

## NOT VOTING—25

Baca	Evans	Meehan
Bilirakis	Gohmert	Northup
Boehlert	Gordon	Oxley
Buyer	Istoek	Payne
Carson	Jones (NC)	Salazar
Clay	Lewis (GA)	Solis
Coble	Linder	Stark
Davis, Jo Ann	Marchant	
Deal (GA)	McKinney	

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2341

So (two-thirds of those voting having responded in the affirmative) the rules were suspended and the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

## ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 966, I call up the bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of \$5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of H.R. 5970 is as follows:

H.R. 5970

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the “Estate Tax and Extension of Tax Relief Act of 2006”.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

Sec. 1. Short title, etc.

## TITLE I—REFORM AND EXTENSION OF ESTATE TAX AFTER 2009

Sec. 101. Reform and extension of estate tax after 2009.

Sec. 102. Unified credit increased by unused unified credit of deceased spouse.

## TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS

## Subtitle A—Extension and Modification of Certain Provisions

- Sec. 201. Deduction for qualified tuition and related expenses.
- Sec. 202. Extension and modification of new markets tax credit.
- Sec. 203. Election to deduct State and local general sales taxes.
- Sec. 204. Extension and modification of research credit.
- Sec. 205. Work opportunity tax credit and welfare-to-work credit.
- Sec. 206. Election to include combat pay as earned income for purposes of earned income credit.
- Sec. 207. Extension and modification of qualified zone academy bonds.
- Sec. 208. Above-the-line deduction for certain expenses of elementary and secondary school teachers.
- Sec. 209. Extension and expansion of expensing of brownfields remediation costs.
- Sec. 210. Tax incentives for investment in the District of Columbia.
- Sec. 211. Indian employment tax credit.
- Sec. 212. Accelerated depreciation for business property on Indian reservations.
- Sec. 213. Fifteen-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property.
- Sec. 214. Cover over of tax on distilled spirits.
- Sec. 215. Parity in application of certain limits to mental health benefits.
- Sec. 216. Corporate donations of scientific property used for research and of computer technology and equipment.
- Sec. 217. Availability of medical savings accounts.
- Sec. 218. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
- Sec. 219. American Samoa economic development credit.
- Sec. 220. Restructuring of New York Liberty Zone tax credits.
- Sec. 221. Extension of bonus depreciation for certain qualified Gulf Opportunity Zone property.
- Sec. 222. Authority for undercover operations.
- Sec. 223. Disclosures of certain tax return information.

Subtitle B—Other Provisions

- Sec. 231. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 232. Credit for prior year minimum tax liability made refundable after period of years.
- Sec. 233. Returns required in connection with certain options.
- Sec. 234. Partial expensing for advanced mine safety equipment.
- Sec. 235. Mine rescue team training tax credit.
- Sec. 236. Whistleblower reforms.
- Sec. 237. Frivolous tax submissions.
- Sec. 238. Addition of meningococcal and human papillomavirus vaccines to list of taxable vaccines.
- Sec. 239. Clarification of taxation of certain settlement funds made permanent.
- Sec. 240. Modification of active business definition under section 355 made permanent.
- Sec. 241. Revision of State veterans limit made permanent.

Sec. 242. Capital gains treatment for certain self-created musical works made permanent.

Sec. 243. Reduction in minimum vessel tonnage which qualifies for tonnage tax made permanent.

Sec. 244. Modification of special arbitrage rule for certain funds made permanent.

Sec. 245. Great Lakes domestic shipping to not disqualify vessel from tonnage tax.

Sec. 246. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement.

Sec. 247. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community.

Sec. 248. Treatment of coke and coke gas.

Sec. 249. Sale of property by judicial officers.

Sec. 250. Premiums for mortgage insurance.

Sec. 251. Modification of refunds for kerosene used in aviation.

Sec. 252. Deduction for qualified timber gain.

Sec. 253. Credit to holders of rural renaissance bonds.

Sec. 254. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.

Sec. 255. Technical corrections.

## TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

Sec. 301. Short title.

## Subtitle A—Mining Control and Reclamation

Sec. 311. Abandoned Mine Reclamation Fund and purposes.

Sec. 312. Reclamation fee.

Sec. 313. Objectives of Fund.

Sec. 314. Reclamation of rural land.

Sec. 315. Liens.

Sec. 316. Certification.

Sec. 317. Remining incentives.

Sec. 318. Extension of limitation on application of prohibition on issuance of permit.

Sec. 319. Tribal regulation of surface coal mining and reclamation operations.

## Subtitle B—Coal Industry Retiree Health Benefit Act

Sec. 321. Certain related persons and successors in interest relieved of liability if premiums prepaid.

Sec. 322. Transfers to funds; premium relief.

Sec. 323. Other provisions.

## TITLE IV—INCREASE IN MINIMUM WAGE

Sec. 401. Minimum Wage.

Sec. 402. Tipped Wage Fairness.

## TITLE I—REFORM AND EXTENSION OF ESTATE TAX AFTER 2009

## SEC. 101. REFORM AND EXTENSION OF ESTATE TAX AFTER 2009.

(a) RESTORATION OF UNIFIED CREDIT AGAINST GIFT TAX.—Paragraph (1) of section 2505(a) (relating to general rule for unified credit against gift tax), after the application of subsection (g), is amended by striking “(determined as if the applicable exclusion amount were \$1,000,000)”.

(b) EXCLUSION EQUIVALENT OF UNIFIED CREDIT INCREASED TO \$5,000,000.—Subsection (c) of section 2010 (relating to unified credit against estate tax) is amended to read as follows:

## “(c) APPLICABLE CREDIT AMOUNT.—

“(1) IN GENERAL.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth

in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount.

“(2) APPLICABLE EXCLUSION AMOUNT.—

“(A) IN GENERAL.—For purposes of this subsection, the applicable exclusion amount is as follows:

“(i) For calendar year 2010, \$3,750,000.

“(ii) For calendar year 2011, \$4,000,000.

“(iii) For calendar year 2012, \$4,250,000.

“(iv) For calendar year 2013, \$4,500,000.

“(v) For calendar year 2014, \$4,750,000.

“(vi) For calendar year 2015 and thereafter, \$5,000,000.

“(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, the \$5,000,000 amount in subparagraph (A)(vi) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 2014’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$100,000, such amount shall be rounded to the nearest multiple of \$100,000.”.

(c) RATE SCHEDULE.—

(1) IN GENERAL.—Subsection (c) of section 2001 (relating to rate schedule) is amended to read as follows:

“(c) RATE SCHEDULE.—

“(1) IN GENERAL.—The tentative tax is equal to the sum of—

“(A) the product of the rate specified in section 1(h)(1)(C) in effect on the date of the decedent’s death multiplied by so much of the sum described in subsection (b)(1) as does not exceed \$25,000,000, and

“(B) the applicable percentage effective on the date of the decedent’s death of so much of the sum described in subsection (b)(1) as exceeds \$25,000,000.

“(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)(B), the applicable percentage is—

“(A) in the case the decedent’s death is in 2010, 40 percent,

“(B) in the case the decedent’s death is in 2011, 38 percent,

“(C) in the case the decedent’s death is in 2012, 36 percent,

“(D) in the case the decedent’s death is in 2013, 34 percent,

“(E) in the case the decedent’s death is in 2014, 32 percent, and

“(F) in the case the decedent’s death is in 2015 or thereafter, 30 percent.

“(3) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, each \$25,000,000 amount in subparagraphs (A) and (B) of paragraph (1) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 2014’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$100,000, such amount shall be rounded to the nearest multiple of \$100,000.”.

(2) CONFORMING AMENDMENT.—Section 2502(a) (relating to computation of tax), after the application of subsection (g), is amended by adding at the end the following flush sentence:

“In computing the tentative tax under section 2001(c) for purposes of this subsection, ‘the last day of the calendar year in which the gift was made’ shall be substituted for ‘the date of the decedent’s death’ each place it appears in such section.”

(d) MODIFICATIONS OF ESTATE AND GIFT TAXES TO REFLECT DIFFERENCES IN UNIFIED

CREDIT RESULTING FROM DIFFERENT TAX RATES.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Section 2001(b)(2) (relating to computation of tax) is amended by striking “if the provisions of subsection (c) (as in effect at the decedent’s death)” and inserting “if the modifications described in subsection (g)”.

(B) MODIFICATIONS.—Section 2001 is amended by adding at the end the following new subsection:

“(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect on the date of the decedent’s death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

“(1) the tax imposed by chapter 12 with respect to such gifts, and

“(2) the credit allowed against such tax under section 2505, including in computing—

“(A) the applicable credit amount under section 2505(a)(1), and

“(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).

For purposes of paragraph (2)(A), the applicable credit amount for any calendar year before 1998 is the amount which would be determined under section 2010(c) if the applicable exclusion amount were the dollar amount under section 6018(a)(1) for such year.”.

(2) GIFT TAX.—Section 2505(a) (relating to unified credit against gift tax), after the application of subsection (g), is amended by adding at the end the following new flush sentence:

“For purposes of applying paragraph (2) for any calendar year, the rate schedule under section 2001(c) used in computing the applicable credit amount under paragraph (1) for such calendar year shall, in lieu of the rates of tax in effect for preceding calendar periods, be used in determining the amounts allowable as a credit under this section for all preceding calendar periods.”.

(e) REPEAL OF DEDUCTION FOR STATE DEATH TAXES.—

(1) IN GENERAL.—Section 2058 (relating to State death taxes) is amended by adding at the end the following:

“(C) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2009.”.

(2) CONFORMING AMENDMENT.—Section 2106(a)(4) is amended by adding at the end the following new sentence: “This paragraph shall not apply to the estates of decedents dying after December 31, 2009.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

(g) ADDITIONAL MODIFICATIONS TO ESTATE TAX.—

(1) IN GENERAL.—The following provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such provisions, are hereby repealed:

(A) Subtitles A and E of title V.

(B) Subsection (d), and so much of subsection (f)(3) as relates to subsection (d), of section 511.

(C) Paragraph (2) of subsection (b), and paragraph (2) of subsection (e), of section 521. The Internal Revenue Code of 1986 shall be applied as if such provisions and amendments had never been enacted.

(2) SUNSET NOT TO APPLY.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V (other than subtitles F, G, and H thereof) of such Act.

(3) REPEAL OF DEADWOOD.—

(A) Sections 2011, 2057, and 2604 of the Internal Revenue Code of 1986 are hereby repealed.

(B) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2011.

(C) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2007.

(D) The table of sections for subchapter A of chapter 13 of such Code is amended by striking the item relating to section 2604.

**SEC. 102. UNIFIED CREDIT INCREASED BY USED UNIFIED CREDIT OF DECEASED SPOUSE.**

(a) IN GENERAL.—Subsection (c) of section 2010 (defining applicable credit amount), as amended by section 101(b), is amended by striking paragraph (2) and inserting the following new paragraphs:

“(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

“(A) the basic exclusion amount, and

“(B) in the case of a surviving spouse, the aggregate deceased spousal unused exclusion amount.

“(3) BASIC EXCLUSION AMOUNT.—

“(A) IN GENERAL.—For purposes of this subsection, the basic exclusion amount is as follows:

“(i) For calendar year 2010, \$3,750,000.

“(ii) For calendar year 2011, \$4,000,000.

“(iii) For calendar year 2012, \$4,250,000.

“(iv) For calendar year 2013, \$4,500,000.

“(v) For calendar year 2014, \$4,750,000.

“(vi) For calendar year 2015 and thereafter, \$5,000,000.

“(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, the \$5,000,000 amount in subparagraph (A)(vi) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 2014’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$100,000, such amount shall be rounded to the nearest multiple of \$100,000.

“(4) AGGREGATE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘aggregate deceased spousal unused exclusion amount’ means the lesser of—

“(A) the basic exclusion amount, or

“(B) the sum of the deceased spousal unused exclusion amounts of the surviving spouse.

“(5) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘deceased spousal unused exclusion amount’ means, with respect to the surviving spouse of any deceased spouse dying after December 31, 2009, the excess (if any) of—

“(A) the applicable exclusion amount of the deceased spouse, over

“(B) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

“(6) SPECIAL RULES.—

“(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (5) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into

account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

“(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

“(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection.”

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a), as amended by section 101, is amended to read as follows:

“(1) the applicable credit amount under section 2010(c) which would apply if the donor died as of the end of the calendar year, reduced by”.

(2) Section 2631(c) is amended by striking “the applicable exclusion amount” and inserting “the basic exclusion amount”.

(3) Section 6018(a)(1), after the application of section 101(g), is amended by striking “applicable exclusion amount” and inserting “basic exclusion amount”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

**TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS**

**Subtitle A—Extension and Modification of Certain Provisions**

**SEC. 201. DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.**

(a) IN GENERAL.—Section 222(e) is amended by striking “2005” and inserting “2007”.

(b) CONFORMING AMENDMENTS.—Section 222(b)(2)(B) is amended—

(1) by striking “a taxable year beginning in 2004 or 2005” and inserting “any taxable year beginning after 2003”, and

(2) by striking “2004 AND 2005” in the heading and inserting “AFTER 2003”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 202. EXTENSION AND MODIFICATION OF NEW MARKETS TAX CREDIT.**

(a) EXTENSION.—Section 45D(f)(1)(D) is amended by striking “and 2007” and inserting “, 2007, and 2008”.

(b) REGULATIONS REGARDING NON-METROPOLITAN COUNTIES.—Section 45D(i) is amended by striking “and” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, and”, and by adding at the end the following new paragraph:

“(6) which ensure that non-metropolitan counties receive a proportional allocation of qualified equity investments.”.

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

**SEC. 203. ELECTION TO DEDUCT STATE AND LOCAL GENERAL SALES TAXES.**

(a) IN GENERAL.—Section 164(b)(5)(I) is amended by striking “2006” and inserting “2008”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 204. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.**

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h)(1)(B) is amended by striking “2005” and inserting “2007”.

(2) CONFORMING AMENDMENT.—Section 45C(b)(1)(D) is amended by striking “2005” and inserting “2007”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”;

(B) by striking “3.2 percent” and inserting “4 percent”, and

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) IN GENERAL.—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

“(5) ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.—

“(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

“(B) SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.—

“(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

“(ii) CREDIT RATE.—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

“(C) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made for any taxable year to which an election under paragraph (4) applies.”.

(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

(A) IN GENERAL.—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: “An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.”.

(B) TRANSITION RULE.—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (c)) for such year.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

**SEC. 205. WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.**

(a) IN GENERAL.—Sections 51(c)(4)(B) and 51A(f) are each amended by striking “2005” and inserting “2007”.

(b) ELIGIBILITY OF EX-FELONS DETERMINED WITHOUT REGARD TO FAMILY INCOME.—Paragraph (4) of section 51(d) is amended by adding “and” at the end of subparagraph (A), by striking “, and” at the end of subparagraph (B) and inserting a period, and by striking all that follows subparagraph (B).

(c) INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF FOOD STAMP RECIPIENTS.—Clause (i) of section 51(d)(8)(A) is amended by striking “25” and inserting “40”.

(d) EXTENSION OF PAPERWORK FILING DEADLINE.—Section 51(d)(12)(A)(ii)(II) is amended by striking “21st day” and inserting “28th day”.

(e) CONSOLIDATION OF WORK OPPORTUNITY CREDIT WITH WELFARE-TO-WORK CREDIT.—

(1) IN GENERAL.—Paragraph (1) of section 51(d) is amended by striking “or” at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting “, or”, and by adding at the end the following new subparagraph:

“(I) a long-term family assistance recipient.”.

(2) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—Subsection (d) of section 51 is amended by redesignating paragraphs (10) through (12) as paragraphs (11) through (13), respectively, and by inserting after paragraph (9) the following new paragraph:

“(10) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—The term ‘long-term family assistance recipient’ means any individual who is certified by the designated local agency—

“(A) as being a member of a family receiving assistance under a IV-A program (as defined in paragraph (2)(B)) for at least the 18-month period ending on the hiring date,

“(B)(i) as being a member of a family receiving such assistance for 18 months beginning after August 5, 1997, and

“(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

“(C)(i) as being a member of a family which ceased to be eligible for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

“(ii) as having a hiring date which is not more than 2 years after the date of such cessation.”.

(3) INCREASED CREDIT FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—Section 51 is amended by inserting after subsection (d) the following new subsection:

“(e) CREDIT FOR SECOND-YEAR WAGES FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—

(1) IN GENERAL.—With respect to the employment of a long-term family assistance recipient—

(A) the amount of the work opportunity credit determined under this section for the taxable year shall include 50 percent of the qualified second-year wages for such year, and

(B) in lieu of applying subsection (b)(3), the amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to such a recipient shall not exceed \$10,000 per year.

(2) QUALIFIED SECOND-YEAR WAGES.—For purposes of this subsection, the term ‘qualified second-year wages’ means qualified wages—

“(A) which are paid to a long-term family assistance recipient, and

“(B) which are attributable to service rendered during the 1-year period beginning on

the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

**(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.**—If such recipient is an employee to whom subparagraph (A) or (B) of subsection (h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

“(A) such subparagraph (A) shall be applied by substituting ‘\$10,000’ for ‘\$6,000’, and

“(B) such subparagraph (B) shall be applied by substituting ‘\$833.33’ for ‘\$500’.”.

**(4) REPEAL OF SEPARATE WELFARE-TO-WORK CREDIT.**—

**(A) IN GENERAL.**—Section 51A is hereby repealed.

**(B) CLERICAL AMENDMENT.**—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 51A.

**(f) EFFECTIVE DATES.**—

**(1) IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

**(2) CONSOLIDATION.**—The amendments made by subsections (b), (c), (d), and (e) shall apply to individuals who begin work for the employer after December 31, 2006.

**SEC. 206. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.**

**(a) IN GENERAL.**—Section 32(c)(2)(B)(vi)(II) is amended by striking ‘‘2007’’ and inserting ‘‘2008’’.

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

**SEC. 207. EXTENSION AND MODIFICATION OF QUALIFIED ZONE ACADEMY BONDS.**

**(a) IN GENERAL.**—Paragraph (1) of section 1397E(e) is amended by striking ‘‘and 2005’’ and inserting ‘‘2005, 2006, and 2007’’.

**(b) SPECIAL RULES RELATING TO EXPENDITURES, ARBITRAGE, AND REPORTING.**—

**(1) IN GENERAL.**—Section 1397E is amended—

(A) in subsection (d)(1), by striking ‘‘and’’ at the end of subparagraph (C)(iii), by striking the period at the end of subparagraph (D) and inserting ‘‘, and’’, and by adding at the end the following new subparagraph:

“(E) the issue meets the requirements of subsections (f), (g), and (h).’’, and

(B) by redesignating subsections (f), (g), (h), and (i) as subsection (i), (j), (k), and (l), respectively, and by inserting after subsection (e) the following new subsections:

**(f) SPECIAL RULES RELATING TO EXPENDITURES.**—

**(1) IN GENERAL.**—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the issuer reasonably expects—

“(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified purposes with respect to qualified zone academies within the 5-year period beginning on the date of issuance of the qualified zone academy bond,

“(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the qualified zone academy bond, and

“(C) such purposes will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

**(2) EXTENSION OF PERIOD.**—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related purposes will continue to proceed with due diligence.

“(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the non-qualified bonds required to be redeemed shall be determined in the same manner as under section 142.

**(g) SPECIAL RULES RELATING TO ARBITRAGE.**—An issue shall be treated as meeting the requirements of this subsection if the issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

**(h) REPORTING.**—Issuers of qualified academy zone bonds shall submit reports similar to the reports required under section 149(e).’’.

**(2) CONFORMING AMENDMENTS.**—Sections 54(l)(3)(B) and 1400N(l)(7)(B)(ii) are each amended by striking ‘‘section 1397E(i)’’ and inserting ‘‘section 1397E(l)’’.

**(c) EFFECTIVE DATES.**—

**(1) EXTENSION.**—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

**(2) SPECIAL RULES.**—The amendments made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act pursuant to allocations of the national zone academy bond limitation for calendar years after 2005.

**SEC. 208. ABOVE-THE-LINE DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.**

**(a) IN GENERAL.**—Subparagraph (D) of section 62(a)(2) is amended by striking ‘‘or 2005’’ and inserting ‘‘2005, 2006, or 2007’’.

**(b) EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 209. EXTENSION AND EXPANSION OF EXPENSES OF BROWNFIELDS REMEDIATION COSTS.**

**(a) EXTENSION.**—Subsection (h) of section 198 is amended by striking ‘‘2005’’ and inserting ‘‘2007’’.

**(b) EXPANSION.**—Section 198(d)(1) (defining hazardous substance) is amended by striking ‘‘and’’ at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ‘‘, and’’, and by adding at the end the following new subparagraph:

“(C) any petroleum product (as defined in section 4612(a)(3)).’’.

**(c) EFFECTIVE DATE.**—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2005.

**SEC. 210. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.**

**(a) DESIGNATION OF ZONE.**—

**(1) IN GENERAL.**—Subsection (f) of section 1400 is amended by striking ‘‘2005’’ both places it appears and inserting ‘‘2007’’.

**(2) EFFECTIVE DATE.**—The amendments made by this subsection shall apply to periods beginning after December 31, 2005.

**(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.**—

**(1) IN GENERAL.**—Subsection (b) of section 1400A is amended by striking ‘‘2005’’ and inserting ‘‘2007’’.

**(2) EFFECTIVE DATE.**—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

**(c) ZERO PERCENT CAPITAL GAINS RATE.**—

**(1) IN GENERAL.**—Subsection (b) of section 1400B is amended by striking ‘‘2006’’ each place it appears and inserting ‘‘2008’’.

**(2) CONFORMING AMENDMENTS.**—

**(A) Section 1400B(e)(2) is amended—**

**(i) by striking ‘‘2010’’ and inserting ‘‘2012’’, and**

**(ii) by striking ‘‘2010’’ in the heading thereof and inserting ‘‘2012’’.**

**(B) Section 1400B(g)(2) is amended by striking ‘‘2010’’ and inserting ‘‘2012’’.**

**(C) Section 1400F(d) is amended by striking ‘‘2010’’ and inserting ‘‘2012’’.**

**(3) EFFECTIVE DATES.**—

**(A) EXTENSION.**—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2005.

**(B) CONFORMING AMENDMENTS.**—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

**(d) FIRST-TIME HOMEBUYER CREDIT.**—

**(1) IN GENERAL.**—Subsection (i) of section 1400C is amended by striking ‘‘2006’’ and inserting ‘‘2008’’.

**(2) EFFECTIVE DATE.**—The amendment made by this subsection shall apply to property purchased after December 31, 2005.

**SEC. 211. INDIAN EMPLOYMENT TAX CREDIT.**

**(a) IN GENERAL.**—Section 45A(f) is amended by striking ‘‘2005’’ and inserting ‘‘2007’’.

**(b) EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 212. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.**

**(a) IN GENERAL.**—Section 168(j)(8) is amended by striking ‘‘2005’’ and inserting ‘‘2007’’.

**(b) EFFECTIVE DATE.**—The amendment made by this section shall apply to property placed in service after December 31, 2005.

**SEC. 213. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.**

**(a) IN GENERAL.**—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ‘‘2006’’ and inserting ‘‘2008’’.

**(b) TREATMENT OF RESTAURANT PROPERTY TO INCLUDE NEW CONSTRUCTION.**—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

“(7) QUALIFIED RESTAURANT PROPERTY.—The term ‘qualified restaurant property’ means any section 1250 property which is a building or an improvement to a building if more than 50 percent of the building’s square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.”.

**(c) EFFECTIVE DATES.**—

**(1) SUBSECTION (a).**—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2005.

**(2) SUBSECTION (b).**—The amendment made by subsection (b) shall apply to property placed in service after the date of the enactment of this Act.

**SEC. 214. COVER OVER OF TAX ON DISTILLED SPIRITS.**

**(a) IN GENERAL.**—Section 7652(f)(1) is amended by striking ‘‘2006’’ and inserting ‘‘2008’’.

**(b) EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2005.

**SEC. 215. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.**

**(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.**—Section 9812(f)(3) is amended by striking ‘‘2006’’ and inserting ‘‘2007’’.

**(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.**—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking ‘‘2006’’ and inserting ‘‘2007’’.

**(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.**—Section 2705(f) of the Public

Health Service Act (42 U.S.C. 300gg-5(f)) is amended by striking “2006” and inserting “2007”.

**SEC. 216. CORPORATE DONATIONS OF SCIENTIFIC PROPERTY USED FOR RESEARCH AND OF COMPUTER TECHNOLOGY AND EQUIPMENT.**

(a) EXTENSION OF COMPUTER TECHNOLOGY AND EQUIPMENT DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(G) is amended by striking “2005” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to contributions made in taxable years beginning after December 31, 2005.

(b) EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.—

(1) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting “or assembled” after “constructed”.

(B) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting “or assembly” after “construction”.

(2) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting “or assembled” after “constructed” and “or assembling” after “construction”.

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) is amended by inserting “or assembled” after “constructed” and “or assembly” after “construction”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

**SEC. 217. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.**

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) are each amended by striking “2005” each place it appears in the text and headings and inserting “2007”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking “or 2004” each place it appears and inserting “2004, 2005, or 2006”, and

(B) in the heading by striking “OR 2004” and inserting “2004, 2005, OR 2006”.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking “and 2004” and inserting “2004, 2005, and 2006”.

(c) TIME FOR FILING REPORTS, ETC.—

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

**SEC. 218. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARINE PROPERTIES.**

(a) IN GENERAL.—Section 613A(c)(6)(H) is amended by striking “2006” and inserting “2008”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

**SEC. 219. AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.**

(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if such corporation—

(1) is an existing credit claimant with respect to American Samoa, and

(2) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006.

(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936 of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply to the first two taxable years of a corporation to which subsection (a) applies which begin after December 31, 2005, and before January 1, 2008.

**SEC. 220. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.**

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as 1400K and by adding at the end the following new section:

**“SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.**

“(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

“(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualifying project expenditure amount’ means, with respect to any calendar year, the sum of—

“(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

“(B) any such expenditures—

“(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

“(ii) not previously allocated under paragraph (3).

“(2) QUALIFYING PROJECT.—The term ‘qualifying project’ means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

“(3) GENERAL ALLOCATION.—

“(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

“(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed \$1,750,000,000.

“(C) ANNUAL LIMIT.—

“(i) IN GENERAL.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

“(I) the applicable limit, plus

“(II) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

“(ii) APPLICABLE LIMIT.—For purposes of clause (i), the applicable limit for any calendar year is—

“(I) in the case of calendar years 2007 through 2016, \$100,000,000,

“(II) in the case of calendar year 2017 or 2018, \$200,000,000,

“(III) in the case of calendar year 2019, \$150,000,000,

“(IV) in the case of calendar year 2020 or 2021, \$100,000,000, and

“(V) in the case of any calendar year after 2021, zero.

“(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

“(i) the lesser of—

“(I) such excess, or

“(II) the qualifying project expenditure amount for such calendar year, reduced by

“(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

“(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

“(C) CARRYOVER OF UNUSED ALLOCATIONS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year. No amount

may be carried under the preceding sentence to a calendar year after 2026.

“(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

“(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) CREDIT PERIOD.—The term ‘credit period’ means the 15-year period beginning on January 1, 2007.

“(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term ‘New York Liberty Zone governmental unit’ means—

“(A) the State of New York,

“(B) the City of New York, New York, and

“(C) any agency or instrumentality of such State or City.

“(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

“(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

“(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

“(1) which certifies—

“(A) the qualifying project expenditure amount for the calendar year, and

“(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

“(2) includes such other information as the Secretary may require to carry out this section.

“(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.

“(g) TERMINATION.—No credit shall be allowed under subsection (a) for any calendar year after 2026.”.

(b) TERMINATION OF CERTAIN NEW YORK LIBERTY ZONE BENEFITS.—

(1) SPECIAL ALLOWANCE AND EXPENSING.—Section 1400K(b)(2)(A)(v), as redesignated by subsection (a), is amended by striking “the termination date” and inserting “the date of the enactment of the Estate Tax and Extension of Tax Relief Act of 2006 or the termination date if pursuant to a binding contract in effect on such enactment date”.

(2) LEASEHOLD.—Section 1400K(c)(2)(B), as so redesignated, is amended by striking “before January 1, 2007” and inserting “on or before the date of the enactment of the Estate Tax and Extension of Tax Relief Act of 2006 or before January 1, 2007, if pursuant to a binding contract in effect on such enactment date”.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking “section 1400L(a)” and inserting “section 1400K(a)”.

(2) Section 168(k)(2)(D)(ii) is amended by striking “section 1400L(c)(2)” and inserting “1400K(c)(2)”.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by striking “1400L” and inserting “1400K”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to periods beginning after December 31, 2006.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect as if included in section 301 of the Job Creation and Worker Assistance Act of 2002.

**SEC. 221. EXTENSION OF BONUS DEPRECIATION FOR CERTAIN QUALIFIED GULF OPPORTUNITY ZONE PROPERTY.**

(a) IN GENERAL.—Subsection (d) of section 1400N is amended by adding at the end the following new paragraph:

“(6) EXTENSION FOR CERTAIN PROPERTY.—

“(A) IN GENERAL.—In the case of any specified Gulf Opportunity Zone extension property, paragraph (2)(A) shall be applied without regard to clause (v) thereof.

“(B) SPECIFIED GULF OPPORTUNITY ZONE EXTENSION PROPERTY.—For purposes of this paragraph, the term ‘specified Gulf Opportunity Zone extension property’ means property—

“(i) substantially all of the use of which is in one or more specified portions of the GO Zone, and

“(ii) which is—

“(I) nonresidential real property or residential rental property which is placed in service by the taxpayer on or before December 31, 2009, or

“(II) in the case of a taxpayer who places a building described in subclause (I) in service on or before December 31, 2009, property described in section 168(k)(2)(A)(i) if substantially all of the use of such property is in such building and such property is placed in service by the taxpayer not later than 90 days after such building is placed in service.

“(C) SPECIFIED PORTIONS OF THE GO ZONE.—For purposes of this paragraph, the term ‘specified portions of the GO Zone’ means those portions of the GO Zone which are in any county or parish which is identified by the Secretary as being a county or parish in which hurricanes occurring during 2005 damaged (in the aggregate) more than 40 percent of the housing units in such county or parish which were occupied (determined according to the 2000 Census).”.

(b) EXTENSION NOT APPLICABLE TO INCREASED SECTION 179 EXPENSING.—Paragraph (2) of section 1400N(e) is amended by inserting “without regard to subsection (d)(6)” after “subsection (d)(2)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 101 of the Gulf Opportunity Zone Act of 2005.

**SEC. 222. AUTHORITY FOR UNDERCOVER OPERATIONS.**

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking “2007” both places it appears and inserting “2008”.

**SEC. 223. DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.**

(a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Subparagraph (B) of section 6103(d)(5) (relating to termination) is amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to disclosures after December 31, 2006.

(b) DISCLOSURES RELATING TO TERRORIST ACTIVITIES.—

(1) IN GENERAL.—Clause (iv) of section 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7) are each amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to disclosures after December 31, 2006.

(c) DISCLOSURES RELATING TO STUDENT LOANS.—

(1) IN GENERAL.—Subparagraph (D) of section 6103(l)(13) (relating to termination) is amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to requests made after December 31, 2006.

**Subtitle B—Other Provisions**

**SEC. 231. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.**

(a) IN GENERAL.—Subsection (d) of section 199 (relating to definitions and special rules) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

“(8) TREATMENT OF ACTIVITIES IN PUERTO RICO.—

“(A) IN GENERAL.—In the case of any taxpayer with gross receipts for any taxable year from sources within the Commonwealth of Puerto Rico, if all of such receipts are taxable under section 1 or 11 for such taxable year, then for purposes of determining the domestic production gross receipts of such taxpayer for such taxable year under subsection (c)(4), the term ‘United States’ shall include the Commonwealth of Puerto Rico.

“(B) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in subparagraph (A), for purposes of applying the limitation under subsection (b) for any taxable year, the determination of W-2 wages of such taxpayer shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services performed in Puerto Rico.

“(C) TERMINATION.—This paragraph shall apply only with respect to the first 2 taxable years of the taxpayer beginning after December 31, 2005, and before January 1, 2008.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

**SEC. 232. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY MADE REFUNDABLE AFTER PERIOD OF YEARS.**

(a) IN GENERAL.—Section 53 (relating to credit for prior year minimum tax liability) is amended by adding at the end the following new subsection:

“(e) SPECIAL RULE FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS.—

“(1) IN GENERAL.—If an individual has a long-term unused minimum tax credit for any taxable year beginning before January 1, 2013, the amount determined under subsection (c) for such taxable year shall not be less than the AMT refundable credit amount for such taxable year.

“(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1)—

“(A) IN GENERAL.—The term ‘AMT refundable credit amount’ means, with respect to any taxable year, the amount equal to the greater of—

“(i) the lesser of—

“(I) \$5,000, or

“(II) the amount of long-term unused minimum tax credit for such taxable year, or

“(ii) 20 percent of the amount of such credit.

“(B) PHASEOUT OF AMT REFUNDABLE CREDIT AMOUNT.—

“(i) IN GENERAL.—In the case of an individual whose adjusted gross income for any taxable year exceeds the threshold amount (within the meaning of section 151(d)(3)(C)), the AMT refundable credit amount determined under subparagraph (A) for such taxable year shall be reduced by the applicable

percentage (within the meaning of section 151(d)(3)(B)).

“(ii) ADJUSTED GROSS INCOME.—For purposes of clause (i), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

“(3) LONG-TERM UNUSED MINIMUM TAX CREDIT.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘long-term unused minimum tax credit’ means, with respect to any taxable year, the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years before the 3rd taxable year immediately preceding such taxable year.

“(B) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of subparagraph (A), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.

“(4) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as if it were allowed under subpart C.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by striking “and 34” and inserting “34, and 53(e)”.

(2) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “or 53(e)” after “section 35”.

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

**SEC. 233. RETURNS REQUIRED IN CONNECTION WITH CERTAIN OPTIONS.**

(a) IN GENERAL.—So much of section 6039(a) as follows paragraph (2) is amended to read as follows:

“shall, for such calendar year, make a return at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe.”.

(b) STATEMENTS TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Section 6039 is amended by redesignating subsections (b) and (c) as subsection (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

“(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REPORTED.—Every corporation making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement setting forth such information as the Secretary may by regulations prescribe. The written statement required under the preceding sentence shall be furnished to such person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 6724(d)(1)(B) is amended by striking “or” at the end of clause (xvii), by striking “and” at the end of clause (xviii) and inserting “or”, and by adding at the end the following new clause:

“(xix) section 6039(a) (relating to returns required with respect to certain options), and”.

(2) Section 6724(d)(2)(B) is amended by striking “section 6039(a)” and inserting “section 6039(b)”.

(3) The heading of section 6039 and the item relating to such section in the table of sections of subpart A of part III of subchapter A of chapter 61 of such Code are each amended by striking “Information” and inserting “Returns”.

(4) The heading of subsection (a) of section 6039 is amended by striking “FURNISHING OF INFORMATION” and inserting “REQUIREMENT OF REPORTING”.

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

**SEC. 234. PARTIAL EXPENSING FOR ADVANCED MINE SAFETY EQUIPMENT.**

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by inserting after section 179D the following new section:

**“SEC. 179E. ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.**

“(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat 50 percent of the cost of any qualified advanced mine safety equipment property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified advanced mine safety equipment property is placed in service.

“(b) ELECTION.—

“(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer’s return of the tax imposed by this chapter for the taxable year. Such election shall specify the advanced mine safety equipment property to which the election applies and shall be made in such manner as the Secretary may by regulations prescribe.

“(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

“(c) QUALIFIED ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term ‘qualified advanced mine safety equipment property’ means any advanced mine safety equipment property for use in any underground mine located in the United States—

“(1) the original use of which commences with the taxpayer, and

“(2) which is placed in service by the taxpayer after the date of the enactment of this section.

“(d) ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term ‘advanced mine safety equipment property’ means any of the following:

“(1) Emergency communication technology or device which is used to allow a miner to maintain constant communication with an individual who is not in the mine.

“(2) Electronic identification and location device which allows an individual who is not in the mine to track at all times the movements and location of miners working in or at the mine.

“(3) Emergency oxygen-generating, self-rescue device which provides oxygen for at least 90 minutes.

“(4) Pre-positioned supplies of oxygen which (in combination with self-rescue devices) can be used to provide each miner on a shift, in the event of an accident or other event which traps the miner in the mine or otherwise necessitates the use of such a self-rescue device, the ability to survive for at least 48 hours.

“(5) Comprehensive atmospheric monitoring system which monitors the levels of carbon monoxide, methane, and oxygen that are present in all areas of the mine and which can detect smoke in the case of a fire in a mine.

“(e) COORDINATION WITH SECTION 179.—No expenditures shall be taken into account under subsection (a) with respect to the portion of the cost of any property specified in an election under section 179.

“(f) REPORTING.—No deduction shall be allowed under subsection (a) to any taxpayer for any taxable year unless such taxpayer files with the Secretary a report containing such information with respect to the operation of the mines of the taxpayer as the Secretary shall require.

“(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2008.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1) is amended by striking “or” at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting “, or”, and by inserting after subparagraph (K) the following new subparagraph:

“(L) expenditures for which a deduction is allowed under section 179E.”.

(2) Section 312(k)(3)(B) is amended by striking “or 179D” each place it appears in the heading and text thereof and inserting “179D, or 179E”.

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting “179E,” after “179D.”.

(4) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 179D the following new item:

“Sec. 179E. Election to expense advanced mine safety equipment.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred after the date of the enactment of this Act.

**SEC. 235. MINE RESCUE TEAM TRAINING TAX CREDIT.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

**“SEC. 45N. MINE RESCUE TEAM TRAINING CREDIT.**

“(a) AMOUNT OF CREDIT.—For purposes of section 38, the mine rescue team training credit determined under this section with respect to each qualified mine rescue team employee of an eligible employer for any taxable year is an amount equal to the lesser of—

“(1) 20 percent of the amount paid or incurred by the taxpayer during the taxable year with respect to the training program costs of such qualified mine rescue team employee (including wages of such employee while attending such program), or

“(2) \$10,000.

“(b) QUALIFIED MINE RESCUE TEAM EMPLOYEE.—For purposes of this section, the term ‘qualified mine rescue team employee’ means with respect to any taxable year any full-time employee of the taxpayer who is—

“(1) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member as a result of completing, at a minimum, an initial 20-hour course of instruction as prescribed by the Mine Safety and Health Administration’s Office of Educational Policy and Development, or

“(2) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member by virtue of receiving at least 40 hours of refresher training in such instruction.

“(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ‘eligible employer’ means any taxpayer which employs individuals as miners in underground mines in the United States.

“(d) WAGES.—For purposes of this section, the term ‘wages’ has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

“(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2008.”.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking “and” at the end of paragraph (29), by striking the period at the end of paragraph (30) and inserting “, plus”, and by adding at the end the following new paragraph:

“(31) the mine rescue team training credit determined under section 45N(a).”.

(c) NO DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

“(e) MINE RESCUE TEAM TRAINING CREDIT.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for the taxable year under section 45N(a).”.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 45N. Mine rescue team training credit.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

#### SEC. 236. WHISTLEBLOWER REFORMS.

(a) AWARDS TO WHISTLEBLOWERS.—

(1) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(A) by striking “The Secretary” and inserting “(a) IN GENERAL.—The Secretary”,

(B) by striking “and” at the end of paragraph (1) and inserting “or”,

(C) by striking “(other than interest)”, and

(D) by adding at the end the following new subsection:

“(b) AWARDS TO WHISTLEBLOWERS.—

“(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary’s attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

“(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

“(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual’s information and the role of such individual and any legal representative of such individual in contributing to such action.

“(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

“(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the

preceding sentence, the Whistleblower Office shall deny any award.

“(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

“(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

“(A) against any taxpayer, but in the case of any individual, only if such individual’s gross income exceeds \$200,000 for any taxable year subject to such action, and

“(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed \$2,000,000.

“(6) ADDITIONAL RULES.—

“(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

“(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

“(C) SUBMISSION OF INFORMATION.—No award may be made under this subsection based on information submitted to the Secretary unless such information is submitted under penalty of perjury.”.

“(2) ASSIGNMENT TO SPECIAL TRIAL JUDGES.—

(A) IN GENERAL.—Section 7443A(b) (relating to proceedings which may be assigned to special trial judges) is amended by striking “and” at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

“(5) any proceeding under section 7623(b)(4), and”.

(B) CONFORMING AMENDMENT.—Section 7443A(c) is amended by striking “or (4)” and inserting “(4), or (5)”.

(3) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to general rule defining adjusted gross income) is amended by inserting after paragraph (20) the following new paragraph:

“(21) ATTORNEYS FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer’s gross income for the taxable year on account of such award.”.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Not later than the date which is 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance for the operation of a whistleblower program to be administered in the Internal Revenue Service by an office to be known as the “Whistleblower Office” which—

(A) shall at all times operate at the direction of the Commissioner of Internal Revenue and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner of Internal Revenue,

(B) shall analyze information received from any individual described in section 7623(b) of the Internal Revenue Code of 1986 and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office, and

(C) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual.

(2) REQUEST FOR ASSISTANCE.—The guidance issued under paragraph (1) shall specify that any assistance requested under para-

graph (1)(C) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under paragraph (1)(A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

(c) REPORT BY SECRETARY.—The Secretary of the Treasury shall each year conduct a study and report to Congress on the use of section 7623 of the Internal Revenue Code of 1986, including—

(1) an analysis of the use of such section during the preceding year and the results of such use, and

(2) any legislative or administrative recommendations regarding the provisions of such section and its application.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to information provided on or after the date of the enactment of this Act.

#### SEC. 237. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

#### “SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect, and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission—

“(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(ii) reflects a desire to delay or impede the administration of Federal tax laws.

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 6159 (relating to agreements for payment of tax liability in installments),

“(II) section 7122 (relating to compromises), or

“(III) section 7811 (relating to taxpayer assistance orders).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically

revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

**(d) REDUCTION OF PENALTY.**—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

**(e) PENALTIES IN ADDITION TO OTHER PENALTIES.**—The penalties imposed by this section shall be in addition to any other penalty provided by law.”.

**(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.**—

**(1) FRIVOLOUS REQUESTS DISREGARDED.**—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

“(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

**(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.**—Section 6330(c)(4) is amended—

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

(B) by striking “(B)” and inserting “(ii)”;

(C) by striking the period at the end of the first sentence and inserting “; or”; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

“(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).”.

**(3) STATEMENT OF GROUNDS.**—Section 6330(b)(1) is amended by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”.

**(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.**—Section 6320 is amended—

(1) in subsection (b)(1), by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”, and

(2) in subsection (c), by striking “and (e)” and inserting “(e), and (g)”.

**(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.**—Section 7122 is amended by adding at the end the following new subsection:

“(f) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

**(e) CLERICAL AMENDMENT.**—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”.

**(f) EFFECTIVE DATE.**—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

**SEC. 238. ADDITION OF MENINGOCOCCAL AND HUMAN PAPILLOMAVIRUS VACCINES TO LIST OF TAXABLE VACCINES.**

(a) MENINGOCOCCAL VACCINE.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

“(O) Any meningococcal vaccine.”.

(b) HUMAN PAPILLOMAVIRUS VACCINE.—Section 4132(a)(1), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

“(P) Any vaccine against the human papillomavirus.”.

**(c) EFFECTIVE DATE.**—

(1) SALES, ETC.—The amendments made by this section shall apply to sales and uses on or after the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

**SEC. 239. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS MADE PERMANENT.**

(a) IN GENERAL.—Subsection (g) of section 468B, as amended by section 201 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 201 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 240. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355 MADE PERMANENT.**

(a) IN GENERAL.—Subparagraphs (A) and (D) of section 355(b)(3), as amended by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005, are each amended by striking “and on or before December 31, 2010”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 202 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 241. REVISION OF STATE VETERANS LIMIT MADE PERMANENT.**

(a) IN GENERAL.—Subparagraph (B) of section 143(l)(3), as amended by section 203 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking clause (iv).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 203 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 242. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS MADE PERMANENT.**

(a) IN GENERAL.—Paragraph (3) of section 1221(b), as amended by section 204 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “before January 1, 2011.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 204 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 243. REDUCTION IN MINIMUM VESSEL TONNAGE WHICH QUALIFIES FOR TONNAGE TAX MADE PERMANENT.**

(a) IN GENERAL.—Paragraph (4) of section 1355(a), as amended by section 205 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “10,000 (6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)” and inserting “6,000”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 205 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 244. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS MADE PERMANENT.**

(a) IN GENERAL.—Section 206 of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking “and before August 31, 2009”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 206 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 245. GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL FROM TONNAGE TAX.**

(a) IN GENERAL.—Section 1355 (relating to definitions and special rules) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL.—

(1) IN GENERAL.—If the electing corporation elects (at such time and in such manner as the Secretary may require) to apply this subsection for any taxable year to any qualifying vessel which is used in qualified zone domestic trade during the taxable year—

“(A) solely for purposes of subsection (a)(4), such use shall be treated as use in United States foreign trade (and not as use in United States domestic trade), and

“(B) subsection (f) shall not apply with respect to such vessel for such taxable year.

(2) EFFECT OF TEMPORARILY OPERATING VESSEL IN UNITED STATES DOMESTIC TRADE.—In the case of a qualifying vessel to which this subsection applies—

“(A) IN GENERAL.—An electing corporation shall be treated as using such vessel in qualified zone domestic trade during any period of temporary use in the United States domestic trade (other than qualified zone domestic trade) if the electing corporation gives timely notice to the Secretary stating—

“(i) that it temporarily operates or has operated in the United States domestic trade (other than qualified zone domestic trade) a qualifying vessel which had been used in the United States foreign trade or qualified zone domestic trade, and

“(ii) its intention to resume operation of the vessel in the United States foreign trade or qualified zone domestic trade.

(B) NOTICE.—Notice shall be deemed timely if given not later than the due date (including extensions) for the corporation’s tax return for the taxable year in which the temporary cessation begins.

(C) PERIOD DISREGARD IN EFFECT.—The period of temporary use under subparagraph (A) continues until the earlier of the date of which—

“(i) the electing corporation abandons its intention to resume operations of the vessel in the United States foreign trade or qualified zone domestic trade, or

“(ii) the electing corporation resumes operation of the vessel in the United States foreign trade or qualified zone domestic trade.

(D) NO DISREGARD IF DOMESTIC TRADE USE EXCEEDS 30 DAYS.—Subparagraph (A) shall not apply to any qualifying vessel which is operated in the United States domestic trade (other than qualified zone domestic trade) for more than 30 days during the taxable year.

(3) ALLOCATION OF INCOME AND DEDUCTIONS TO QUALIFYING SHIPPING ACTIVITIES.—In the case of a qualifying vessel to which this subsection applies, the Secretary shall prescribe rules for the proper allocation of income, expenses, losses, and deductions between the qualified shipping activities and the other activities of such vessel.

(4) QUALIFIED ZONE DOMESTIC TRADE.—For purposes of this subsection—

(A) IN GENERAL.—The term ‘qualified zone domestic trade’ means the transportation of

goods or passengers between places in the qualified zone if such transportation is in the United States domestic trade.

“(B) QUALIFIED ZONE.—The term ‘qualified zone’ means the Great Lakes Waterway and the St. Lawrence Seaway.”.

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

**SEC. 246. USE OF QUALIFIED MORTGAGE BONDS TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.**

(a) IN GENERAL.—Section 143(d)(2) (relating to exceptions to 3-year requirement) is amended by striking “and” at the end of subparagraph (B), by adding “and” at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

“(D) in the case of bonds issued after the date of the enactment of this subparagraph and before January 1, 2008, financing of any residence for a veteran (as defined in section 101 of title 38, United States Code), if such veteran has not previously qualified for and received such financing by reason of this subparagraph.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

**SEC. 247. EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.**

(a) IN GENERAL.—Subparagraph (A) of section 121(d)(9) (relating to exclusion of gain from sale of principal residence) is amended by striking “duty” and all that follows and inserting “duty—

“(i) as a member of the uniformed services,  
“(ii) as a member of the Foreign Service of the United States, or

“(iii) as an employee of the intelligence community.”.

(b) EMPLOYEE OF INTELLIGENCE COMMUNITY DEFINED.—Subparagraph (C) of section 121(d)(9) is amended by redesignating clause (iv) as clause (v) and by inserting after clause (iii) the following new clause:

“(iv) EMPLOYEE OF INTELLIGENCE COMMUNITY.—The term ‘employee of the intelligence community’ means an employee (as defined by section 2105 of title 5, United States Code) of—

“(I) the Office of the Director of National Intelligence,

“(II) the Central Intelligence Agency,

“(III) the National Security Agency,

“(IV) the Defense Intelligence Agency,

“(V) the National Geospatial-Intelligence Agency,

“(VI) the National Reconnaissance Office,

“(VII) any other office within the Department of Defense for the collection of specialized national intelligence through reconnaissance programs,

“(VIII) any of the intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of Treasury, the Department of Energy, and the Coast Guard,

“(IX) the Bureau of Intelligence and Research of the Department of State, or

“(X) any of the elements of the Department of Homeland Security concerned with the analyses of foreign intelligence information.”.

(c) SPECIAL RULE.—Subparagraph (C) of section 121(d)(9), as amended by subsection (b), is amended by adding at the end the following new clause:

“(vi) SPECIAL RULE RELATING TO INTELLIGENCE COMMUNITY.—An employee of the intelligence community shall not be treated as serving on qualified extended duty unless

such duty is at a duty station located outside the United States.”.

(d) CONFORMING AMENDMENT.—The heading for section 121(d)(9) is amended to read as follows: “UNIFORMED SERVICES, FOREIGN SERVICE, AND INTELLIGENCE COMMUNITY”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act and before January 1, 2011.

**SEC. 248. TREATMENT OF COKE AND COKE GAS.**

(a) NONAPPLICATION OF PHASEOUT.—Section 45K(g)(2) is amended by adding at the end the following new subparagraph:

“(D) NONAPPLICATION OF PHASEOUT.—Subsection (b)(1) shall not apply.”.

(b) CLARIFICATION OF QUALIFYING FACILITY.—Section 45K(g)(1) is amended by inserting “(other than from petroleum based products)” after “coke or coke gas”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 1321 of the Energy Policy Act of 2005.

**SEC. 249. SALE OF PROPERTY BY JUDICIAL OFFICERS.**

(a) IN GENERAL.—Section 1043(b) (relating to the sale of property to comply with conflict-of-interest requirements) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting “, or a judicial officer,” after “an officer or employee of the executive branch”; and

(B) in subparagraph (B), by inserting “judicial canon,” after “any statute, regulation, rule,”;—

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting “judicial canon,” after “any Federal conflict of interest statute, regulation, rule,”; and

(B) in subparagraph (B), by inserting after the Director of the Office of Government Ethics, the following: “in the case of executive branch officers or employees, or by the Judicial Conference of the United States (or its designee), in the case of judicial officers,”; and

(3) in paragraph (5)(B), by inserting “judicial canon,” after “any statute, regulation, rule,.”.

(b) JUDICIAL OFFICER DEFINED.—Section 1043(b) is amended by adding at the end the following new paragraph:

“(6) JUDICIAL OFFICER.—The term ‘judicial officer’ means the Chief Justice of the United States, the Associate Justices of the Supreme Court, and the judges of the United States courts of appeals, United States district courts, including the district courts in Guam, the Northern Mariana Islands, and the Virgin Islands, Court of Appeals for the Federal Circuit, Court of International Trade, Tax Court, Court of Federal Claims, Court of Appeals for Veterans Claims, United States Court of Appeals for the Armed Forces, and any court created by Act of Congress, the judges of which are entitled to hold office during good behavior.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of enactment of this Act.

**SEC. 250. PREMIUMS FOR MORTGAGE INSURANCE.**

(a) IN GENERAL.—Section 163(h)(3) (relating to qualified residence interest) is amended by adding at the end the following new subparagraph:

“(E) MORTGAGE INSURANCE PREMIUMS TREATED AS INTEREST.—

(i) IN GENERAL.—Premiums paid or accrued for qualified mortgage insurance by a taxpayer during the taxable year in connection with acquisition indebtedness with respect to a qualified residence of the taxpayer shall be treated for purposes of this section as interest which is qualified residence interest.

(ii) PHASEOUT.—The amount otherwise treated as interest under clause (i) shall be reduced (but not below zero) by 10 percent of such amount for each \$1,000 (\$500 in the case of a married individual filing a separate return) (or fraction thereof) that the taxpayer’s adjusted gross income for the taxable year exceeds \$100,000 (\$50,000 in the case of a married individual filing a separate return).

(iii) LIMITATION.—Clause (i) shall not apply with respect to any mortgage insurance contracts issued before January 1, 2007.

(iv) TERMINATION.—Clause (i) shall not apply to amounts—

“(I) paid or accrued after December 31, 2007, or

“(II) properly allocable to any period after such date.”.

(b) DEFINITION AND SPECIAL RULES.—Section 163(h)(4) (relating to other definitions and special rules) is amended by adding at the end the following new subparagraphs:

“(E) QUALIFIED MORTGAGE INSURANCE.—The term ‘qualified mortgage insurance’ means—

“(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

“(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subparagraph).

(F) SPECIAL RULES FOR PREPAID QUALIFIED MORTGAGE INSURANCE.—Any amount paid by the taxpayer for qualified mortgage insurance that is properly allocable to any mortgage the payment of which extends to periods that are after the close of the taxable year in which such amount is paid shall be chargeable to capital account and shall be treated as paid in such periods to which so allocated. No deduction shall be allowed for the unamortized balance of such account if such mortgage is satisfied before the end of its term. The preceding sentences shall not apply to amounts paid for qualified mortgage insurance provided by the Veterans Administration or the Rural Housing Administration.”.

(c) INFORMATION RETURNS RELATING TO MORTGAGE INSURANCE.—Section 6050H (relating to returns relating to mortgage interest received in trade or business from individuals) is amended by adding at the end the following new subsection:

(h) RETURNS RELATING TO MORTGAGE INSURANCE PREMIUMS.—

(1) IN GENERAL.—The Secretary may prescribe, by regulations, that any person who, in the course of a trade or business, receives from any individual premiums for mortgage insurance aggregating \$600 or more for any calendar year, shall make a return with respect to each such individual. Such return shall be in such form, shall be made at such time, and shall contain such information as the Secretary may prescribe.

(2) STATEMENT TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under paragraph (1) shall furnish to each individual with respect to whom a return is made a written statement showing such information as the Secretary may prescribe. Such written statement shall be furnished on or before January 31 of the year following the calendar year for which the return under paragraph (1) was required to be made.

(3) SPECIAL RULES.—For purposes of this subsection—

(A) rules similar to the rules of subsection (c) shall apply, and

(B) the term ‘mortgage insurance’ means—

“(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

“(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subsection).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or accrued after December 31, 2006.

**SEC. 251. MODIFICATION OF REFUNDS FOR KEROSENE USED IN AVIATION.**

(a) IN GENERAL.—Paragraph (4) of section 6427(l) (relating to nontaxable uses of diesel fuel and kerosene) is amended to read as follows:

“(4) REFUNDS FOR KEROSENE USED IN AVIATION.—

“(A) KEROSENE USED IN COMMERCIAL AVIATION.—In the case of kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4041 or 4081, as the case may be, as is attributable to—

“(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

“(ii) so much of the rate of tax specified in section 4041(c) or 4081(a)(2)(A)(iii), as the case may be, as does not exceed 4.3 cents per gallon.

“(B) KEROSENE USED IN NONCOMMERCIAL AVIATION.—In the case of kerosene used in aviation that is not commercial aviation (as so defined) (other than any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax), paragraph (1) shall not apply to—

“(i) any tax imposed by section 4041(c), and

“(ii) so much of the tax imposed by section 4081 as is attributable to—

“(I) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

“(II) so much of the rate of tax specified in section 4081(a)(2)(A)(iii) as does not exceed the rate specified in section 4081(a)(2)(C)(ii).

“(C) PAYMENTS TO ULTIMATE, REGISTERED VENDOR.—

“(i) IN GENERAL.—With respect to any kerosene used in aviation (other than kerosene described in clause (ii) or kerosene to which paragraph (5) applies), if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

“(I) is registered under section 4101, and

“(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

“(ii) PAYMENTS FOR KEROSENE USED IN NONCOMMERCIAL AVIATION.—The amount which would be paid under paragraph (1) with respect to any kerosene to which subparagraph (B) applies shall be paid only to the ultimate vendor of such kerosene. A payment shall be made to such vendor if such vendor—

“(I) is registered under section 4101, and

“(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).”.

(b) CONFORMING AMENDMENTS.—

(1) Section 6427(l) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(2) Section 4082(d)(2)(B) is amended by striking “section 6427(l)(6)(B)” and inserting “section 6427(l)(5)(B)”.

(3) Section 6427(i)(4)(A) is amended—

(A) by striking “paragraph (4)(B), (5), or (6)”, each place it appears and inserting “paragraph (4)(C) or (5)”, and

(B) by striking “(1)(5), and (1)(6)” and inserting “(1)(4)(C)(ii), and (1)(5)”. “

(4) Section 6427(l)(1) is amended by striking “paragraph (4)(B)” and inserting “paragraph (4)(C)(i)”. “

(5) Section 9502(d) is amended—

(A) in paragraph (2), by striking “and (1)(5)”, and

(B) in paragraph (3), by striking “or (5)”. “

(6) Section 9503(c)(7) is amended—

(A) by amending subparagraphs (A) and (B) to read as follows:

“(A) 4.3 cents per gallon of kerosene subject to section 6427(l)(4)(A) with respect to which a payment has been made by the Secretary under section 6427(l), and

“(B) 21.8 cents per gallon of kerosene subject to section 6427(l)(4)(B) with respect to which a payment has been made by the Secretary under section 6427(l).”, and

(B) in the matter following subparagraph (B), by striking “or (5)”. “

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to kerosene sold after September 30, 2005.

(2) SPECIAL RULE FOR PENDING CLAIMS.—In

the case of kerosene sold for use in aviation (other than kerosene to which section 6427(l)(4)(C)(ii) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies or kerosene to which section 6427(l)(5) of such Code (as redesignated by subsection (b)) applies) after September 30, 2005, and before the date of the enactment of this Act, the ultimate purchaser shall be treated as having waived the right to payment under section 6427(l)(1) of such Code and as having assigned such right to the ultimate vendor if such ultimate vendor has met the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1) of such Code.

(d) SPECIAL RULE FOR KEROSENE USED IN AVIATION ON A FARM FOR FARMING PURPOSES.—

(1) REFUNDS FOR PURCHASES AFTER DECEMBER 31, 2004, AND BEFORE OCTOBER 1, 2005.—The Secretary of the Treasury shall pay to the ultimate purchaser of any kerosene which is used in aviation on a farm for farming purposes and which was purchased after December 31, 2004, and before October 1, 2005, an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081 of the Internal Revenue Code of 1986, as the case may be, reduced by any payment to the ultimate vendor under section 6427(l)(5)(C) of such Code (as in effect on the day before the date of the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users).

(2) USE ON A FARM FOR FARMING PURPOSES.—For purposes of paragraph (1), kerosene shall be treated as used on a farm for farming purposes if such kerosene is used for farming purposes (within the meaning of section 6420(c)(3) of the Internal Revenue Code of 1986) in carrying on a trade or business on a farm situated in the United States. For purposes of the preceding sentence, rules similar to the rules of section 6420(c)(4) of such Code shall apply.

(3) TIME FOR FILING CLAIMS.—No claim shall be allowed under paragraph (1) unless the ultimate purchaser files such claim before the date that is 3 months after the date of the enactment of this Act.

(4) NO DOUBLE BENEFIT.—No amount shall be paid under paragraph (1) or section 6427(l) of the Internal Revenue Code of 1986 with respect to any kerosene described in paragraph (1) to the extent that such amount is in excess of the tax imposed on such kerosene under section 4041 or 4081 of such Code, as the case may be.

(5) APPLICABLE LAWS.—For purposes of this subsection, rules similar to the rules of section 6427(j) of the Internal Revenue Code of 1986 shall apply.

**SEC. 252. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

**“SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

“(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

“(1) the taxpayer’s qualified timber gain for such year, or

“(2) the taxpayer’s net capital gain for such year.

“(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term ‘qualified timber gain’ means, with respect to any taxpayer for any taxable year, the excess (if any) of—

“(1) the sum of the taxpayer’s gains described in subsections (a) and (b) of section 631 for such year, over

“(2) the sum of the taxpayer’s losses described in such subsections for such year.

“(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

“(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

“(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

“(d) TERMINATION.—No disposition of timber after December 31, 2007, shall be taken into account under subsection (b).”.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

“(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

“(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

“(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

“(i) the amount described in paragraph (1) of section 1203(a), or

“(ii) the amount described in paragraph (2) of such section.”.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

“(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation’s qualified timber gain (as defined in section 1203(b)).”.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62, as amended by this Act, is amended by inserting before the last sentence the following new paragraph:

“(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.”.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

“(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.”.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

“(iv) The deduction allowed under section 1203.”.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

“(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.”.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: “To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.”.

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: “The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.”.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

“(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

“(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

“(ii) the deduction under section 1203 shall not be taken into account.”.

(5) Paragraph (4) of section 691(c) is amended by inserting “1203,” after “1202.”.

(6) Paragraph (2) of section 871(a) is amended by striking “section 1202” and inserting “sections 1202 and 1203”.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

“Sec. 1203. Deduction for qualified timber gain.”.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

**SEC. 253. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.**

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new section:

**“SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.**

“(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on a credit allowance date of such bond, which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

“(b) AMOUNT OF CREDIT.—

“(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural

renaissance bond is 25 percent of the annual credit determined with respect to such bond.

“(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

“(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

“(B) the outstanding face amount of the bond.

“(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

“(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term ‘credit allowance date’ means—

“(A) March 15,

“(B) June 15,

“(C) September 15, and

“(D) December 15.

Such term also includes the last day on which the bond is outstanding.

“(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

“(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(2) the sum of the credits allowable under this part (other than subpart C and this section).

“(d) RURAL RENAISSANCE BOND.—For purposes of this section—

“(1) IN GENERAL.—The term ‘rural renaissance bond’ means any bond issued as part of an issue if—

“(A) the bond is issued by a qualified issuer,

“(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred for 1 or more qualified projects,

“(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and

“(D) the issue meets the requirements of subsections (e) and (h).

“(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

“(A) IN GENERAL.—The term ‘qualified project’ means 1 or more projects described in subparagraph (B) located in a rural area.

“(B) PROJECTS DESCRIBED.—A project described in this subparagraph is—

“(i) a water or waste treatment project,

“(ii) an affordable housing project,

“(iii) a community facility project, including hospitals, fire and police stations, and nursing and assisted-living facilities,

“(iv) a value-added agriculture or renewable energy facility project for agricultural producers or farmer-owned entities, including any project to promote the production, processing, or retail sale of ethanol (including fuel at least 85 percent of the volume of

which consists of ethanol), biodiesel, animal waste, biomass, raw commodities, or wind as a fuel,

“(v) a distance learning or telemedicine project,

“(vi) a rural utility infrastructure project, including any electric or telephone system,

“(vii) a project to expand broadband technology,

“(viii) a rural teleworks project, and

“(ix) any project described in any preceding clause carried out by the Delta Regional Authority.

“(C) SPECIAL RULES.—For purposes of this paragraph—

“(i) any project described in subparagraph (B)(iv) for a farmer-owned entity may be considered a qualified project if such entity is located in a rural area, or in the case of a farmer-owned entity the headquarters of which are located in a nonrural area, if the project is located in a rural area, and

“(ii) any project for a farmer-owned entity which is a facility described in subparagraph (B)(iv) for agricultural producers may be considered a qualified project regardless of whether the facility is located in a rural or nonrural area.

“(3) SPECIAL USE RULES.—

“(A) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred after the date of the enactment of this section.

“(B) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

“(i) prior to the payment of the original expenditure, the borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

“(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

“(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

“(C) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a borrower takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

“(E) MATURITY LIMITATIONS.—

“(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

“(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of paragraph (3) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or

more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

“(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

“(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

“(1) NATIONAL LIMITATION.—There is a rural renaissance bond limitation of \$200,000,000.

“(2) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate.

“(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

“(h) SPECIAL RULES RELATING TO EXPENDITURES.—

“(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

“(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

“(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond, the proceeds of which are to be loaned to 2 or more borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a borrower, and

“(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

“(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

“(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

“(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

“(j) QUALIFIED ISSUER.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified issuer’ means any not-for-profit cooperative lender which has as of the date of the enactment of this section received a guarantee under section 306 of the Rural Electrification

Act and which meets the requirement of paragraph (2).

“(2) USER FEE REQUIREMENT.—The requirement of this paragraph is met if the issuer of any rural renaissance bond makes grants for qualified projects as defined under subsection (d)(2) on a semi-annual basis every year that such bond is outstanding in an annual amount equal to one-half of the rate on United States Treasury Bills of the same maturity multiplied by the outstanding principal balance of rural renaissance bonds issued by such issuer.

“(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to a loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

“(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) BOND.—The term ‘bond’ includes any obligation.

“(2) POOLED FINANCING BOND.—The term ‘pooled financing bond’ shall have the meaning given such term by section 149(f)(4)(A).

“(3) RURAL AREA.—The term ‘rural area’ means any area other than—

“(A) a city or town which has a population of greater than 50,000 inhabitants, or

“(B) the urbanized area contiguous and adjacent to such a city or town.

“(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

“(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

“(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(1) shall apply.

“(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

“(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).”

“(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

“(9) REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.—

“(A) IN GENERAL.—For purposes of subsection (a), the term ‘interest’ includes amounts includable in gross income under section 54A(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

“(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

“(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.”

“(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart H of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 54A. Credit to holders of rural renaissance bonds.”.

(2) Section 54(c)(2) is amended by inserting “, section 54A,” after “subpart C”.

(3) Section 1400N(1)(3)(B) is amended by inserting “, section 54A,” after “subpart C”.

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54A of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act and before January 1, 2010.

**SEC. 254. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.**

(a) IN GENERAL.—Subsection (m) of section 274 (relating to additional limitations on travel expenses) is amended by adding at the end the following new paragraph:

“(4) TERMINATION.—Paragraph (3) shall not apply to any expense paid or incurred after the date of the enactment of this paragraph and before January 1, 2008.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

**SEC. 255. TECHNICAL CORRECTIONS.**

(a) TECHNICAL CORRECTION RELATING TO LOOK-THROUGH TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER THE FOREIGN PERSONAL HOLDING COMPANY RULES.—

(1) IN GENERAL.—

(A) The first sentence of section 954(c)(6)(A), as amended by section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “which is not subpart F income” and inserting “which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States”.

(B) Section 954(c)(6)(A), as so amended, is amended by striking the last sentence and inserting the following: “The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including such regulations as may be necessary or appropriate to prevent the abuse of the purposes of this paragraph.”

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005.

(b) TECHNICAL CORRECTION REGARDING AUTHORITY TO EXERCISE REASONABLE CAUSE AND GOOD FAITH EXCEPTION.—

(1) IN GENERAL.—Section 903(d)(2)(B)(iii) of the American Jobs Creation Act of 2004, as amended by section 303(a) of the Gulf Opportunity Zone Act of 2005, is amended by inserting “or the Secretary’s delegate” after “the Secretary of the Treasury”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006**

**SEC. 301. SHORT TITLE.**

This title may be cited as the “Surface Mining Control and Reclamation Act Amendments of 2006”.

**Subtitle A—MINING CONTROL AND RECLAMATION**

**SEC. 311. ABANDONED MINE RECLAMATION FUND AND PURPOSES.**

(a) IN GENERAL.—Section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) is amended—

(1) in subsection (c)—

(A) by striking paragraphs (2) and (6); and

(B) by redesignating paragraphs (3), (4), and (5) and paragraphs (7) through (13) as paragraphs (2) through (11), respectively;

(2) by striking subsection (d) and inserting the following:

“(d) AVAILABILITY OF MONEYS; NO FISCAL YEAR LIMITATION.—

“(1) IN GENERAL.—Moneys from the fund for expenditures under subparagraphs (A) through (D) of section 402(g)(3) shall be available only when appropriated for those subparagraphs.

“(2) NO FISCAL YEAR LIMITATION.—Appropriations described in paragraph (1) shall be made without fiscal year limitation.

“(3) OTHER PURPOSES.—Moneys from the fund shall be available for all other purposes of this title without prior appropriation as provided in subsection (f).”;

(3) in subsection (e)—

(A) in the second sentence, by striking “the needs of such fund” and inserting “achieving the purposes of the transfers under section 402(h)”;

(B) in the third sentence, by inserting before the period the following: “for the purpose of the transfers under section 402(h)”;

and

(4) by adding at the end the following:

“(f) GENERAL LIMITATION ON OBLIGATION AUTHORITY.—

“(1) IN GENERAL.—From amounts deposited into the fund under subsection (b), the Secretary shall distribute during each fiscal year beginning after September 30, 2007, an amount determined under paragraph (2).

“(2) AMOUNTS.—

“(A) FOR FISCAL YEARS 2008 THROUGH 2022.—For each of fiscal years 2008 through 2022, the amount distributed by the Secretary under this subsection shall be equal to—

“(i) the amounts deposited into the fund under paragraphs (1), (2), and (4) of subsection (b) for the preceding fiscal year that were allocated under paragraphs (1) and (5) of section 402(g); plus

“(ii) the amount needed for the adjustment under section 402(g)(8) for the current fiscal year.

“(B) FISCAL YEARS 2023 AND THEREAFTER.—For fiscal year 2023 and each fiscal year thereafter, to the extent that funds are available, the Secretary shall distribute an amount equal to the amount distributed under subparagraph (A) during fiscal year 2022.

“(3) DISTRIBUTION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), for each fiscal year, of the amount to be distributed to States and Indian tribes pursuant to paragraph (2), the Secretary shall distribute—

“(i) the amounts allocated under paragraph (1) of section 402(g), the amounts allocated under paragraph (5) of section 402(g), and any amount reallocated under section 411(h)(3) in accordance with section 411(h)(2), for grants to States and Indian tribes under section 402(g)(5); and

“(ii) the amounts allocated under section 402(g)(8).

“(B) EXCLUSION.—Beginning on October 1, 2007, certified States shall be ineligible to receive amounts under section 402(g)(1).

“(4) AVAILABILITY.—Amounts in the fund available to the Secretary for obligation under this subsection shall be available until expended.

“(5) ADDITION.—

“(A) IN GENERAL.—Subject to subparagraph (B), the amount distributed under this subsection for each fiscal year shall be in addition to the amount appropriated from the fund during the fiscal year.

“(B) EXCEPTIONS.—Notwithstanding paragraph (3), the amount distributed under this subsection for the first 4 fiscal years beginning on and after October 1, 2007, shall be

equal to the following percentage of the amount otherwise required to be distributed:

- “(i) 50 percent in fiscal year 2008.
- “(ii) 50 percent in fiscal year 2009.
- “(iii) 75 percent in fiscal year 2010.
- “(iv) 75 percent in fiscal year 2011.”

(b) CONFORMING AMENDMENT.—Section 712(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1302(b)) is amended by striking “section 401(c)(11)” and inserting “section 401(c)(9)”.

#### SEC. 312. RECLAMATION FEE.

(a) AMOUNTS.—

(1) FISCAL YEARS 2008-2012.—Effective October 1, 2007, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) is amended—

- (A) by striking “35” and inserting “31.5”;
- (B) by striking “15” and inserting “13.5”; and
- (C) by striking “10 cents” and inserting “9 cents”.

(2) FISCAL YEARS 2013-2021.—Effective October 1, 2012, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) (as amended by paragraph (1)) is amended—

- (A) by striking “31.5” and inserting “28”;
- (B) by striking “13.5” and inserting “12”; and
- (C) by striking “9 cents” and inserting “8 cents”.

(b) DURATION.—Effective September 30, 2007, section 402(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(b)) (as amended by section 7007 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234; 120 Stat. 484)) is amended by striking “September 30, 2007” and all that follows through the end of the sentence and inserting “September 30, 2021.”

(c) ALLOCATION OF FUNDS.—Section 402(g) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)) is amended—

(1) in paragraph (1)(D)—

(A) by inserting “(except for grants awarded during fiscal years 2008, 2009, and 2010 to the extent not expended within 5 years)” after “this paragraph”; and

(B) by striking “in any area under paragraph (2), (3), (4), or (5)” and inserting “under paragraph (5)”;

(2) by striking paragraph (2) and inserting:

“(2) In making the grants referred to in paragraph (1)(C) and the grants referred to in paragraph (5), the Secretary shall ensure strict compliance by the States and Indian tribes with the priorities described in section 403(a) until a certification is made under section 411(a).”;

(3) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking “paragraphs (2) and” and inserting “paragraph”;

(B) in subparagraph (A), by striking “401(c)(11)” and inserting “401(c)(9)”; and

(C) by adding at the end the following:

“(E) For the purpose of paragraph (8).”;

(4) in paragraph (5)—

(A) by inserting “(A)” after “(5)”; and

(B) in the first sentence, by striking “40” and inserting “60”;

(C) in the last sentence, by striking “Funds allocated or expended by the Secretary under paragraphs (2), (3), or (4)” and inserting “Funds made available under paragraph (3) or (4)”; and

(D) by adding at the end the following:

“(B) Any amount that is reallocated and available under section 411(h)(3) shall be in addition to amounts that are allocated under subparagraph (A).”;

(5) by striking paragraphs (6) through (8) and inserting the following:

“(6)(A) Any State with an approved abandoned mine reclamation program pursuant to section 405 may receive and retain, without regard to the 3-year limitation referred to in paragraph (1)(D), up to 30 percent of the total of the grants made annually to the State under paragraphs (1) and (5) if those amounts are deposited into an acid mine drainage abatement and treatment fund established under State law, from which amounts (together with all interest earned on the amounts) are expended by the State for the abatement of the causes and the treatment of the effects of acid mine drainage in a comprehensive manner within qualified hydrologic units affected by coal mining practices.

“(B) In this paragraph, the term ‘qualified hydrologic unit’ means a hydrologic unit—

“(i) in which the water quality has been significantly affected by acid mine drainage from coal mining practices in a manner that adversely impacts biological resources; and

“(ii) that contains land and water that are—

“(I) eligible pursuant to section 404 and include any of the priorities described in section 403(a); and

“(II) the subject of expenditures by the State from the forfeiture of bonds required under section 509 or from other States sources to abate and treat acid mine drainage.

“(7) In complying with the priorities described in section 403(a), any State or Indian tribe may use amounts available in grants made annually to the State or tribe under paragraphs (1) and (5) for the reclamation of eligible land and water described in section 403(a)(3) before the completion of reclamation projects under paragraphs (1) and (2) of section 403(a) only if the expenditure of funds for the reclamation is done in conjunction with the expenditure before, on, or after the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 of funds for reclamation projects under paragraphs (1) and (2) of section 403(a).

“(8)(A) In making funds available under this title, the Secretary shall ensure that the grant awards total not less than \$3,000,000 annually to each State and each Indian tribe having an approved abandoned mine reclamation program pursuant to section 405 and eligible land and water pursuant to section 404, so long as an allocation of funds to the State or tribe is necessary to achieve the priorities stated in paragraphs (1) and (2) of section 403(a).

“(B) Notwithstanding any other provision of law, this paragraph applies to the States of Tennessee and Missouri.”

(d) TRANSFERS OF INTEREST EARNED BY ABANDONED MINE RECLAMATION FUND.—Section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232) is amended by striking subsection (h) and inserting the following:

(h) TRANSFERS OF INTEREST EARNED BY FUND.—

“(1) IN GENERAL.—

“(A) TRANSFERS TO COMBINED BENEFIT FUND.—As soon as practicable after the beginning of fiscal year 2007 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year to make the transfer described in paragraph (2)(A).

“(B) TRANSFERS TO 1992 AND 1993 PLANS.—As soon as practicable after the beginning of fiscal year 2008 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g),

the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year (reduced by the amount used under subparagraph (A)) to make the transfers described in paragraphs (2)(B) and (2)(C).

“(2) TRANSFERS DESCRIBED.—The transfers referred to in paragraph (1) are the following:

“(A) UNITED MINE WORKERS OF AMERICA COMBINED BENEFIT FUND.—A transfer to the United Mine Workers of America Combined Benefit Fund equal to the amount that the trustees of the Combined Benefit Fund estimate will be expended from the fund for the fiscal year in which the transfer is made, reduced by—

“(i) the amount the trustees of the Combined Benefit Fund estimate the Combined Benefit Fund will receive during the fiscal year in—

“(I) required premiums; and

“(II) payments paid by Federal agencies in connection with benefits provided by the Combined Benefit Fund; and

“(ii) the amount the trustees of the Combined Benefit Fund estimate will be expended during the fiscal year to provide health benefits to beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, but only to the extent that such amount does not exceed the amounts described in subsection (i)(1)(A) that the Secretary estimates will be available to pay such estimated expenditures.

“(B) UNITED MINE WORKERS OF AMERICA 1992 BENEFIT PLAN.—A transfer to the United Mine Workers of America 1992 Benefit Plan, in an amount equal to the difference between—

“(i) the amount that the trustees of the 1992 UMWA Benefit Plan estimate will be expended from the 1992 UMWA Benefit Plan during the next calendar year to provide the benefits required by the 1992 UMWA Benefit Plan on the date of enactment of this subparagraph; minus

“(ii) the amount that the trustees of the 1992 UMWA Benefit Plan estimate the 1992 UMWA Benefit Plan will receive during the next calendar year in—

“(I) required monthly per beneficiary premiums, including the amount of any security provided to the 1992 UMWA Benefit Plan that is available for use in the provision of benefits; and

“(II) payments paid by Federal agencies in connection with benefits provided by the 1992 UMWA benefit plan.

“(C) MULTITEMPLOYER HEALTH BENEFIT PLAN.—A transfer to the Multitemployer Health Benefit Plan established after July 20, 1992, by the parties that are the settlors of the 1992 UMWA Benefit Plan referred to in subparagraph (B) (referred to in this subparagraph and subparagraph (D) as ‘the Plan’), in an amount equal to the excess (if any) of—

“(i) the amount that the trustees of the Plan estimate will be expended from the Plan during the next calendar year, to provide benefits no greater than those provided by the Plan as of December 31, 2006; over

“(ii) the amount that the trustees estimated the Plan will receive during the next calendar year in payments paid by Federal agencies in connection with benefits provided by the Plan.

Such excess shall be calculated by taking into account only those beneficiaries actually enrolled in the Plan as of December 31, 2006, who are eligible to receive benefits under the Plan on the first day of the calendar year for which the transfer is made.

“(D) INDIVIDUALS CONSIDERED ENROLLED.—For purposes of subparagraph (C), any indi-

vidual who was eligible to receive benefits from the Plan as of the date of enactment of this subsection, even though benefits were being provided to the individual pursuant to a settlement agreement approved by order of a bankruptcy court entered on or before September 30, 2004, will be considered to be actually enrolled in the Plan and shall receive benefits from the Plan beginning on December 31, 2006.

“(3) ADJUSTMENT.—If, for any fiscal year, the amount of a transfer under subparagraph (A), (B), or (C) of paragraph (2) is more or less than the amount required to be transferred under that subparagraph, the Secretary shall appropriately adjust the amount transferred under that subparagraph for the next fiscal year.

“(4) ADDITIONAL AMOUNTS.—

“(A) PREVIOUSLY CREDITED INTEREST.—Notwithstanding any other provision of law, any interest credited to the fund that has not previously been transferred to the Combined Benefit Fund referred to in paragraph (2)(A) under this section—

“(i) shall be held in reserve by the Secretary until such time as necessary to make the payments under subparagraphs (A) and (B) of subsection (i)(1), as described in clause (ii); and

“(ii) in the event that the amounts described in subsection (i)(1) are insufficient to make the maximum payments described in subparagraphs (A) and (B) of subsection (i)(1), shall be used by the Secretary to supplement the payments so that the maximum amount permitted under those paragraphs is paid.

“(B) PREVIOUSLY ALLOCATED AMOUNTS.—All amounts allocated under subsection (g)(2) before the date of enactment of this subparagraph for the program described in section 406, but not appropriated before that date, shall be available to the Secretary to make the transfers described in paragraph (2).

“(C) ADEQUACY OF PREVIOUSLY CREDITED INTEREST.—The Secretary shall—

“(i) consult with the trustees of the plans described in paragraph (2) at reasonable intervals; and

“(ii) notify Congress if a determination is made that the amounts held in reserve under subparagraph (A) are insufficient to meet future requirements under subparagraph (A)(ii).

“(D) ADDITIONAL RESERVE AMOUNTS.—In addition to amounts held in reserve under subparagraph (A), there is authorized to be appropriated such sums as may be necessary for transfer to the fund to carry out the purposes of subparagraph (A)(ii).

“(E) INAPPLICABILITY OF CAP.—The limitation described in subsection (i)(3)(A) shall not apply to payments made from the reserve fund under this paragraph.

“(5) LIMITATIONS.—

“(A) AVAILABILITY OF FUNDS FOR NEXT FISCAL YEAR.—The Secretary may make transfers under subparagraphs (B) and (C) of paragraph (2) for a calendar year only if the Secretary determines, using actuarial projections provided by the trustees of the Combined Benefit Fund referred to in paragraph (2)(A), that amounts will be available under paragraph (1), after the transfer, for the next fiscal year for making the transfer under paragraph (2)(A).

“(B) RATE OF CONTRIBUTIONS OF OBLIGORS.—

“(I) IN GENERAL.—

“(I) RATE.—A transfer under paragraph (2)(C) shall not be made for a calendar year unless the persons that are obligated to contribute to the plan referred to in paragraph (2)(C) on the date of the transfer are obligated to make the contributions at rates that are no less than those in effect on the date which is 30 days before the date of enactment of this subsection.

“(II) APPLICATION.—The contributions described in subclause (I) shall be applied first to the provision of benefits to those plan beneficiaries who are not described in paragraph (2)(C)(ii).

“(II) INITIAL CONTRIBUTIONS.—

“(I) IN GENERAL.—From the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 through December 31, 2010, the persons that, on the date of enactment of that Act, are obligated to contribute to the plan referred to in paragraph (2)(C) shall be obligated, collectively, to make contributions equal to the amount described in paragraph (2)(C), less the amount actually transferred due to the operation of subparagraph (C).

“(II) FIRST CALENDAR YEAR.—Calendar year 2006 is the first calendar year for which contributions are required under this clause.

“(III) AMOUNT OF CONTRIBUTION FOR 2006.—Except as provided in subclause (IV), the amount described in paragraph (2)(C) for calendar year 2006 shall be calculated as if paragraph (2)(C) had been in effect during 2005.

“(IV) LIMITATION.—The contributions required under this clause for calendar year 2006 shall not exceed the amount necessary for solvency of the plan described in paragraph (2)(C), measured as of December 31, 2006 and taking into account all assets held by the plan as of that date.

“(III) DIVISION.—The collective annual contribution obligation required under clause (ii) shall be divided among the persons subject to the obligation, and applied uniformly, based on the hours worked for which contributions referred to in clause (i) would be owed.

“(C) PHASE-IN OF TRANSFERS.—For each of calendar years 2008 through 2010, the transfers required under subparagraphs (B) and (C) of paragraph (2) shall equal the following amounts:

“(I) For calendar year 2008, the Secretary shall make transfers equal to 25 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(II) For calendar year 2009, the Secretary shall make transfers equal to 50 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(III) For calendar year 2010, the Secretary shall make transfers equal to 75 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(I) FUNDING.—

“(I) IN GENERAL.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the plans described in subsection (h)(2) such sums as are necessary to pay the following amounts:

“(A) To the Combined Fund (as defined in section 9701(a)(5) of the Internal Revenue Code of 1986 and referred to in this paragraph as the ‘Combined Fund’), the amount that the trustees of the Combined Fund estimate will be expended from premium accounts maintained by the Combined Fund for the fiscal year to provide benefits for beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, subject to the following limitations:

“(I) For fiscal year 2008, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(A) of the Internal Revenue Code of 1986.

“(II) For fiscal year 2009, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(B) of the Internal Revenue Code of 1986.

“(iii) For fiscal year 2010, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(C) of the Internal Revenue Code of 1986.

“(B) On certification by the trustees of any plan described in subsection (h)(2) that the amount available for transfer by the Secretary pursuant to this section (determined after application of any limitation under subsection (h)(5)) is less than the amount required to be transferred, to the plan the amount necessary to meet the requirement of subsection (h)(2).

“(C) To the Combined Fund, \$9,000,000 on October 1, 2007, \$9,000,000 on October 1, 2008, and \$9,000,000 on October 1, 2009 (which amounts shall not be exceeded) to provide a refund of any premium (as described in section 9704(a) of the Internal Revenue Code of 1986) paid on or before September 7, 2000, to the Combined Fund, plus interest on the premium calculated at the rate of 7.5 percent per year, on a proportional basis and to be paid not later than 60 days after the date on which each payment is received by the Combined Fund, to those signatory operators (to the extent that the Combined Fund has not previously returned the premium amounts to the operators), or any related persons to the operators (as defined in section 9701(c) of the Internal Revenue Code of 1986), or their heirs, successors, or assigns who have been denied the refunds as the result of final judgments or settlements if—

“(i) prior to the date of enactment of this paragraph, the signatory operator (or any related person to the operator)—

“(I) had all of its beneficiary assignments made under section 9706 of the Internal Revenue Code of 1986 voided by the Commissioner of the Social Security Administration; and

“(II) was subject to a final judgment or final settlement of litigation adverse to a claim by the operator that the assignment of beneficiaries under section 9706 of the Internal Revenue Code of 1986 was unconstitutional as applied to the operator; and

“(ii) on or before September 7, 2000, the signatory operator (or any related person to the operator) had paid to the Combined Fund any premium amount that had not been refunded.

“(2) PAYMENTS TO STATES AND INDIAN TRIBES.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of the Interior for distribution to States and Indian tribes such sums as are necessary to pay amounts described in paragraphs (1)(A) and (2)(A) of section 411(h).

### (3) LIMITATIONS.—

“(A) CAP.—The total amount transferred under this subsection for any fiscal year shall not exceed \$490,000,000.

“(B) INSUFFICIENT AMOUNTS.—In a case in which the amount required to be transferred without regard to this paragraph exceeds the maximum annual limitation in subparagraph (A), the Secretary shall adjust the transfers of funds so that—

“(i) each transfer for the fiscal year is a percentage of the amount described;

“(ii) the amount is determined without regard to subsection (h)(5)(A); and

“(iii) the percentage transferred is the same for all transfers made under this subsection for the fiscal year.

“(4) AVAILABILITY OF FUNDS.—Funds shall be transferred under paragraph (1) and (2) beginning in fiscal year 2008 and each fiscal year thereafter, and shall remain available until expended.”.

### SEC. 313. OBJECTIVES OF FUND.

Section 403 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1233) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “(1) the protection” and inserting the following:

“(1)(A) the protection;”;

(ii) in subparagraph (A) (as designated by clause (i)), by striking “general welfare,”; and

(iii) by adding at the end the following:

“(B) the restoration of land and water resources and the environment that—

“(i) have been degraded by the adverse effects of coal mining practices; and

“(ii) are adjacent to a site that has been or

will be remediated under subparagraph (A);”;

(B) in paragraph (2)—

(i) by striking “(2) the protection” and inserting the following:

“(2)(A) the protection”;

(ii) in subparagraph (A) (as designated by clause (i)), by striking “health, safety, and general welfare” and inserting “health and safety”; and

(iii) by adding at the end the following:

“(B) the restoration of land and water resources and the environment that—

“(i) have been degraded by the adverse effects of coal mining practices; and

“(ii) are adjacent to a site that has been or

will be remediated under subparagraph (A); and”;

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

(D) by striking paragraphs (4) and (5);

(2) in subsection (b)—

(A) by striking the subsection heading and inserting “WATER SUPPLY RESTORATION.”; and

(B) in paragraph (1), by striking “up to 30 percent of the”; and

(3) in the second sentence of subsection (c), by inserting “, subject to the approval of the Secretary,” after “amendments”.

### SEC. 314. RECLAMATION OF RURAL LAND.

(a) ADMINISTRATION.—Section 406(h) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236(h)) is amended by striking “Soil Conservation Service” and inserting “Natural Resources Conservation Service”.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CARRYING OUT RURAL LAND RECLAMATION.—Section 406 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236) is amended by adding at the end the following:

“(i) There are authorized to be appropriated to the Secretary of Agriculture, from amounts in the Treasury other than amounts in the fund, such sums as may be necessary to carry out this section.”.

### SEC. 315. LIENS.

Section 408(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1238) is amended in the last sentence by striking “who owned the surface prior to May 2, 1977, and”.

### SEC. 316. CERTIFICATION.

Section 411 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1240a) is amended—

(1) in subsection (a)—

(A) by inserting “(1)” before the first sentence; and

(B) by adding at the end the following:

“(2)(A) The Secretary may, on the initiative of the Secretary, make the certification referred to in paragraph (1) on behalf of any

State or Indian tribe referred to in paragraph (1) if on the basis of the inventory referred to in section 403(c) all reclamation projects relating to the priorities described in section 403(a) for eligible land and water pursuant to section 404 in the State or tribe have been completed.

“(B) The Secretary shall only make the certification after notice in the Federal Register and opportunity for public comment.”;

(2) by adding at the end the following:

“(h) PAYMENTS TO STATES AND INDIAN TRIBES.—

“(1) IN GENERAL.—

“(A) PAYMENTS.—

“(i) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall make payments to States or Indian tribes for the amount due for the aggregate unappropriated amount allocated to the State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

“(ii) CONVERSION AS EQUIVALENT PAYMENTS.—Amounts allocated under subparagraphs (A) or (B) of section 402(g)(1) shall be reallocated to the allocation established in section 402(g)(5) in amounts equivalent to payments made to States or Indian tribes under this paragraph.

“(B) AMOUNT DUE.—In this paragraph, the term ‘amount due’ means the unappropriated amount allocated to a State or Indian tribe before October 1, 2007, under subparagraph (A) or (B) of section 402(g)(1).

“(C) SCHEDULE.—Payments under subparagraph (A) shall be made in 7 equal annual installments, beginning with fiscal year 2008.

“(D) USE OF FUNDS.—

“(i) CERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that makes a certification under subsection (a) in which the Secretary concurs shall use any amounts provided under this paragraph for the purposes established by the State legislature or tribal council of the Indian tribe, with priority given for addressing the impacts of mineral development.

“(ii) UNCERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that has not made a certification under subsection (a) in which the Secretary has concurred shall use any amounts provided under this paragraph for the purposes described in section 403.

“(2) SUBSEQUENT STATE AND INDIAN TRIBE SHARE FOR CERTIFIED STATES AND INDIAN TRIBES.—

“(A) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall pay to each certified State or Indian tribe an amount equal to the sum of the aggregate unappropriated amount allocated on or after October 1, 2007, to the certified State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

“(B) CERTIFIED STATE OR INDIAN TRIBE DEFINED.—In this paragraph the term ‘certified State or Indian tribe’ means a State or Indian tribe for which a certification is made under subsection (a) in which the Secretary concurs.

“(3) MANNER OF PAYMENT.—

“(A) IN GENERAL.—Subject to subparagraph (B), payments to States or Indian tribes under this subsection shall be made without regard to any limitation in section 401(d) and concurrently with payments to States under that section.

“(B) INITIAL PAYMENTS.—The first 3 payments made to any State or Indian tribe shall be reduced to 25 percent, 50 percent, and 75 percent, respectively, of the amounts otherwise required under paragraph (2)(A).

“(C) INSTALLMENTS.—Amounts withheld from the first 3 annual installments as provided under subparagraph (B) shall be paid in 2 equal annual installments beginning with fiscal year 2018.

## “(4) REALLOCATION.—

“(A) IN GENERAL.—The amount allocated to any State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1) that is paid to the State or Indian tribe as a result of a payment under paragraph (1) or (2) shall be reallocated and available for grants under section 402(g)(5).

“(B) ALLOCATION.—The grants shall be allocated based on the amount of coal historically produced before August 3, 1977, in the same manner as under section 402(g)(5).”

**SEC. 317. REMINING INCENTIVES.**

Title IV of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231 et seq.) is amended by adding at the following:

**“SEC. 415. REMINING INCENTIVES.**

“(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may, after opportunity for public comment, promulgate regulations that describe conditions under which amounts in the fund may be used to provide incentives to promote remining of eligible land under section 404 in a manner that leverages the use of amounts from the fund to achieve more reclamation with respect to the eligible land than would be achieved without the incentives.

“(b) REQUIREMENTS.—Any regulations promulgated under subsection (a) shall specify that the incentives shall apply only if the Secretary determines, with the concurrence of the State regulatory authority referred to in title V, that, without the incentives, the eligible land would not be likely to be remined and reclaimed.

## “(c) INCENTIVES.—

“(1) IN GENERAL.—Incentives that may be considered for inclusion in the regulations promulgated under subsection (a) include, but are not limited to—

“(A) a rebate or waiver of the reclamation fees required under section 402(a); and

“(B) the use of amounts in the fund to provide financial assurance for remining operations in lieu of all or a portion of the performance bonds required under section 509.

## “(2) LIMITATIONS.—

“(A) USE.—A rebate or waiver under paragraph (1)(A) shall be used only for operations that—

“(i) remove or reprocess abandoned coal mine waste; or

“(ii) conduct remining activities that meet the priorities specified in paragraph (1) or (2) of section 403(a).

“(B) AMOUNT.—The amount of a rebate or waiver provided as an incentive under paragraph (1)(A) to remin or reclaim eligible land shall not exceed the estimated cost of reclaiming the eligible land under this section.”

**SEC. 318. EXTENSION OF LIMITATION ON APPLICATION OF PROHIBITION ON ISSUANCE OF PERMIT.**

Section 510(e) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1260(e)) is amended by striking the last sentence.

**SEC. 319. TRIBAL REGULATION OF SURFACE COAL MINING AND RECLAMATION OPERATIONS.**

(a) IN GENERAL.—Section 710 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300) is amended by adding at the end the following:

## “(j) TRIBAL REGULATORY AUTHORITY.—

## “(1) TRIBAL REGULATORY PROGRAMS.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, an Indian tribe may apply for, and obtain the approval of, a tribal program under section 503 regulating in whole or in part surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe using the procedures of section 504(e).

“(B) REFERENCES TO STATE.—For purposes of this subsection and the implementation

and administration of a tribal program under title V, any reference to a ‘State’ in this Act shall be considered to be a reference to a ‘tribe’.

## “(2) CONFLICTS OF INTEREST.—

“(A) IN GENERAL.—The fact that an individual is a member of an Indian tribe does not in itself constitute a violation of section 201(f).

“(B) EMPLOYEES OF TRIBAL REGULATORY AUTHORITY.—Any employee of a tribal regulatory authority shall not be eligible for a per capita distribution of any proceeds from coal mining operations conducted on Indian reservation lands under this Act.

“(3) SOVEREIGN IMMUNITY.—To receive primary regulatory authority under section 504(e), an Indian tribe shall waive sovereign immunity for purposes of section 520 and paragraph (4).

## “(4) JUDICIAL REVIEW.—

## “(A) CIVIL ACTIONS.—

“(1) IN GENERAL.—After exhausting all tribal remedies with respect to a civil action arising under a tribal program approved under section 504(e), an interested party may file a petition for judicial review of the civil action in the United States circuit court for the circuit in which the surface coal mining operation named in the petition is located.

## “(ii) SCOPE OF REVIEW.—

“(I) QUESTIONS OF LAW.—The United States circuit court shall review de novo any questions of law under clause (i).

“(II) FINDINGS OF FACT.—The United States circuit court shall review findings of fact under clause (i) using a clearly erroneous standard.

“(B) CRIMINAL ACTIONS.—Any criminal action brought under section 518 with respect to surface coal mining or reclamation operations on Indian reservation lands shall be brought in—

“(i) the United States District Court for the District of Columbia; or

“(ii) the United States district court in which the criminal activity is alleged to have occurred.

## “(5) GRANTS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), grants for developing, administering, and enforcing tribal programs approved in accordance with section 504(e) shall be provided to an Indian tribe in accordance with section 705.

“(B) EXCEPTION.—Notwithstanding subparagraph (A), the Federal share of the costs of developing, administering, and enforcing an approved tribal program shall be 100 percent.

“(6) REPORT.—Not later than 18 months after the date on which a tribal program is approved under subsection (e) of section 504, the Secretary shall submit to the appropriate committees of Congress a report, developed in cooperation with the applicable Indian tribe, on the tribal program that includes a recommendation of the Secretary on whether primary regulatory authority under that subsection should be expanded to include additional Indian lands.”.

(b) CONFORMING AMENDMENT.—Section 710(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300(i)) is amended in the first sentence by striking “; except” and all that follows through “section 503”.

**Subtitle B—Coal Industry Retiree Health Benefit Act****SEC. 321. CERTAIN RELATED PERSONS AND SUCCESSORS IN INTEREST RELIEVED OF LIABILITY IF PREMIUMS PREPAID.**

## (a) COMBINED BENEFIT FUND.—

(1) IN GENERAL.—Section 9704 of the Internal Revenue Code of 1986 (relating to liability of assigned operators) is amended by adding at the end the following new subsection:

## “(j) PREPAYMENT OF PREMIUM LIABILITY.—

## “(1) IN GENERAL.—If—

“(A) a payment meeting the requirements of paragraph (3) is made to the Combined Fund by or on behalf of—

“(i) any assigned operator to which this subsection applies, or

“(ii) any related person to any assigned operator described in clause (i), and

“(B) the common parent of the controlled group of corporations described in paragraph (2)(B) is jointly and severally liable for any premium under this section which (but for this subsection) would be required to be paid by the assigned operator or related person, then such common parent (and no other person) shall be liable for such premium.

## “(2) ASSIGNED OPERATORS TO WHICH SUBSECTION APPLIES.—

“(A) IN GENERAL.—This subsection shall apply to any assigned operator if—

“(i) the assigned operator (or a related person to the assigned operator)

“(I) made contributions to the 1950 UMWA Benefit Plan and the 1974 UMWA Benefit Plan for employment during the period covered by the 1988 agreement; and

“(II) is not a 1988 agreement operator,

“(ii) the assigned operator (and all related persons to the assigned operator) are not actively engaged in the production of coal as of July 1, 2005, and

“(iii) the assigned operator was, as of July 20, 1992, a member of a controlled group of corporations described in subparagraph (B).

“(B) CONTROLLED GROUP OF CORPORATIONS.—A controlled group of corporations is described in this subparagraph if the common parent of such group is a corporation the shares of which are publicly traded on a United States exchange.

“(C) COORDINATION WITH REPEAL OF ASSIGNMENTS.—A person shall not fail to be treated as an assigned operator to which this subsection applies solely because the person ceases to be an assigned operator by reason of section 9706(h)(1) if the person otherwise meets the requirements of this subsection and is liable for the payment of premiums under section 9706(h)(3).

“(D) CONTROLLED GROUP.—For purposes of this subsection, the term ‘controlled group of corporations’ has the meaning given such term by section 52(a).

“(3) REQUIREMENTS.—A payment meets the requirements of this paragraph if—

“(A) the amount of the payment is not less than the present value of the total premium liability under this chapter with respect to the Combined Fund of the assigned operators or related persons described in paragraph (1) or their assignees, as determined by the operator’s or related person’s enrolled actuary (as defined in section 7701(a)(35)) using actuarial methods and assumptions each of which is reasonable and which are reasonable in the aggregate, as determined by such enrolled actuary;

“(B) such enrolled actuary files with the Secretary of Labor a signed actuarial report containing—

“(i) the date of the actuarial valuation applicable to the report; and

“(ii) a statement by the enrolled actuary signing the report that, to the best of the actuary’s knowledge, the report is complete and accurate and that in the actuary’s opinion the actuarial assumptions used are in the aggregate reasonably related to the experience of the operator and to reasonable expectations; and

“(C) 90 calendar days have elapsed after the report required by subparagraph (B) is filed with the Secretary of Labor, and the Secretary of Labor has not notified the assigned operator in writing that the requirements of this paragraph have not been satisfied.

“(4) USE OF PREPAYMENT.—The Combined Fund shall—

“(A) establish and maintain an account for each assigned operator or related person by, or on whose behalf, a payment described in paragraph (3) was made.

“(B) credit such account with such payment (and any earnings thereon), and

“(C) use all amounts in such account exclusively to pay premiums that would (but for this subsection) be required to be paid by the assigned operator.

Upon termination of the obligations for the premium liability of any assigned operator or related person for which such account is maintained, all funds remaining in such account (and earnings thereon) shall be refunded to such person as may be designated by the common parent described in paragraph (1)(B).”.

(b) INDIVIDUAL EMPLOYER PLANS.—Section 9711(c) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended to read as follows:

“(c) JOINT AND SEVERAL LIABILITY OF RELATED PERSONS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), each related person of a last signatory operator to which subsection (a) or (b) applies shall be jointly and severally liable with the last signatory operator for the provision of health care coverage described in subsection (a) or (b).

“(2) LIABILITY LIMITED IF SECURITY PROVIDED.—If—

“(A) security meeting the requirements of paragraph (3) is provided by or on behalf of—

“(i) any last signatory operator which is an assigned operator described in section 9704(j)(2), or

“(ii) any related person to any last signatory operator described in clause (i), and

“(B) the common parent of the controlled group of corporations described in section 9704(j)(2)(B) is jointly and severally liable for the provision of health care under this section which, but for this paragraph, would be required to be provided by the last signatory operator or related person,

then, as of the date the security is provided, such common parent (and no other person) shall be liable for the provision of health care under this section which the last signatory operator or related person would otherwise be required to provide. Security may be provided under this paragraph without regard to whether a payment was made under section 9704(j).

“(3) SECURITY.—Security meets the requirements of this paragraph if—

“(A) the security—

“(i) is in the form of a bond, letter of credit, or cash escrow,

“(ii) is provided to the trustees of the 1992 UMWA Benefit Plan solely for the purpose of paying premiums for beneficiaries who would be described in section 9712(b)(2)(B) if the requirements of this section were not met by the last signatory operator, and

“(iii) is in an amount equal to 1 year of liability of the last signatory operator under this section, determined by using the average cost of such operator's liability during the prior 3 calendar years;

“(B) the security is in addition to any other security required under any other provision of this title; and

“(C) the security remains in place for 5 years.

“(4) REFUNDS OF SECURITY.—The remaining amount of any security provided under this subsection (and earnings thereon) shall be refunded to the last signatory operator as of the earlier of—

“(A) the termination of the obligations of the last signatory operator under this section, or

“(B) the end of the 5-year period described in paragraph (4)(C).”.

(c) 1992 UMWA BENEFIT PLAN.—Section 9712(d)(4) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended by adding at the end the following new sentence: “The provisions of section 9711(c)(2) shall apply to any last signatory operator described in such section (without regard to whether security is provided under such section, a payment is made under section 9704(j), or both) and if security meeting the requirements of section 9711(c)(3) is provided, the common parent described in section 9711(c)(2)(B) shall be exclusively responsible for any liability for premiums under this section which, but for this sentence, would be required to be paid by the last signatory operator or any related person.”.

(d) SUCCESSOR IN INTEREST.—Section 9701(c) of the Internal Revenue Code of 1986 (relating to terms relating to operators) is amended by adding at the end the following new paragraph:

“(8) SUCCESSOR IN INTEREST.—

“(A) SAFE HARBOR.—The term ‘successor in interest’ shall not include any person who—

“(i) is an unrelated person to an eligible seller described in subparagraph (C); and

“(ii) purchases for fair market value assets, or all of the stock, of a related person to such seller, in a bona fide, arm's-length sale.

“(B) UNRELATED PERSON.—The term ‘unrelated person’ means a purchaser who does not bear a relationship to the eligible seller described in section 267(b).

“(C) ELIGIBLE SELLER.—For purposes of this paragraph, the term ‘eligible seller’ means an assigned operator described in section 9704(j)(2) or a related person to such assigned operator.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that the amendment made by subsection (d) shall apply to transactions after the date of the enactment of this Act.

#### SEC. 322. TRANSFERS TO FUNDS; PREMIUM RELIEF.

(a) COMBINED FUND.—

(1) FEDERAL TRANSFERS.—Section 9705(b) of the Internal Revenue Code of 1986 (relating to transfers from Abandoned Mine Reclamation Fund) is amended—

(A) in paragraph (1), by striking “section 402(h)” and inserting “subsections (h) and (i) of section 402”;

(B) by striking paragraph (2) and inserting the following new paragraph:

“(2) USE OF FUNDS.—Any amount transferred under paragraph (1) for any fiscal year shall be used to pay benefits and administrative costs of beneficiaries of the Combined Fund or for such other purposes as are specifically provided in the Acts described in paragraph (1).”;

(C) by striking “FROM ABANDONED MINE RECLAMATION FUND”.

(2) MODIFICATIONS OF PREMIUMS TO REFLECT FEDERAL TRANSFERS.—

(A) ELIMINATION OF UNASSIGNED BENEFICIARIES PREMIUM.—Section 9704(d) of such Code (establishing unassigned beneficiaries premium) is amended to read as follows:

“(d) UNASSIGNED BENEFICIARIES PREMIUM.—

“(1) PLAN YEARS ENDING ON OR BEFORE SEPTEMBER 30, 2006.—For plan years ending on or before September 30, 2006, the unassigned beneficiaries premium for any assigned operator shall be equal to the applicable percentage of the product of the per beneficiary premium for the plan year multiplied by the number of eligible beneficiaries who are not assigned under section 9706 to any person for such plan year.

“(2) PLAN YEARS BEGINNING ON OR AFTER OCTOBER 1, 2006.—

“(A) IN GENERAL.—For plan years beginning on or after October 1, 2006, subject to subparagraph (B), there shall be no unassigned beneficiaries premium, and benefit costs with respect to eligible beneficiaries who are not assigned under section 9706 to any person for any such plan year shall be paid from amounts transferred under section 9705(b).

“(B) INADEQUATE TRANSFERS.—If, for any plan year beginning on or after October 1, 2006, the amounts transferred under section 9705(b) are less than the amounts required to be transferred to the Combined Fund under subsection (h)(2)(A) or (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), then the unassigned beneficiaries premium for any assigned operator shall be equal to the operator's applicable percentage of the amount required to be so transferred which was not so transferred.”.

(B) PREMIUM ACCOUNTS.—

(i) CREDITING OF ACCOUNTS.—Section 9704(e)(1) of such Code (relating to premium accounts; adjustments) is amended by inserting “and amounts transferred under section 9705(b)” after “premiums received”.

(ii) SURPLUSES ATTRIBUTABLE TO PUBLIC FUNDING.—Section 9704(e)(3)(A) of such Code is amended by adding at the end the following new sentence: “Amounts credited to an account from amounts transferred under section 9705(b) shall not be taken into account in determining whether there is a surplus in the account for purposes of this paragraph.”.

(C) APPLICABLE PERCENTAGE.—Section 9704(f)(2) of such Code (relating to annual adjustments) is amended by adding at the end the following new subparagraph:

“(C) In the case of plan years beginning on or after October 1, 2007, the total number of assigned eligible beneficiaries shall be reduced by the eligible beneficiaries whose assignments have been revoked under section 9706(h).”.

(3) ASSIGNMENTS AND REASSIGNMENT.—Section 9706 of the Internal Revenue Code of 1986 (relating to assignment of eligible beneficiaries) is amended by adding at the end the following:

“(h) ASSIGNMENTS AS OF OCTOBER 1, 2007.—

“(1) IN GENERAL.—Subject to the premium obligation set forth in paragraph (3), the Commissioner of Social Security shall—

“(A) revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on and after October 1, 2007; and

“(B) make no further assignments to persons other than 1988 agreement operators, except that no individual who becomes an unassigned beneficiary by reason of subparagraph (A) may be assigned to a 1988 agreement operator.

“(2) REASSIGNMENT UPON PURCHASE.—This subsection shall not be construed to prohibit the reassignment under subsection (b)(2) of an eligible beneficiary.

“(3) LIABILITY OF PERSONS DURING THREE FISCAL YEARS BEGINNING ON AND AFTER OCTOBER 1, 2007.—In the case of each of the fiscal years beginning on October 1, 2007, 2008, and 2009, each person other than a 1988 agreement operator shall pay to the Combined Fund the following percentage of the amount of annual premiums that such person would otherwise be required to pay under section 9704(a), determined on the basis of assignments in effect without regard to the revocation of assignments under paragraph (1)(A):

“(A) For the fiscal year beginning on October 1, 2007, 55 percent.

“(B) For the fiscal year beginning on October 1, 2008, 40 percent.

“(C) For the fiscal year beginning on October 1, 2009, 15 percent.”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years of the Combined Fund beginning after September 30, 2006.

(b) 1992 UMWA BENEFIT AND OTHER PLANS.—

(1) TRANSFERS TO PLANS.—Section 9712(a) of the Internal Revenue Code of 1986 (relating to the establishment and coverage of the 1992 UMWA Benefit Plan) is amended by adding at the end the following:

“(3) TRANSFERS UNDER OTHER FEDERAL STATUTES.—

“(A) IN GENERAL.—The 1992 UMWA Benefit Plan shall include any amount transferred to the plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

“(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in subsection (c) with respect to any beneficiary for whom no monthly per beneficiary premium is paid pursuant to paragraph (1)(A) or (3) of subsection (d).

“(4) SPECIAL RULE FOR 1993 PLAN.—

“(A) IN GENERAL.—The plan described in section 402(h)(2)(C) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)) shall include any amount transferred to the plan under subsections (h) and (i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

“(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in section 402(h)(2)(C)(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)(i)) to individuals described in section 402(h)(2)(C) of such Act (30 U.S.C. 1232(h)(2)(C)).”.

(2) PREMIUM ADJUSTMENTS.—

(A) IN GENERAL.—Section 9712(d)(1) of such Code (relating to guarantee of benefits) is amended to read as follows:

“(1) IN GENERAL.—All 1988 last signatory operators shall be responsible for financing the benefits described in subsection (c) by meeting the following requirements in accordance with the contribution requirements established in the 1992 UMWA Benefit Plan:

“(A) The payment of a monthly per beneficiary premium by each 1988 last signatory operator for each eligible beneficiary of such operator who is described in subsection (b)(2) and who is receiving benefits under the 1992 UMWA benefit plan.

“(B) The provision of a security (in the form of a bond, letter of credit, or cash escrow) in an amount equal to a portion of the projected future cost to the 1992 UMWA Benefit Plan of providing health benefits for eligible and potentially eligible beneficiaries attributable to the 1988 last signatory operator.

“(C) If the amounts transferred under subsection (a)(3) are less than the amounts required to be transferred to the 1992 UMWA Benefit Plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), the payment of an additional backstop premium by each 1988 last signatory operator which is equal to such operator's share of the amounts required to be so transferred but which were not so transferred, determined on the basis of the number of eligible and potentially eligible beneficiaries attributable to the operator.”.

(B) CONFORMING AMENDMENTS.—Section 9712(d) of such Code is amended—

(i) in paragraph (2)(B), by striking “prefunding” and inserting “backstop”, and  
(ii) in paragraph (3), by striking “paragraph (1)(B)” and inserting “paragraph (1)(A)”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to fiscal years beginning on or after October 1, 2010.

**SEC. 323. OTHER PROVISIONS.**

(a) BOARD OF TRUSTEES.—Section 9702(b) of the Internal Revenue Code of 1986 (relating to board of trustees of the Combined Fund) is amended to read as follows:

“(b) BOARD OF TRUSTEES.—

“(1) IN GENERAL.—For purposes of subsection (a), the board of trustees for the Combined Fund shall be appointed as follows:

“(A) 2 individuals who represent employers in the coal mining industry shall be designated by the BCOA;

“(B) 2 individuals designated by the United Mine Workers of America; and

“(C) 3 individuals selected by the individuals appointed under subparagraphs (A) and (B).

“(2) SUCCESSOR TRUSTEES.—Any successor trustee shall be appointed in the same manner as the trustee being succeeded. The plan establishing the Combined Fund shall provide for the removal of trustees.

“(3) SPECIAL RULE.—If the BCOA ceases to exist, any trustee or successor under paragraph (1)(A) shall be designated by the 3 employers who were members of the BCOA on the enactment date and who have been assigned the greatest number of eligible beneficiaries under section 9706.”.

(b) ENFORCEMENT OF OBLIGATIONS.—

(1) FAILURE TO PAY PREMIUMS.—Section 9707(a) of the Internal Revenue Code of 1986 is amended to read as follows:

“(a) FAILURES TO PAY.—

“(1) PREMIUMS FOR ELIGIBLE BENEFICIARIES.—There is hereby imposed a penalty on the failure of any assigned operator to pay any premium required to be paid under section 9704 with respect to any eligible beneficiary.

“(2) CONTRIBUTIONS REQUIRED UNDER THE MINING LAWS.—There is hereby imposed a penalty on the failure of any person to make a contribution required under section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 to a plan referred to in section 402(h)(2)(C) of such Act. For purposes of applying this section, each such required monthly contribution for the hours worked of any individual shall be treated as if it were a premium required to be paid under section 9704 with respect to an eligible beneficiary.”.

(2) CIVIL ENFORCEMENT.—Section 9721 of such Code is amended to read as follows:

**“SEC. 9721. CIVIL ENFORCEMENT.**

“The provisions of section 4301 of the Employee Retirement Income Security Act of 1974 shall apply, in the same manner as any claim arising out of an obligation to pay withdrawal liability under subtitle E of title IV of such Act, to any claim—

“(1) arising out of an obligation to pay any amount required to be paid by this chapter; or

“(2) arising out of an obligation to pay any amount required by section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(5)(B)(ii)).”.

**TITLE IV—INCREASE IN MINIMUM WAGE**

**SEC. 401. MINIMUM WAGE.**

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

“(1) except as otherwise provided in this section, not less than—

“(A) \$5.15 an hour beginning September 1, 1997;

“(B) \$5.85 an hour, beginning on January 1, 2007;

“(C) \$6.55 an hour, beginning June 1, 2008; and

“(D) \$7.25 an hour, beginning June 1, 2009;”.

**SEC. 402. TIPPED WAGE FAIRNESS.**

Section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by striking “‘Wage’ paid to any employee” and inserting “‘(1) ‘Wage’ paid to any employee’”; and

(3) in subparagraph (B) (as so redesignated), by inserting before the period the following: “: Provided, That the tips shall not be included as part of the wage paid to an employee to the extent that they are excluded therefrom under the terms of a bona fide collective bargaining agreement applicable to the particular employee”; and

(4) by adding at the end of the following:

“(2) Notwithstanding any other provision of this Act, any State or political subdivision of a State which on or after the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006 excludes all of a tipped employee's tips from being considered as wages in determining if such tipped employee has been paid the applicable minimum wage rate, may not establish or enforce the minimum wage rate provisions of such law, ordinance, regulation, or order in such State or political subdivision thereof with respect to tipped employees unless such law, ordinance, regulation, or order is revised or amended to permit such employee to be paid a wage by the employee's employer in an amount not less than an amount equal to—

“(A) the cash wage paid such employee which is required under such law, ordinance, regulation, or order on the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006; and

“(B) an additional amount on account of tips received by such employee which amount is equal to the difference between the cash wage described in subparagraph (A) and the minimum wage rate in effect under such law, ordinance, regulation, or order, or the minimum wage rate in effect under section 6(a), whichever is higher.”.

The SPEAKER pro tempore. Pursuant to House Resolution 966, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from California.

Mr. THOMAS. Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I ask unanimous consent to yield 15 minutes of my time to the gentleman from California (Mr. GEORGE MILLER) for him to control.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield to the gentleman from Ohio (Mr. KUCINICH) for the purpose of a unanimous consent request.

(Mr. KUCINICH asked and was given permission to revise and extend his remarks.)

Mr. KUCINICH. Mr. Speaker, I rise in opposition to the bill.

I will quote from the Good Book, not the Internal Revenue Code, but the Bible, Mr. Speaker. Isaiah 10th Chapter, First and Second verse: “Woe to those who make unjust laws, to those who issue oppressive decrees, to deprive the poor of their rights and withhold justice from the oppressed of my people. . .”

Tonight we debate an unjust law which steals from the poor to give to the rich. It is unjust to attach a minimum wage increase to tax cuts for the rich. It would cost about \$26 billion a year to give a \$2.10 increase in the minimum wage to the least wealthy workers. The estate tax cut could give about \$80 billion per year for 10 years to 3 families out of every 1,000.

Some call it a death tax, cut this poison pill will be the death of the minimum wage increase for millions of working Americans.

It is unjust that here, in the richest country on earth, there is no guarantee that a full-time job will lift a family out of a situation of dire poverty. That's because full-time year-round minimum wage earnings at \$5.15 an hour leave a family of three \$5,000 below the poverty line.

Since 1997, the last minimum wage increase, the cost of living has increased for all Americans. The cost of putting food on the table, of keeping a roof over your head, the cost of gas—all going up, up, up. The only thing that hasn't increased is the minimum wage. Congress's response: Give a tax cut to the wealthiest Americans. This is a perfect example of single-minded economic policy—surpluses: tax cuts to the wealthy; deficits: tax cuts to the wealthy; war: tax cuts to the wealthy; high gas prices: tax cuts to the wealthy. A much needed increase in the minimum wage to the humblest of workers: tax cuts to the wealthy.

"Woe to those who make unjust laws" said Isaiah.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2½ minutes to the gentleman from Maryland (Mr. HOYER).

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Mr. HOYER. I thank the gentleman for yielding, and I rise in opposition to this bill and to lament the fact that we did not do what 250 Members of this House want to do.

Mr. Speaker, 250 Members of this House have indicated they want to see a raise in the minimum wage, that they want to see it now, and they want to see it in a simple straightforward bill to say to those working at the lowest rungs in America, doing what we expect them to do, working day to day, week to week, month to month, year to year to support themselves, their family, and contribute to the welfare of our country. We expect them to work; we ought to pay them. We ought to pay them a wage that does not leave them in poverty.

We could do that, because 250 of us would vote for such a bill. But, unfortunately, once again, we are playing a game. This bill was referred to as an Estate Tax Bill, not a minimum-wage bill. Minimum wage is included in the Estate Tax Bill. But that is the reason you put this bill on the floor, to pass a bill you have already passed but can't pass the Senate, or at least has not passed the Senate.

Therefore, attaching the minimum wage, which 48 of your Republican colleagues say they want to be for, is to design a process for failure. Not a failure for us, none of us work for the minimum wage; but a failure for 6.6 million

people and, indeed, some 12 million more people who rely on help from those earning the minimum wage to support themselves and their families.

How sad. How sad that a 250-Member majority of the House of Representatives cannot summon the will or the courage or the good sense to offer simply a bill which does what we want it to do, to raise from \$5.15 the minimum wage over three increments to \$7.25.

If a minimum-wage worker was earning now what he or she earned in 1968, they would be earning \$9.05 an hour. This bill simply has an increase to \$7.25, the bill that we proposed. Now, we will have that available in a motion to recommit, along with the extenders that everybody is for, which could have passed on a separate suspension bill, I suspect. But the fact of the matter is that this bill is designed to fail because the majority leadership opposes raising the minimum wage. How sad. How shameful.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Does anyone here think it is rather odd if we designed a bill to fail we would place in it what apparently the Members on the other side say is one of our really primary focuses, and that is to allow people who have worked all their lives to hang on to a little bit of what they get after death for their family? Why would you couple those two together if you wanted it to fail?

The so-called extenders are 7 months overdue. They need to be extended. Why would you put a minimum wage in this structure, and extenders, if you built a bill to fail?

I think it is going to be very tortured discussion on the floor, because our colleagues on the other side just can't quite get their arms around the fact that the Republicans are for a significant change in the estate tax, they are for extending the extenders, and we are for a minimum wage.

All you have to do is vote "yes." Now, that probably is your biggest difficulty, voting "yes" on a bill that is in front of you. If you vote "yes," as the gentleman from Maryland said, minimum wage goes from \$5.15 to \$7.25. If you vote "yes," you join us in encouraging the Senate. And if you want to find the graveyard for the minimum wage, I suggest you go over and visit the other body.

What we have done is tried to package this to succeed in getting the minimum wage through the other body. And if we can work together, all you have to do is start by voting "yes," and then it could be contagious, we could go over and get the Senate to vote "yes," and we could have a minimum-wage increase to \$7.25 in 3 years. We could also extend the extenders, and we could also have a very reasonable appropriate structure for allowing people to hang on to a little bit more of what they work for and accumulate over their lifetime.

I know the cost of making that happen is high. It means you'd actually have to vote "yes."

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. No bill more clearly captures the distorted values of the majority of the House than the bill before us right now. People who earn the minimum wage and work full time mostly live below the poverty level, and they have been waiting for a very long time for a raise in their pay.

This bill says to those who wash dishes and launder laundry and clean houses, you got to wait just a little bit longer for that raise. You have to wait until the wealthiest people in the country are able to see their heirs pay little or no tax on the wealth that is passed to the next generation.

Now, the idea of reducing or eliminating the estate tax may or may not have merit, and that idea deserves a free and separate debate on this floor, but so does the idea of raising the minimum wage for those at the bottom of the ladder in this country. This shows us who comes first. This bill says those that launder laundry and clean rooms and work in car washes will wait their turn until the wealthiest people in the country can pass off wealth to their heirs. They come first.

This is a shameful distortion of the country's values. We should vote now and we should vote "yes" for an increase in the minimum wage, free and clear of this distortion of values for the estate tax. Vote against this bill.

Mr. THOMAS. Mr. Speaker, I yield myself briefly.

Gee, I know you work for the minimum wage, and I know you want a higher minimum wage, but the way the offer was packaged was such that I had to vote "no." So don't blame me that you didn't get an increase in the minimum wage, because I voted "no."

As I said, this is going to be very difficult. All you have to do is vote "yes."

Mr. Speaker, it is my pleasure now to yield 3 minutes to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. I thank the gentleman for yielding time.

Mr. Speaker, I came here tonight to vote for much-needed pension reform and to provide Americans with a better living wage. And I would have preferred a simpler, more straightforward minimum-wage vote as well. In fact, I voted that way in the Appropriations Committee. I voted for Mr. HOYER's provision that extended the minimum wage for 30 months, or extended a raise for 30 months to \$7.15.

I come here tonight to say that I am going to vote for this bill, and I had actually hoped to vote for the Democratic motion to recommit, if it had been a simple, straightforward proposition to vote. And I note that the Democrats have had a number of opportunities to bring a straightforward

minimum-wage vote to the floor, as they have done in a variety of other instances on a variety of other issues, but never have done it.

So it leads me to this one thought, that if we are actually serious about the minimum wage and passing a minimum-wage increase, and I say this as a former State labor commissioner and I say this as someone who worked numerous minimum-wage jobs over the course of my life, I say this as someone who comes from a blue collar background, not a privileged background, and I would note that some of the leadership on the other side comes from much better standing than I, you would have brought that bill and worked in good faith to negotiate. But that didn't happen. That didn't happen because politics won the day here. Rather than passing a minimum-wage increase, it was decided that we wanted to preserve an issue. That is wrong. It doesn't serve the American people.

In terms of including the estate tax, what I had said all along is I would like to see a minimum-wage increase, but we need offsets to small businesses and farmers who make up 90 percent of the employment in my district. So when you say that an estate tax, an extension of the estate tax isn't viable, doesn't belong in this bill, tell that to the farmers in my district like Tom Borden who runs the orchard and dairy farm in eastern New York; or Paul Schmidt, a dairy farmer in Posenkill, both of whom have been begging to see this estate tax eliminated for years so they can sleep at night knowing that despite all the hard work and all the government regulation and all the burdens that they have faced, they can pass on to their family that valuable contribution to society that they have.

So be careful. Be careful when you demagogue this issue. Be careful when you politicize this issue. This is about representing people. We need to pass a minimum wage. I am in favor of this bill, and I am going to oppose the motion to recommit, and I suggest my colleagues do the same.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I rise in support of raising the minimum wage for the nearly 7 million minimum-wage American workers. However, I oppose this bill because it contains provisions unrelated to actually increasing the minimum wage. Those provisions should be voted on separately.

As a matter of fact, I am really ashamed to be a Member of Congress at this point. The Republicans are playing tricks again. They have coupled another tax break for the richest in America with this minimum-wage increase.

Since 2001, this Republican Congress has cut taxes by \$1.8 trillion, and most of these tax cuts have gone to the wealthiest 1 percent of Americans. Yet when it comes to helping low- and middle-income Americans, the Republican

Party is nowhere to be seen. Even this vote came reluctantly and is tied to giveaways that will gut any increase in the minimum wage.

Each day Americans are confronted with rising prices of everyday items they need: gasoline, home energy, and health care. These rising costs are stretching family budgets thin, preventing them from saving for a family emergency, education, a new home, or retirement.

In California over the past 5 years, the cost of staple goods has risen at a steady rate. For example, the cost of milk has risen 23 percent; housing has increased 45 percent; and child care has increased 14 percent. However, the wages for thousands of workers have remained stagnant.

The increase in the minimum wage is about one thing, Mr. Speaker, justice for American workers. Without an increase in the minimum wage, the American worker cannot enjoy life, liberty, and the pursuit of happiness. Quality of life is indeed important. Freedom to pursue one's dreams, whether it is in education or a new home, is freedom. Happiness is about fulfilling dreams. Workers earning the current stagnant minimum wage are simply not as happy as they should be in America.

I oppose this legislation as drafted. I am ashamed to be here with these people who are denying the poorest of our society a decent living.

Mr. THOMAS. Mr. Speaker, I yield myself briefly.

All we have to do to provide an increase in the minimum wage is to vote "yes."

And I wonder how that person working for a minimum wage feels when you say, I couldn't vote "yes" for the increase in the minimum wage because I was offended the way it was presented to us. And you need to know that the way I feel about the process in the House of Representatives is more important than providing you with an increase in the minimum wage.

Mr. Speaker, it is now my pleasure to yield 2 minutes to the gentleman from Pennsylvania, a valued member of the Ways and Means Committee, Mr. ENGLISH.

□ 0000

Mr. ENGLISH of Pennsylvania. Mr. Speaker, let me say what is sad and shameful here tonight is the argument being made by so-called progressives to justify their vote against raising the minimum wage. This legislation, granted, includes an extension of the work opportunity tax credit so that we can encourage more people to move off welfare onto the rolls. It includes extensions of the deduction for higher education expenses and the deduction for teachers for their day-to-day expenses in the classroom. It includes expensing of mine safety equipment. It also improves access to lifesaving vaccines.

Mr. Speaker, it also includes an increase in the minimum wage, some-

thing they led us to believe that they wanted to see, something that I have been fighting for for years, and they have done nothing to carry any heavy lifting on.

Mr. Speaker, the one vote on raising the minimum wage in the House this year is this vote and we are going to take names, and workers are going to be watching.

Mr. Speaker, this current minimum wage is an embarrassment. A 40-hour-a-week worker at minimum wage makes just over \$10,000. Working families are struggling to make ends meet, to address higher gas prices, to address rising home heating bills. And in the face of all of that, the so-called progressives are finding every imaginable excuse to vote against raising the minimum wage. They have always liked the politics of the minimum wage and generally cared little for the policy of the minimum wage. We have always clustered increases of the minimum wage with other issues. There is nothing novel about this.

This is one up-or-down vote. The American people are going to be holding them accountable. And if they vote "no," they are voting against raising the minimum wage. That includes the gentleman from Ohio who is running for the Senate and we are going to watch that one with a great deal of interest. There is only one vote this year for raising the minimum wage. It is this one. We are going to hold you accountable for how you vote on it, whether you hiss or not.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Thank you, Mr. MILLER, for your terrific leadership fighting for workers. And to my hypocritical friends on the other side of the aisle, I actually plan to vote for the minimum wage.

I stand in honor of the millions of American workers trying to get by on a woefully inadequate minimum wage. On behalf of 500,000 Ohio workers and the Nation's 6 million workers, I will vote in favor of a minimum-wage increase tonight despite the dishonorable chicanery of the gentleman from Pennsylvania and his friends once again foisted on this Chamber by a Republican majority run amok.

For 10 years, Democrats have tried to increase the minimum wage.

Mr. ENGLISH of Pennsylvania. Will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Pennsylvania.

Mr. ENGLISH of Pennsylvania. Did the gentleman vote for raising the minimum wage the last time this came up in 1996?

Mr. BROWN of Ohio. Of course I did.

Mr. ENGLISH of Pennsylvania. And how did you distinguish this bill, which included tax provisions for a variety of small businesses, from this bill?

Mr. BROWN of Ohio. I voted for it then. I plan to vote for it now.

Mr. ENGLISH of Pennsylvania. So you voted for the chicanery then, and

you are going to vote for it now. Congratulations.

Mr. BROWN of Ohio. I reclaim my time.

For 10 years, Democrats have tried to increase the minimum wage and Republicans have blocked it. Yet during the 10 years with no minimum wage increase, Congress, under Republican leadership, has increased its own pay six times. The CEO of ExxonMobil is paid more than \$17,000 an hour while a minimum-wage worker who fills her tank with ExxonMobil gas earns less than \$11,000 a year. Yet this bill puts first millions of dollars in tax cuts for the ExxonMobil CEO.

Tonight it is clear why we need a change. That change is only 3 months away.

Mr. THOMAS. Mr. Speaker, I want to thank the gentleman from Ohio for his vote.

I want to yield 3 minutes to the gentleman from New Jersey (Mr. LoBIONDO).

Mr. LOBIONDO. Mr. Speaker, I rise tonight in support of this minimum-wage package which I think is long overdue. I would like to take the opportunity to thank Speaker HASTERT and Majority Leader JOHN BOEHNER. A week ago, not many people would have believed that we could have a vote on minimum wage this quickly. You have only to track the articles about it: did not look possible, maybe sometime into the future. And I want to thank Congressman STEVE LATOURRETTE and the 48 or 50 other Republicans that stood along together with me in presenting our case to the Speaker and majority leader for why we should do this. We had a very spirited debate in our conference, and we probably will have a record number of Republicans that will be voting for a minimum-wage package tonight.

Some Republicans are not happy about this. If I had my choice, this package would have looked a lot different. But we don't live in the world of the perfect, and we should not sacrifice the good for the perfect. The reality is, this is the minimum-wage vote. This vote actually has a chance of being signed into law. The reality is that probably a straight minimum-wage vote, that I would have preferred, might have been a good political exercise, but it stood no chance of passage in the Senate or a signature by the President. So if we really want to give relief to working men and women who so deserve this change, this 41 percent change, this is the opportunity.

The minority has said that the extenders are fine. So we have one part of the package that you will find a problem with. I submit that because Republicans are doing this, you would have found one part of this package to have a problem with no matter what was in it.

I would urge all of the Republican Labor Caucus members and, in fact, all of the Republican Conference, and the Democrats, to vote against the motion

to recommit that will doom the minimum wage. Passage and vote for the bill sends a clear signal that we can find a combination, that we can find a way to come together. The definition of "perfect" is probably different for all 435 of us. But that is not what is at stake tonight. That is not what we are all about, finding the perfect. We are about finding something good. This is a good bill. We should vote for it.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2½ minutes to the gentleman from Washington (Mr. INSLEE).

(Mr. INSLEE asked and was given permission to revise and extend his remarks.)

Mr. INSLEE. The only people in the State of Washington whose wages will be affected by this bill, should it pass, will have their minimum wage decreased. Every single worker who receives tips in the State of Washington will have their minimum wage decreased \$1.78 an hour as a result of this ridiculous bill. Seven States are in the same position: Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington. In seven States in this country, the only people who will be affected by this bill are those who will get their minimum wage slashed.

Where is the Republican desire to slash the minimum wage and call it an increase in the minimum wage? That is what you have written into this bill.

Now, we realize this bill isn't going to pass, and you think you are going to get relief from the voters because you voted for this when it isn't going to pass. Well, if it did pass, you would be cutting the minimum wage in the State of Washington by \$1.78 an hour. The people who feed you, when you take your \$30,000 pay increases we all have had over the last several years, you take your \$30,000 pay increases, and you tell the people that serve your tostadas and your spaghetti that you can cut their minimum wage by \$1.78 an hour. If you doubt me, ask Molly on your staff. She will tell you I am right. I don't know who the brilliant guy was who thought that that is good policy in this country. We Democrats think it is a very bad idea.

The situation is, you're not going to deliver a minimum wage of any dimension because of the way you packaged this, because you don't want to see a minimum-wage increase. That is why you packaged this with a poison pill. And this is not going to work for you, because mailmen who don't deliver the mail get punished. And you will be punished for this this November.

I will just say one thing: when you cut the minimum wage for restaurant tip workers in this country, I will say this, it is bad enough when you don't do a minimum-wage bill; it is worse when you do. The point I want to make is this bill is not going to pass because they put a poison pill in it. But I want to make sure people understand in the States of Washington, Montana, Nevada, California, those States, that if it

did pass, they would be cutting restaurant workers.

Do you want to challenge that, Mr. HAYWORTH? I will yield to you. If you think that is wrong, you can walk up to your staff member and she will tell you that you are cutting restaurant workers \$1.78 in the State of Washington. If you disagree with that, I will show you page 181 of your bill.

Mr. HAYWORTH. Mr. Speaker, will the gentleman yield?

Mr. INSLEE. I yield to the gentleman from Arizona.

Mr. HAYWORTH. Is the gentleman familiar with four letters, E-I-T-C, earned income tax credit?

Mr. INSLEE. I am.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume. I was kind of stunned when my colleague from Ohio indicated that he was going to support this bill. I believe him when he wants to support it for the minimum wage. And then it struck me: he is not going to be in a gerrymandered district. He is running statewide. He is actually going to have to respond. In an environment where if he doesn't pick the position that people believe is the right one, he could lose. But if he were in a district in which he could vote virtually any way he wanted and wanted to slant the issues in ways that provided a political benefit rather than a real benefit, I just wonder.

Gee, that means maybe if we had more competitive seats, we would have more folks voting for policies that actually benefit people like raising the minimum wage, because a "yes" vote tonight will raise the minimum wage.

It is now my pleasure to yield 2 minutes to the gentleman from Illinois, a member of the Ways and Means Committee, Mr. WELLER.

Mr. WELLER. Mr. Speaker, I rise in support of what we have before us, which is good legislation, a package of legislation that is good for workers and a package of legislation that is good for small business. This legislation deserves bipartisan support.

First, this bill raises the minimum wage. Today, the minimum wage is \$5.15 an hour. Under this legislation, we raise it to \$7.25 an hour. That is a 40 percent increase in the minimum wage. It is about time. I support this minimum wage increase. It is the right thing to do.

This legislation does more, because it is a package. Of course, when you look into the package, look at the details, you see some good things that help our communities. One example is an important environmental cleanup tax credit, the brownfields tax credit, which is extended for 2 more years under this legislation. Not only is it extended, it is expanded to be able to do more. There are almost 2,000 so-called brownfields in the region that I represent in the Chicago area. Forty percent of them have petroleum contamination. You think of that old abandoned gas station

on that one prominent corner in your home community that has been sitting there for years and you always wonder, why doesn't somebody buy that and do something with that strategic corner in our town. It is because it has petroleum contamination. This tax incentive will help encourage private investors to buy that old abandoned gas station and other petroleum contaminated sites to recycle, revitalize and help rebuild neighborhoods. It is good legislation.

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And if you care about low-income workers, particularly those who are on welfare, and you want to encourage them to get a job, you should vote for this legislation because we extend the work opportunity tax credit. We extend the welfare to work tax credit. This past year almost half a million American citizens had the opportunity to leave welfare and go to work.

This legislation deserves bipartisan support.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker and Members of the House, it is rather interesting to see my colleagues on the Republican side of the aisle ask us whether we know that the minimum wage is \$5.15 an hour. Apparently, they have just discovered that fact. I would ask them did they know that the minimum wage was \$5.15 an hour 10 years ago and 9 years ago and 8 years ago and 7 years ago and 6 years ago and 5 years ago and 4 years ago? It was \$5.15 an hour and you never raised a finger. You never raised a finger to help these individuals. We introduced a bill every year. I have asked for hearings in my committee every year to raise the minimum wage because these people have been stuck at \$5.15 an hour. You control the House, you control the Senate, you control the White House. You could never find time for the richest people in the country, but you never found time for the people at \$5.15 an hour.

Now, as your political fortunes change, you get a letter from the most vulnerable members of your caucus, and you discover that people are working for \$5.15 an hour. But even then you cannot play it straight. No, the only way you can do this bill for the people whom you now recognize need help, and they have needed it for many years, is to put a poison pill into the minimum wage increase of the estate tax cut, knowing that you will send it off to the Senate and it will be embroiled in the 18 days that we have left in this session and there will be no increase in the minimum wage.

You could vote for the motion to recommit. The extenders are not controversial. And apparently the minimum wage is not controversial on your side. Although when a clean minimum wage passed on the Health and Human Services appropriations bill, it

came to a grinding stop, and your Speaker said we are not going to have a minimum wage increase, and your majority leader says, I haven't voted for one of these and I have not supported it for 25 years, with great pride. Did he know they were working for \$5.15 an hour all that time? If he had his way, they would have been working for \$3.15 an hour over the last 25 years.

So tonight what are we presented with? The appearance of a minimum wage increase, but it is really about driving the estate tax. But it is about driving the estate tax into a hostile environment in the Senate, where you will argue and you will argue and you will argue and the session will end, and those same people that are working for \$5.15 an hour today will be working for \$5.15 an hour next year and next month. As much compassion as you felt for them, you decided they ought to wait longer to get \$7.25 in the bill you presented. As much compassion as you felt for them, you decided if they work for tips, you would take away their wages in the States that Mr. INSLEE pointed out, in Washington and California and elsewhere. They would lose their wages under this bill.

So I think this newfound compassion is somewhat shallow, somewhat less than sincere for these people because you could not find time for them over the last 5 years. You could not find time to deal with their problems of working all year long and ending up with \$10,700 and being in poverty. You could not find time for them when the price of gasoline went up and the price of rent went up and the price of education went up and the price of milk went up. You could not find time then. But all of a sudden, you can find time now, but only, only if you can stick it in with relief for the richest people in America, relief that you know will not happen in this legislation. And once again, these people will be denied. They will be denied at the hands of the Republican leadership that has been hostile to the minimum wage from the moment they came to this House of Representatives. They had never had any intention of supporting it, they had never voted for it, and it will not happen again.

Mr. Speaker, I yield back the balance of my time.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 3 minutes to a valued member of the committee, the chairman of the House subcommittee, the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation. I am proud, yes, for raising the minimum wage by 40 percent.

It is simple. Working families deserve a pay raise, and tonight we pass a 40 percent increase in the minimum wage. But this bill helps workers in many other ways.

A permanent estate tax protects American jobs. In my district, an old manufacturing part of the Nation,

most of our manufacturers, high quality, high skilled, are small and family owned. But to compete as a supplier in a global economy, they have to be good, and that takes expensive equipment. Dad dies, you have to sell off. You have to sell that family-owned business because you cannot afford the taxes. A permanent estate tax will let that family business survive and those jobs survive because you know what happens? Those small manufacturers get bought and the jobs leave town. They go to a bigger plant. They get merged in. So if you want to protect jobs in your town, we need a permanent estate tax because that way small family-owned manufacturers can survive.

But we need this bill because it protects global jobs as well. If we do not extend the research and development tax credit in a world in which some countries write it off completely, we will not be at the cutting edge of product development. We will not be the leaders in communications technology, in clean-up technology, and in medical technology. We protect jobs and that helps the American workers. That is what this bill is all about.

We also protect the opportunity for American workers to get the education they need to compete. That \$4,000 tax deduction for education expenses, that is building the future. And it is not just people who can go to college. It is the work opportunities tax credit. It is the welfare-to-work tax credit.

This is about working America. This is a tax bill about working America, about opportunity, about equity, about fairness, and about protecting our jobs. And, yes, it raises the minimum wage.

I am proud to vote for it. I urge Members on both sides of the aisle to vote for it because this is good policy by a strong Congress, and we need to get through the Senate and to the President's desk.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

You can tell that if it is going to happen after midnight, that the majority just ain't up to something good because everything bad they do, they wait until late at night and then they come.

So you take a look at this bill, and they call it the minimum wage bill. Well, that is good; so why would they wait until after midnight? Or you might take another look at the bill and you see that they are trying to help the poor miners. Well, that doesn't sound like Republicans to me. If they ever got enough religion to help poor miners, they would certainly want to do that in the sunlight. But, no, they wait until after midnight.

Then, of course, there are the extenders that really help schools and research and development. It sounds pretty decent. It does not sound that Republican to me.

There has to be a skunk at this picnic somewhere. And then you take a look and you find out that with all of

the wonderful, spiritual good that they want to do for so many people, the working poor, we find out that there are 7,500 families in this great country that are worth billions of dollars, that they cannot leave this Congress without saying, "We helped you. You are the people we really love." And if you take a look to see, have they sent us letters, these rich people, most of them, saying, "Hey, try to cut back on the war, try to help us with some health and education project?" They are not asking for this money. And yet over \$800 billion, we are prepared to take away from the Treasury at a time that our country needs it the most but it just cannot stand on its own two feet. So, therefore, we have to find a sweetness for it, and we have enough nerve to believe that someone is going to believe that you have a concern for the minimum wage.

After 9 or 10 years, you wake up at the end of the day, and you bring in the estate tax relief bill that is the real money, and because that sucker is so heavy it cannot get off the ground, you try to spray some perfume on this skunk, and you call it minimum wage, extenders, and help for the miners.

If you had any compassion at all, don't these people deserve to be treated separately? Do they have to be with 7,500 people who are close friends of yours? Should not the working people have a bill of their own just to increase the minimum wage? Should not the miners, their pensions and their health benefits, should they not have a bill of their own during the daytime hours? And certainly the incentives are so popular, why do you have to hold them hostage for where your hearts really belong?

So I knew that you were going to wait until midnight, but no one knew exactly what you were up to. But, hey, it is after midnight, you are on the floor, and you say if you want all of this good medicine, then swallow our pill with it, but if you say no, you say no to what is good. It does not make any sense. But I think the newspapers, television, everyone knows what is going on. You have gotten away with this for a long, long time. But there comes a time when people wake up to what is happening, and even though you have done it in the middle of the night, the sun will rise and people would understand.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

I keep telling my friend from New York that there is a really big country west of the Hudson. It is 9 p.m. in California. The sun is shining in the United States. I understand east of the Hudson, but there is a big country west of the Hudson.

I told you this was going to be a strange debate.

The gentleman from California is right. He counted backward: ten, nine, eight, seven, six. We have not increased

the minimum wage. It is about time we increased the minimum wage.

Are you offended that we finally got it? Is that what you are offended about? Or is it the fact that when you were the majority for 40 years, Medicare never saw one preventative service, they never saw one wellness program, and there was no drug program? We became the majority and all of that occurred.

I am now beginning to figure this out. These people are going to have to tear up these old, yellowed speeches they have been giving for decades because the Republicans get it.

There is one other thing we get. It is a concept you are beginning to hear about. It is called "multi-tasking." You do not really have to come with one subject. You can actually do several things at the same time. And there is a degree of synergy involved in those things. You heard the gentlewoman from Connecticut, that there are interactive aspects in this.

So I am really somewhat confused. Is it that you want to keep on giving speeches that Republicans do not understand that we should raise the minimum wage, that you do not want to rewrite the speech? Or is it because on every one of those hackneyed, worn political positions, you do not have a position anymore?

We are for raising the minimum wage. We agree with you. It is time to raise it. Your arguments are now: But it is not packaged correctly.

It is after midnight. I would love to be doing this at 7 p.m. You know the difficulties in moving. We just passed a massive pension bill. We got it done. It is 9 o'clock. You are going to complain that you are going to vote against this because we are doing it after midnight? Is it so offensive to you that you have to stay up a couple of hours and have presented to you a package which is very difficult for you to get your hackneyed, yellowed political speeches around?

Yes, we are Republicans. Are we for increasing the minimum wage? Yes. Do we want to get the extenders done before we go out because it is 7 months too late? Yes. Do we want to help people who want to hang on to a little bit of what they have built over their lifetimes? Yes. And you are going to vote "no" because it is put together in a way that offends you?

□ 0030

I wonder what that person hoping for an increase in the minimum wage thinks when they are told, I wanted to help you, but I was offended in the way in which the opportunity to help you was presented to me.

Who is kidding who?

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. CARDIN), an outstanding member of the Ways and Means Committee.

Mr. CARDIN. Mr. Speaker, let me thank my friend for yielding.

Let me speak for an interest group that has not been heard tonight, and that is our children and grandchildren, because they are going to be asked to pick up the tab of this legislation.

Yes, Mr. Speaker, I am for raising the minimum wage. It is a fair thing to do, and it is in the economic interests of this country. But the price to vote "yes" is just too high, \$267 billion of additional debt on the estate tax changes.

And where are we going to get the money to pay for that? I hear from my friends that we have to be fiscally conservative, and I agree with that on every dollar of new spending. But tonight it is okay for \$267 billion of additional debt. And where is that money going to come from? We borrow it. We borrow it from foreign governments that own banks. And it jeopardizes trade exchange with the United States. It costs us jobs.

It is in our national interest to balance our budget, we all understand that; and tonight, by passing this bill, we are moving in the wrong direction.

Mr. THOMAS. Mr. Speaker, I reserve my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY), an outstanding member of our committee.

Mr. POMEROY. Mr. Speaker, we know what extortion is. You know those old movies? "Give me all the money or the kid gets it." Well, this is legislative extortion. You want a minimum-wage increase? Give the multi-millionaire families a tax break. No tax break for multimillionaires, no minimum-wage increase.

So who gets this tax break? Well, as you can see, the bulk of it goes to estates worth more than \$20 million. How much do these estates get? As you see, they get \$5.8 million on average.

So that is the deal they offer us: Oh, we will give you an increase in that \$5.15 per hour minimum wage, just as long as you give \$5.8 million to those \$20 million estates.

What do they think, we are crazy? That is no deal. That is legislative extortion, and it needs to be rejected with a "no" vote tonight.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a member of the Ways and Means Committee.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, it is interesting to hear the level of Orwellian "newspeak" emanating from our friends on the left. We are now told that a reasonable, rational compromise that includes many commonsense ideas is somehow legislative extortion. We hear that a compromise that provides an increase in the minimum wage is paired with other policy initiatives that somehow make it a poison pill.

Isn't it interesting the lexicon offered by the left? If it is a compromise forged by conservatives that somehow actually, ironically delivers on an issue for which my friends on the left believe they have ownership, why, that is a poison pill.

Oh, and conveniently omitted when we hear the bold relief, including the impugning of our motives for moving forward on this, conveniently omitted, are the policy initiatives championed in bipartisan fashion: the work opportunity tax credit, the earned income tax credit, those extenders that are part of this that actually help those working to get ahead.

It is a very interesting occurrence we see here tonight. "Curiouser and curiouser," said Alice. It is not Wonderland, and this legislation may not be perfect, but it is not the glum, dour air of apocalyptic fate that the left would portray it as. It is a positive move, raising the minimum wage, extending tax relief, and revising tax policy.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Rhode Island (Mr. LANGEVIN).

(Mr. LANGEVIN asked and was given permission to revise and extend his remarks.)

Mr. LANGEVIN. Mr. Speaker, the American people deserve an up-or-down vote on the minimum wage and not have it tied to a poison pill that is designed to kill that increase. That is not what we are getting tonight.

Mr. Speaker, I am outraged that men and women across this country go to work, working 40 hours a week, often more, and can't even make ends meet.

The minimum wage hasn't been increased since 1997. Workers in Rhode Island, for example, have to earn approximately three times the minimum wage just to afford a basic two-bedroom apartment.

A majority in this House supports an increase in the minimum wage, but the Republican leadership only wants to help a privileged few. To put this in perspective, thousands of families in Rhode Island and millions of families across America would benefit from a minimum wage increase, while the Republican tax plan would help a handful of the wealthiest. This costly political stunt will add billions of dollars per year to our national debt and demonstrates the Republicans' misguided priorities.

It is time for a new direction. I urge my colleagues to join me in opposing this sham bill and supporting a stand-alone vote to increase the minimum wage to \$7.25 an hour. It is the right thing to do for the American people.

Mr. THOMAS. Mr. Speaker, I reserve my time.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. I thank the ranking member very much.

This is indeed a ploy of the highest nature. There is nobody in this House

that is more concerned about raising the minimum wage than Democrats. Seven times we have tried to raise the minimum wage.

If this is such an important effort to raise the minimum wage, we ought to ask the question, why is every group that represents working people calling and asking to vote down this sham?

You know, Mr. Speaker, William Shakespeare wrote an excellent play. He called it "Julius Caesar." In that play, just when Brutus and Cassius and all were digging in the swords, Julius Caesar grabbed Brutus and said, "Et tu, Brutus. Yours is the meanest cut of all."

Mr. Speaker, I am telling you what the meanest cut of all in this bill is. They say we don't read the bills. But the American people need to know what this bill says. It says the Tax Relief Act of 2006 excludes all of the tipped employees' tips from being considered as wages in determining if such tipped employees have been paid the applicable minimum wage rate.

This is the meanest cut of all in this bill. If it is right to give the minimum wage for one person, isn't it right to give it for everybody? There is nobody that deserves the minimum wage more than those people who are at the bottom of the ladder; and none are at the bottom of the ladder more than those people who have to make it on tips. This bill will not only not raise the minimum wage of those who make it on tips, 2.5 million Americans, their minimum wage will go down under this bill. Indeed, the meanest cut of all.

We must vote down this bill and put forward a genuine bill that will truly raise the minimum wage for everybody.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Louisiana (Mr. MCCRERY), the chairman of the Social Security Subcommittee.

Mr. MCCRERY. Mr. Speaker, I thank the chairman of the Ways and Means Committee for yielding.

I just want to say to the point that some are making about States that have no tip credit law and have a higher minimum wage, if in fact a State wishes to continue to have a higher minimum wage, all they have to do in response to passage of this bill is to pass any kind of tip credit. It can be a minimal tip credit, and then they can fully restore the minimum wage that that State wishes its employees to have. So it is not that complicated. It is not that difficult as some Members have suggested.

Mr. INSLEE. Mr. Speaker, will the gentleman yield?

Mr. MCCRERY. I yield to the gentleman from Washington.

Mr. INSLEE. Mr. Speaker, what we want to point out and we want to make sure, because I think I have confirmed this with the Republican staff, the way this works, if this bill passes, in the State of Washington the minimum wage goes down the next day \$1.78 an hour.

The gentleman is correct. If the State legislature got together and essentially overrode the Republicans in Congress, they might be able to get it back up where it was. But you know what? You Republicans in the State legislature, I say "you," Republican-controlled legislators, I will give you a clue: it is not going to happen. That is why we object to cutting the minimum wage in any State by any Congress of any party.

Unfortunately, that is what you are doing. You can confirm it with counsel. That is why we think it is an abomination.

Mr. MCCRERY. Mr. Speaker, reclaiming my time, it is a legitimate issue the gentleman brought up, but I would hope he would agree that freely elected representatives in his State, or any other State, whether Republican or Democrat, should in fact be able to express the will of the people who elect them, whether they are Republicans or Democrats; and if in his State they want to, whoever they are, Republicans or Democrats, want to go back to the minimum wage they had prior to the passage of this bill, they may. This bill in no way prohibits that.

So the gentleman's complaint about this bill could easily be taken care of, the same way his State originally enhanced the minimum wage in Washington. That is the only point I wanted to make.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. LEVIN), an outstanding member of the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I spoke earlier and I wasn't going to speak again so others could, but listening to the Republicans here, I felt compelled to come over.

In all my years here, this is the height of hypocrisy. You have sat here year after year failing to raise the minimum wage, refusing to come here and sign a discharge petition, doing nothing. And now, because you are worried you are going to lose an election, you are here. And you tie it to a proposal that will give the very, very wealthy many more times than would be benefiting the workers with a rise in the minimum wage.

If you really cared, you would have acted long ago. This isn't on your part even an election-year conversion. It is an election-year trick. It won't work.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it sounds to me like somebody is saying on this issue, I have a hostage, and if you try to force me to vote for minimum wage, I am going to kill the hostage.

There is a minimum-wage increase in this legislation. The argument that somehow, and I will say it again, somehow the fact that we didn't act earlier is a sufficient rationale for you to not vote for it now, to say that we have

other items in this bill and we are hiding the minimum wage with other attractive packages to Republicans, I will repeat to you, is a way we might actually be able to get it through the other body, since the other body would not allow a clean minimum wage to pass through it. And they have exhibited that a number of times.

I know it is difficult for you, and I know it is going to take a period of time in terms of understanding that when we say this is a bill that contains extenders, that this is a bill that contains a reasonable and appropriate adjustment on estate taxes. The reason I say that is this is almost identical to the bill that got 43 Democrat votes just a few weeks ago.

And when I say there is an increase in the minimum wage in this bill, I have heard all kinds of tortured arguments about package and process, but I can't understand for the life of me, if we are such hypocrites, and this is a sham, why you don't take us up on it and show how wrong we are by voting for a minimum-wage provision and then see what we do with it.

□ 0045

What we are going to do with this is try to make law. This will pass this House. Join me. Let's go over to the Senate and do everything we can together to get the Senate to pass it.

Or is it that if it actually happened and the President signed it, and we had an increase in the minimum wage, you would have to draw one more line through those easy arguments that are now outdated about the difference between Republicans and Democrats, because it is hard enough to believe that Democrats no longer have a monopoly on improving Medicare with quality measures and putting prescription drugs in.

But don't Republicans have any shame? Coming to the floor trying to raise the minimum wage, what are we going to do? Well, the first thing you have to say is, okay, guys, we can't vote "yes". Why? Test us. Let's make law. It has been 10 years. Let's raise the minimum wage. I understand that we are also going to save the extenders.

I understand we are going to put in a reasonable estate tax change. But what I am asking you to do, rather than to wring your hands and figure out how you are going to explain you didn't want to vote for the increase in the minimum wage because of the way it was packaged is to test us. I want a test. Let's pass this. Let's go over to the Senate. Let's try to make law.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, the gentleman has mentioned prescription drugs a number of times. I think it is analogous to this debate, because that was a debate that took place late at night, and you used the elderly and their need of prescription

drugs to pass a trillion-dollar bill that benefited the pharmaceutical companies and the insurance companies in this country.

The people of the United States know that, and they are going to see it again tonight. You are using people in order to pass your agenda for the very wealthy in this country and it is wrong.

Mr. THOMAS. Mr. Speaker, reclaiming my time, millions of Americans are thankful they now have prescription drugs at significant savings. I know it is difficult because another line went through one of your typical political arguments. Test us. See if we are just kidding. See if this is a sham.

What I am inviting you to do is make law. I know it is a brave new world. But let's try it. Let's see if we can make law together. Your arguments have been so turned that you are explaining you are against raising the minimum wage because of the way it is being presented to you. It deserves to be clean. Okay. It's not.

I am offended that I would have to vote this way. By the way, you are still at \$5.15. Test us. Let's make law.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am glad that the chairman has taken his mask off and brought his sense of honesty to this debate. Yes. Test you. What you are basically saying is that if you want to give some help to these people that have such low wages, we then have to buy, in the same bill, the \$800 billion relief that you are giving to 7,500 people. I understand what you are doing.

Why don't you call it the Estate Tax Relief Bill, which is sweetening up, you know, by just giving some of them minimum wage. And you say, if you don't like the rich people, if you don't want to get close to \$1 trillion away, then of course vote against the minimum wage.

It is so unfair to call this a package. It is a package for the rich, that just as an afterthought, you throw in minimum wage. But, fortunately, the chairman has said what he is doing. Either you buy it as I put it or forget about it. I think that is so unfair to the working poor people in this country.

Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. ROTHMAN).

Mr. ROTHMAN. Mr. Speaker, tomorrow's headlines are going to read "hostage taken". And you know what they are going to mean? The increase in the minimum wage was taken hostage by the Republican majority. They have taken the increase in the minimum wage hostage unless we give the super-rich \$100 billion.

To give the working poor a \$2.10 increase an hour, they have held us hostage unless we give them \$800 billion. Now, they have had 9 years in the majority in the House to have a clean increase in the minimum wage. They

never did it. They would not let us do it, because they were in the majority.

They still will not do it. Only if we give the super-rich \$800 billion. And American people are not stupid. They do not want a bad deal. They do not want a bad law. They do not want to give into hostage demands. They do not want to give in to extortion. They want an increase in the minimum wage, not another \$800 billion gift to the super-rich because the Republican majority does not want to give it in any other way.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I really would like to travel with some of you folks to restaurants and hotels and watch you go back and find someone who is getting the minimum wage and make that pitch to them. Because what they are going to say is, gee, you are right, I am glad you voted against increasing the minimum wage so I could get a few more bucks.

I understand doing it here on the floor. I understand doing it in those expensive fund-raisers that you hold. I have a really difficult time seeing someone who says, would you just give me an increase in the minimum wage buying that argument.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 15 seconds to the gentleman from New Jersey (Mr. ROTHMAN) to respond to the distinguished gentleman.

Mr. ROTHMAN. Mr. Speaker, the distinguished chairman dares me to go back and tell my people. I am going to say, the Republicans will not give you the minimum wage increase unless we give \$800 billion to the super-rich.

They will say, don't do it, STEVE. We will throw the Republicans out in November and get an increase in the minimum wage without them.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I would love to make law with the distinguished chairman, Mr. RANGEL, but it sure is tough. We have been 50 years in the desert, 50 years on an increase relevant to minimum wage. It is the lowest in 50 years.

Rather than take the 250 Members of this body who are willing to have an up and down vote, and my good friend who is the chairman, and I do believe he is a good friend, knows that the Senate is not, the other body is not going to take this bill the way it is. This is a joke.

Ten million people are going to be denied the minimum wage with this bill. This is a joke. No one is going to take this on the other side. So we do this in the midnight hour. We have a headline. We go home to campaign. You will. We will go home and tell the truth.

Give us an up and down vote on a \$7.25 minimum wage up or down vote.

The joke is on you. This is an untruth and it makes no sense to put people who have been in the desert without getting any money for this joke, because you know your Senate Republicans are not taking this joke.

Mr. Speaker, it is time to vote up or down. Give us the 250 Members who will vote on a minimum wage. Vote for it now and throw this bill out the window.

Ms. JACKSON-LEE. Mr. Speaker, I rise in opposition to H.R. 5970, the Permanent Estate Tax, Minimum Wage, and Extenders Bill. But I would be remiss if I did not point out that it is clear that Republicans are playing politics with a pay raise for millions of American workers. We have had enough politics. It is time for a new direction.

Mr. Speaker, the Republican leadership is ignoring the American people, holding a pay raise for American workers hostage for partisan purposes. H.R. 5970 contains “poison pills” that will prevent the minimum wage increase from becoming law, most importantly a costly tax cut for multi-millionaires.

Mr. Speaker, H.R. 5970 is just a cynical, political ploy to defeat a minimum wage increase. It is a cruel hoax on the 6.6 million people who would get a raise with a minimum wage increase and would give a huge tax break to only 7,500 of the richest households in America.

The cynicism behind this ridiculous bill is as obvious as the Republicans devotion to giving away tax breaks to the wealthy and a hard time to the middle and working class. The aim of the H.R. 5970 is to make it look like Republicans support a minimum wage increase, while ensuring its demise in the Senate by attaching “poison pills.”

Republicans’ poison pill will cost nearly \$753 billion when fully in effect, and impact less than 1 percent of all Americans, and Republicans are using that to derail an increase in the minimum wage for 6.6 million Americans.

Mr. Speaker, the only way to ensure that a minimum wage increase becomes law is to allow a straight up-or-down vote on H.R. 2429, the Fair Minimum Wage Act, which provides an increase to \$7.25 an hour.

Mr. Speaker, Democrats have a New Direction for America, which raises the minimum wage and brings economic opportunity and security to all Americans, not just the privileged few.

#### OPPOSE ESTATE TAX REPEAL

Mr. Speaker, I have voted for estate tax relief before but I oppose this bill because it is irresponsible to cut taxes for the wealthy when the Nation is at war and the national debt is over \$8 trillion. Indeed, Mr. Speaker, I think it is unconscionable to be considering voting another tax cut to the wealthiest 0.3 percent of Americans.

The Joint Committee on Taxation estimates that this estate tax proposal will cost the Federal Government \$602 billion, plus an extra \$160 billion when interest is accounted for. Only 0.5 percent of the richest families in America currently pay estate taxes. Moreover, under current law in 2009, only 3 out of every 1,000 estates will pay a penny in estate taxes—all couples with estates up to \$7 million—99.7 percent—will pass on their entire estates tax-free. Any compromise proposal which deviates from 2009 current law—such

as the bill before us—is therefore crafted entirely to benefit this tiny sliver of the richest estates. Particularly since I have voted for a fair estate tax initiative but this bill is not it.

According to recent polling data, nearly 60 percent of voters hold the initial, unaided view that estate tax should be left as is or reformed, and only 23 percent support repeal. When asked about the estate tax in the context of other budget priorities, voters rank repealing the estate tax as the last priority, and 55 percent of voters oppose repeal.

This so-called compromise, nearly as regressive and costly as a full repeal, is no compromise at all. Passing even this compromise legislation would constitute one of the most regressive tax cuts in the history of the United States. Middle- and lower-class Americans will be forced to shoulder the burden of radically decreasing the estate tax—both monetarily and through decreased public programs. In order to cover the monetary gap, the government will plunge further into debt, which will limit its ability to address the Social Security solvency gap and reduce the money available for public programs. It will also have to tap other tax sources, like payroll taxes, which will overwhelmingly hinder lower-income families.

I urge my colleagues to uphold the core American values of fairness and belief in meritocracy by rejecting this tax cut.

#### INCREASE MINIMUM WAGE

If we really wish to help the most deserving American families, we should raise the minimum wage from \$5.15 to \$7.25 over 3 years. Mr. Speaker, did you know that today’s minimum wage of \$5.15 today is the equivalent of only \$4.23 in 1995, which is even lower than the \$4.25 minimum wage level before the 1996–97 increase? It is scandalous, Mr. Speaker, that a person can work full-time, 40 hours per week, for 52 weeks, earning the minimum wage would gross just \$10,700, which is well below the poverty line.

A minimum wage increase would raise the wages of millions of workers. An estimated 7.3 million workers—5.8 percent of the workforce—would receive an increase in their hourly wage rate if the minimum wage were raised from \$5.15 to \$7.25 by June 2007. Due to “spillover effects,” the 8.2 million workers—6.5 percent of the workforce—earning up to a dollar above the minimum would also be likely to benefit from an increase.

Raising the minimum wage will benefit working families. The earnings of minimum wage workers are crucial to their families’ well-being. Evidence from the 1996–97 minimum wage increase shows that the average minimum wage worker brings home more than half—54 percent—of his or her family’s weekly earnings. An estimated 760,000 single mothers with children under 18 would benefit from a minimum wage increase to \$7.25 by June 2007. Single mothers would benefit disproportionately from an increase—single mothers are 10.4 percent of workers affected by an increase, but they make up only 5.3 percent of the overall workforce. Approximately 1.8 million parents with children under 18 would benefit.

Contrary to popular myths and urban legends, adults make up the largest share of workers who would benefit from a minimum wage increase. Seventy-two percent of workers whose wages would be raised by a minimum wage increase to \$7.25 by June 2007 are adults—age 20 or older. Close to half—43.9 percent—of workers who would benefit

from a minimum wage increase work full time and another third—34.5 percent—work between 20 and 34 hours per week.

Minimum wage increases benefit disadvantaged workers, and women are the largest group of beneficiaries from a minimum wage increase. 60.6 percent of workers who would benefit from an increase to \$7.25 by 2007 are women. An estimated 7.3 percent of working women would benefit directly from that increase in the minimum wage.

A disproportionate share of minorities would benefit from a minimum wage increase. African-Americans represent 11.1 percent of the total workforce, but are 15.3 percent of workers affected by an increase. Similarly, 13.4 percent of the total workforce is Hispanic, but Hispanics are 19.7 percent of workers affected by an increase.

The benefits of the increase disproportionately help those working households at the bottom of the income scale. Although households in the bottom 20 percent received only 5.1 percent of national income, 38.1 percent of the benefits of a minimum wage increase to \$7.25 would go to these workers. The majority of the benefits—58.5 percent—of an increase would go to families with working, prime-aged adults in the bottom 40 percent of the income distribution.

Among families with children and a low-wage worker affected by a minimum wage increase to \$7.25, the affected worker contributes, on average, half of the family’s earnings. Thirty-six percent of such workers actually contribute 100 percent of their family’s earnings.

A minimum wage increase would help reverse the trend of declining real wages for low-wage workers. Between 1979 and 1989, the minimum wage lost 31 percent of its real value. By contrast, between 1989 and 1997—the year of the most recent increase—the minimum wage was raised four times and recovered about one-third of the value it lost in the 1980s.

Income inequality has been increasing, in part, because of the declining real value of the minimum wage. Today, the minimum wage is 33 percent of the average hourly wage of American workers, the lowest level since 1949. A minimum wage increase is part of a broad strategy to end poverty. As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty.

Mr. Speaker, the opponents of the minimum wage often claim that increasing the wage will cost jobs and harm the economy. Of course, Mr. Speaker, there is no credible evidence to support such claims. In fact, a 1998 EPI study failed to find any systematic, significant job loss associated with the 1996–97 minimum wage increase. The truth is that following the most recent increase in the minimum wage in 1996–97, the low-wage labor market performed better than it had in decades. And after the minimum wage was increased, the country went on to enjoy the most sustained period of economic prosperity in history. We had historic low levels of unemployment rates, increased average hourly wages, increased family income, and decreased poverty rates. Studies have shown that the best performing small businesses are located in States with the highest minimum wages. Between 1998 and 2004, the job growth for small businesses

in States with a minimum wage higher than the Federal level was 6.2 percent compared to a 4.1 percent growth in States where the Federal level prevailed.

So much for the discredited notion that raising the minimum wage harms the economy. It does not. But it increases the purchasing power of those who most need the money, which is far more than can be said of the Republicans' devotion to cutting taxes for multi-millionaires.

#### CONCLUSION

Mr. Speaker, Americans overwhelmingly side with progressive principles of rewarding hard work with a liveable wage. In a recent poll conducted by the Pew Research Center, 86 percent of Americans favored raising the minimum wage. In the 2004 election, voters in Florida and Nevada, two States won by President Bush, overwhelmingly approved ballot measures to raise the minimum wage. Even in Nevada's richest county, Douglas, where Bush received 63.5 percent of the vote, 61.5 percent of voters supported raising the minimum wage.

Forty-three percent of Americans consider raising the minimum wage to be a top priority. In contrast, only 34 percent considered making the recent Federal income tax cuts permanent and only 27 percent consider the passage of a constitutional amendment to ban same-sex marriage as top priorities.

Members of Congress have legislated a minimum salary for themselves and have seen fit to raise it eight times since they last raised the minimum wage. It is time we gave the Americans we represent a long overdue pay raise by increasing the minimum wage to \$7.25 over 3 years. Even this amount does not keep pace with the cost of living. The minimum wage would have to be increased to \$9.05 to equal the purchasing power it had in 1968. And if the minimum wage had increased at the same rate as the salary increase corporate CEOs have received, it would now be \$23.03/hour.

Thank you, Mr. Speaker. It is time for a new direction. I urge my colleagues to reject H.R. 5970.

Finally, I have supported and do support the sales tax relief for Texas; however, the Republican majority knows that their bill is going nowhere and will not be heard by the Senate. We need an up or down vote on the minimum wage and an independent vote on sales tax relief on Federal income taxes for Texas—I would vote “yea” on both those two bills—which would not be a budget buster and deficit builder. The Republicans are simply playing games.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of our time.

Mr. Speaker, I want to thank the Republicans for their honesty in expressing their concern at this late hour for the minimum wage bill. At least we know on the record, they know what the situation is, they know how long it has been since these people have not been able to increase the minimum wage.

It would just seem to me, though, that honesty would dictate that this subject alone, the millions of people that are affected, would warrant that we not put it in any other kind of package, but we deal with it by itself because it deserves to be dealt with by itself.

Mr. Speaker, I do not think that you have to really be a politician to understand that when any bill is going to cost \$800 billion, and it only has 7,500 people as a beneficiary, I think you can call that controversial. I think you can say that all of the editorials believe it is unfair. People are talking about a Nation at war, a Nation that has a deficit, a Nation that has Katrina, a Nation that does not fund its health system.

They are concerned about the deficit, they are concerned about the war, and they should be concerned about close to a trillion dollars loss in revenue for people that have these large estates.

Now, for those who believe that they should get relief. Good. But why mix the two? Why take the poor folks and hold them hostage because you cannot get enough political support to get what you really want out of this, not help, I mean you are just not known to be concerned about coal miners. It is not my fault.

You are not known to have compassion about working people. It is not my fault. You are known to be concerned about the wealthiest people in our Nation. That is not your fault, you just cannot help yourself.

But why would you bring these things together and just give us one vote? Why do you not give America an opportunity to determine which side you are on? Are you with the minimum wage enough so that you give them a vote to say this is what you believe in, or are you so scared to death politically that you cannot get this 800-trillion-dollar gorilla off the ground that you have to throw in something that sounds compassionate?

I do not know, but I know one thing, it all does not come out of the same committee. So you are not only mixing ideas in terms of tax incentives and giving away money, but what you are doing is taking committees with different jurisdictions, and bringing it together in the middle of the night, and asking people to vote on these things.

Mr. Speaker, I do not think it is fair. But I do believe that the American people will be able to determine the difference between our parties. That is what makes our country great. I want to thank you for being able to admit that you just cannot get your package off the ground unless you throw in poor folks' help with it.

Mr. THOMAS. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, perhaps you did not hear the gentleman from New York's closing statement, that we are just going to have to throw the poor folks out with it. Let me get this straight. We want to vote “aye”. That would produce a higher minimum wage. We want to vote “aye”. That will provide those low-income people, especially in States like Texas, with a State and local sales tax deduction.

We want to vote “aye”, so the work opportunity tax credit can continue. We want to vote “aye” so the welfare-

to-work program will continue. But you are for those low-income folk. So you want to vote “no”, which would deny the minimum wage, which would deny the State and local sales tax, which would deny the work opportunity tax credit, which would deny the welfare-to-work, and you are going to convince these folk that what you are doing is protecting them.

Well, let me tell you, if I had a gerrymandered district like some of you folks do, I guess I could get away with it. I do not. When you look at this vote tonight, no matter how much you squirm, no matter how much you squeal, no matter how much you protest, it is very simple.

An “aye” vote increases the minimum wage. An “aye” vote allows State and local sales tax to be deducted. An “aye” vote allows the work opportunity tax credit to continue. An “aye” vote allows the welfare-to-work program to continue.

No matter how much you are offended, if you vote “no”, none of those will happen. Mr. Speaker, I have said it already, I will say it again to The gentleman from New York, this is an opportunity. This is a positive gesture on my part. Join me in making sure that those low-income people you are so compassionate about but cannot support will come with me and I will support them so that your compassion and my support, in terms of a “yes” vote, will actually deliver them something other than rhetoric.

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So I would love to have you vote “yes” so we are both supporting them. But you go ahead, bring your compassion, I will bring the “yes” vote along with the majority of people here bringing a “yes” vote, and we will pass it.

Mr. PENCE. Mr. Speaker, I come to this floor wishing for a different choice than the one before me. The bill under debate provides permanent estate and gift tax relief—something I have long supported. That is why the choice before us tonight is so difficult. While this bill will provide relief to American farmers and small business owners, it also will do much harm to those very same people and the people they employ because of the irresponsible 41% increase in the minimum wage that it also contains. This increase in the minimum wage is excessive and will hurt the poor and those entering the workforce by reducing the number of entry level positions in our economy.

Minimum wage increases raise unemployment among teenagers, minorities and part-time workers. The minimum wage violates fundamental free market economics. It costs jobs, and I cannot support policies that will take jobs from those who need a paycheck the most.

Any proposal containing a minimum wage increase should be jobs-neutral. If the federal government increases costs for businesses with one hand, it is only right that it reduce costs for businesses with the other. And while this legislation does contain good tax extensions, in totality, it is not jobs-neutral. This increase in the minimum wage will cost American jobs, and I cannot support it.

Additionally, this bill contains unrelated elements added during the eleventh hour. A budget-busting provision is included that converts the Abandoned Mine Land program from discretionary to mandatory spending. The result is an increase in the deficit of \$3.9 billion over the next 10 years.

Mr. Speaker, I would like to stand before you tonight and say that I could support this bill because more than anyone, I want permanent death tax relief. But, I cannot in good conscience vote for a bill that also contains an excessive minimum wage increase that will hurt small businesses and cost American jobs. And, I cannot vote for a bill that busts the budget by nearly \$4 billion over 10 years. Regrettably, Mr. Speaker, for those reasons I stand tonight in opposition to this bill.

Mr. BLUMENAUER. Mr. Speaker, after having their wages frozen since 1997, it is time to give a long overdue raise to millions of Americans who work hard but are paid only \$5.15 per hour.

The Federal minimum wage is the lowest it has been, adjusted for inflation, in more than 50 years. Nine years have passed since the last increase and yet education, energy and healthcare costs have skyrocketed. No one can house, feed, and educate a household by earning the current Federal minimum wage.

Luckily in Oregon, voters passed a state-wide initiative in 2002 which raises our own minimum wage that provides an automatic inflation adjustment. With the increase, we have seen significant benefits for our workforce without any ill effects for our economy. Instead of doomsayer predictions of job losses, Oregon has experienced the 8th fastest job growth amongst states since the legislation was enacted.

After months of stalling, the Republican leadership was finally forced to allow a vote. Unfortunately it was not a simple vote on minimum wage, but a loaded bill with costly and unnecessary provisions. This bill provides permanent estate tax relief for the wealthy by increasing estate and gift tax exemptions and lowering tax rates.

Even worse, the intent to raise the existing minimum wage is actually decreasing the wages of some workers due to the tip credit provision. This provision provides that tips must be counted towards the minimum wage. In Oregon restaurant workers are paid \$7.50 per hour and yet this legislation would reduce their wage to only \$5.15 per hour.

The bill is so poorly drafted that one interpretation would potentially double the minimum wage for select workers, while the other would show a decrease in the same jobs.

This bill should be firmly rejected. The minimum wage needs to be increased by crafting a simple and clear solution that protects states with existing legislation. Under no circumstance should the Federal government undercut what Oregon voters have already established.

Mr. SHAYS. Mr. Speaker, the time is past due for a raise in the Federal minimum wage, which as last increased 10 years ago. Today, workers making the least should be heartened that this legislation will raise their wages 41 percent to \$7.25 per hour over the next 3 years.

Some argue that raising the minimum wage increases unemployment and prices. This is true only if the minimum wage is set too high or phased in too quickly. If done properly,

there should be little to no impact on employment or prices.

I am also pleased we are lowering the estate tax, but adopting a far more rational approach than full repeal.

Under this legislation, small business owners will be able to know their businesses can be left with their families when they pass on because of a significantly reduced tax rate. Wealthy individuals would still pay something, between 15 and 30 percent on their estates, but not the 46 percent in existing law.

Because estate and gift taxes has a harmful impact on small businesses—many of which are forced to liquidate assets simply to pay estate taxes which fluctuates in crazy fashion, from 46 percent this year, to 0 percent in 2010 and way back up to 55 percent 2011—we must intervene and provide relief. This bill will protect families and business while still making sure the very wealthy are paying back something to society.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to address my concerns with H.R. 5970, a bill to raise the federally mandated minimum wage. Before addressing the substance of this bill, I must address the flaws in the process under which this bill is brought before us. Neither I nor my staff had received any indication the bill before us tonight would be considered by the House until late this afternoon, and the only way a member of the general public could learn about this bill is to look on the Rules Committee website. Therefore, Members of Congress are being asked to vote for a major piece of legislation that was introduced just hours before being voted on the Friday night before Congress adjourns for the month of August.

The practice of rushing bills to the floor before individual Members have had a chance to study the bills is one of the major factors contributing to public distrust of Congress. Mr. Speaker, I have introduced legislation, the Sunlight Rule (H. Res. 709), to prevent situations like the one currently confronting Members. The Sunlight Rule prohibits any piece of legislation, including conference reports, from being brought before the House of Representatives unless it has been available to Members and staff in both print and electronic versions for at least 10 days. H. Res. 709 also requires that conference reports and manager's amendments that make substantive changes to a bill must be available in both printed and electronic forms at least 72 hours before a vote.

The announced purpose of this bill is to raise living standards for all Americans. This is certainly an admirable goal, however, to believe that Congress can raise the standard of living for working Americans by simply forcing employers to pay their employees a higher wage is equivalent to claiming that Congress can repeal gravity by passing a law saying humans shall have the ability to fly.

Economic principles dictate that when government imposes a minimum wage rate above the market wage rate, it creates a surplus "wedge" between the supply of labor and the demand for labor, leading to an increase in unemployment. Employers cannot simply begin paying more to workers whose marginal productivity does not meet or exceed the law-imposed wage. The only course of action available to the employer is to mechanize operations or employ a higher-skilled worker whose output meets or exceeds the "minimum

wage." This, of course, has the advantage of giving the skilled worker an additional (and government-enforced) advantage over the unskilled worker. For example, where formerly an employer had the option of hiring three unskilled workers at \$5 per hour or one skilled worker at \$16 per hour, a minimum wage of \$6 suddenly leaves the employer only the choice of the skilled worker at an additional cost of \$1 per hour. I would ask my colleagues, if the minimum wage is the means to prosperity, why stop at \$6.65—why not \$50, \$75, or \$100 per hour?

Those who are denied employment opportunities as a result of the minimum wage are often young people at the lower end of the income scale who are seeking entry-level employment. Their inability to find an entry-level job will limit their employment prospects for years to come. Thus, raising the minimum wage actually lowers the employment opportunities and standard of living of the very people proponents of the minimum wage claim will benefit from government intervention in the economy!

Furthermore, interfering in the voluntary transactions of employers and employees in the name of making things better for low wage earners violates citizens' rights of association and freedom of contract as if to say to citizens "you are incapable of making employment decisions for yourself in the marketplace."

Mr. Speaker, I do not wish my opposition to this bill to be misconstrued as counseling inaction. Quite the contrary, Congress must enact ambitious program of tax cuts and regulatory reform to remove government-created obstacles to job growth. However, Mr. Speaker, Congress should not fool itself into believing that the package of tax cuts included in this bill will compensate for the damage inflicted on small businesses and their employees by the minimum wage increase. This assumes that Congress is omnipotent and thus can strike a perfect balance between tax cuts and regulations so that no firm, or worker, in the country is adversely affected by Federal policies. If the 20th Century taught us anything it was that any and all attempts to centrally plan an economy, especially one as large and diverse as America's, are doomed to fail.

In conclusion, I would remind my colleagues that while it may make them feel good to raise the Federal minimum wage, the real life consequences of this bill will be vested upon those who can least afford to be deprived of work opportunities. Therefore, rather than pretend that Congress can repeal the economic principles, I urge my colleagues to reject this legislation and instead embrace a program of tax cuts and regulatory reform to strengthen the greatest producer of jobs and prosperity in human history: the free market.

Mr. UDALL of Colorado. Mr. Speaker, this bill is an example of the worst kind of political game playing.

After months and months of short work-weeks and long breaks, now the Republican leadership has brought the House into session late today—and for what?

Certainly not for a simple vote on raising the minimum wage—even though that's long overdue.

No, instead the purpose of this grab-bag of a bill is to provide political cover for people who want to say they voted to raise the minimum wage but don't want their votes to actually produce that result.

That's why the Republican leaders have chained onto the minimum-wage increase the deadweight of an estate-tax revision bill like the one the House passed last month—a bill so badly flawed that it has already reached dead end in the other body. They know that the added weight will mean that even if this bill is launched from the House it will not fly, and will never reach the President's desk.

It's a cynical move. And it's a lost opportunity—because if the estate-tax part of this bill were good enough to give the package a long-shot chance of enactment, the bill would merit support.

But, like the version we passed last month, the estate-tax part of this bill does not have that chance, because it does not represent a true compromise. While benefiting only a very few—the very largest estates—it would irresponsibly reduce federal revenue at a time when the country is at war and the budget is already deeply in deficit. And to make matters worse, it includes unrelated provisions that are even less fiscally responsible, such as a special tax break for timber companies that would reopen a loophole that was closed when President Reagan signed the landmark Tax Reform Act of 1986.

My opposition to this bill does not mean I am opposed to reducing estate taxes. When the House considered the estate-tax bill last month, I supported an alternative that would have raised the amount of an estate excluded from taxes to \$6 million per couple and increased this to \$7 million by 2009. This not only would have provided relief for small businesses and family farmers, but it would have done so in a much more fiscally responsible way, because it would have reduced revenues by much less than this bill. It also would have simplified estate-tax planning for married couples, who could carry over any unused exemption to the surviving spouse and so assured that the full \$7 million would be available.

Furthermore, that alternative would have transferred the revenue from the estate tax to strengthen the Social Security trust fund, a change that, according to the Social Security Actuary, would solve one quarter of the trust fund's shortfall.

If the Republican leadership allowed us to vote on that—even as an added burden on a bill to raise the minimum wage—I would vote for it. But they could not do that, because that kind of true compromise—a reasonable and responsible compromise that would have a good chance of approval in the Senate—would not fit their plan to use the estate tax as a weight to sink the minimum wage increase.

So, once again, I have no responsible choice but to oppose what the Republican leadership has put before us and to vote against this cynical maneuver disguised as a serious legislative proposal.

Mr. KING of Iowa. Mr. Speaker, there is no doubt that most of the provisions contained in H.R. 5970 are good for America. I am in complete agreement with those who argue that no American family should be forced to sell off their loved one's life work in order to pay the federal inheritance tax bill. I have always considered the Death Tax to be a scourge on America, and I will continue working to bring about the day when this destructive tax is permanently repealed. In addition, as one who believes that our federal income tax code should be replaced by a national sales tax,

under most circumstances, I would eagerly support the many provisions of this bill that are aimed at reducing the burden of taxation on hard-working Americans. Unfortunately, however, these provisions were brought before us this evening in an attempt to compensate for, and distract attention from, a politically-motivated, economically nonsensical, and utterly unprincipled move to raise the federally-mandated minimum wage.

When we artificially raise wages, we will force small businesses to either hire fewer workers; shrink their labor force; transition to more efficient means of production, like automation; or simply close their doors altogether. The effect that this wage hike will have on the American worker is simple: it will price low-wage workers—the very people it is intended to help—out of the labor market.

Labor is a commodity like corn, beans, gold or oil, and its value should be established by supply and demand in the marketplace—not by congressional mandate. If it makes sense to legislate a minimum wage, it also makes sense to legislate a living wage. And, if it makes sense to legislate a living wage, it makes sense to simply legislate prosperity. Yet, if Congress passed a law that everyone had to make \$1,000,000 a year, there would only be a handful of people with a job in this country.

Eliminating the Death Tax on small business owners stands on its own merit. But, adding inheritance tax reforms to a minimum wage mandate that will cripple small businesses is a losing proposition. While I am supportive of the provisions in this bill that will undoubtedly bring much needed relief to the American taxpayer, I would be doing my constituents and the people of this nation a great disservice if I attempted to use these "sweeteners" to force the poison pill of a minimum wage hike down the throats of America's small business owners.

Mr. PASCRELL. Mr. Speaker, I rise tonight appalled by the way Republican leadership has decided to turn against American workers by playing politics, instead of passing a clean minimum wage increase.

It is shameful that millions of Americans are suffering the economic injustice of working a full-time job and earning a wage that leaves them below the poverty line.

It is unconscionable that we stand here tonight debating provisions on the estate tax and the extension of expiring tax provisions. These provisions only serve as a political ploy to kill any increase to the minimum wage.

Working-class Americans have waited too long, close to a decade in fact, for an increase in the minimum wage. This has been the second longest period without a pay raise since the Federal minimum wage law was first enacted in 1938.

Over this last decade while the minimum wage has remained stagnant, the cost of basic necessities such as energy and healthcare have skyrocketed—meaning that the minimum wage is no longer a livable wage.

Today a minimum wage earner has to work a day and a half just to pay for a full tank of gas. That is simply shameful.

As Americans we have always been told that if you have a job, and you work hard, you will have a secure future in our Nation. Yet, millions of Americans who do have jobs and who do work hard everyday have joined the ranks of the "working poor."

In fact, the number of full-time year-round workers who are poor has more than doubled since the late 1970s.

Let there be no doubt, a vote to increase the minimum wage to \$7.25/hour is a vote to alleviate poverty in America, and it is a vote to help eliminate the term "working poor" from our reality.

Members of this body should be allowed a straight up-or-down vote on legislation to raise the minimum wage to a true livable wage of \$7.25/hour over the next 2 years.

But instead the Republican leadership here in the House of Representatives has chosen to play dirty politics and attach poison pill provisions to this legislation with the implicit expectation of killing a real minimum wage increase.

It is quite simply a slap in the face for working-class Americans.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I rise today in strong opposition to the House Republican minimum wage legislation which is not a clean bill. A clean bill would not have poison pills in it.

Mr. Speaker this is a sad day. The American people need our help. From coast to coast, the lowest paid Americans are clamoring for assistance as they struggle to live off of wages not suitable for this decade. It is obvious that an increase in the minimum wage is sadly overdue.

Unfortunately, when the majority finally provides the opportunity to vote on increasing the minimum wage, it comes to us bloated, filled with provisions harmful to the American worker and which ensure that this legislation is never enacted.

While it is unfortunate that the majority leadership has not seen fit to bring legislation to the floor that neither the American people nor most of my colleagues have had a chance to review, it is downright insulting that the legislation on the floor today was written knowing that it will never pass out of the Senate. This bill is dead on arrival in the Senate.

For the last two-years, the Democrats have fought to increase the minimum wage. The effect of the last minimum wage increase in 1996-97 has been completely eroded by inflation, which, when factored in, the \$5.15 minimum wage today is lower than the \$4.25 minimum wage level before the 1996-97 increase. At the same time fuel prices have continued to skyrocket, housing prices are soaring and health care continues to be out of reach for those whose jobs do not provide it for them.

If the Democrat minimum wage initiative would come to the floor, an estimated 14.9 million workers would receive an increase in their hourly wage rate if the Democrat minimum wage were raised. Over half a million of these workers reside in my home State of California. But this Republican bill does not provide the minimum wage increase American workers need. It delays the increase and nullifies wage protections for tipped workers.

Mr. Speaker, in the almost 10 years since the last increase in the minimum wage, the purchasing power of the minimum wage has deteriorated by 20 percent and the value of the minimum wage is at its lowest level since 1955 when adjusted for inflation. This is clearly unacceptable. The American people need us more than ever. I urge my colleagues to only support a clean bill focused solely on the minimum wage and to vote against this Republican legislation in its current form.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker it has been almost 10 years since we've seen an increase in the Federal minimum wage.

Unfortunately, this bill here today is not about helping American workers.

The bill is full of poison pills—tax breaks for the wealthy and hand-outs for special interests.

This is nothing more than a backdoor attempt to put money in the pockets of the wealthiest among us.

We're playing politics and decent hard-working Americans are the ones paying the price.

The reality is that there are millions of workers trying to support their families on \$5.15 per hour.

Each day millions of minimum wage workers are forced to choose between food, shelter, health care or clothing.

No American who works hard for a living should have to make those types of choices.

Mr. Speaker, it is time for a new direction that truly reflects our core American values.

These hardworking Americans deserve an up-or-down vote on a clean minimum wage bill.

Mr. UDALL of New Mexico. Mr. Speaker, for nearly a decade, millions of American workers have waited for an increase in the Federal minimum wage, but none has come. They have watched as the purchasing power of their paycheck has crumbled, giving way to inflation. Many are working families, struggling to make ends meet, yet for 9 years Congress has ignored them and refused to pass a clean, simple increase in the minimum wage.

Nearly 44 percent of minimum wage workers work full time, nearly two-thirds of whom are women. Even working full time, they often remain below the poverty line. They are unable to buy their own home, cannot afford health insurance for themselves and their children, and often take a second job just to pay the bills.

Mr. Speaker it is time to increase the Federal minimum wage. I strongly support implementing a 2-year plan that would increase the minimum wage from \$5.15 an hour to \$7.25 an hour. However, I also strongly support passing such legislation cleanly, without attachments of tax cuts, without attachment of controversial language or convoluted provisions. We must demonstrate that we support those American families, those who are wondering why they are working 50-hour work weeks yet cannot seem to make ends meet.

Ms. BORDALLO. Mr. Speaker, I rise today in strong support of providing American workers a living wage with which to support and improve their families' livelihoods. Those in America who receive the minimum wage for their labors are particularly vulnerable to experiencing greater financial pressures and a lower overall quality of life.

The national minimum wage has not been increased in 9 years and has not kept pace with household expenses. Raising the minimum wage will help lift many families on Guam out of poverty. An increase in the Federal minimum wage is long overdue, as evidenced by the recent actions taken by the Guam Legislature and the Governor to increase the local minimum wage.

Living wages help families ensure that their children receive proper nutrition, quality education, and good health care. These are es-

sential to ensuring that children have happy, productive and healthy childhoods. Living wages earned by American workers also help American families realize important financial goals as well as improving, long-term financial well-being. Eliminating high-interest debt, achieving home ownership, and investing now for a child's future higher education costs and a parents' retirement, for instance, are goals more easily realized by workers who earn a living wage.

Americans have proven to be productive, innovative, and resourceful workers. Their wages should reflect this reality. A worker's wage represents his or her worth to an employer. But it also represents much more. Wages and salaries are the foundations upon which families are begun. Living wages and salaries provide the financial security under which those families can grow. A worker's wage or salary helps ensure his or her financial future. Receiving a living wage is well deserved by American workers.

Mr. SCHIFF. Mr. Speaker, I rise today to express my disappointment that once again the Members of this House appear poised to let another opportunity pass us by that would have a meaningful impact in the lives of millions of American families. Today, we are voting on a bill that has been rushed to this House floor and purports to raise the Federal minimum wage. In reality, however, the bill before us seeks to muddy the waters about whether America's lowest paid workers deserve to make a living wage.

In stark contrast to the bill before us today, Mr. MILLER, the ranking member of the House Committee on Education and the Workforce, has introduced very simple legislation that would increase the Federal minimum wage to \$7.25 per hour over the course of the next 2 years. This bill was introduced in May of 2005 and has yet to receive a hearing.

The hastily drafted bill before us today, however, was only introduced earlier this afternoon, and the House leadership has brought it to the floor for a vote.

This legislation adds unrelated and controversial provisions, that I'm sure some hope will end the debate and ensure that a meaningful increase in our minimum wage never takes place. We should instead, be voting today on a straightforward bill that simply raises the Federal minimum wage to a level that ensures that working families can emerge from the grasp of poverty.

Before the House adjourns for the August recess, I believe we owe the American people a simple up-or-down vote on whether or not working Americans deserve a decent living wage.

The current minimum wage of \$5.15 per hour is not a living wage. It is not a wage on which single individuals, working full time, can adequately support themselves, and it is most certainly not a wage on which a single mother or single father can raise a family.

Millions of hard-working Americans would directly benefit from a minimum wage increase. Some would argue that this would only benefit high school students and young adults who are being paid minimum wages on their first job at a fast food restaurant. In fact, more than 84 percent of workers who would directly benefit from a minimum wage increase are above the age of 20. In addition, nearly 60 percent of those individuals work full time, and 45 percent of them are married and/or have children.

They are the victims of our inaction, Mr. Speaker. In many cases, it is our children who will suffer. I am ashamed that nearly 36 million Americans live in poverty in our country, and that nearly 13 million of those who live below the poverty line are children. With a very simple vote today—on a very simple piece of legislation—we could dramatically increase the physical, mental, and financial wellbeing of countless American children. No one who works for a living should have to live in poverty, and the children of these working families must not be made to suffer for our collective lack of moral conviction.

I call on my friends on the other side of the aisle, and I ask them to partner with us to pass a meaningful increase in the Federal minimum wage. We must pass legislation that does not contain controversial provisions that divide us. Instead, we should speak with one voice, as one Congress, and tell working Americans that we value their work, that we understand their sacrifices, and that they deserve to make a living wage.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 966, the bill is considered read and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. GEORGE MILLER OF CALIFORNIA

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GEORGE MILLER of California. I am in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. George Miller of California moves to recommit the bill, H.R. 5970 to the Committee on Education and the Workforce with instructions to report the bill back to the House forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the "Fair Minimum Wage and Extension of Tax Relief Act".

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

Sec. 1. Short title; table of contents.

**TITLE I—INCREASE IN THE MINIMUM WAGE**

Sec. 101. Increase in the minimum wage.

Sec. 102. Applicability of minimum wage to the Commonwealth of the Northern Mariana Islands.

**TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS**

Subtitle A—Extension and Modification of Certain Provisions

Sec. 201. Deduction for qualified tuition and related expenses.

Sec. 202. Extension and modification of new markets tax credit.

Sec. 203. Election to deduct State and local general sales taxes.

Sec. 204. Extension and modification of research credit.

Sec. 205. Work opportunity tax credit and welfare-to-work credit.

Sec. 206. Election to include combat pay as earned income for purposes of earned income credit.

Sec. 207. Extension and modification of qualified zone academy bonds.

Sec. 208. Above-the-line deduction for certain expenses of elementary and secondary school teachers.

Sec. 209. Extension and expansion of expensing of brownfields remediation costs.

Sec. 210. Tax incentives for investment in the District of Columbia.

Sec. 211. Indian employment tax credit.

Sec. 212. Accelerated depreciation for business property on Indian reservations.

Sec. 213. Fifteen-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property.

Sec. 214. Cover over of tax on distilled spirits.

Sec. 215. Parity in application of certain limits to mental health benefits.

Sec. 216. Corporate donations of scientific property used for research and of computer technology and equipment.

Sec. 217. Availability of medical savings accounts.

Sec. 218. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.

Sec. 219. American Samoa economic development credit.

Sec. 220. Restructuring of New York Liberty Zone tax credits.

Sec. 221. Extension of bonus depreciation for certain qualified Gulf Opportunity Zone property.

Sec. 222. Authority for undercover operations.

Sec. 223. Disclosures of certain tax return information.

Subtitle B—Other Provisions

Sec. 231. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.

Sec. 232. Credit for prior year minimum tax liability made refundable after period of years.

Sec. 233. Returns required in connection with certain options.

Sec. 234. Partial expensing for advanced mine safety equipment.

Sec. 235. Mine rescue team training tax credit.

Sec. 236. Whistleblower reforms.

Sec. 237. Frivolous tax submissions.

Sec. 238. Addition of meningococcal and human papillomavirus vaccines to list of taxable vaccines.

Sec. 239. Clarification of taxation of certain settlement funds made permanent.

Sec. 240. Modification of active business definition under section 355 made permanent.

Sec. 241. Revision of State veterans limit made permanent.

Sec. 242. Capital gains treatment for certain self-created musical works made permanent.

Sec. 243. Reduction in minimum vessel tonnage which qualifies for tonnage tax made permanent.

Sec. 244. Modification of special arbitrage rule for certain funds made permanent.

Sec. 245. Great Lakes domestic shipping to not disqualify vessel from tonnage tax.

Sec. 246. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement.

Sec. 247. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community.

Sec. 248. Treatment of coke and coke gas.

Sec. 249. Sale of property by judicial officers.

Sec. 250. Premiums for mortgage insurance.

Sec. 251. Modification of refunds for kerosene used in aviation.

Sec. 252. Deduction for qualified timber gain.

Sec. 253. Credit to holders of rural renaissance bonds.

Sec. 254. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.

Sec. 255. Technical corrections.

**TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006**

Sec. 301. Short title.

Subtitle A—Mining Control and Reclamation

Sec. 311. Abandoned Mine Reclamation Fund and purposes.

Sec. 312. Reclamation fee.

Sec. 313. Objectives of Fund.

Sec. 314. Reclamation of rural land.

Sec. 315. Liens.

Sec. 316. Certification.

Sec. 317. Remining incentives.

Sec. 318. Extension of limitation on application of prohibition on issuance of permit.

Sec. 319. Tribal regulation of surface coal mining and reclamation operations.

Subtitle B—Coal Industry Retiree Health Benefit Act

Sec. 321. Certain related persons and successors in interest relieved of liability if premiums prepaid.

Sec. 322. Transfers to funds; premium relief.

Sec. 323. Other provisions.

**TITLE I—INCREASE IN THE MINIMUM WAGE**

**SEC. 101. INCREASE IN THE MINIMUM WAGE.**

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

“(1) except as otherwise provided in this section, not less than—

“(A) \$5.15 an hour beginning September 1, 1997;

“(B) \$5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage and Extension of Tax Relief Act of 2006;

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

“(D) \$7.25 an hour, beginning 24 months after that 60th day.”.

**SEC. 102. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.**

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) \$3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by \$0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of

enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

**TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS**

**Subtitle A—Extension and Modification of Certain Provisions**

**SEC. 201. DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.**

(a) IN GENERAL.—Section 222(e) is amended by striking “2005” and inserting “2007”.

(b) CONFORMING AMENDMENTS.—Section 222(b)(2)(B) is amended—

(1) by striking “a taxable year beginning in 2004 or 2005” and inserting “any taxable year beginning after 2003”, and

(2) by striking “2004 AND 2005” in the heading and inserting “AFTER 2003”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 202. EXTENSION AND MODIFICATION OF NEW MARKETS TAX CREDIT.**

(a) EXTENSION.—Section 45D(f)(1)(D) is amended by striking “and 2007” and inserting “, 2007, and 2008”.

(b) REGULATIONS REGARDING NON-METROPOLITAN COUNTIES.—Section 45D(i) is amended by striking “and” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, and”, and by adding at the end the following new paragraph:

“(6) which ensure that non-metropolitan counties receive a proportional allocation of qualified equity investments.”.

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

**SEC. 203. ELECTION TO DEDUCT STATE AND LOCAL GENERAL SALES TAXES.**

(a) IN GENERAL.—Section 164(b)(5)(I) is amended by striking “2006” and inserting “2008”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 204. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.**

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h)(1)(B) is amended by striking “2005” and inserting “2007”.

(2) CONFORMING AMENDMENT.—Section 45C(b)(1)(D) is amended by striking “2005” and inserting “2007”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”,

(B) by striking “3.2 percent” and inserting “4 percent”, and

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) IN GENERAL.—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

“(5) ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.—

**“(A) IN GENERAL.**—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

**“(B) SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.**—

**“(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.**—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

**“(ii) CREDIT RATE.**—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

**“(C) ELECTION.**—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made for any taxable year to which an election under paragraph (4) applies.”.

**(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.**—

**(A) IN GENERAL.**—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: “An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.”.

**(B) TRANSITION RULE.**—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (c)) for such year.

**(3) EFFECTIVE DATE.**—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

#### **SEC. 205. WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.**

**(a) IN GENERAL.**—Sections 51(c)(4)(B) and 51A(f) are each amended by striking “2005” and inserting “2007”.

**(b) ELIGIBILITY OF EX-FELONS DETERMINED WITHOUT REGARD TO FAMILY INCOME.**—Paragraph (4) of section 51(d) is amended by adding “and” at the end of subparagraph (A), by striking “, and” at the end of subparagraph (B) and inserting a period, and by striking all that follows subparagraph (B).

**(c) INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF FOOD STAMP RECIPIENTS.**—Clause (i) of section 51(d)(8)(A) is amended by striking “25” and inserting “40”.

**(d) EXTENSION OF PAPERWORK FILING DEADLINE.**—Section 51(d)(12)(A)(ii)(II) is amended by striking “21st day” and inserting “28th day”.

**(e) CONSOLIDATION OF WORK OPPORTUNITY CREDIT WITH WELFARE-TO-WORK CREDIT.**—

**(1) IN GENERAL.**—Paragraph (1) of section 51(d) is amended by striking “or” at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting “, or”, and by adding at the end the following new subparagraph:

“(I) a long-term family assistance recipient.”.

**(2) LONG-TERM FAMILY ASSISTANCE RECIPIENT.**—Subsection (d) of section 51 is amended by redesignating paragraphs (10) through (12) as paragraphs (11) through (13), respectively,

and by inserting after paragraph (9) the following new paragraph:

**“(10) LONG-TERM FAMILY ASSISTANCE RECIPIENT.**—The term ‘long-term family assistance recipient’ means any individual who is certified by the designated local agency—

“(A) as being a member of a family receiving assistance under a IV-A program (as defined in paragraph (2)(B)) for at least the 18-month period ending on the hiring date,

“(B)(i) as being a member of a family receiving such assistance for 18 months beginning after August 5, 1997, and

“(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

“(C)(i) as being a member of a family which ceased to be eligible for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

“(ii) as having a hiring date which is not more than 2 years after the date of such cessation.”.

**(3) INCREASED CREDIT FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.**—Section 51 is amended by inserting after subsection (d) the following new subsection:

**“(e) CREDIT FOR SECOND-YEAR WAGES FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.**—

**“(1) IN GENERAL.**—With respect to the employment of a long-term family assistance recipient—

“(A) the amount of the work opportunity credit determined under this section for the taxable year shall include 50 percent of the qualified second-year wages for such year, and

“(B) in lieu of applying subsection (b)(3), the amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to such a recipient shall not exceed \$10,000 per year.

**“(2) QUALIFIED SECOND-YEAR WAGES.**—For purposes of this subsection, the term ‘qualified second-year wages’ means qualified wages—

“(A) which are paid to a long-term family assistance recipient, and

“(B) which are attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

**“(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.**—If such recipient is an employee to whom subparagraph (A) or (B) of subsection (h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

“(A) such subparagraph (A) shall be applied by substituting ‘\$10,000’ for ‘\$6,000’, and

“(B) such subparagraph (B) shall be applied by substituting ‘\$833.33’ for ‘\$500’.”.

**(4) REPEAL OF SEPARATE WELFARE-TO-WORK CREDIT.**—

**(A) IN GENERAL.**—Section 51A is hereby repealed.

**(B) CLERICAL AMENDMENT.**—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 51A.

**(f) EFFECTIVE DATES.**—

**(1) IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

**(2) CONSOLIDATION.**—The amendments made by subsections (b), (c), (d), and (e) shall apply to individuals who begin work for the employer after December 31, 2006.

#### **SEC. 206. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.**

**(a) IN GENERAL.**—Section 32(c)(2)(B)(vi)(II) is amended by striking “2007” and inserting “2008”.

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

#### **SEC. 207. EXTENSION AND MODIFICATION OF QUALIFIED ZONE ACADEMY BONDS.**

**(a) IN GENERAL.**—Paragraph (1) of section 1397E(e) is amended by striking “and 2005” and inserting “2005, 2006, and 2007”.

**(b) SPECIAL RULES RELATING TO EXPENDITURES, ARBITRAGE, AND REPORTING.**—

**(1) IN GENERAL.**—Section 1397E is amended—

(A) in subsection (d)(1), by striking “and” at the end of subparagraph (C)(iii), by striking the period at the end of subparagraph (D) and inserting “; and”, and by adding at the end the following new subparagraph:

“(E) the issue meets the requirements of subsections (f), (g), and (h).”, and

(B) by redesignating subsections (f), (g), (h), and (i) as subsection (i), (j), (k), and (l), respectively, and by inserting after subsection (e) the following new subsections:

**“(f) SPECIAL RULES RELATING TO EXPENDITURES.**—

**(1) IN GENERAL.**—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the issuer reasonably expects—

“(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified purposes with respect to qualified zone academies within the 5-year period beginning on the date of issuance of the qualified zone academy bond,

“(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the qualified zone academy bond, and

“(C) such purposes will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

**“(2) EXTENSION OF PERIOD.**—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related purposes will continue to proceed with due diligence.

**“(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.**—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the non-qualified bonds required to be redeemed shall be determined in the same manner as under section 142.

**“(g) SPECIAL RULES RELATING TO ARBITRAGE.**—An issue shall be treated as meeting the requirements of this subsection if the issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

**“(h) REPORTING.**—Issuers of qualified academy zone bonds shall submit reports similar to the reports required under section 149(e).”.

**(2) CONFORMING AMENDMENTS.**—Sections 54(1)(3)(B) and 1400N(1)(7)(B)(ii) are each amended by striking “section 1397E(i)” and inserting “section 1397E(1)”.

**(c) EFFECTIVE DATES.**—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

(2) SPECIAL RULES.—The amendments made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act pursuant to allocations of the national zone academy bond limitation for calendar years after 2005.

**SEC. 208. ABOVE-THE-LINE DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.**

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking “or 2005” and inserting “2005, 2006, or 2007”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 209. EXTENSION AND EXPANSION OF EXPENSING OF BROWNFIELDS REMEDIATION COSTS.**

(a) EXTENSION.—Subsection (h) of section 198 is amended by striking “2005” and inserting “2007”.

(b) EXPANSION.—Section 198(d)(1) (defining hazardous substance) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) any petroleum product (as defined in section 4612(a)(3)).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2005.

**SEC. 210. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.**

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking “2005” both places it appears and inserting “2007”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2005.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking “2005” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking “2006” each place it appears and inserting “2008”.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—  
(i) by striking “2010” and inserting “2012”, and

(ii) by striking “2010” in the heading thereof and inserting “2012”.

(B) Section 1400B(g)(2) is amended by striking “2010” and inserting “2012”.

(C) Section 1400F(d) is amended by striking “2010” and inserting “2012”.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2005.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking “2006” and inserting “2008”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2005.

**SEC. 211. INDIAN EMPLOYMENT TAX CREDIT.**

(a) IN GENERAL.—Section 45A(f) is amended by striking “2005” and inserting “2007”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 212. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.**

(a) IN GENERAL.—Section 168(j)(8) is amended by striking “2005” and inserting “2007”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2005.

**SEC. 213. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASE-HOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.**

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking “2006” and inserting “2008”.

(b) TREATMENT OF RESTAURANT PROPERTY TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

“(7) QUALIFIED RESTAURANT PROPERTY.—The term ‘qualified restaurant property’ means any section 1250 property which is a building or an improvement to a building if more than 50 percent of the building’s square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.”.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2005.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to property placed in service after the date of the enactment of this Act.

**SEC. 214. COVER OVER OF TAX ON DISTILLED SPIRITS.**

(a) IN GENERAL.—Section 7652(f)(1) is amended by striking “2006” and inserting “2008”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2005.

**SEC. 215. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.**

(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 9812(f)(3) is amended by striking “2006” and inserting “2007”.

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking “2006” and inserting “2007”.

(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public Health Service Act (42 U.S.C. 300gg-5(f)) is amended by striking “2006” and inserting “2007”.

**SEC. 216. CORPORATE DONATIONS OF SCIENTIFIC PROPERTY USED FOR RESEARCH AND OF COMPUTER TECHNOLOGY AND EQUIPMENT.**

(a) EXTENSION OF COMPUTER TECHNOLOGY AND EQUIPMENT DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(G) is amended by striking “2005” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to contributions made in taxable years beginning after December 31, 2005.

(b) EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.—

(1) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting “or assembled” after “constructed”.

(B) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting “or assembly” after “construction”.

**(2) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—**

(A) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting “or assembled” after “constructed” and “or assembling” after “construction”.

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) is amended by inserting “or assembled” after “constructed” and “or assembly” after “construction”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

**SEC. 217. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.**

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) are each amended by striking “2005” each place it appears in the text and headings and inserting “2007”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking “or 2004” each place it appears and inserting “2004, 2005, or 2006”, and

(B) in the heading by striking “OR 2004” and inserting “2004, 2005, OR 2006”.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking “and 2004” and inserting “2004, 2005, and 2006”.

(c) TIME FOR FILING REPORTS, ETC.—

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

**SEC. 218. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.**

(a) IN GENERAL.—Section 613A(c)(6)(H) is amended by striking “2006” and inserting “2008”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

**SEC. 219. AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.**

(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if such corporation—

(1) is an existing credit claimant with respect to American Samoa, and

(2) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006.

(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936

of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply to the first two taxable years of a corporation to which subsection (a) applies which begin after December 31, 2005, and before January 1, 2008.

#### SEC. 220. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as 1400K and by adding at the end the following new section:

#### “SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

“(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

“(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualifying project expenditure amount’ means, with respect to any calendar year, the sum of—

“(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

“(B) any such expenditures—

“(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

“(ii) not previously allocated under paragraph (3).

“(2) QUALIFYING PROJECT.—The term ‘qualifying project’ means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

“(3) GENERAL ALLOCATION.—

“(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

“(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed \$1,750,000,000.

“(C) ANNUAL LIMIT.—

“(i) IN GENERAL.—The aggregate amount which may be allocated under subparagraph

(A) for any calendar year in the credit period shall not exceed the sum of—

“(I) the applicable limit, plus

“(II) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

“(ii) APPLICABLE LIMIT.—For purposes of clause (i), the applicable limit for any calendar year is—

“(I) in the case of calendar years 2007

through 2016, \$100,000,000,

“(II) in the case of calendar year 2017 or

2018, \$200,000,000,

“(III) in the case of calendar year 2019,

\$150,000,000,

“(IV) in the case of calendar year 2020 or

2021, \$100,000,000, and

“(V) in the case of any calendar year after

2021, zero.

“(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the

Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

“(i) the lesser of—

“(I) such excess, or

“(II) the qualifying project expenditure amount for such calendar year, reduced by

“(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

“(4) ALLOCATION TO PAYROLL PERIODS.—

Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

“(c) CARRYOVER OF UNUSED ALLOCATIONS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year. No amount may be carried under the preceding sentence to a calendar year after 2026.

“(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

“(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) CREDIT PERIOD.—The term ‘credit period’ means the 15-year period beginning on January 1, 2007.

“(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term ‘New York Liberty Zone governmental unit’ means—

“(A) the State of New York,

“(B) the City of New York, New York, and

“(C) any agency or instrumentality of such State or City.

“(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local

funds for the purpose of any Federal program.

“(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

“(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

“(1) which certifies—

“(A) the qualifying project expenditure amount for the calendar year, and

“(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

“(2) includes such other information as the Secretary may require to carry out this section.

“(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.

“(g) TERMINATION.—No credit shall be allowed under subsection (a) for any calendar year after 2026.”.

(b) TERMINATION OF CERTAIN NEW YORK LIBERTY ZONE BENEFITS.—

(1) SPECIAL ALLOWANCE AND EXPENSING.—Section 1400K(b)(2)(A)(v), as redesignated by subsection (a), is amended by striking “the termination date” and inserting “the date of the enactment of the Fair Minimum Wage and Extension of Tax Relief Act or the termination date if pursuant to a binding contract in effect on such enactment date”.

(2) LEASEHOLD.—Section 1400K(c)(2)(B), as so redesignated, is amended by striking “before January 1, 2007” and inserting “on or before the date of the enactment of the Fair Minimum Wage and Extension of Tax Relief Act or before January 1, 2007, if pursuant to a binding contract in effect on such enactment date”.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking “section 1400L(a)” and inserting “section 1400K(a)”.

(2) Section 168(k)(2)(D)(ii) is amended by striking “section 1400L(c)(2)” and inserting “1400K(c)(2)”.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by striking “1400L” and inserting “1400K”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to periods beginning after December 31, 2006.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect as if included in section 301 of the Job Creation and Worker Assistance Act of 2002.

#### SEC. 221. EXTENSION OF BONUS DEPRECIATION FOR CERTAIN QUALIFIED GULF OPPORTUNITY ZONE PROPERTY.

(a) IN GENERAL.—Subsection (d) of section 1400N is amended by adding at the end the following new paragraph:

“(6) EXTENSION FOR CERTAIN PROPERTY.—

“(A) IN GENERAL.—In the case of any specified Gulf Opportunity Zone extension property, paragraph (2)(A) shall be applied without regard to clause (v) thereof.

“(B) SPECIFIED GULF OPPORTUNITY ZONE EXTENSION PROPERTY.—For purposes of this paragraph, the term ‘specified Gulf Opportunity Zone extension property’ means property—

“(i) substantially all of the use of which is in one or more specified portions of the GO Zone, and

“(ii) which is—

“(I) nonresidential real property or residential rental property which is placed in service by the taxpayer on or before December 31, 2009, or

“(II) in the case of a taxpayer who places a building described in subclause (I) in service on or before December 31, 2009, property described in section 168(k)(2)(A)(i) if substantially all of the use of such property is in such building and such property is placed in service by the taxpayer not later than 90 days after such building is placed in service.

“(C) SPECIFIED PORTIONS OF THE GO ZONE.—For purposes of this paragraph, the term ‘specified portions of the GO Zone’ means those portions of the GO Zone which are in any county or parish which is identified by the Secretary as being a county or parish in which hurricanes occurring during 2005 damaged (in the aggregate) more than 40 percent of the housing units in such county or parish which were occupied (determined according to the 2000 Census).”.

(b) EXTENSION NOT APPLICABLE TO INCREASED SECTION 179 EXPENSING.—Paragraph (2) of section 1400N(e) is amended by inserting “without regard to subsection (d)(6)” after “subsection (d)(2)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 101 of the Gulf Opportunity Zone Act of 2005.

#### SEC. 222. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking “2007” both places it appears and inserting “2008”.

#### SEC. 223. DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.

##### (a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Subparagraph (B) of section 6103(d)(5) (relating to termination) is amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to disclosures after December 31, 2006.

##### (b) DISCLOSURES RELATING TO TERRORIST ACTIVITIES.—

(1) IN GENERAL.—Clause (iv) of section 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7) are each amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to disclosures after December 31, 2006.

##### (c) DISCLOSURES RELATING TO STUDENT LOANS.—

(1) IN GENERAL.—Subparagraph (D) of section 6103(l)(13) (relating to termination) is amended by striking “2006” and inserting “2007”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to requests made after December 31, 2006.

#### Subtitle B—Other Provisions

#### SEC. 231. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subsection (d) of section 199 (relating to definitions and special rules) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

“(8) TREATMENT OF ACTIVITIES IN PUERTO RICO.—

“(A) IN GENERAL.—In the case of any taxpayer with gross receipts for any taxable year from sources within the Commonwealth of Puerto Rico, if all of such receipts are tax-

able under section 1 or 11 for such taxable year, then for purposes of determining the domestic production gross receipts of such taxpayer for such taxable year under subsection (c)(4), the term ‘United States’ shall include the Commonwealth of Puerto Rico.

“(B) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in subparagraph (A), for purposes of applying the limitation under subsection (b) for any taxable year, the determination of W-2 wages of such taxpayer shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services performed in Puerto Rico.

“(C) TERMINATION.—This paragraph shall apply only with respect to the first 2 taxable years of the taxpayer beginning after December 31, 2005, and before January 1, 2008.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

#### SEC. 232. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY MADE REFUNDABLE AFTER PERIOD OF YEARS.

(a) IN GENERAL.—Section 53 (relating to credit for prior year minimum tax liability) is amended by adding at the end the following new subsection:

##### “(e) SPECIAL RULE FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS.—

“(1) IN GENERAL.—If an individual has a long-term unused minimum tax credit for any taxable year beginning before January 1, 2013, the amount determined under subsection (c) for such taxable year shall not be less than the AMT refundable credit amount for such taxable year.

“(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1)—

“(A) IN GENERAL.—The term ‘AMT refundable credit amount’ means, with respect to any taxable year, the amount equal to the greater of—

“(i) the lesser of—

“(I) \$5,000, or

“(II) the amount of long-term unused minimum tax credit for such taxable year, or

“(ii) 20 percent of the amount of such credit.

##### “(B) PHASEOUT OF AMT REFUNDABLE CREDIT AMOUNT.—

“(i) IN GENERAL.—In the case of an individual whose adjusted gross income for any taxable year exceeds the threshold amount (within the meaning of section 151(d)(3)(C)), the AMT refundable credit amount determined under subparagraph (A) for such taxable year shall be reduced by the applicable percentage (within the meaning of section 151(d)(3)(B)).

“(ii) ADJUSTED GROSS INCOME.—For purposes of clause (i), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

##### “(3) LONG-TERM UNUSED MINIMUM TAX CREDIT.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘long-term unused minimum tax credit’ means, with respect to any taxable year, the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years before the 3rd taxable year immediately preceding such taxable year.

“(B) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of subparagraph (A), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.

“(4) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as if it were allowed under subpart C.”.

##### “(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by striking “and 34” and inserting “34, and 53(e)”.

(2) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting “or 53(e)” after “section 35”.

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

#### SEC. 233. RETURNS REQUIRED IN CONNECTION WITH CERTAIN OPTIONS.

(a) IN GENERAL.—So much of section 6039(a) as follows paragraph (2) is amended to read as follows:

“shall, for such calendar year, make a return at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe.”.

(b) STATEMENTS TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Section 6039 is amended by redesignating subsections (b) and (c) as subsection (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

“(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REPORTED.—Every corporation making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement setting forth such information as the Secretary may by regulations prescribe. The written statement required under the preceding sentence shall be furnished to such person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.”.

##### (c) CONFORMING AMENDMENTS.—

(1) Section 6724(d)(1)(B) is amended by striking “or” at the end of clause (xvii), by striking “and” at the end of clause (xviii) and inserting “or”, and by adding at the end the following new clause:

“(xix) section 6039(a) (relating to returns required with respect to certain options), and”.

(2) Section 6724(d)(2)(B) is amended by striking “section 6039(a)” and inserting “section 6039(b)”.

(3) The heading of section 6039 and the item relating to such section in the table of sections of subpart A of part III of subchapter A of chapter 61 of such Code are each amended by striking “Information” and inserting “Returns”.

(4) The heading of subsection (a) of section 6039 is amended by striking “FURNISHING OF INFORMATION” and inserting “REQUIREMENT OF REPORTING”.

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

#### SEC. 234. PARTIAL EXPENSING FOR ADVANCED MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by inserting after section 179D the following new section:

#### “SEC. 179E. ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

“(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat 50 percent of the cost of any qualified advanced mine safety equipment property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified advanced mine safety equipment property is placed in service.

##### “(b) ELECTION.—

“(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer’s return of the tax imposed by this chapter for the taxable year. Such election shall specify the advanced mine safety equipment property to which the election applies and shall be made in such manner as the Secretary may by regulations prescribe.

“(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

“(c) QUALIFIED ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term ‘qualified advanced mine safety equipment property’ means any advanced mine safety equipment property for use in any underground mine located in the United States—

“(1) the original use of which commences with the taxpayer, and

“(2) which is placed in service by the taxpayer after the date of the enactment of this section.

“(d) ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term ‘advanced mine safety equipment property’ means any of the following:

“(1) Emergency communication technology or device which is used to allow a miner to maintain constant communication with an individual who is not in the mine.

“(2) Electronic identification and location device which allows an individual who is not in the mine to track at all times the movements and location of miners working in or at the mine.

“(3) Emergency oxygen-generating, self-rescue device which provides oxygen for at least 90 minutes.

“(4) Pre-positioned supplies of oxygen which (in combination with self-rescue devices) can be used to provide each miner on a shift, in the event of an accident or other event which traps the miner in the mine or otherwise necessitates the use of such a self-rescue device, the ability to survive for at least 48 hours.

“(5) Comprehensive atmospheric monitoring system which monitors the levels of carbon monoxide, methane, and oxygen that are present in all areas of the mine and which can detect smoke in the case of a fire in a mine.

“(e) COORDINATION WITH SECTION 179.—No expenditures shall be taken into account under subsection (a) with respect to the portion of the cost of any property specified in an election under section 179.

“(f) REPORTING.—No deduction shall be allowed under subsection (a) to any taxpayer for any taxable year unless such taxpayer files with the Secretary a report containing such information with respect to the operation of the mines of the taxpayer as the Secretary shall require.

“(g) TERMINATION.—This section shall not apply to property placed in service after December 31, 2008.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1) is amended by striking “or” at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting “, or”, and by inserting after subparagraph (K) the following new subparagraph:

“(L) expenditures for which a deduction is allowed under section 179E.”.

(2) Section 312(k)(3)(B) is amended by striking “or 179D” each place it appears in the heading and text thereof and inserting “179D, or 179E”.

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting “179E,” after “179D.”.

(4) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 179D the following new item:

“Sec. 179E. Election to expense advanced mine safety equipment.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred after the date of the enactment of this Act.

**SEC. 235. MINE RESCUE TEAM TRAINING TAX CREDIT.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

**“SEC. 45N. MINE RESCUE TEAM TRAINING CREDIT.**

“(a) AMOUNT OF CREDIT.—For purposes of section 38, the mine rescue team training credit determined under this section with respect to each qualified mine rescue team employee of an eligible employer for any taxable year is an amount equal to the lesser of—

“(1) 20 percent of the amount paid or incurred by the taxpayer during the taxable year with respect to the training program costs of such qualified mine rescue team employee (including wages of such employee while attending such program), or

“(2) \$10,000.

“(b) QUALIFIED MINE RESCUE TEAM EMPLOYEE.—For purposes of this section, the term ‘qualified mine rescue team employee’ means with respect to any taxable year any full-time employee of the taxpayer who is—

“(1) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member as a result of completing, at a minimum, an initial 20-hour course of instruction as prescribed by the Mine Safety and Health Administration’s Office of Educational Policy and Development, or

“(2) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member by virtue of receiving at least 40 hours of refresher training in such instruction.

“(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ‘eligible employer’ means any taxpayer which employs individuals as miners in underground mines in the United States.

“(d) WAGES.—For purposes of this section, the term ‘wages’ has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

“(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2008.”.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking “and” at the end of paragraph (29), by striking the period at the end of paragraph (30) and inserting “, plus”, and by adding at the end the following new paragraph:

“(31) the mine rescue team training credit determined under section 45N(a).”.

(c) NO DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

“(e) MINE RESCUE TEAM TRAINING CREDIT.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for the taxable year under section 45N(a).”.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 45N. Mine rescue team training credit.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

**SEC. 236. WHISTLEBLOWER REFORMS.**

(a) AWARDS TO WHISTLEBLOWERS.—

(1) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(A) by striking “The Secretary” and inserting “(a) IN GENERAL.—The Secretary”,

(B) by striking “and” at the end of paragraph (1) and inserting “or”,

(C) by striking “(other than interest)”, and

(D) by adding at the end the following new subsection:

“(b) AWARDS TO WHISTLEBLOWERS.—

“(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary’s attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

“(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

“(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual’s information and the role of such individual and any legal representative of such individual in contributing to such action.

“(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

“(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

“(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

“(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

“(A) against any taxpayer, but in the case of any individual, only if such individual’s gross income exceeds \$200,000 for any taxable year subject to such action, and

“(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed \$2,000,000.

“(6) ADDITIONAL RULES.—

“(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

“(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

“(C) SUBMISSION OF INFORMATION.—No award may be made under this subsection

based on information submitted to the Secretary unless such information is submitted under penalty of perjury.”.

(2) ASSIGNMENT TO SPECIAL TRIAL JUDGES.—

(A) IN GENERAL.—Section 7443A(b) (relating to proceedings which may be assigned to special trial judges) is amended by striking “and” at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

“(5) any proceeding under section 7623(b)(4), and”.

(B) CONFORMING AMENDMENT.—Section 7443A(c) is amended by striking “or (4)” and inserting “(4), or (5)”.

(3) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to general rule defining adjusted gross income) is amended by inserting after paragraph (20) the following new paragraph:

“(21) ATTORNEYS FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includable in the taxpayer’s gross income for the taxable year on account of such award.”.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Not later than the date which is 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance for the operation of a whistleblower program to be administered in the Internal Revenue Service by an office to be known as the “Whistleblower Office” which—

(A) shall at all times operate at the direction of the Commissioner of Internal Revenue and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner of Internal Revenue,

(B) shall analyze information received from any individual described in section 7623(b) of the Internal Revenue Code of 1986 and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office, and

(C) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual.

(2) REQUEST FOR ASSISTANCE.—The guidance issued under paragraph (1) shall specify that any assistance requested under paragraph (1)(C) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under paragraph (1)(A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

(c) REPORT BY SECRETARY.—The Secretary of the Treasury shall each year conduct a study and report to Congress on the use of section 7623 of the Internal Revenue Code of 1986, including—

(1) an analysis of the use of such section during the preceding year and the results of such use, and

(2) any legislative or administrative recommendations regarding the provisions of such section and its application.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to information provided on or after the date of the enactment of this Act.

**SEC. 237. FRIVOLOUS TAX SUBMISSIONS.**

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

**“SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.**

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect, and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission—

“(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(ii) reflects a desire to delay or impede the administration of Federal tax laws.

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 6159 (relating to agreements for payment of tax liability in installments),

“(II) section 7122 (relating to compromises), or

“(III) section 7811 (relating to taxpayer assistance orders).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

“(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

“(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.”.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

“(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines

that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

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

(B) by striking “(B)” and inserting “(ii)”;

(C) by striking the period at the end of the first sentence and inserting “; or”; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

“(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).”.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”, and

(2) in subsection (c), by striking “and (e)” and inserting “(e), and (g)”.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

“(f) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

**SEC. 238. ADDITION OF MENINGOCOCCAL AND HUMAN PAPILLOMAVIRUS VACCINES TO LIST OF TAXABLE VACCINES.**

(a) MENINGOCOCCAL VACCINE.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

“(O) Any meningococcal vaccine.”.

(b) HUMAN PAPILLOMAVIRUS VACCINE.—Section 4132(a)(1), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

“(P) Any vaccine against the human papillomavirus.”.

(c) EFFECTIVE DATE.—

(1) SALES, ETC.—The amendments made by this section shall apply to sales and uses on or after the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

**SEC. 239. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS MADE PERMANENT.**

(a) IN GENERAL.—Subsection (g) of section 468B, as amended by section 201 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 201 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 240. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355 MADE PERMANENT.**

(a) IN GENERAL.—Subparagraphs (A) and (D) of section 355(b)(3), as amended by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005, are each amended by striking “and on or before December 31, 2010”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 202 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 241. REVISION OF STATE VETERANS LIMIT MADE PERMANENT.**

(a) IN GENERAL.—Subparagraph (B) of section 143(l)(3), as amended by section 203 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking clause (iv).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 203 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 242. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS MADE PERMANENT.**

(a) IN GENERAL.—Paragraph (3) of section 1221(b), as amended by section 204 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “before January 1, 2011”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 204 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 243. REDUCTION IN MINIMUM VESSEL TONNAGE WHICH QUALIFIES FOR TONNAGE TAX MADE PERMANENT.**

(a) IN GENERAL.—Paragraph (4) of section 1355(a), as amended by section 205 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “10,000 (6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)” and inserting “6,000”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 205 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 244. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS MADE PERMANENT.**

(a) IN GENERAL.—Section 206 of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking “and before August 31, 2009”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 206 of the Tax Increase Prevention and Reconciliation Act of 2005.

**SEC. 245. GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL FROM TONNAGE TAX.**

(a) IN GENERAL.—Section 1355 (relating to definitions and special rules) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL.—

“(1) IN GENERAL.—If the electing corporation elects (at such time and in such manner as the Secretary may require) to apply this subsection for any taxable year to any qualifying vessel which is used in qualified zone domestic trade during the taxable year—

“(A) solely for purposes of subsection (a)(4), such use shall be treated as use in United States foreign trade (and not as use in United States domestic trade), and

“(B) subsection (f) shall not apply with respect to such vessel for such taxable year.

“(2) EFFECT OF TEMPORARILY OPERATING VESSEL IN UNITED STATES DOMESTIC TRADE.—In the case of a qualifying vessel to which this subsection applies—

“(A) IN GENERAL.—An electing corporation shall be treated as using such vessel in qualified zone domestic trade during any period of temporary use in the United States domestic trade (other than qualified zone domestic trade) if the electing corporation gives timely notice to the Secretary stating—

“(i) that it temporarily operates or has operated in the United States domestic trade (other than qualified zone domestic trade) a qualifying vessel which had been used in the United States foreign trade or qualified zone domestic trade, and

“(ii) its intention to resume operation of the vessel in the United States foreign trade or qualified zone domestic trade.

“(B) NOTICE.—Notice shall be deemed timely if given not later than the due date (including extensions) for the corporation’s tax return for the taxable year in which the temporary cessation begins.

“(C) PERIOD DISREGARD IN EFFECT.—The period of temporary use under subparagraph (A) continues until the earlier of the date of which—

“(i) the electing corporation abandons its intention to resume operations of the vessel in the United States foreign trade or qualified zone domestic trade, or

“(ii) the electing corporation resumes operation of the vessel in the United States foreign trade or qualified zone domestic trade.

“(D) NO DISREGARD IF DOMESTIC TRADE USE EXCEEDS 30 DAYS.—Subparagraph (A) shall not apply to any qualifying vessel which is operated in the United States domestic trade (other than qualified zone domestic trade) for more than 30 days during the taxable year.

“(3) ALLOCATION OF INCOME AND DEDUCTIONS TO QUALIFYING SHIPPING ACTIVITIES.—In the case of a qualifying vessel to which this subsection applies, the Secretary shall prescribe rules for the proper allocation of income, expenses, losses, and deductions between the qualified shipping activities and the other activities of such vessel.

“(4) QUALIFIED ZONE DOMESTIC TRADE.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified zone domestic trade’ means the transportation of goods or passengers between places in the qualified zone if such transportation is in the United States domestic zone.

“(B) QUALIFIED ZONE.—The term ‘qualified zone’ means the Great Lakes Waterway and the St. Lawrence Seaway.”.

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

**SEC. 246. USE OF QUALIFIED MORTGAGE BONDS TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.**

(a) IN GENERAL.—Section 143(d)(2) (relating to exceptions to 3-year requirement) is amended by striking “and” at the end of subparagraph (B), by adding “and” at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

“(D) in the case of bonds issued after the date of the enactment of this subparagraph and before January 1, 2008, financing of any residence for a veteran (as defined in section 101 of title 38, United States Code), if such

veteran has not previously qualified for and received such financing by reason of this subparagraph.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

**SEC. 247. EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.**

(a) IN GENERAL.—Subparagraph (A) of section 121(d)(9) (relating to exclusion of gain from sale of principal residence) is amended by striking “duty” and all that follows and inserting “duty—

“(i) as a member of the uniformed services,  
“(ii) as a member of the Foreign Service of the United States, or  
“(iii) as an employee of the intelligence community.”.

(b) EMPLOYEE OF INTELLIGENCE COMMUNITY DEFINED.—Subparagraph (C) of section 121(d)(9) is amended by redesignating clause (iv) as clause (v) and by inserting after clause (iii) the following new clause:

“(iv) EMPLOYEE OF INTELLIGENCE COMMUNITY.—The term ‘employee of the intelligence community’ means an employee (as defined by section 2105 of title 5, United States Code) of—

“(I) the Office of the Director of National Intelligence,

“(II) the Central Intelligence Agency,

“(III) the National Security Agency,

“(IV) the Defense Intelligence Agency,

“(V) the National Geospatial-Intelligence Agency,

“(VI) the National Reconnaissance Office,

“(VII) any other office within the Department of Defense for the collection of specialized national intelligence through reconnaissance programs,

“(VIII) any of the intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of Treasury, the Department of Energy, and the Coast Guard,

“(IX) the Bureau of Intelligence and Research of the Department of State, or

“(X) any of the elements of the Department of Homeland Security concerned with the analyses of foreign intelligence information.”.

(c) SPECIAL RULE.—Subparagraph (C) of section 121(d)(9), as amended by subsection (b), is amended by adding at the end the following new clause:

“(vi) SPECIAL RULE RELATING TO INTELLIGENCE COMMUNITY.—An employee of the intelligence community shall not be treated as serving on qualified extended duty unless such duty is at a duty station located outside the United States.”.

(d) CONFORMING AMENDMENT.—The heading for section 121(d)(9) is amended to read as follows: “UNIFORMED SERVICES, FOREIGN SERVICE, AND INTELLIGENCE COMMUNITY”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act and before January 1, 2011.

**SEC. 248. TREATMENT OF COKE AND COKE GAS.**

(a) NONAPPLICATION OF PHASEOUT.—Section 45K(g)(2) is amended by adding at the end the following new subparagraph:

“(D) NONAPPLICATION OF PHASEOUT.—Subsection (b)(1) shall not apply.”.

(b) CLARIFICATION OF QUALIFYING FACILITY.—Section 45K(g)(1) is amended by inserting “(other than from petroleum based products)” after “coke or coke gas”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 1321 of the Energy Policy Act of 2005.

**SEC. 249. SALE OF PROPERTY BY JUDICIAL OFFICERS.**

(a) IN GENERAL.—Section 1043(b) (relating to the sale of property to comply with conflict-of-interest requirements) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting “, or a judicial officer,” after “an officer or employee of the executive branch”; and

(B) in subparagraph (B), by inserting “judicial canon,” after “any statute, regulation, rule;”;

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting “judicial canon,” after “any Federal conflict of interest statute, regulation, rule;”; and

(B) in subparagraph (B), by inserting after “the Director of the Office of Government Ethics,” the following: “in the case of executive branch officers or employees, or by the Judicial Conference of the United States (or its designee), in the case of judicial officers;”;

(3) in paragraph (5)(B), by inserting “judicial canon,” after “any statute, regulation, rule.”;

(b) JUDICIAL OFFICER DEFINED.—Section 1043(b) is amended by adding at the end the following new paragraph:

“(6) JUDICIAL OFFICER.—The term ‘judicial officer’ means the Chief Justice of the United States, the Associate Justices of the Supreme Court, and the judges of the United States courts of appeals, United States district courts, including the district courts in Guam, the Northern Mariana Islands, and the Virgin Islands, Court of Appeals for the Federal Circuit, Court of International Trade, Tax Court, Court of Federal Claims, Court of Appeals for Veterans Claims, United States Court of Appeals for the Armed Forces, and any court created by Act of Congress, the judges of which are entitled to hold office during good behavior.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of enactment of this Act.

**SEC. 250. PREMIUMS FOR MORTGAGE INSURANCE.**

(a) IN GENERAL.—Section 163(h)(3) (relating to qualified residence interest) is amended by adding at the end the following new subparagraph:

**(E) MORTGAGE INSURANCE PREMIUMS TREATED AS INTEREST.**

“(i) IN GENERAL.—Premiums paid or accrued for qualified mortgage insurance by a taxpayer during the taxable year in connection with acquisition indebtedness with respect to a qualified residence of the taxpayer shall be treated for purposes of this section as interest which is qualified residence interest.

“(ii) PHASEOUT.—The amount otherwise treated as interest under clause (i) shall be reduced (but not below zero) by 10 percent of such amount for each \$1,000 (\$500 in the case of a married individual filing a separate return) (or fraction thereof) that the taxpayer’s adjusted gross income for the taxable year exceeds \$100,000 (\$50,000 in the case of a married individual filing a separate return).

“(iii) LIMITATION.—Clause (i) shall not apply with respect to any mortgage insurance contracts issued before January 1, 2007.

“(iv) TERMINATION.—Clause (i) shall not apply to amounts—

“(I) paid or accrued after December 31, 2007, or

“(II) properly allocable to any period after such date.”;

(b) DEFINITION AND SPECIAL RULES.—Section 163(h)(4) (relating to other definitions and special rules) is amended by adding at the end the following new subparagraphs:

**(E) QUALIFIED MORTGAGE INSURANCE.**

The term ‘qualified mortgage insurance’ means—

“(i) mortgage insurance provided by the Veterans Administration, the Federal Hous-

ing Administration, or the Rural Housing Administration, and

“(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subparagraph).

“(F) SPECIAL RULES FOR PREPAID QUALIFIED MORTGAGE INSURANCE.—Any amount paid by the taxpayer for qualified mortgage insurance that is properly allocable to any mortgage the payment of which extends to periods that are after the close of the taxable year in which such amount is paid shall be chargeable to capital account and shall be treated as paid in such periods to which so allocated. No deduction shall be allowed for the unamortized balance of such account if such mortgage is satisfied before the end of its term. The preceding sentences shall not apply to amounts paid for qualified mortgage insurance provided by the Veterans Administration or the Rural Housing Administration.”

(c) INFORMATION RETURNS RELATING TO MORTGAGE INSURANCE.—Section 6050H (relating to returns relating to mortgage interest received in trade or business from individuals) is amended by adding at the end the following new subsection:

**“(h) RETURNS RELATING TO MORTGAGE INSURANCE PREMIUMS.**

“(1) IN GENERAL.—The Secretary may prescribe, by regulations, that any person who, in the course of a trade or business, receives from any individual premiums for mortgage insurance aggregating \$600 or more for any calendar year, shall make a return with respect to each such individual. Such return shall be in such form, shall be made at such time, and shall contain such information as the Secretary may prescribe.

“(2) STATEMENT TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under paragraph (1) shall furnish to each individual with respect to whom a return is made a written statement showing such information as the Secretary may prescribe. Such written statement shall be furnished on or before January 31 of the year following the calendar year for which the return under paragraph (1) was required to be made.

“(3) SPECIAL RULES.—For purposes of this subsection—

“(A) rules similar to the rules of subsection (c) shall apply, and

“(B) the term ‘mortgage insurance’ means—

“(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

“(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subsection.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or accrued after December 31, 2006.

**SEC. 251. MODIFICATION OF REFUNDS FOR KEROSENE USED IN AVIATION.**

(a) IN GENERAL.—Paragraph (4) of section 6427(l) (relating to nontaxable uses of diesel fuel and kerosene) is amended to read as follows:

**“(4) REFUNDS FOR KEROSENE USED IN AVIATION.**

“(A) KEROSENE USED IN COMMERCIAL AVIATION.—In the case of kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4041 or

4081, as the case may be, as is attributable to—

“(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

“(ii) so much of the rate of tax specified in section 4041(c) or 4081(a)(2)(A)(iii), as the case may be, as does not exceed 4.3 cents per gallon.

“(B) KEROSENE USED IN NONCOMMERCIAL AVIATION.—In the case of kerosene used in aviation that is not commercial aviation (as so defined) (other than any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax), paragraph (1) shall not apply to—

“(i) any tax imposed by section 4041(c), and

“(ii) so much of the tax imposed by section 4081 as is attributable to—

“(I) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

“(II) so much of the rate of tax specified in section 4081(a)(2)(A)(iii) as does not exceed the rate specified in section 4081(a)(2)(C)(ii).

“(C) PAYMENTS TO ULTIMATE, REGISTERED VENDOR.—

“(i) IN GENERAL.—With respect to any kerosene used in aviation (other than kerosene described in clause (ii) or kerosene to which paragraph (5) applies), if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

“(I) is registered under section 4101, and

“(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

“(ii) PAYMENTS FOR KEROSENE USED IN NONCOMMERCIAL AVIATION.—The amount which would be paid under paragraph (1) with respect to any kerosene to which subparagraph (B) applies shall be paid only to the ultimate vendor of such kerosene. A payment shall be made to such vendor if such vendor—

“(I) is registered under section 4101, and

“(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).”

**(b) CONFORMING AMENDMENTS.**

(1) Section 6427(l) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(2) Section 4082(d)(2)(B) is amended by striking “section 6427(l)(6)(B)” and inserting “section 6427(l)(5)(B)”.

(3) Section 6427(i)(4)(A) is amended—

(A) by striking “paragraph (4)(B), (5), or (6)”, each place it appears and inserting “paragraph (4)(C) or (5)”, and

(B) by striking “(1)(5), and (1)(6)” and inserting “(1)(4)(C)(ii), and (1)(5)’.

(4) Section 6427(l)(1) is amended by striking “paragraph (4)(B)” and inserting “paragraph (4)(C)(i)”.

(5) Section 9502(d) is amended—

(A) in paragraph (2), by striking “and (1)(5)”, and

(B) in paragraph (3), by striking “or (5)”.

(6) Section 9503(c)(7) is amended—

(A) by amending subparagraphs (A) and (B) to read as follows:

“(A) 4.3 cents per gallon of kerosene subject to section 6427(l)(4)(A) with respect to which a payment has been made by the Secretary under section 6427(l), and

“(B) 21.8 cents per gallon of kerosene subject to section 6427(l)(4)(B) with respect to which a payment has been made by the Secretary under section 6427(l).”, and

(B) in the matter following subparagraph (B), by striking “or (5)”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to kerosene sold after September 30, 2005.

(2) SPECIAL RULE FOR PENDING CLAIMS.—In the case of kerosene sold for use in aviation (other than kerosene to which section 6427(1)(4)(C)(ii) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies or kerosene to which section 6427(1)(5) of such Code (as redesignated by subsection (b)) applies) after September 30, 2005, and before the date of the enactment of this Act, the ultimate purchaser shall be treated as having waived the right to payment under section 6427(1)(1) of such Code and as having assigned such right to the ultimate vendor if such ultimate vendor has met the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1) of such Code.

(d) SPECIAL RULE FOR KEROSENE USED IN AVIATION ON A FARM FOR FARMING PURPOSES.—

(1) REFUNDS FOR PURCHASES AFTER DECEMBER 31, 2004, AND BEFORE OCTOBER 1, 2005.—The Secretary of the Treasury shall pay to the ultimate purchaser of any kerosene which is used in aviation on a farm for farming purposes and which was purchased after December 31, 2004, and before October 1, 2005, an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081 of the Internal Revenue Code of 1986, as the case may be, reduced by any payment to the ultimate vendor under section 6427(1)(5)(C) of such Code (as in effect on the day before the date of the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users).

(2) USE ON A FARM FOR FARMING PURPOSES.—For purposes of paragraph (1), kerosene shall be treated as used on a farm for farming purposes if such kerosene is used for farming purposes (within the meaning of section 6420(c)(3) of the Internal Revenue Code of 1986) in carrying on a trade or business on a farm situated in the United States. For purposes of the preceding sentence, rules similar to the rules of section 6420(c)(4) of such Code shall apply.

(3) TIME FOR FILING CLAIMS.—No claim shall be allowed under paragraph (1) unless the ultimate purchaser files such claim before the date that is 3 months after the date of the enactment of this Act.

(4) NO DOUBLE BENEFIT.—No amount shall be paid under paragraph (1) or section 6427(1) of the Internal Revenue Code of 1986 with respect to any kerosene described in paragraph (1) to the extent that such amount is in excess of the tax imposed on such kerosene under section 4041 or 4081 of such Code, as the case may be.

(5) APPLICABLE LAWS.—For purposes of this subsection, rules similar to the rules of section 6427(j) of the Internal Revenue Code of 1986 shall apply.

#### SEC. 252. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

#### SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

“(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

“(1) the taxpayer’s qualified timber gain for such year, or

“(2) the taxpayer’s net capital gain for such year.

“(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term ‘qualified timber gain’ means, with respect to any taxpayer for any taxable year, the excess (if any) of—

“(1) the sum of the taxpayer’s gains described in subsections (a) and (b) of section 631 for such year, over

“(2) the sum of the taxpayer’s losses described in such subsections for such year.

“(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

“(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

“(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

“(d) TERMINATION.—No disposition of timber after December 31, 2007, shall be taken into account under subsection (b).”

#### (b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

“(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

“(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

“(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

“(i) the amount described in paragraph (1) of section 1203(a), or

“(ii) the amount described in paragraph (2) of such section.”

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

“(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation’s qualified timber gain (as defined in section 1203(b)).”

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62, as amended by this Act, is amended by inserting before the last sentence the following new paragraph:

“(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.”

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

“(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.”

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

“(iv) The deduction allowed under section 1203.”

#### (f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

“(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.”

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: “To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.”

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and insert-

ing the following: “The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.”

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

“(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

“(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

“(ii) the deduction under section 1203 shall not be taken into account.”

(5) Paragraph (4) of section 691(c) is amended by inserting “1203,” after “1202.”

(6) Paragraph (2) of section 871(a) is amended by striking “section 1202” and inserting “sections 1202 and 1203.”

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

“Sec. 1203. Deduction for qualified timber gain.”

#### (g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer’s qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

#### SEC. 253. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new section:

#### “SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

“(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on a credit allowance date of such bond, which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

#### “(b) AMOUNT OF CREDIT.—

“(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural renaissance bond is 25 percent of the annual credit determined with respect to such bond.

“(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

“(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

“(B) the outstanding face amount of the bond.

“(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary’s designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

“(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term ‘credit allowance date’ means—

“(A) March 15,  
“(B) June 15,  
“(C) September 15, and  
“(D) December 15.

Such term also includes the last day on which the bond is outstanding.

“(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

“(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(2) the sum of the credits allowable under this part (other than subpart C and this section).

“(d) RURAL RENAISSANCE BOND.—For purposes of this section—

“(1) IN GENERAL.—The term ‘rural renaissance bond’ means any bond issued as part of an issue if—

“(A) the bond is issued by a qualified issuer,

“(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred for 1 or more qualified projects,

“(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and

“(D) the issue meets the requirements of subsections (e) and (h).

“(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

“(A) IN GENERAL.—The term ‘qualified project’ means 1 or more projects described in subparagraph (B) located in a rural area.

“(B) PROJECTS DESCRIBED.—A project described in this subparagraph is—

“(i) a water or waste treatment project,

“(ii) an affordable housing project,

“(iii) a community facility project, including hospitals, fire and police stations, and nursing and assisted-living facilities,

“(iv) a value-added agriculture or renewable energy facility project for agricultural producers or farmer-owned entities, including any project to promote the production, processing, or retail sale of ethanol (including fuel at least 85 percent of the volume of which consists of ethanol), biodiesel, animal waste, biomass, raw commodities, or wind as a fuel,

“(v) a distance learning or telemedicine project,

“(vi) a rural utility infrastructure project, including any electric or telephone system,

“(vii) a project to expand broadband technology,

“(viii) a rural teleworks project, and

“(ix) any project described in any preceding clause carried out by the Delta Regional Authority.

“(C) SPECIAL RULES.—For purposes of this paragraph—

“(i) any project described in subparagraph (B)(iv) for a farmer-owned entity may be considered a qualified project if such entity is located in a rural area, or in the case of a farmer-owned entity the headquarters of which are located in a nonrural area, if the project is located in a rural area, and

“(ii) any project for a farmer-owned entity which is a facility described in subparagraph (B)(iv) for agricultural producers may be considered a qualified project regardless of

whether the facility is located in a rural or nonrural area.

“(3) SPECIAL USE RULES.—

“(A) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred after the date of the enactment of this section.

“(B) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

“(i) prior to the payment of the original expenditure, the borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

“(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

“(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

“(C) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a borrower takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

“(e) MATURITY LIMITATIONS.—

“(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

“(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of paragraph (3) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

“(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

“(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

“(1) NATIONAL LIMITATION.—There is a rural renaissance bond limitation of \$200,000,000.

“(2) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate.

“(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

“(h) SPECIAL RULES RELATING TO EXPENDITURES.—

“(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

“(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

“(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond, the proceeds of which are to be loaned to 2 or more borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a borrower, and

“(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

“(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

“(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

“(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

“(j) QUALIFIED ISSUER.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified issuer’ means any not-for-profit cooperative lender which has as of the date of the enactment of this section received a guarantee under section 306 of the Rural Electrification Act and which meets the requirement of paragraph (2).

“(2) USER FEE REQUIREMENT.—The requirement of this paragraph is met if the issuer of any rural renaissance bond makes grants for qualified projects as defined under subsection (d)(2) on a semi-annual basis every year that such bond is outstanding in an annual amount equal to one-half of the rate on United States Treasury Bills of the same maturity multiplied by the outstanding principal balance of rural renaissance bonds issued by such issuer.

“(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to a loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

“(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) BOND.—The term ‘bond’ includes any obligation.

“(2) POOLED FINANCING BOND.—The term ‘pooled financing bond’ shall have the meaning given such term by section 149(f)(4)(A).

“(3) RURAL AREA.—The term ‘rural area’ means any area other than—

“(A) a city or town which has a population of greater than 50,000 inhabitants, or

“(B) the urbanized area contiguous and adjacent to such a city or town.

“(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

“(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

“(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(l) shall apply.

“(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

“(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).”.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

“(9) REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.—

“(A) IN GENERAL.—For purposes of subsection (a), the term ‘interest’ includes amounts includable in gross income under section 54A(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

“(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

“(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.”.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart H of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 54A. Credit to holders of rural renaissance bonds.”

(2) Section 54(c)(2) is amended by inserting “, section 54A,” after “subpart C”.

(3) Section 1400N(1)(3)(B) is amended by inserting “, section 54A,” after “subpart C”.

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54A of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act and before January 1, 2010.

**SEC. 254. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.**

(a) IN GENERAL.—Subsection (m) of section 274 (relating to additional limitations on travel expenses) is amended by adding at the end the following new paragraph:

“(4) TERMINATION.—Paragraph (3) shall not apply to any expense paid or incurred after the date of the enactment of this paragraph and before January 1, 2008.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts

paid or incurred after the date of the enactment of this Act.

**SEC. 255. TECHNICAL CORRECTIONS.**

(a) TECHNICAL CORRECTION RELATING TO LOOK-THROUGH TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER THE FOREIGN PERSONAL HOLDING COMPANY RULES.—

(1) IN GENERAL.—

(A) The first sentence of section 954(c)(6)(A), as amended by section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking “which is not subpart F income” and inserting “which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States”.

(B) Section 954(c)(6)(A), as so amended, is amended by striking the last sentence and inserting the following: “The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including such regulations as may be necessary or appropriate to prevent the abuse of the purposes of this paragraph.”

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005.

(b) TECHNICAL CORRECTION REGARDING AUTHORITY TO EXERCISE REASONABLE CAUSE AND GOOD FAITH EXCEPTION.—

(1) IN GENERAL.—Section 903(d)(2)(B)(iii) of the American Jobs Creation Act of 2004, as amended by section 303(a) of the Gulf Opportunity Zone Act of 2005, is amended by inserting “or the Secretary’s delegate” after “the Secretary of the Treasury”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006**

**SEC. 301. SHORT TITLE.**

This title may be cited as the “Surface Mining Control and Reclamation Act Amendments of 2006”.

**Subtitle A—MINING CONTROL AND RECLAMATION**

**SEC. 311. ABANDONED MINE RECLAMATION FUND AND PURPOSES.**

(a) IN GENERAL.—Section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) is amended—

(1) in subsection (c)—

(A) by striking paragraphs (2) and (6); and (B) by redesignating paragraphs (3), (4), and (5) and paragraphs (7) through (13) as paragraphs (2) through (11), respectively;

(2) by striking subsection (d) and inserting the following:

“(d) AVAILABILITY OF MONEYS; NO FISCAL YEAR LIMITATION.—

“(1) IN GENERAL.—Moneys from the fund for expenditures under subparagraphs (A) through (D) of section 402(g)(3) shall be available only when appropriated for those subparagraphs.

“(2) NO FISCAL YEAR LIMITATION.—Appropriations described in paragraph (1) shall be made without fiscal year limitation.

“(3) OTHER PURPOSES.—Moneys from the fund shall be available for all other purposes of this title without prior appropriation as provided in subsection (f).”;

(3) in subsection (e)—

(A) in the second sentence, by striking “the needs of such fund” and inserting “achieving the purposes of the transfers under section 402(h)”; and

(B) in the third sentence, by inserting before the period the following: “for the pur-

pose of the transfers under section 402(h)”; and

(4) by adding at the end the following:

“(f) GENERAL LIMITATION ON OBLIGATION AUTHORITY.—

“(1) IN GENERAL.—From amounts deposited into the fund under subsection (b), the Secretary shall distribute during each fiscal year beginning after September 30, 2007, an amount determined under paragraph (2).

“(2) AMOUNTS.—

“(A) FOR FISCAL YEARS 2008 THROUGH 2022.—For each of fiscal years 2008 through 2022, the amount distributed by the Secretary under this subsection shall be equal to—

“(i) the amounts deposited into the fund under paragraphs (1), (2), and (4) of subsection (b) for the preceding fiscal year that were allocated under paragraphs (1) and (5) of section 402(g); plus

“(ii) the amount needed for the adjustment under section 402(g)(8) for the current fiscal year.

“(B) FISCAL YEARS 2023 AND THEREAFTER.—For fiscal year 2023 and each fiscal year thereafter, to the extent that funds are available, the Secretary shall distribute an amount equal to the amount distributed under subparagraph (A) during fiscal year 2022.

“(3) DISTRIBUTION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), for each fiscal year, of the amount to be distributed to States and Indian tribes pursuant to paragraph (2), the Secretary shall distribute—

“(i) the amounts allocated under paragraph (1) of section 402(g), the amounts allocated under paragraph (5) of section 402(g), and any amount reallocated under section 411(h)(3) in accordance with section 411(h)(2), for grants to States and Indian tribes under section 402(g)(5); and

“(ii) the amounts allocated under section 402(g)(8).

“(B) EXCLUSION.—Beginning on October 1, 2007, certified States shall be ineligible to receive amounts under section 402(g)(1).

“(4) AVAILABILITY.—Amounts in the fund available to the Secretary for obligation under this subsection shall be available until expended.

“(5) ADDITION.—

“(A) IN GENERAL.—Subject to subparagraph (B), the amount distributed under this subsection for each fiscal year shall be in addition to the amount appropriated from the fund during the fiscal year.

“(B) EXCEPTIONS.—Notwithstanding paragraph (3), the amount distributed under this subsection for the first 4 fiscal years beginning on and after October 1, 2007, shall be equal to the following percentage of the amount otherwise required to be distributed:

“(i) 50 percent in fiscal year 2008.

“(ii) 50 percent in fiscal year 2009.

“(iii) 75 percent in fiscal year 2010.

“(iv) 75 percent in fiscal year 2011.”.

(b) CONFORMING AMENDMENT.—Section 712(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1302(b)) is amended by striking “section 401(c)(11)” and inserting “section 401(c)(9)”.

**SEC. 312. RECLAMATION FEE.**

(a) AMOUNTS.—

(1) FISCAL YEARS 2008–2012.—Effective October 1, 2007, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) is amended—

(A) by striking “35” and inserting “31.5”;

(B) by striking “15” and inserting “13.5”; and

(C) by striking “10 cents” and inserting “9 cents”.

(2) FISCAL YEARS 2013–2021.—Effective October 1, 2012, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30

U.S.C. 1232(a)) (as amended by paragraph (1) is amended—

- (A) by striking “31.5” and inserting “28”;
- (B) by striking “13.5” and inserting “12”; and
- (C) by striking “9 cents” and inserting “8 cents”.

(b) DURATION.—Effective September 30, 2007, section 402(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(b)) (as amended by section 7007 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234; 120 Stat. 484)) is amended by striking “September 30, 2007” and all that follows through the end of the sentence and inserting “September 30, 2021.”

(c) ALLOCATION OF FUNDS.—Section 402(g) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)) is amended—

- (1) in paragraph (1)(D)—

(A) by inserting “(except for grants awarded during fiscal years 2008, 2009, and 2010 to the extent not expended within 5 years)” after “this paragraph”; and

(B) by striking “in any area under paragraph (2), (3), (4), or (5)” and inserting “under paragraph (5)”;

- (2) by striking paragraph (2) and inserting:

“(2) In making the grants referred to in paragraph (1)(C) and the grants referred to in paragraph (5), the Secretary shall ensure strict compliance by the States and Indian tribes with the priorities described in section 403(a) until a certification is made under section 411(a).”;

- (3) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking “paragraphs (2) and” and inserting “paragraph”;

(B) in subparagraph (A), by striking “401(c)(11)” and inserting “401(c)(9)”;

- (C) by adding at the end the following:

“(E) For the purpose of paragraph (8).”;

- (4) in paragraph (5)—

(A) by inserting “(A)” after “(5)”;

(B) in the first sentence, by striking “40” and inserting “60”;

(C) in the last sentence, by striking “Funds allocated or expended by the Secretary under paragraphs (2), (3), or (4)” and inserting “Funds made available under paragraph (3) or (4)”;

- (D) by adding at the end the following:

“(B) Any amount that is reallocated and available under section 411(h)(3) shall be in addition to amounts that are allocated under subparagraph (A).”;

(5) by striking paragraphs (6) through (8) and inserting the following:

“(6)(A) Any State with an approved abandoned mine reclamation program pursuant to section 405 may receive and retain, without regard to the 3-year limitation referred to in paragraph (1)(D), up to 30 percent of the total of the grants made annually to the State under paragraphs (1) and (5) if those amounts are deposited into an acid mine drainage abatement and treatment fund established under State law, from which amounts (together with all interest earned on the amounts) are expended by the State for the abatement of the causes and the treatment of the effects of acid mine drainage in a comprehensive manner within qualified hydrologic units affected by coal mining practices.

(B) In this paragraph, the term ‘qualified hydrologic unit’ means a hydrologic unit—

“(i) in which the water quality has been significantly affected by acid mine drainage from coal mining practices in a manner that adversely impacts biological resources; and

“(ii) that contains land and water that are—

“(I) eligible pursuant to section 404 and include any of the priorities described in section 403(a); and

“(II) the subject of expenditures by the State from the forfeiture of bonds required under section 509 or from other States sources to abate and treat acid mine drainage.

“(7) In complying with the priorities described in section 403(a), any State or Indian tribe may use amounts available in grants made annually to the State or tribe under paragraphs (1) and (5) for the reclamation of eligible land and water described in section 403(a)(3) before the completion of reclamation projects under paragraphs (1) and (2) of section 403(a) only if the expenditure of funds for the reclamation is done in conjunction with the expenditure before, on, or after the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 of funds for reclamation projects under paragraphs (1) and (2) of section 403(a).

“(8)(A) In making funds available under this title, the Secretary shall ensure that the grant awards total not less than \$3,000,000 annually to each State and each Indian tribe having an approved abandoned mine reclamation program pursuant to section 405 and eligible land and water pursuant to section 404, so long as an allocation of funds to the State or tribe is necessary to achieve the priorities stated in paragraphs (1) and (2) of section 403(a).

“(B) Notwithstanding any other provision of law, this paragraph applies to the States of Tennessee and Missouri.”.

(d) TRANSFERS OF INTEREST EARNED BY ABANDONED MINE RECLAMATION FUND.—Section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232) is amended by striking subsection (h) and inserting the following:

“(h) TRANSFERS OF INTEREST EARNED BY FUND.—

“(1) IN GENERAL.—

“(A) TRANSFERS TO COMBINED BENEFIT FUND.—As soon as practicable after the beginning of fiscal year 2007 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year to make the transfer described in paragraph (2)(A).

“(B) TRANSFERS TO 1992 AND 1993 PLANS.—As soon as practicable after the beginning of fiscal year 2008 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year (reduced by the amount used under subparagraph (A)) to make the transfers described in paragraphs (2)(B) and (2)(C).

“(2) TRANSFERS DESCRIBED.—The transfers referred to in paragraph (1) are the following:

“(A) UNITED MINE WORKERS OF AMERICA COMBINED BENEFIT FUND.—A transfer to the United Mine Workers of America Combined Benefit Fund equal to the amount that the trustees of the Combined Benefit Fund estimate will be expended from the fund for the fiscal year in which the transfer is made, reduced by—

“(i) the amount the trustees of the Combined Benefit Fund estimate the Combined Benefit Fund will receive during the fiscal year in—

“(I) required premiums; and

“(II) payments paid by Federal agencies in connection with benefits provided by the Combined Benefit Fund; and

“(ii) the amount the trustees of the Combined Benefit Fund estimate will be ex-

pended during the fiscal year to provide health benefits to beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, but only to the extent that such amount does not exceed the amounts described in subsection (i)(1)(A) that the Secretary estimates will be available to pay such estimated expenditures.

“(B) UNITED MINE WORKERS OF AMERICA 1992 BENEFIT PLAN.—A transfer to the United Mine Workers of America 1992 Benefit Plan, in an amount equal to the difference between—

“(i) the amount that the trustees of the 1992 UMWA Benefit Plan estimate will be expended from the 1992 UMWA Benefit Plan during the next calendar year to provide the benefits required by the 1992 UMWA Benefit Plan on the date of enactment of this subparagraph; minus

“(ii) the amount that the trustees of the 1992 UMWA Benefit Plan estimate the 1992 UMWA Benefit Plan will receive during the next calendar year in—

“(I) required monthly per beneficiary premiums, including the amount of any security provided to the 1992 UMWA Benefit Plan that is available for use in the provision of benefits; and

“(II) payments paid by Federal agencies in connection with benefits provided by the 1992 UMWA benefit plan.

“(C) MULTITEMPLOYER HEALTH BENEFIT PLAN.—A transfer to the Multiemployer Health Benefit Plan established after July 20, 1992, by the parties that are the settlors of the 1992 UMWA Benefit Plan referred to in subparagraph (B) (referred to in this subparagraph and subparagraph (D) as ‘the Plan’), in an amount equal to the excess (if any) of—

“(i) the amount that the trustees of the Plan estimate will be expended from the Plan during the next calendar year, to provide benefits no greater than those provided by the Plan as of December 31, 2006; over

“(ii) the amount that the trustees estimated the Plan will receive during the next calendar year in payments paid by Federal agencies in connection with benefits provided by the Plan.

Such excess shall be calculated by taking into account only those beneficiaries actually enrolled in the Plan as of December 31, 2006, who are eligible to receive benefits under the Plan on the first day of the calendar year for which the transfer is made.

“(D) INDIVIDUALS CONSIDERED ENROLLED.—For purposes of subparagraph (C), any individual who was eligible to receive benefits from the Plan as of the date of enactment of this subsection, even though benefits were being provided to the individual pursuant to a settlement agreement approved by order of a bankruptcy court entered on or before September 30, 2004, will be considered to be actually enrolled in the Plan and shall receive benefits from the Plan beginning on December 31, 2006.

“(3) ADJUSTMENT.—If, for any fiscal year, the amount of a transfer under subparagraph (A), (B), or (C) of paragraph (2) is more or less than the amount required to be transferred under that subparagraph, the Secretary shall appropriately adjust the amount transferred under that subparagraph for the next fiscal year.

“(4) ADDITIONAL AMOUNTS.—

“(A) PREVIOUSLY CREDITED INTEREST.—Notwithstanding any other provision of law, any interest credited to the fund that has not previously been transferred to the Combined Benefit Fund referred to in paragraph (2)(A) under this section—

“(i) shall be held in reserve by the Secretary until such time as necessary to make

the payments under subparagraphs (A) and (B) of subsection (i)(1), as described in clause (ii); and

“(ii) in the event that the amounts described in subsection (i)(1) are insufficient to make the maximum payments described in subparagraphs (A) and (B) of subsection (i)(1), shall be used by the Secretary to supplement the payments so that the maximum amount permitted under those paragraphs is paid.

“(B) PREVIOUSLY ALLOCATED AMOUNTS.—All amounts allocated under subsection (g)(2) before the date of enactment of this subparagraph for the program described in section 406, but not appropriated before that date, shall be available to the Secretary to make the transfers described in paragraph (2).

“(C) ADEQUACY OF PREVIOUSLY CREDITED INTEREST.—The Secretary shall—

“(i) consult with the trustees of the plans described in paragraph (2) at reasonable intervals; and

“(ii) notify Congress if a determination is made that the amounts held in reserve under subparagraph (A) are insufficient to meet future requirements under subparagraph (A)(ii).

“(D) ADDITIONAL RESERVE AMOUNTS.—In addition to amounts held in reserve under subparagraph (A), there is authorized to be appropriated such sums as may be necessary for transfer to the fund to carry out the purposes of subparagraph (A)(ii).

“(E) INAPPLICABILITY OF CAP.—The limitation described in subsection (i)(3)(A) shall not apply to payments made from the reserve fund under this paragraph.

“(5) LIMITATIONS.—

“(A) AVAILABILITY OF FUNDS FOR NEXT FISCAL YEAR.—The Secretary may make transfers under subparagraphs (B) and (C) of paragraph (2) for a calendar year only if the Secretary determines, using actuarial projections provided by the trustees of the Combined Benefit Fund referred to in paragraph (2)(A), that amounts will be available under paragraph (1), after the transfer, for the next fiscal year for making the transfer under paragraph (2)(A).

“(B) RATE OF CONTRIBUTIONS OF OBLIGORS.—

“(i) IN GENERAL.—

“(I) RATE.—A transfer under paragraph (2)(C) shall not be made for a calendar year unless the persons that are obligated to contribute to the plan referred to in paragraph (2)(C) on the date of the transfer are obligated to make the contributions at rates that are no less than those in effect on the date which is 30 days before the date of enactment of this subsection.

“(II) APPLICATION.—The contributions described in subclause (I) shall be applied first to the provision of benefits to those plan beneficiaries who are not described in paragraph (2)(C)(ii).

“(ii) INITIAL CONTRIBUTIONS.—

“(I) IN GENERAL.—From the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 through December 31, 2010, the persons that, on the date of enactment of that Act, are obligated to contribute to the plan referred to in paragraph (2)(C) shall be obligated, collectively, to make contributions equal to the amount described in paragraph (2)(C), less the amount actually transferred due to the operation of subparagraph (C).

“(II) FIRST CALENDAR YEAR.—Calendar year 2006 is the first calendar year for which contributions are required under this clause.

“(III) AMOUNT OF CONTRIBUTION FOR 2006.—Except as provided in subclause (IV), the amount described in paragraph (2)(C) for calendar year 2006 shall be calculated as if paragraph (2)(C) had been in effect during 2005.

“(IV) LIMITATION.—The contributions required under this clause for calendar year

2006 shall not exceed the amount necessary for solvency of the plan described in paragraph (2)(C), measured as of December 31, 2006 and taking into account all assets held by the plan as of that date.

“(iii) DIVISION.—The collective annual contribution obligation required under clause (ii) shall be divided among the persons subject to the obligation, and applied uniformly, based on the hours worked for which contributions referred to in clause (i) would be owed.

“(C) PHASE-IN OF TRANSFERS.—For each of calendar years 2008 through 2010, the transfers required under subparagraphs (B) and (C) of paragraph (2) shall equal the following amounts:

“(i) For calendar year 2008, the Secretary shall make transfers equal to 25 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(ii) For calendar year 2009, the Secretary shall make transfers equal to 50 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(iii) For calendar year 2010, the Secretary shall make transfers equal to 75 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

“(i) FUNDING.—

“(1) IN GENERAL.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the plans described in subsection (h)(2) such sums as are necessary to pay the following amounts:

“(A) To the Combined Fund (as defined in section 9701(a)(5) of the Internal Revenue Code of 1986 and referred to in this paragraph as the ‘Combined Fund’), the amount that the trustees of the Combined Fund estimate will be expended from premium accounts maintained by the Combined Fund for the fiscal year to provide benefits for beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, subject to the following limitations:

“(i) For fiscal year 2008, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(A) of the Internal Revenue Code of 1986.

“(ii) For fiscal year 2009, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(B) of the Internal Revenue Code of 1986.

“(iii) For fiscal year 2010, the amount paid under this subparagraph shall equal—

“(I) the amount described in subparagraph (A); minus

“(II) the amounts required under section 9706(h)(3)(C) of the Internal Revenue Code of 1986.

“(B) On certification by the trustees of any plan described in subsection (h)(2) that the amount available for transfer by the Secretary pursuant to this section (determined after application of any limitation under subsection (h)(5)) is less than the amount required to be transferred, to the plan the amount necessary to meet the requirement of subsection (h)(2).

“(C) To the Combined Fund, \$9,000,000 on October 1, 2007, \$9,000,000 on October 1, 2008, and \$9,000,000 on October 1, 2009 (which amounts shall not be exceeded) to provide a refund of any premium (as described in section 9704(a) of the Internal Revenue Code of 1986) paid on or before September 7, 2000, to

the Combined Fund, plus interest on the premium calculated at the rate of 7.5 percent per year, on a proportional basis and to be paid not later than 60 days after the date on which each payment is received by the Combined Fund, to those signatory operators (to the extent that the Combined Fund has not previously returned the premium amounts to the operators), or any related persons to the operators (as defined in section 9701(c) of the Internal Revenue Code of 1986), or their heirs, successors, or assigns who have been denied the refunds as the result of final judgments or settlements if—

“(i) prior to the date of enactment of this paragraph, the signatory operator (or any related person to the operator)—

“(I) had all of its beneficiary assignments made under section 9706 of the Internal Revenue Code of 1986 voided by the Commissioner of the Social Security Administration; and

“(II) was subject to a final judgment or final settlement of litigation adverse to a claim by the operator that the assignment of beneficiaries under section 9706 of the Internal Revenue Code of 1986 was unconstitutional as applied to the operator; and

“(ii) on or before September 7, 2000, the signatory operator (or any related person to the operator) had paid to the Combined Fund any premium amount that had not been refunded.

“(2) PAYMENTS TO STATES AND INDIAN TRIBES.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of the Interior for distribution to States and Indian tribes such sums as are necessary to pay amounts described in paragraphs (1)(A) and (2)(A) of section 411(h).

“(3) LIMITATIONS.—

“(A) CAP.—The total amount transferred under this subsection for any fiscal year shall not exceed \$490,000,000.

“(B) INSUFFICIENT AMOUNTS.—In a case in which the amount required to be transferred without regard to this paragraph exceeds the maximum annual limitation in subparagraph (A), the Secretary shall adjust the transfers of funds so that—

“(i) each transfer for the fiscal year is a percentage of the amount described;

“(ii) the amount is determined without regard to subsection (h)(5)(A); and

“(iii) the percentage transferred is the same for all transfers made under this subsection for the fiscal year.

“(4) AVAILABILITY OF FUNDS.—Funds shall be transferred under paragraph (1) and (2) beginning in fiscal year 2008 and each fiscal year thereafter, and shall remain available until expended.”.

**SEC. 313. OBJECTIVES OF FUND.**

Section 403 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1233) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “(1) the protection” and inserting the following:

“(1)(A) the protection;”;

(ii) in subparagraph (A) (as designated by clause (i)), by striking “general welfare;”;

and

(iii) by adding at the end the following:

“(B) the restoration of land and water resources and the environment that—

“(i) have been degraded by the adverse effects of coal mining practices; and

“(ii) are adjacent to a site that has been or

will be remediated under subparagraph (A);”;

(B) in paragraph (2)—

(i) by striking “(2) the protection” and inserting the following:

“(2)(A) the protection”;

(ii) in subparagraph (A) (as designated by clause (i), by striking “health, safety, and general welfare” and inserting “health and safety”; and

(iii) by adding at the end the following:

“(B) the restoration of land and water resources and the environment that—

“(i) have been degraded by the adverse effects of coal mining practices; and

“(ii) are adjacent to a site that has been or will be remediated under subparagraph (A); and

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

(D) by striking paragraphs (4) and (5);

(2) in subsection (b)—

(A) by striking the subsection heading and inserting “WATER SUPPLY RESTORATION.”;

(B) in paragraph (1), by striking “up to 30 percent of the”; and

(3) in the second sentence of subsection (c), by inserting “, subject to the approval of the Secretary,” after “amendments”.

#### SEC. 314. RECLAMATION OF RURAL LAND.

(a) ADMINISTRATION.—Section 406(h) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236(h)) is amended by striking “Soil Conservation Service” and inserting “Natural Resources Conservation Service”.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CARRYING OUT RURAL LAND RECLAMATION.—Section 406 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236) is amended by adding at the end the following:

“(i) There are authorized to be appropriated to the Secretary of Agriculture, from amounts in the Treasury other than amounts in the fund, such sums as may be necessary to carry out this section.”.

#### SEC. 315. LIENS.

Section 408(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1238) is amended in the last sentence by striking “who owned the surface prior to May 2, 1977, and”.

#### SEC. 316. CERTIFICATION.

Section 411 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1240a) is amended—

(1) in subsection (a)—

(A) by inserting “(1)” before the first sentence; and

(B) by adding at the end the following:

“(2)(A) The Secretary may, on the initiative of the Secretary, make the certification referred to in paragraph (1) on behalf of any State or Indian tribe referred to in paragraph (1) if on the basis of the inventory referred to in section 403(c) all reclamation projects relating to the priorities described in section 403(a) for eligible land and water pursuant to section 404 in the State or tribe have been completed.

“(B) The Secretary shall only make the certification after notice in the Federal Register and opportunity for public comment.”; and

(2) by adding at the end the following:

“(h) PAYMENTS TO STATES AND INDIAN TRIBES.—

“(1) IN GENERAL.—

“(A) PAYMENTS.—

“(i) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall make payments to States or Indian tribes for the amount due for the aggregate unappropriated amount allocated to the State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

“(ii) CONVERSION AS EQUIVALENT PAYMENTS.—Amounts allocated under subparagraphs (A) or (B) of section 402(g)(1) shall be reallocated to the allocation established in section 402(g)(5) in amounts equivalent to

payments made to States or Indian tribes under this paragraph.

“(B) AMOUNT DUE.—In this paragraph, the term ‘amount due’ means the unappropriated amount allocated to a State or Indian tribe before October 1, 2007, under subparagraph (A) or (B) of section 402(g)(1).

“(C) SCHEDULE.—Payments under subparagraph (A) shall be made in 7 equal annual installments, beginning with fiscal year 2008.

“(D) USE OF FUNDS.—

“(i) CERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that makes a certification under subsection (a) in which the Secretary concurs shall use any amounts provided under this paragraph for the purposes established by the State legislature or tribal council of the Indian tribe, with priority given for addressing the impacts of mineral development.

“(ii) UNCERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that has not made a certification under subsection (a) in which the Secretary has concurred shall use any amounts provided under this paragraph for the purposes described in section 403.

“(2) SUBSEQUENT STATE AND INDIAN TRIBE SHARE FOR CERTIFIED STATES AND INDIAN TRIBES.—

“(A) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall pay to each certified State or Indian tribe an amount equal to the sum of the aggregate unappropriated amount allocated on or after October 1, 2007, to the certified State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

“(B) CERTIFIED STATE OR INDIAN TRIBE DEFINED.—In this paragraph the term ‘certified State or Indian tribe’ means a State or Indian tribe for which a certification is made under subsection (a) in which the Secretary concurs.

“(3) MANNER OF PAYMENT.—

“(A) IN GENERAL.—Subject to subparagraph (B), payments to States or Indian tribes under this subsection shall be made without regard to any limitation in section 401(d) and concurrently with payments to States under that section.

“(B) INITIAL PAYMENTS.—The first 3 payments made to any State or Indian tribe shall be reduced to 25 percent, 50 percent, and 75 percent, respectively, of the amounts otherwise required under paragraph (2)(A).

“(C) INSTALLMENTS.—Amounts withheld from the first 3 annual installments as provided under subparagraph (B) shall be paid in 2 equal annual installments beginning with fiscal year 2018.

“(4) REALLOCATION.—

“(A) IN GENERAL.—The amount allocated to any State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1) that is paid to the State or Indian tribe as a result of a payment under paragraph (1) or (2) shall be reallocated and available for grants under section 402(g)(5).

“(B) ALLOCATION.—The grants shall be allocated based on the amount of coal historically produced before August 3, 1977, in the same manner as under section 402(g)(5).”.

#### SEC. 317. REMINING INCENTIVES.

Title IV of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231 et seq.) is amended by adding at the following:

#### “SEC. 415. REMINING INCENTIVES.

“(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may, after opportunity for public comment, promulgate regulations that describe conditions under which amounts in the fund may be used to provide incentives to promote remining of eligible land under section 404 in a manner that leverages the use of amounts from the fund to achieve more reclamation with respect to the eligible land than would be achieved without the incentives.

“(b) REQUIREMENTS.—Any regulations promulgated under subsection (a) shall specify that the incentives shall apply only if the Secretary determines, with the concurrence of the State regulatory authority referred to in title V, that, without the incentives, the eligible land would not be likely to be remined and reclaimed.

“(c) INCENTIVES.—

“(1) IN GENERAL.—Incentives that may be considered for inclusion in the regulations promulgated under subsection (a) include, but are not limited to—

“(A) a rebate or waiver of the reclamation fees required under section 402(a); and

“(B) the use of amounts in the fund to provide financial assurance for remining operations in lieu of all or a portion of the performance bonds required under section 509.

“(2) LIMITATIONS.—

“(A) USE.—A rebate or waiver under paragraph (1)(A) shall be used only for operations that—

“(i) remove or reprocess abandoned coal mine waste; or

“(ii) conduct remining activities that meet the priorities specified in paragraph (1) or (2) of section 403(a).

“(B) AMOUNT.—The amount of a rebate or waiver provided as an incentive under paragraph (1)(A) to remin or reclaim eligible land shall not exceed the estimated cost of reclaiming the eligible land under this section.”.

#### SEC. 318. EXTENSION OF LIMITATION ON APPLICATION OF PROHIBITION ON ISSUANCE OF PERMIT.

Section 510(e) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1260(e)) is amended by striking the last sentence.

#### SEC. 319. TRIBAL REGULATION OF SURFACE COAL MINING AND RECLAMATION OPERATIONS.

(a) IN GENERAL.—Section 710 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300) is amended by adding at the end the following:

“(j) TRIBAL REGULATORY AUTHORITY.—

“(1) TRIBAL REGULATORY PROGRAMS.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, an Indian tribe may apply for, and obtain the approval of, a tribal program under section 503 regulating in whole or in part surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe using the procedures of section 504(e).

“(B) REFERENCES TO STATE.—For purposes of this subsection and the implementation and administration of a tribal program under title V, any reference to a ‘State’ in this Act shall be considered to be a reference to a ‘tribe’.

“(2) CONFLICTS OF INTEREST.—

“(A) IN GENERAL.—The fact that an individual is a member of an Indian tribe does not in itself constitute a violation of section 201(f).

“(B) EMPLOYEES OF TRIBAL REGULATORY AUTHORITY.—Any employee of a tribal regulatory authority shall not be eligible for a per capita distribution of any proceeds from coal mining operations conducted on Indian reservation lands under this Act.

“(3) SOVEREIGN IMMUNITY.—To receive primary regulatory authority under section 504(e), an Indian tribe shall waive sovereign immunity for purposes of section 520 and paragraph (4).

“(4) JUDICIAL REVIEW.—

“(A) CIVIL ACTIONS.—

“(i) IN GENERAL.—After exhausting all tribal remedies with respect to a civil action arising under a tribal program approved under section 504(e), an interested party may file a petition for judicial review of the civil action in the United States circuit court for

the circuit in which the surface coal mining operation named in the petition is located.

“(ii) SCOPE OF REVIEW.—

“(I) QUESTIONS OF LAW.—The United States circuit court shall review de novo any questions of law under clause (i).

“(II) FINDINGS OF FACT.—The United States circuit court shall review findings of fact under clause (i) using a clearly erroneous standard.

“(B) CRIMINAL ACTIONS.—Any criminal action brought under section 518 with respect to surface coal mining or reclamation operations on Indian reservation lands shall be brought in—

“(i) the United States District Court for the District of Columbia; or

“(ii) the United States district court in which the criminal activity is alleged to have occurred.

“(5) GRANTS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), grants for developing, administering, and enforcing tribal programs approved in accordance with section 504(e) shall be provided to an Indian tribe in accordance with section 705.

“(B) EXCEPTION.—Notwithstanding subparagraph (A), the Federal share of the costs of developing, administering, and enforcing an approved tribal program shall be 100 percent.

“(6) REPORT.—Not later than 18 months after the date on which a tribal program is approved under subsection (e) of section 504, the Secretary shall submit to the appropriate committees of Congress a report, developed in cooperation with the applicable Indian tribe, on the tribal program that includes a recommendation of the Secretary on whether primary regulatory authority under that subsection should be expanded to include additional Indian lands.”.

(b) CONFORMING AMENDMENT.—Section 710(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300(i)) is amended in the first sentence by striking “, except” and all that follows through “section 503”.

**Subtitle B—Coal Industry Retiree Health Benefit Act**

**SEC. 321. CERTAIN RELATED PERSONS AND SUCCESSORS IN INTEREST RELIEVED OF LIABILITY IF PREMIUMS PREPAID.**

(a) COMBINED BENEFIT FUND.—

(1) IN GENERAL.—Section 9704 of the Internal Revenue Code of 1986 (relating to liability of assigned operators) is amended by adding at the end the following new subsection:

“(j) PREPAYMENT OF PREMIUM LIABILITY.—

“(1) IN GENERAL.—If—

“(A) a payment meeting the requirements of paragraph (3) is made to the Combined Fund by or on behalf of—

“(i) any assigned operator to which this subsection applies, or

“(ii) any related person to any assigned operator described in clause (i), and

“(B) the common parent of the controlled group of corporations described in paragraph (2)(B) is jointly and severally liable for any premium under this section which (but for this subsection) would be required to be paid by the assigned operator or related person, then such common parent (and no other person) shall be liable for such premium.

“(2) ASSIGNED OPERATORS TO WHICH SUBSECTION APPLIES.—

“(A) IN GENERAL.—This subsection shall apply to any assigned operator if—

“(i) the assigned operator (or a related person to the assigned operator)—

“(I) made contributions to the 1950 UMWA Benefit Plan and the 1974 UMWA Benefit Plan for employment during the period covered by the 1988 agreement; and

“(II) is not a 1988 agreement operator,

“(ii) the assigned operator (and all related persons to the assigned operator) are not actively engaged in the production of coal as of July 1, 2005, and

“(iii) the assigned operator was, as of July 20, 1992, a member of a controlled group of corporations described in subparagraph (B).

“(B) CONTROLLED GROUP OF CORPORATIONS.—A controlled group of corporations is described in this subparagraph if the common parent of such group is a corporation the shares of which are publicly traded on a United States exchange.

“(C) COORDINATION WITH REPEAL OF ASSIGNMENTS.—A person shall not fail to be treated as an assigned operator to which this subsection applies solely because the person ceases to be an assigned operator by reason of section 9706(h)(1) if the person otherwise meets the requirements of this subsection and is liable for the payment of premiums under section 9706(h)(3).

“(D) CONTROLLED GROUP.—For purposes of this subsection, the term ‘controlled group of corporations’ has the meaning given such term by section 52(a).

“(3) REQUIREMENTS.—A payment meets the requirements of this paragraph if—

“(A) the amount of the payment is not less than the present value of the total premium liability under this chapter with respect to the Combined Fund of the assigned operators or related persons described in paragraph (1) or their assignees, as determined by the operator’s or related person’s enrolled actuary (as defined in section 7701(a)(35)) using actuarial methods and assumptions each of which is reasonable and which are reasonable in the aggregate, as determined by such enrolled actuary;

“(B) such enrolled actuary files with the Secretary of Labor a signed actuarial report containing—

“(i) the date of the actuarial valuation applicable to the report; and

“(ii) a statement by the enrolled actuary signing the report that, to the best of the actuary’s knowledge, the report is complete and accurate and that in the actuary’s opinion the actuarial assumptions used are in the aggregate reasonably related to the experience of the operator and to reasonable expectations; and

“(C) 90 calendar days have elapsed after the report required by subparagraph (B) is filed with the Secretary of Labor, and the Secretary of Labor has not notified the assigned operator in writing that the requirements of this paragraph have not been satisfied.

“(4) USE OF PREPAYMENT.—The Combined Fund shall—

“(A) establish and maintain an account for each assigned operator or related person by, or on whose behalf, a payment described in paragraph (3) was made,

“(B) credit such account with such payment (and any earnings thereon), and

“(C) use all amounts in such account exclusively to pay premiums that would (but for this subsection) be required to be paid by the assigned operator.

Upon termination of the obligations for the premium liability of any assigned operator or related person for which such account is maintained, all funds remaining in such account (and earnings thereon) shall be refunded to such person as may be designated by the common parent described in paragraph (1)(B).“.

(b) INDIVIDUAL EMPLOYER PLANS.—Section 9711(c) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended to read as follows:

“(c) JOINT AND SEVERAL LIABILITY OF RELATED PERSONS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), each related person of a last

signatory operator to which subsection (a) or (b) applies shall be jointly and severally liable with the last signatory operator for the provision of health care coverage described in subsection (a) or (b).

“(2) LIABILITY LIMITED IF SECURITY PROVIDED.—If—

“(A) security meeting the requirements of paragraph (3) is provided by or on behalf of—

“(i) any last signatory operator which is an assigned operator described in section 9704(j)(2), or

“(ii) any related person to any last signatory operator described in clause (i), and

“(B) the common parent of the controlled group of corporations described in section 9704(j)(2)(B) is jointly and severally liable for the provision of health care under this section which, but for this paragraph, would be required to be provided by the last signatory operator or related person,

then, as of the date the security is provided, such common parent (and no other person) shall be liable for the provision of health care under this section which the last signatory operator or related person would otherwise be required to provide. Security may be provided under this paragraph without regard to whether a payment was made under section 9704(j).

“(3) SECURITY.—Security meets the requirements of this paragraph if—

“(A) the security—

“(i) is in the form of a bond, letter of credit, or cash escrow,

“(ii) is provided to the trustees of the 1992 UMWA Benefit Plan solely for the purpose of paying premiums for beneficiaries who would be described in section 9712(b)(2)(B) if the requirements of this section were not met by the last signatory operator, and

“(iii) is in an amount equal to 1 year of liability of the last signatory operator under this section, determined by using the average cost of such operator’s liability during the prior 3 calendar years;

“(B) the security is in addition to any other security required under any other provision of this title; and

“(C) the security remains in place for 5 years.

“(4) REFUNDS OF SECURITY.—The remaining amount of any security provided under this subsection (and earnings thereon) shall be refunded to the last signatory operator as of the earlier of—

“(A) the termination of the obligations of the last signatory operator under this section, or

“(B) the end of the 5-year period described in paragraph (4)(C).“.

(c) 1992 UMWA BENEFIT PLAN.—Section 9712(d)(4) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended by adding at the end the following new sentence: “The provisions of section 9711(c)(2) shall apply to any last signatory operator described in such section (without regard to whether security is provided under such section, a payment is made under section 9704(j), or both) and if security meeting the requirements of section 9711(c)(3) is provided, the common parent described in section 9711(c)(2)(B) shall be exclusively responsible for any liability for premiums under this section which, but for this sentence, would be required to be paid by the last signatory operator or any related person.”.

(d) SUCCESSOR IN INTEREST.—Section 9701(c) of the Internal Revenue Code of 1986 (relating to terms relating to operators) is amended by adding at the end the following new paragraph:

“(8) SUCCESSOR IN INTEREST.—

“(A) SAFE HARBOR.—The term ‘successor in interest’ shall not include any person who—

“(i) is an unrelated person to an eligible seller described in subparagraph (C); and

“(ii) purchases for fair market value assets, or all of the stock, of a related person to such seller, in a bona fide, arm’s-length sale.”

“(B) UNRELATED PERSON.—The term ‘unrelated person’ means a purchaser who does not bear a relationship to the eligible seller described in section 267(b).

“(C) ELIGIBLE SELLER.—For purposes of this paragraph, the term ‘eligible seller’ means an assigned operator described in section 9704(j)(2) or a related person to such assigned operator.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that the amendment made by subsection (d) shall apply to transactions after the date of the enactment of this Act.

#### SEC. 322. TRANSFERS TO FUNDS; PREMIUM RELIEF.

##### (a) COMBINED FUND.—

(1) FEDERAL TRANSFERS.—Section 9705(b) of the Internal Revenue Code of 1986 (relating to transfers from Abandoned Mine Reclamation Fund) is amended—

(A) in paragraph (1), by striking “section 402(h)” and inserting “subsections (h) and (i) of section 402”; and

(B) by striking paragraph (2) and inserting the following new paragraph:

“(2) USE OF FUNDS.—Any amount transferred under paragraph (1) for any fiscal year shall be used to pay benefits and administrative costs of beneficiaries of the Combined Fund or for such other purposes as are specifically provided in the Acts described in paragraph (1).”; and

(C) by striking “FROM ABANDONED MINE RECLAMATION FUND”.

##### (2) MODIFICATIONS OF PREMIUMS TO REFLECT FEDERAL TRANSFERS.—

(A) ELIMINATION OF UNASSIGNED BENEFICIARIES PREMIUM.—Section 9704(d) of such Code (establishing unassigned beneficiaries premium) is amended to read as follows:

##### “(d) UNASSIGNED BENEFICIARIES PREMIUM.—

“(1) PLAN YEARS ENDING ON OR BEFORE SEPTEMBER 30, 2006.—For plan years ending on or before September 30, 2006, the unassigned beneficiaries premium for any assigned operator shall be equal to the applicable percentage of the product of the per beneficiary premium for the plan year multiplied by the number of eligible beneficiaries who are not assigned under section 9706 to any person for such plan year.

“(2) PLAN YEARS BEGINNING ON OR AFTER OCTOBER 1, 2006.—

“(A) IN GENERAL.—For plan years beginning on or after October 1, 2006, subject to subparagraph (B), there shall be no unassigned beneficiaries premium, and benefit costs with respect to eligible beneficiaries who are not assigned under section 9706 to any person for any such plan year shall be paid from amounts transferred under section 9705(b).

“(B) INADEQUATE TRANSFERS.—If, for any plan year beginning on or after October 1, 2006, the amounts transferred under section 9705(b) are less than the amounts required to be transferred to the Combined Fund under subsection (h)(2)(A) or (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), then the unassigned beneficiaries premium for any assigned operator shall be equal to the operator’s applicable percentage of the amount required to be so transferred which was not so transferred.”.

##### (B) PREMIUM ACCOUNTS.—

(i) CREDITING OF ACCOUNTS.—Section 9704(e)(1) of such Code (relating to premium accounts; adjustments) is amended by inserting “and amounts transferred under section 9705(b)” after “premiums received”.

(ii) SURPLUSES ATTRIBUTABLE TO PUBLIC FUNDING.—Section 9704(e)(3)(A) of such Code is amended by adding at the end the following new sentence: “Amounts credited to an account from amounts transferred under section 9705(b) shall not be taken into account in determining whether there is a surplus in the account for purposes of this paragraph.”

(C) APPLICABLE PERCENTAGE.—Section 9704(f)(2) of such Code (relating to annual adjustments) is amended by adding at the end the following new subparagraph:

“(C) In the case of plan years beginning on or after October 1, 2007, the total number of assigned eligible beneficiaries shall be reduced by the eligible beneficiaries whose assignments have been revoked under section 9706(h).”.

(3) ASSIGNMENTS AND REASSIGNMENT.—Section 9706 of the Internal Revenue Code of 1986 (relating to assignment of eligible beneficiaries) is amended by adding at the end the following:

“(h) ASSIGNMENTS AS OF OCTOBER 1, 2007.—

“(1) IN GENERAL.—Subject to the premium obligation set forth in paragraph (3), the Commissioner of Social Security shall—

“(A) revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on and after October 1, 2007; and

“(B) make no further assignments to persons other than 1988 agreement operators, except that no individual who becomes an unassigned beneficiary by reason of subparagraph (A) may be assigned to a 1988 agreement operator.

“(2) REASSIGNMENT UPON PURCHASE.—This subsection shall not be construed to prohibit the reassignment under subsection (b)(2) of an eligible beneficiary.

“(3) LIABILITY OF PERSONS DURING THREE FISCAL YEARS BEGINNING ON AND AFTER OCTOBER 1, 2007.—In the case of each of the fiscal years beginning on October 1, 2007, 2008, and 2009, each person other than a 1988 agreement operator shall pay to the Combined Fund the following percentage of the amount of annual premiums that such person would otherwise be required to pay under section 9704(a), determined on the basis of assignments in effect without regard to the revocation of assignments under paragraph (1)(A):

“(A) For the fiscal year beginning on October 1, 2007, 55 percent.

“(B) For the fiscal year beginning on October 1, 2008, 40 percent.

“(C) For the fiscal year beginning on October 1, 2009, 15 percent.”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years of the Combined Fund beginning after September 30, 2006.

(b) 1992 UMWA BENEFIT AND OTHER PLANS.—

(1) TRANSFERS TO PLANS.—Section 9712(a) of the Internal Revenue Code of 1986 (relating to the establishment and coverage of the 1992 UMWA Benefit Plan) is amended by adding at the end the following:

“(3) TRANSFERS UNDER OTHER FEDERAL STATUTES.—

“(A) IN GENERAL.—The 1992 UMWA Benefit Plan shall include any amount transferred to the plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

“(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in subsection (c) with respect to any beneficiary for whom no monthly per beneficiary premium is paid pursuant to paragraph (1)(A) or (3) of subsection (d).

“(4) SPECIAL RULE FOR 1993 PLAN.—

“(A) IN GENERAL.—The plan described in section 402(h)(2)(C) of the Surface Mining

Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)) shall include any amount transferred to the plan under subsections (h) and (i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

“(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in section 402(h)(2)(C) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)).

##### (2) PREMIUM ADJUSTMENTS.—

(A) IN GENERAL.—Section 9712(d)(1) of such Code (relating to guarantee of benefits) is amended to read as follows:

“(1) IN GENERAL.—All 1988 last signatory operators shall be responsible for financing the benefits described in subsection (c) by meeting the following requirements in accordance with the contribution requirements established in the 1992 UMWA Benefit Plan:

“(A) The payment of a monthly per beneficiary premium by each 1988 last signatory operator for each eligible beneficiary of such operator who is described in subsection (b)(2) and who is receiving benefits under the 1992 UMWA benefit plan.

“(B) The provision of a security (in the form of a bond, letter of credit, or cash escrow) in an amount equal to a portion of the projected future cost to the 1992 UMWA Benefit Plan of providing health benefits for eligible and potentially eligible beneficiaries attributable to the 1988 last signatory operator.

“(C) If the amounts transferred under subsection (a)(3) are less than the amounts required to be transferred to the 1992 UMWA Benefit Plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), the payment of an additional backstop premium by each 1988 last signatory operator which is equal to such operator’s share of the amounts required to be so transferred but which were not so transferred, determined on the basis of the number of eligible and potentially eligible beneficiaries attributable to the operator.”.

(B) CONFORMING AMENDMENTS.—Section 9712(d) of such Code is amended—

(i) in paragraph (2)(B), by striking “prefunding” and inserting “backstop”; and

(ii) in paragraph (3), by striking “paragraph (1)(B)” and inserting “paragraph (1)(A)”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to fiscal years beginning on or after October 1, 2010.

#### SEC. 323. OTHER PROVISIONS.

(a) BOARD OF TRUSTEES.—Section 9702(b) of the Internal Revenue Code of 1986 (relating to board of trustees of the Combined Fund) is amended to read as follows:

##### “(b) BOARD OF TRUSTEES.—

(1) IN GENERAL.—For purposes of subsection (a), the board of trustees for the Combined Fund shall be appointed as follows:

“(A) 2 individuals who represent employers in the coal mining industry shall be designated by the BCOA;

“(B) 2 individuals designated by the United Mine Workers of America; and

“(C) 3 individuals selected by the individuals appointed under subparagraphs (A) and (B).

(2) SUCCESSOR TRUSTEES.—Any successor trustee shall be appointed in the same manner as the trustee being succeeded. The plan establishing the Combined Fund shall provide for the removal of trustees.

“(3) SPECIAL RULE.—If the BCOA ceases to exist, any trustee or successor under paragraph (1)(A) shall be designated by the 3 employers who were members of the BCOA on the enactment date and who have been assigned the greatest number of eligible beneficiaries under section 9706.”.

(b) ENFORCEMENT OF OBLIGATIONS.—

(1) FAILURE TO PAY PREMIUMS.—Section 9707(a) of the Internal Revenue Code of 1986 is amended to read as follows:

“(a) FAILURES TO PAY.—

“(1) PREMIUMS FOR ELIGIBLE BENEFICIARIES.—There is hereby imposed a penalty on the failure of any assigned operator to pay any premium required to be paid under section 9704 with respect to any eligible beneficiary.

“(2) CONTRIBUTIONS REQUIRED UNDER THE MINING LAWS.—There is hereby imposed a penalty on the failure of any person to make a contribution required under section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 to a plan referred to in section 402(h)(2)(C) of such Act. For purposes of applying this section, each such required monthly contribution for the hours worked of any individual shall be treated as if it were a premium required to be paid under section 9704 with respect to an eligible beneficiary.”.

(2) CIVIL ENFORCEMENT.—Section 9721 of such Code is amended to read as follows:

**“SEC. 9721. CIVIL ENFORCEMENT.**

“The provisions of section 4301 of the Employee Retirement Income Security Act of 1974 shall apply, in the same manner as any claim arising out of an obligation to pay withdrawal liability under subtitle E of title IV of such Act, to any claim—

“(1) arising out of an obligation to pay any amount required to be paid by this chapter; or

“(2) arising out of an obligation to pay any amount required by section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(5)(B)(ii)).”.

Mr. GEORGE MILLER of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. GEORGE MILLER of California. Mr. Speaker, there has been a lot of discussion and there appears to be almost unanimity in this Congress that we should be raising the minimum wage. But it also is very clear from this discussion that if we proceed with the bill that is before us offered by the majority in this House, that we will not accomplish transferring that legislation into the law of the land, because that legislation has very little chance of passing in the time remaining in this House.

We offer this motion to recommit because in this motion we offer the minimum wage, we offer the extenders that are present in the bill that is before us, and the provisions for coal mining. These are important, they are widely supported in the Congress; we voted on them many times, and they are important for all the reasons people cited here today. But, most importantly, it will allow us to have in effect an up-or-

down vote on the minimum wage because it will not have the poison pill of the estate tax, all of the costs, all of the deficit that is created by that legislation. It will not bring that controversy to this chance, the first chance in 9 years to raise the minimum wage for those people working at the federally mandated minimum wage of \$5.15 an hour.

We have now seen that many, many Members of this Congress have decided that that is no longer acceptable in this country, that we cannot mandate under Federal law that that is the minimum wage for these people. And so we have an opportunity to change it, but the only real opportunity to change it comes with the motion to recommit, where we can clean this legislation up, we can take the poison pill out, we can take the deficit spending out, we can take the privilege out of this legislation, and we can address the important priorities of this Nation.

That is what we should be doing at this point in this session of this Congress. That is what we should be doing at 5 minutes after 1 o'clock in the morning. We should be addressing the important priorities of this Nation, and we should do it in the manner that ensures, that almost guarantees the opportunity to pass the minimum wage so that these people can help to lift themselves out of poverty, help to be able to provide the wherewithal for their families, and be able to continue in their employment.

We don't have to go the route that the Republicans went with the minimum wage where these people have to wait another 18 months. We don't have to go through this business of taking away the wages from people who earn tips. We don't have to do any of that. We can have a clean minimum wage, we can have clean extenders, clean coal provisions, and we can go about our way and take care of the priorities of this Nation.

Mr. Speaker, I yield to the gentleman from New York.

Mr. RANGEL. I thank the gentleman from California.

For those who have been listening to this debate, you would notice that the Republicans have never talked about one part of this bill. I heard the distinguished chairman of the committee go through all of the things that he requested a “yes” for, and he never mentioned the giveaway for the rich in the estate tax repeal.

Everything that he talked about dealt with helping the poor folks get an increase in minimum wage. Well, that is the motion to recommit. I think he mentioned something, other people did, about helping the poor coal miners. That is here. I know he talked about the carefully skilled extension, the tax bills that expire, the extenders for that, and that is in it. And so since he didn't mention the estate tax repeal, a motion to recommit takes it away. And so we can all start reading from the same page and say this is like the

Thomas-Rangel bill: it takes care of the poor that are working, the 6 million workers that deserve a pay increase. It takes care of the extenders that are so badly needed that takes care of a lot of kids and tax incentives for disadvantaged workers and school teachers and school renovations. And so it does a lot of these good things.

But how can we refuse to see, pardon the pun, the elephant in the living room? Because it is there, and that elephant is called estate tax repeal. And you can say it any way that you want; if you want to do the good things that are in this bill, package, if you will, you have got to buy that elephant. And we are saying that not all of us are prepared to do it. We can take care of those people who work every day and believe that this Congress should be there for them, not as Republicans, not as Democrats, but the Congress.

These people deserve better than waiting until after midnight and taking their destiny and tying it up with an \$800 billion elephant to provide relief for the richest in this country. I urge you to support the motion to recommit tonight.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, speaker after speaker after speaker on the other side of the aisle went in the well. What was the common plea? Give us a clean vote on minimum wage. Just give us a clean vote on minimum wage. You have got 169 pages here. They wrote it. They can't even write a motion to recommit that is a clean vote on the minimum wage. I am offended. And any other Member who is offended, vote “no” on the motion to recommit.

Mr. THOMAS. I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

**RECORDED VOTE**

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes, if ordered, on passage of H.R. 5970, and conference report on S. 250.

The vote was taken by electronic device, and there were—ayes 190, noes 220, not voting 23, as follows:

[Roll No. 424]

**AYES—190**

Ackerman	Becerra	Blumenauer
Allen	Berkley	Boswell
Andrews	Berman	Boucher
Baird	Berry	Boyd
Baldwin	Bishop (GA)	Brady (PA)
Bean	Bishop (NY)	Brown (OH)

