future damages be paid by periodic payments, in accordance with the Uniform Periodic Payment of Judgments Act promulgated by the National Conference of Commissioners on Uniform State Laws.
(b) **Applicability.**—This section applies to all actions which have not been first set for trial or retrial before the effective date of this title.

**SEC. 2407. DEFINITIONS.**

In this title:

(1) **Alternative dispute resolution system; ADR.**—The term “alternative dispute resolution system” or “ADR” means a system that provides for the resolution of health care lawsuits in a manner other than through a civil action brought in a State or Federal court.

(2) **Claimant.**—The term “claimant” means any person who brings a health care lawsuit, including a person who asserts or claims a right to legal or equitable contribution, indemnity, or subrogation, arising out of a health care liability claim or action, and any person on whose behalf such a claim is asserted or such an action is brought, whether deceased, incompetent, or a minor.

(3) **Compensatory damages.**—The term “compensatory damages” means objectively verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical ex-
expenses, loss of past and future earnings, cost of obtaining domestic services, loss of employment, and loss of business or employment opportunities, damages for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses of any kind or nature. The term “compensatory damages” includes economic damages and non-economic damages, as such terms are defined in this section.

(4) CONTINGENT FEE.—The term “contingent fee” includes all compensation to any person or persons which is payable only if a recovery is effected on behalf of one or more claimants.

(5) ECONOMIC DAMAGES.—The term “economic damages” means objectively verifiable monetary losses incurred as a result of the provision of, use of, or payment for (or failure to provide, use, or pay for) health care services or medical products, such as past and future medical expenses, loss of past and future earnings, cost of obtaining domestic services,
loss of employment, and loss of business or employment opportunities.

(6) **Health care lawsuit.**—The term “health care lawsuit” means any health care liability claim concerning the provision of health care goods or services or any medical product affecting interstate commerce, or any health care liability action concerning the provision of health care goods or services or any medical product affecting interstate commerce, brought in a State or Federal court or pursuant to an alternative dispute resolution system, against a health care provider, a health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, regardless of the theory of liability on which the claim is based, or the number of claimants, plaintiffs, defendants, or other parties, or the number of claims or causes of action, in which the claimant alleges a health care liability claim. Such term does not include a claim or action which is based on criminal liability; which seeks civil fines or penalties paid to Federal, State, or local government; or which is grounded in antitrust.

(7) **Health care liability action.**—The term “health care liability action” means a civil ac-
tion brought in a State or Federal court or pursuant to an alternative dispute resolution system, against a health care provider, a health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action, in which the claimant alleges a health care liability claim.

(8) Health care liability claim.—The term “health care liability claim” means a demand by any person, whether or not pursuant to ADR, against a health care provider, health care organization, or the manufacturer, distributor, supplier, marketer, promoter, or seller of a medical product, including, but not limited to, third-party claims, cross-claims, counter-claims, or contribution claims, which are based upon the provision of, use of, or payment for (or the failure to provide, use, or pay for) health care services or medical products, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defendants, or other parties, or the number of causes of action.

(9) Health care organization.—The term “health care organization” means any person or en-
tity which is obligated to provide or pay for health
benefits under any health plan, including any person
or entity acting under a contract or arrangement
with a health care organization to provide or admin-
ister any health benefit.

(10) HEALTH CARE PROVIDER.—The term
“health care provider” means any person or entity
required by State or Federal laws or regulations to
be licensed, registered, or certified to provide health
care services, and being either so licensed, reg-
istered, or certified, or exempted from such require-
ment by other statute or regulation.

(11) HEALTH CARE GOODS OR SERVICES.—The
term “health care goods or services” means any
goods or services provided by a health care organiza-
tion, provider, or by any individual working under
the supervision of a health care provider, that relates
to the diagnosis, prevention, or treatment of any
human disease or impairment, or the assessment or
care of the health of human beings.

(12) MALICIOUS INTENT TO INJURE.—The
term “malicious intent to injure” means inten-
tionally causing or attempting to cause physical in-
jury other than providing health care goods or serv-
ices.
(13) **MEDICAL PRODUCT.**—The term “medical product” means a drug, device, or biological product intended for humans, and the terms “drug”, “device”, and “biological product” have the meanings given such terms in sections 201(g)(1) and 201(h) of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 321(g)(1) and (h)) and section 351(a) of the Public Health Service Act (42 U.S.C. 262(a)), respectively, including any component or raw material used therein, but excluding health care services.

(14) **NONECONOMIC DAMAGES.**—The term “noneconomic damages” means damages for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, and all other nonpecuniary losses of any kind or nature.

(15) **PUNITIVE DAMAGES.**—The term “punitive damages” means damages awarded, for the purpose of punishment or deterrence, and not solely for compensatory purposes, against a health care provider, health care organization, or a manufacturer, distributor, or supplier of a medical product. Punitive
damages are neither economic nor noneconomic damages.

(16) RECOVERY.—The term “recovery” means the net sum recovered after deducting any disbursements or costs incurred in connection with prosecution or settlement of the claim, including all costs paid or advanced by any person. Costs of health care incurred by the plaintiff and the attorneys’ office overhead costs or charges for legal services are not deductible disbursements or costs for such purpose.

(17) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States, or any political subdivision thereof.

SEC. 2408. EFFECT ON OTHER LAWS.

(a) VACCINE INJURY.—

(1) To the extent that title XXI of the Public Health Service Act establishes a Federal rule of law applicable to a civil action brought for a vaccine-related injury or death—

(A) this title does not affect the application of the rule of law to such an action; and
(B) any rule of law prescribed by this title in conflict with a rule of law of such title XXI shall not apply to such action.

(2) If there is an aspect of a civil action brought for a vaccine-related injury or death to which a Federal rule of law under title XXI of the Public Health Service Act does not apply, then this title or otherwise applicable law (as determined under this title) will apply to such aspect of such action.

(b) Other Federal Law.—Except as provided in this section, nothing in this title shall be deemed to affect any defense available to a defendant in a health care lawsuit or action under any other provision of Federal law.

SEC. 2409. STATE FLEXIBILITY AND PROTECTION OF STATES’ RIGHTS.

(a) Health Care Lawsuits.—The provisions governing health care lawsuits set forth in this title preempt, subject to subsections (b) and (c), State law to the extent that State law prevents the application of any provisions of law established by or under this title. The provisions governing health care lawsuits set forth in this title supersede chapter 171 of title 28, United States Code, to the extent that such chapter—
(1) provides for a greater amount of damages or contingent fees, a longer period in which a health care lawsuit may be commenced, or a reduced applicability or scope of periodic payment of future damages, than provided in this title; or

(2) prohibits the introduction of evidence regarding collateral source benefits, or mandates or permits subrogation or a lien on collateral source benefits.

(b) PROTECTION OF STATES’ RIGHTS AND OTHER LAWS.—(1) Any issue that is not governed by any provision of law established by or under this title (including State standards of negligence) shall be governed by otherwise applicable State or Federal law.

(2) This title shall not preempt or supersede any State or Federal law that imposes greater procedural or substantive protections for health care providers and health care organizations from liability, loss, or damages than those provided by this title or create a cause of action.

(c) STATE FLEXIBILITY.—No provision of this title shall be construed to preempt—

(1) any State law (whether effective before, on, or after the date of the enactment of this Act) that specifies a particular monetary amount of compen-
satory or punitive damages (or the total amount of damages) that may be awarded in a health care lawsuit, regardless of whether such monetary amount is greater or lesser than is provided for under this title, notwithstanding section 2303(a); or

(2) any defense available to a party in a health care lawsuit under any other provision of State or Federal law.

SEC. 2410. APPLICABILITY; EFFECTIVE DATE.

This subtitle shall apply to any health care lawsuit brought in a Federal or State court, or subject to an alternative dispute resolution system, that is initiated on or after the date of the enactment of this Act, except that any health care lawsuit arising from an injury occurring prior to the date of the enactment of this Act shall be governed by the applicable statute of limitations provisions in effect at the time the injury occurred.

Subtitle E—Committee on Oversight and Government Reform

SEC. 2501. RETIREMENT CONTRIBUTIONS.

(a) Civil Service Retirement System.—

(1) Individual Contributions.—Section 8334(c) of title 5, United States Code, is amended—

(A) by striking “(c) Each” and inserting “(c)(1) Each”; and
(B) by adding at the end the following:

“(2) Notwithstanding any other provision of this subsection, the applicable percentage of basic pay under this subsection shall—

“(A) except as provided in subparagraph (B) or (C), for purposes of computing an amount—

“(i) for a period in calendar year 2013, be equal to the applicable percentage under this subsection for calendar year 2012, plus an additional 1.5 percentage points; 

“(ii) for a period in calendar year 2014, be equal to the applicable percentage under this subsection for calendar year 2013 (as determined under clause (i)), plus an additional 0.5 percentage point; 

“(iii) for a period in calendar year 2015, 2016, or 2017, be equal to the applicable percentage under this subsection for the preceding calendar year (as determined under clause (ii) or this clause, as the case may be), plus an additional 1.0 percentage point; and

“(iv) for a period in any calendar year after 2017, be equal to the applicable percentage under this subsection for calendar year 2017 (as determined under clause (iii));
“(B) for purposes of computing an amount with
respect to a Member for Member service—

“(i) for a period in calendar year 2013, be
equal to the applicable percentage under this
subsection for calendar year 2012, plus an ad-
ditional 2.5 percentage points;

“(ii) for a period in calendar year 2014,
2015, 2016, or 2017, be equal to the applicable
percentage under this subsection for the pre-
ceding calendar year (as determined under
clause (i) or this clause, as the case may be),
plus an additional 1.5 percentage points; and

“(iii) for a period in any calendar year
after 2017, be equal to the applicable percent-
age under this subsection for calendar year
2017 (as determined under clause (ii)); and

“(C) for purposes of computing an amount with
respect to a Member or employee for Congressional
employee service—

“(i) for a period in calendar year 2013, be
equal to the applicable percentage under this
subsection for calendar year 2012, plus an ad-
ditional 2.5 percentage points;

“(ii) for a period in calendar year 2014,
2015, 2016, or 2017, be equal to the applicable
percentage under this subsection for the pre-
ceeding calendar year (as determined under
clause (i) or this clause, as the case may be),
plus an additional 1.5 percentage points; and
“(iii) for a period in any calendar year
after 2017, be equal to the applicable percent-
age under this subsection for calendar year
2017 (as determined under clause (ii)).
“(3)(A) Notwithstanding subsection (a)(2), any ex-
cess contributions under subsection (a)(1)(A) (including
the portion of any deposit under this subsection allocable
to excess contributions) shall, if made by an employee of
the United States Postal Service or the Postal Regulatory
Commission, be deposited to the credit of the Postal Serv-
ice Fund under section 2003 of title 39, rather than the
Civil Service Retirement and Disability Fund.
“(B) For purposes of this paragraph, the term ‘ex-
cess contributions’, as used with respect to contributions
made under subsection (a)(1)(A) by an employee of the
United States Postal Service or the Postal Regulatory
Commission, means the amount by which—
“(i) deductions from basic pay of such employee
which are made under subsection (a)(1)(A), exceed
“(ii) deductions from basic pay of such employee which would have been so made if paragraph (2) had not been enacted.”.

(2) Government contributions.—Section 8334(a)(1)(B) of title 5, United States Code, is amended—

(A) in clause (i), by striking “Except as provided in clause (ii),” and inserting “Except as provided in clause (ii) or (iii),”; and

(B) by adding at the end the following:

“(iii) The amount to be contributed under clause (i) shall, with respect to a period in any year beginning after December 31, 2012, be equal to—

“(I) the amount which would otherwise apply under clause (i) with respect to such period, reduced by

“(II) the amount by which, with respect to such period, the withholding under subparagraph (A) exceeds the amount which would otherwise have been withheld from the basic pay of the employee or elected official involved under subparagraph (A) based on the percentage applicable under subsection (c) for calendar year 2012.”.

(b) Federal Employees’ Retirement System.—
(1) INDIVIDUAL CONTRIBUTIONS.—Section 8422(a)(3) of title 5, United States Code, is amended—

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

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

“(B) Notwithstanding any other provision of this paragraph, the applicable percentage under this paragraph for civilian service by employees or Members other than revised annuity employees shall—

“(i) except as provided in clause (ii) or (iii), for purposes of computing an amount—

“(I) for a period in calendar year 2013, be equal to the applicable percentage under this paragraph for calendar year 2012, plus an additional 1.5 percentage points;

“(II) for a period in calendar year 2014, be equal to the applicable percentage under this paragraph for calendar year 2013 (as determined under subclause (I)), plus an additional 0.5 percentage point;

“(III) for a period in calendar year 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding
calendar year (as determined under subclause (II) or this subclause, as the case may be), plus an additional 1.0 percentage point; and

“(IV) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year 2017 (as determined under subclause (III));

“(ii) for purposes of computing an amount with respect to a Member—

“(I) for a period in calendar year 2013, be equal to the applicable percentage under this paragraph for calendar year 2012, plus an additional 2.5 percentage points;

“(II) for a period in calendar year 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding calendar year (as determined under subclause (I) or this subclause, as the case may be), plus an additional 1.5 percentage points; and

“(III) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year 2017 (as determined under subclause (II)); and
“(iii) for purposes of computing an amount with respect to a Congressional employee—

“(I) for a period in calendar year 2013, 2014, 2015, 2016, or 2017, be equal to the applicable percentage under this paragraph for the preceding calendar year (including as increased under this subclause, if applicable), plus an additional 1.5 percentage points; and

“(II) for a period in any calendar year after 2017, be equal to the applicable percentage under this paragraph for calendar year 2017 (as determined under subclause (I)).”;

and

(C) in subparagraph (C) (as so redesignated by subparagraph (A))—

(i) by striking “9.3” each place it appears and inserting “12”; and

(ii) by striking “9.8” each place it appears and inserting “12.5”.

(2) GOVERNMENT CONTRIBUTIONS.—Section 8423(a)(2) of title 5, United States Code, is amended—

(A) by striking “(2)” and inserting “(2)(A)”; and

(B) by adding at the end the following:
“(B)(i) Subject to clauses (ii) and (iii), for purposes of any period in any year beginning after December 31, 2012, the normal-cost percentage under this subsection shall be determined and applied as if section 501(b)(1) of the Sequester Replacement Reconciliation Act of 2012 had not been enacted.

“(ii) Any contributions under this subsection in excess of the amounts which (but for clause (i)) would otherwise have been payable shall be applied toward reducing the unfunded liability of the Civil Service Retirement System.

“(iii) After the unfunded liability of the Civil Service Retirement System has been eliminated, as determined by the Office, Government contributions under this subsection shall be determined and made disregarding this subparagraph.

“(iv) The preceding provisions of this subparagraph shall be disregarded for purposes of determining the contributions payable by the United States Postal Service and the Postal Regulatory Commission.”.

SEC. 2502. ANNUITY SUPPLEMENT.

Section 8421(a) of title 5, United States Code, is amended—

(1) in paragraph (1), by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”;

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(2) in paragraph (2), by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”; and

(3) by adding at the end the following:

“(4)(A) Except as provided in subparagraph (B), no annuity supplement under this section shall be payable in the case of an individual who first becomes subject to this chapter after December 31, 2012.

“(B) Nothing in this paragraph applies in the case of an individual separating under subsection (d) or (e) of section 8412.”.

SEC. 2503. CONTRIBUTIONS TO THRIFT SAVINGS FUND OF PAYMENTS FOR ACCRUED OR ACCUMULATED LEAVE.

(a) Amendments Relating to CSRS.—Section 8351(b) of title 5, United States Code, is amended—

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

“(2)(A) An employee or Member may contribute to the Thrift Savings Fund in any pay period any amount of such employee’s or Member’s basic pay for such pay period, and may contribute (by direct transfer to the Fund) any part of any payment that the employee or Member receives for accumulated and accrued annual or vacation leave under section 5551 or 5552. Notwithstanding section 2105(e), in this paragraph the term ‘em-
employee’ includes an employee of the United States Postal Service or of the Postal Regulatory Commission.”;

(2) by striking subparagraph (B) of paragraph (2); and

(3) by redesignating subparagraph (C) of paragraph (2) as subparagraph (B).

(b) Amendments Relating to FERS.—Section 8432(a) of title 5, United States Code, is amended—

(1) by striking all that precedes paragraph (3) and inserting the following:

“(a)(1) An employee or Member—

“(A) may contribute to the Thrift Savings Fund in any pay period, pursuant to an election under subsection (b), any amount of such employee’s or Member’s basic pay for such pay period; and

“(B) may contribute (by direct transfer to the Fund) any part of any payment that the employee or Member receives for accumulated and accrued annual or vacation leave under section 5551 or 5552.

“(2) Contributions made under paragraph (1)(A) pursuant to an election under subsection (b) shall, with respect to each pay period for which such election remains in effect, be made in accordance with a program of regular contributions provided in regulations prescribed by the Executive Director.”; and
(2) by adding at the end the following:

“(4) Notwithstanding section 2105(e), in this sub-
section the term ‘employee’ includes an employee of the
United States Postal Service or of the Postal Regulatory
Commission.”.

(c) Regulations.—The Executive Director of the
Federal Retirement Thrift Investment Board shall pro-
mulgate regulations to carry out the amendments made
by this section.

(d) Effective Date.—The amendments made by
subsections (a) and (b) shall take effect 1 year after the
date of the enactment of this Act.

Subtitle F—Committee on Ways
and Means

CHAPTER 1—RECAPTURE OF OVERPAY-
MENTS RESULTING FROM CERTAIN
FEDERALLY SUBSIDIZED HEALTH IN-
SURANCE

SEC. 2601. RECAPTURE OF OVERPAYMENTS RESULTING
FROM CERTAIN FEDERALLY SUBSIDIZED
HEALTH INSURANCE.

(a) In General.—Paragraph (2) of section 36B(f)
of the Internal Revenue Code of 1986 is amended by strik-
ing subparagraph (B).
(b) CONFORMING AMENDMENT.—So much of para-
graph (2) of section 36B(f) of such Code, as amended by
subsection (a), as precedes “advance payments” is amend-
ed to read as follows:

“(2) EXCESS ADVANCE PAYMENTS.—If the”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years ending after De-
cember 31, 2013.

CHAPTER 2—SOCIAL SECURITY NUMBER
REQUIRED TO CLAIM THE REFUND-
ABLE PORTION OF THE CHILD TAX
CREDIT

SEC. 2611. SOCIAL SECURITY NUMBER REQUIRED TO
CLAIM THE REFUNDABLE PORTION OF THE
CHILD TAX CREDIT.

(a) IN GENERAL.—Subsection (d) of section 24 of the
Internal Revenue Code of 1986 is amended by adding at
the end the following new paragraph:

“(5) IDENTIFICATION REQUIREMENT WITH RE-
PECT TO TAXPAYER.—

“(A) IN GENERAL.—Paragraph (1) shall
not apply to any taxpayer for any taxable year
unless the taxpayer includes the taxpayer’s So-
cial Security number on the return of tax for
such taxable year.
“(B) JOINT RETURNS.—In the case of a joint return, the requirement of subparagraph (A) shall be treated as met if the Social Security number of either spouse is included on such return.

“(C) LIMITATION.—Subparagraph (A) shall not apply to the extent the tentative minimum tax (as defined in section 55(b)(1)(A)) exceeds the credit allowed under section 32.”.

(b) OMISSION TREATED AS MATHEMATICAL OR CLERICAL ERROR.—Subparagraph (I) of section 6213(g)(2) of such Code is amended to read as follows:

“(I) an omission of a correct Social Security number required under section 24(d)(5) (relating to refundable portion of child tax credit), or a correct TIN under section 24(e) (relating to child tax credit), to be included on a return,”.

(c) CONFORMING AMENDMENT.—Subsection (e) of section 24 of such Code is amended by inserting “WITH RESPECT TO QUALIFYING CHILDREN” after “IDENTIFICATION REQUIREMENT” in the heading thereof.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.
CHAPTER 3—HUMAN RESOURCES

PROVISIONS

SEC. 2621. REPEAL OF THE PROGRAM OF BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

(a) REPEALS.—Sections 2001 through 2007 of the Social Security Act (42 U.S.C. 1397–1397f) are repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 404(d) of the Social Security Act (42 U.S.C. 604(d)) is amended—

(A) in paragraph (1), by striking “any or all of the following provisions of law:” and all that follows through “The” and inserting “the”;

(B) in paragraph (3)—

(i) by striking “RULES” and all that follows through “any amount paid” and inserting “RULES.—Any amount paid”;

(ii) by striking “a provision of law specified in paragraph (1)” and inserting “the Child Care and Development Block Grant Act of 1990”; and

(iii) by striking subparagraph (B); and

(C) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).
(2) Section 422(b) of the Social Security Act

(42 U.S.C. 622(b)) is amended—

(A) in paragraph (1)(A)—

(i) by striking “administers or supervises” and inserting “administered or supervised”; and

(ii) by striking “subtitle 1 of title XX” and inserting “subtitle A of title XX (as in effect before the repeal of such subtitle)”;

(B) in paragraph (2), by striking “under subtitle 1 of title XX,”.

(3) Section 471(a) of the Social Security Act

(42 U.S.C. 671(a)) is amended—

(A) in paragraph (4), by striking “, under subtitle 1 of title XX of this Act,”; and

(B) in paragraph (8), by striking “XIX, or XX” and inserting “or XIX”.

(4) Section 472(h)(1) of the Social Security Act

(42 U.S.C. 672(h)(1)) is amended by striking the second sentence.

(5) Section 473(b) of the Social Security Act

(42 U.S.C. 673(b)) is amended—

(A) in paragraph (1), by striking “(3)” and inserting “(2)”;

...
(B) in paragraph (4), by striking “paragraphs (1) and (2)” and inserting “paragraph (1)”; and

(C) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(6) Section 504(b)(6) of the Social Security Act (42 U.S.C. 704(b)(6)) is amended in each of subparagraphs (A) and (B) by striking “XIX, or XX” and inserting “or XIX”.

(7) Section 1101(a)(1) of the Social Security Act (42 U.S.C. 1301(a)(1)) is amended by striking the penultimate sentence.

(8) Section 1128(h) of the Social Security Act (42 U.S.C. 1320a–7(h)) is amended—

(A) by adding “or” at the end of paragraph (2); and

(B) by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(9) Section 1128A(i)(1) of the Social Security Act (42 U.S.C. 1320a–7a(i)(1)) is amended by striking “or subtitle 1 of title XX”.

(10) Section 1132(a)(1) of the Social Security Act (42 U.S.C. 1320b–2(a)(1)) is amended by striking “XIX, or XX” and inserting “or XIX”.

(11) Section 1902(e)(13)(F)(iii) of the Social Security Act (42 U.S.C. 1396a(e)(13)(F)(iii)) is amended—

(A) by striking “EXCLUSIONS” and inserting “EXCLUSION”; and

(B) by striking “an agency that determines eligibility for a program established under the Social Services Block Grant established under title XX or”.

(12) The heading for title XX of the Social Security Act is amended by striking “BLOCK GRANTS TO STATES FOR SOCIAL SERVICES” and inserting “HEALTH PROFESSIONS DEMONSTRATIONS AND ENVIRONMENTAL HEALTH CONDITION DETECTION”.

(13) The heading for subtitle A of title XX of the Social Security Act is amended by striking “Block Grants to States for Social Services” and inserting “Health Professions Demonstrations and Environmental Health Condition Detection”.

(14) Section 16(k)(5)(B)(i) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(k)(5)(B)(i)) is amended by striking “, or title XX,”.
(15) Section 402(b)(3) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(3)) is amended by striking subparagraph (B) and redesignating subparagraph (C) as subparagraph (B).

(16) Section 245A(h)(4)(I) of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a(h)(4)(I)) is amended by striking “, XVI, and XX” and inserting “and XVI”.

(17) Section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) is amended—

(A) in subsection (a)(2)—

(i) in subparagraph (B)—

(I) by striking “—” and all that follows through “(i)”; 

(II) by striking “or” at the end of clause (i); and 

(III) by striking clause (ii); and 

(ii) in subparagraph (D)(ii), by striking “or title XX”; and 

(B) in subsection (o)(2)(B)—

(i) by striking “or title XX” each place it appears; and 

(ii) by striking “or XX”.
(18) Section 201(b) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1931(b)) is amended by striking “titles IV–B and XX” each place it appears and inserting “part B of title IV”.

(19) Section 3803(c)(2)(C) of title 31, United States Code, is amended by striking clause (vi) and redesignating clauses (vii) through (xvi) as clauses (vi) through (xv), respectively.

(20) Section 14502(d)(3) of title 40, United States Code, is amended—

(A) by striking “and title XX”; and

(B) by striking “, 1397 et seq.”.

(21) Section 2006(a)(15) of the Public Health Service Act (42 U.S.C. 300z–5(a)(15)) is amended by striking “and title XX”.

(22) Section 203(b)(3) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(3)) is amended by striking “XIX, and XX” and inserting “and XIX”.

(23) Section 213 of the Older Americans Act of 1965 (42 U.S.C. 3020d) is amended by striking “or title XX”.

(24) Section 306(d) of the Older Americans Act of 1965 (42 U.S.C. 3026(d)) is amended in each of paragraphs (1) and (2) by striking “titles XIX and XX” and inserting “title XIX”.
(25) Section 2605 of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624) is amended in each of subsections (b)(4) and (j) by striking “under title XX of the Social Security Act.”.

(26) Section 602 of the Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901) is repealed.

(27) Section 3(d)(1) of the Assisted Suicide Funding Restriction Act of 1997 (42 U.S.C. 14402(d)(1)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (K) as subparagraphs (C) through (J), respectively.

(e) EFFECTIVE DATE.—The repeals and amendments made by this section shall take effect on the date of enactment of this Act.

Subtitle G—Sequester Replacement

SEC. 2701. SHORT TITLE.

This title may be cited as the “Sequester Replacement Act of 2012”.

SEC. 2702. PROTECTING VETERANS PROGRAMS FROM SEQUESTER.

Section 256(e)(2)(E) of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.
SEC. 2703. ACHIEVING $19 BILLION IN DISCRETIONARY SAVINGS.

(a) Revised 2013 Discretionary Spending Limit.—Paragraph (2) of section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(2) with respect to fiscal year 2013, for the discretionary category, $1,047,000,000,000 in new budget authority,”.

(b) Discretionary Savings.—Section 251A(7)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(A) Fiscal Year 2013.—

“(i) Fiscal Year 2013 Adjustment.—On January 2, 2013, the discretionary category set forth in section 251(c)(2) shall be decreased by $19,104,000,000 in budget authority.

“(ii) Supplemental Sequestration Order.—On January 15, 2013, OMB shall issue a supplemental sequestration report for fiscal year 2013 and take the form of a final sequestration report as set forth in section 254(f)(2) and using the procedures set forth in section 253(f), to eliminate any discretionary spending
breach of the spending limit set forth in
section 251(c)(2) as adjusted by clause (i),
and the President shall order a sequestra-
tion, if any, as required by such report.”.

SEC. 2704. CONFORMING AMENDMENTS TO SECTION 314 OF
THE CONGRESSIONAL BUDGET AND IM-
POUNDERMENT CONTROL ACT OF 1974.

Section 314(a) of the Congressional Budget Act of
1974 is amended to read as follows:

“(a) ADJUSTMENTS.—

“(1) IN GENERAL.—The chair of the Committee
on the Budget of the House of Representatives or
the Senate may make adjustments as set forth in
paragraph (2) for a bill or joint resolution, amend-
ment thereto or conference report thereon, by the
amount of new budget authority and outlays flowing
therefrom in the same amount as required by section
251(b) of the Balanced Budget and Emergency Def-

“(2) MATTERS TO BE ADJUSTED.—The chair of
the Committee on the Budget of the House of Rep-
resentatives or the Senate may make the adjust-
ments referred to in paragraph (1) to—
“(A) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a);

“(B) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget; and

“(C) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget.”.

SEC. 2705. TREATMENT FOR PAYGO PURPOSES.

The budgetary effects of this Act and any amendment made by it shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

SEC. 2706. ELIMINATION OF THE FISCAL YEAR 2013 SEQUESTRATION FOR DEFENSE DIRECT SPENDING.

Any sequestration order issued by the President under the Balanced Budget and Emergency Deficit Control Act of 1985 to carry out reductions to direct spending for the defense function (050) for fiscal year 2013 pursuant to section 251A of such Act shall have no force or effect.

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