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Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore (Mr. HATCH).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal God, You have truly been good to us. Even when we stumble and fall, Your mercy continues to sustain us.

Lead our lawmakers to realize that the abilities You have given them are maximized only when they are used for Your purposes. Show them the best way to use their talents and opportunities to honor and serve You and humanity.

May our Senators this day speak words that are constructive and helpful, bringing encouragement as well as vision to their labors. Give them the wisdom to know Your will and the courage to do it. Let Your presence be felt in this Chamber and everywhere on Earth.

We pray in Your Holy Name. Amen.

PLEDGE OF ALLEGIANCE

The President pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mrs. CAPITO). Under the previous order, the leadership time is reserved.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

TAX CUTS AND JOBS ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 1, which the clerk will report.

The senior assistant legislative clerk read as follows:

A bill (H.R. 1) to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

Pending:

McConnell (for Hatch/Murkowski) amendment No. 1618, of a perfecting nature.

Baldwin motion to commit the bill to the Committee on Finance, with instructions.

Wyden (for Nelson) motion to commit the bill to the Committee on Finance, with instructions.

The PRESIDING OFFICER. The Senator from Colorado.

ORDER FOR RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. GARDNER. Madam President, I ask unanimous consent that following the remarks of the Senator from Wisconsin, the Senate stand in recess subject to the call of the chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF THE MINORITY LEADER

The Democratic leader is recognized.

GOVERNMENT FUNDING

Mr. SCHUMER. Madam President, before I address the issue of taxes, let me address the matter of the government funding bill.

We are now only a week away from a government shutdown, which, to remind my colleagues, could cost our economy thousands of jobs and billions of dollars, as it did in 2013. I think a government shutdown is something we all desperately want to avoid, Democrats and Republicans—I talked to some of my colleagues this morning—with the exception, it seems, of the President.

This morning's Washington Post reports that President Trump has told his confidantes that a government shutdown could be good for him politically and that he has asked friends about how a shutdown would affect him politically. It is disappointing but maybe not surprising that President Trump appears to be putting politics before the well-being of the American people. As President, the welfare of the American people should always come first—always.

We have a lot of things to accomplish by the end of the year, and a government spending deal is particularly important for our men and women in uniform, as well as a host of programs that create jobs and boost the economy.

The President talks about defending the troops and then threatens a shutdown. It is a contradiction—a contradiction—and I am sure our generals would tell him that even playing around with the possibility of sequester and shutting down the government is no good for our armed services, as well as for the rest of the country.

We should all be focused on avoiding a government shutdown. Certainly Democrats will be working with our Republican colleagues in Congress to that end. I think our Republican colleagues agree. I hope they won't succumb to President Trump's whim based on a political decision and not on what is good for America. President Trump must change his tune—and soon—if he wants to be a constructive partner in those discussions rather than the focal point of blame.

Madam President, on taxes, my Republican friends have stretched into day 2 of their debate on the bill, which still lacks resolution on some critical issues.

After promising over the past few months that their tax bill would pay for itself through economic growth, the Joint Committee on Taxation came out with a report yesterday that showed that these promises were unfounded, way off the mark. Even considering economic growth, the Republican tax bill will add roughly $1 trillion to the deficit. And many economists have said

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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that this dynamic scoring doesn't work at all. Here, the JCT gave credence to the theory of dynamic scoring but then came out with a number that was not the kind of wild exaggerations we are hearing from the Secretary of the Treasury, from the President, and from some of our Republican colleagues, particularly those of the Club for Growth bent.

Earlier in this debate, Republicans claimed that this would be a tax cut for everybody and that nobody in the middle class is going to get a tax increase. Independent analyses show that these claims were not valid, and to their credit, some Republicans corrected the record.

Now Republicans have gotten the ''dynamic scoring'' they have demanded for years. They are in charge. They put dynamic scoring in place. It is still not good enough. As recently as this week, the Republican leader and others claimed that this bill would not add to the deficit. We know now that even under the dynamic scoring method the Republican Party asked for and received, this bill would add $1 trillion to the deficit. All of the claims that tax cuts for the wealthy and corporations will pay for themselves were not correct. It is time for my Republican friends to admit the error and come clean with the American people.

The fact that we received the dynamic score only a day before a final vote on the bill shows just how foolhardy it is to rush a bill like this through.

From press reports, we know that the Republicans are making the passthrough provisions more generous, widening what was already a gargantuan tax loophole for wealthy business owners. Why should wealthy business owners pay a significantly lower rate on their personal income, because they are paying no corporate tax if they use the passthrough, than the average American? That is what this bill does. Hedge funds, big fancy law firms, and lobbyist firms would all get a lower rate than the average American because of the passthrough. The average American who makes $100,000, $200,000 is already paying in the 30-percent range.

From press reports—you would think that maybe Republicans would be concerned by the many reports that their bill increases taxes on 60 percent of middle-class families by the end of the day. No. Instead, the holdout Republicans are concerned that this bill isn't generous enough to corporations and wealthy business owners. So now the Republican leadership is working to fix that. In the waning hours, this bill is tilting even further toward business, even further away from families. Every time the choice is between big corporations and families, the Republicans choose the big corporations.

And still no one knows what the final bill will look like. Why on Earth wouldn't you want to spend more than a few hours looking at a bill of this magnitude? What might have been snuck in? What might have been changed by mistake—an innocent mistake? There are so many reasons to not rush this bill through, but we know why it is being done. We know why Republican Members will only have a few hours at most to read the draft legislation before voting on it.

Notching a political win, I would say to my colleagues, isn't a good enough reason to throw common sense and legislative responsibility out the window. Notching a political win isn't a good enough reason to raise taxes and premiums on millions of middle-classes families when there is a much better bill to be had by working in a bipartisan way, Democrats and Republicans, across the aisle, together. My Republican friends must know that ''we needed to notch a political win'' isn't a good enough excuse for a constituent who asks why you voted to raise their taxes but slash them for big corporations.

Today may be the first day of the new Republican Party—one that raises taxes on the middle class. The one thing Republicans always promised the middle class is, we are not going to raise your taxes. A good number of my colleagues from the other side of the aisle—the junior Senator from Texas—I heard him talk about it—said he doesn't want to raise taxes on any middle-class person, but this bill does it.

The Republican Party is abandoning its long-held principles to please its political pay masters. It is a bad move for the Republicans, as well as a bad move for America.

Again, ''we needed to notch a political win'' is going to be no excuse when your constituents complain that they are getting the short end of the stick in this tax bill and wealthy corporations, the richest people, are not.

Democrats remain united against any middle-class tax increase, and we will fight to reverse that. The stakes are too high. Our economy is already stacked against working men and women. Corporate profits and stocks have reached alltime highs. The top 1 percent capture 20 percent of the national income—higher than at any time in our history since the roaring twenties.

Meanwhile, for too many Americans, the American dream is slipping away. Hard-working Americans who get up every morning worried about paying the bills, making the mortgage payment, the tuition payment, the healthcare bill, are not getting the help they need in this bill. Instead, it is going to the wealthiest, biggest corporations on a theory of trickle-down, which almost everyone accepts and rightwing economists agree has never made sense.

Any moral tax bill would focus on giving a leg up to middle-class Americans, to working class Americans. Instead, this bill directs the lion's share of its benefits to those at the very top—the already wealthy, the already powerful. It makes healthcare less affordable and less accessible. It will deprive the government of the resources needed to support the military, scientific research, education, and infrastructure.

The hole it blows in the deficit will—make no mistake—endanger Social Security, Medicare, and Medicaid. Republicans, including President Trump, have openly admitted that they will seek changes in this program after the tax bill. Senator SANDERS has outlined eloquently how dangerous this bill is to the future of Social Security and Medicare. I know our Republican colleagues who came down to argue against him were all on the defensive.

All the things our President and Republicans say they wanted to do are not happening. And this bill moves in the opposite direction—not only on helping the wealthy and not helping the middle class in the way it needs to but also in endangering Social Security and Medicare. Most insidious of all, the bill hides a ticking time bomb of middle-class tax hikes at the center of our Tax Code. Who would want to vote for that?

Many of my Republican friends feel that the hard right—big, wealthy corporate interests—will put these ads on TV saying that this bill helps the middle class. It is not going to work. When the middle class gets a tax increase, they are going to know why, and they are going to know whom to blame, and these ads will have faded into the air.

Today, my Republican friends can choose to cement their party as the party that raises taxes on the middle class. It will be a dramatic turning point in a downward spiral for the Republicans and something they have never believed in before. But Republicans have an alternative. They can step back from the brink and work with Democrats on a bipartisan tax reform bill to deliver across-the-board tax relief to the middle class, a bill that makes our businesses more competitive while closing egregious corporate loopholes and that grows our economy without adding a penny to the deficit.

Bipartisan tax reform—not this cynical bill, not this partisan exercise, not this bill that seems to please the 1 percent but not the rest of America—is possible but only if my friends and colleagues will abandon this bill and reach out for a better kind of politics.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin.

MOTION TO COMMIT

Ms. BALDWIN. Madam President, I rise to offer motion to do something that this tax plan fails to do: make good on President Trump's promise to close the carried interest tax loophole. This motion has the support of Senators WHITEHOUSE, DONNELLY, and VAN HOLLEN.

I think we need to make our tax system simpler and fairer for hard-working families, businesses—particularly small businesses—and manufacturers, and that is what I have been working for. Unfortunately, this is not the plan being presented today by Senate Republicans.

Let's be honest with the American people. This bill is largely a tax giveaway to the wealthiest few and big corporations, while millions of middle-class families will get a tax hike. With this partisan bill from across the aisle, big corporations get permanent tax breaks—permanent—while middle-class families will see tax increases. In fact, most Americans earning less than $75,000 a year will see tax increases. That is simply not fair.

It is also not fair that the top 1 percent will end up with over 60 percent of the benefits, and in exchange, 13 million more will lose health insurance. Healthcare premiums will increase by 10 percent, and Medicare and Medicaid have been put on the chopping block to pay for it.

In addition, with the Senate Republican plan, powerful corporations can still deduct their State and local taxes, but they completely eliminate the State and local tax deduction for individual taxpayers. This deduction ensures households aren't taxed twice by the Federal Government on money they have already paid in State and local taxes, including property taxes. But with the current Senate plan, nearly one in three Wisconsinites will lose their personal income, sales, and property tax deductions. A recent study shows that it could decrease the value of home ownership. The average deduction in Wisconsin is $11,653, and nearly $10 billion of Wisconsinites' paychecks would be subject to a double tax—all to pay for a plan that favors those at the top. What is more, by the latest estimation from our own congressional scorekeeper, this plan will add $1 trillion—$1 trillion—to our deficit, breaking our promise to the next generation and sticking them with the bill.

Our Tax Code ought to reward hard work more than it rewards wealth. It doesn't do that today, and it will not do that tomorrow if this bill passes. In fact, this Republican plan's primary purpose is to reward Fortune 500 corporations who will simply reward the wealth of shareholders, not the hard work that drives productivity and growth across our economy.

The primary promise of this legislation makes the same promise that has not been kept to workers for decades. Trickle-down economics has not worked in the past, and it is not going to work now. American workers know that. But my colleagues, rushing to pass this legislation, don't seem to care, because the only thing that matters is delivering for donors, who have too much power and influence in Washington.

I want to see loopholes closed, like the one that favors Wall Street hedge funds and allows them to pay a lower tax rate than many Wisconsin workers pay. Earlier this year, I introduced the Carried Interest Fairness Act to close the carried interest tax loophole for millionaires and billionaires on Wall Street.

The carried interest loophole allows certain investment managers to take advantage of the preferential 20 percent long-term capital gains tax rates on the income they get for managing other people's money, rather than the ordinary income tax rates of up to 39.6 percent that American workers pay. My legislation closes the carried interest tax loophole by ensuring that income earned by managing other people's money is taxed at the same ordinary income tax rates as the vast majority of working Americans pay.

As a candidate, President Trump included closing the carried interest tax loophole in his tax reform plan. While campaigning in Detroit last year, he said: ''We will eliminate the carried interest deduction and other special interest loopholes that have been so good for Wall Street investors, and for people like me, but unfair to American workers.''

Then this May, after being asked why his tax reform outline didn't mention carried interest after campaigning on its closure, the President responded by saying:

> It's out. Done . . . carried interest was great for me, but carried interest was unfair and it's gone.

I agree that it is unfair and it should be eliminated. However, it is not gone with this legislation. This loophole for Wall Street is still in the bill. Why? Is it because my Republican colleagues on the other side of the aisle simply do not believe a word this President says? Is it because Wall Street lobbyists, big banks, and hedge funds have such a grip on Washington? Is it because these are the very donors that this legislation is meant to serve with a win?

Today I am offering a motion to close the carried interest tax loophole once and for all. It is simply unfair for Wisconsin workers to pay higher income tax rates than a billionaire hedge fund on Wall Street.

If you agree, you will support this motion. If you want to help President Trump keep his promises to the American people, you will support this motion. Let's do right by the American people and close this tax loophole for the wealthy on Wall Street. Let's make sure that our Tax Code rewards hard work as much as it currently rewards wealth. If that isn't simple and fair, I don't know what is.

I yield the floor.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess subject to the call of the Chair.

Thereupon, the Senate, at 10:36 a.m., recessed subject to the call of the Chair and reassembled at 11:34 a.m. when called to order by the Presiding Officer (Mrs. CAPITO).

TAX CUTS AND JOBS ACT—CONTINUED

The PRESIDING OFFICER. The Senator from Florida.

MOTION TO COMMIT

Mr. NELSON. Madam President, the matter that is before the Senate is the motion I have offered. It simply is, in this tax bill, the corporate rate is reduced from 35 percent down to 20 percent, and that is permanent, but the modest, middle-class tax breaks are not permanent, and in 7 or 8 years they cease to exist. They sunset. So, in this tax bill, you want to give permanent, huge corporate cuts, from 35 down to 20. By the way, if the American corporation is doing business overseas, it is basically a zero tax rate, which is an incentive to go overseas, send jobs overseas. American jobs are lost while giving those huge corporate breaks at the same time it is giving modest breaks to the very people who need the tax cuts; that is, hard-working American families, the middle class. Then, oh, by the way, in 7 or 8 years, vamoose, it is gone, no tax break. It goes back up. It is a tax increase. That is simply not fair.

So this little motion simply says go back to the Finance Committee and correct this inequity. Go back to the Finance Committee, make the middle-class tax cuts permanent, and then get the Finance Committee to offset those with revenue from someplace. Do you know where that someplace should be? It ought to be the huge corporate tax cuts. That is where the revenue ought to be taken back from to give that revenue or tax cuts to the middle class. It is a simple issue of fairness.

I am delighted to be joined by my colleague from Minnesota.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Ms. KLOBUCHAR. Madam President, I thank Senator NELSON for his leadership on this motion. It is a very simple motion for a very simple proposition; that is, that the Tax Code should be simpler. That is true. We should make it more streamlined. That is true, but our focus should be helping the people of America.

Our problem with the bill that is on the floor right now is that it is weighted much too heavily in terms of helping the wealthiest among us and not the middle class. Senator NELSON's amendment, which I am a proud cosponsor of, gets right to the meat of this, to the bread and butter, to helping the middle class with their groceries—since I used meat and bread and butter—but also with their mortgages, with paying for college, with everything they need to do. Our problem with the bill right now is that too much of it goes to the top.

In fact, when you look at the numbers, it is quite startling. The first thing you notice for the middle class is that $1.4 trillion in additional debt comes out of this bill. Now, our colleagues were claiming until yesterday, well, that is going to be offset with all this economic growth we are going to see. What did we find out? Even when you consider that—and this is by the nonpartisan Joint Committee on Taxation that looked at this. They are like the umpire. They do the scorecard. They looked at this, and they said: Yes, it is about 1.4, $1.5 trillion in debt. It does produce some economic growth, but guess what. The net is over a trillion dollars in debt.

Now, whose shoulder is that going to be on? That debt is going to be on the middle class and their kids and their grandkids, and that is the No. 1 reason why I am so concerned about this bill and why I stood with 17 other Democrats, including Senator NELSON, just this last week and said: Come to the table. This is your moment for our colleagues on the Republican side of the aisle. While the White House is busy sending out tweets and going after this person and that person and this group and that group, someone has to govern, and this is their moment to govern, to work with us on a bill that doesn't add this debt that gives the middle class more than just a lump of debt in their stocking.

What Senator NELSON's amendment smartly does is, it says: Let's go back and actually have hearings. Let's go back and in a deficit-neutral manner help the middle class. That is what we have to do.

Even though we appeared to be very close to voting on this bill, we still don't know what exactly is in the final version of this bill. We know what isn't in it. Where is this Buffett rule that would make it more fair for everyone? What are we doing about the oil giveaways? What are we doing about the carried interest loophole? None of this is in the bill. Instead, there is $1.4 trillion in debt. So that is why I strongly support Senator NELSON's amendment.

I would also add other amendments that should be considered that I have submitted: savings for servicemembers to help lower the out-of-pocket costs for National Guard members, an amendment that would help address the cost millions of people face when they are providing elder care for loved ones, an amendment that would make it easier to use 529 education savings accounts to help workers develop the skills they need for 21st century jobs, and also other ones related to agriculture.

Senator NELSON's amendment and all these amendments are geared and focused on the middle class. We are living in a time when the wealthier have been getting wealthier and the middle class have been losing ground. They may have jobs now because our economy has rebounded, but the cost of things has gotten so expensive, whether it is their cable bill, whether it is the cost of sending their kids to college, and, with this tax bill this is our opportunity to address that.

A tax bill should be the value statement for our government, the value statement for America. So I ask my colleagues to come back to the table, to come back to the table to talk about a bill that would bring down that corporate rate. I am all in favor of that.

I have 18 Fortune 500 companies. I know how important they are to jobs in my State, but they don't have to go down to the extreme rate that they are. Instead, that money should be used to help the middle class, while bringing down the corporate rate, while bringing in that money from overseas and plugging some of it into this Nation's infrastructure to literally help us with the roads and bridges and rail we have now, but that isn't in this bill.

So we tell our colleagues this is a moment in time where you could actually work with us on something that makes sense for America. Don't squander it.

I appreciate the time from Senator NELSON and his leadership.

I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. WICKER. Madam President, on behalf of the majority, I yield back all time.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON. Madam President, we yield back all time as well.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the Nelson motion to commit.

Mr. WICKER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 48, nays 52, as follows:

[Rollcall Vote No. 290 Leg.]

YEAS—48

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Coons	Leahy	Tester
Cortez Masto	Manchin	Udall
Donnelly	Markey	Van Hollen
Duckworth	McCaskill	Warner
Durbin	Menendez	Warren
Feinstein	Merkley	Whitehouse
Franken	Murphy	Wyden

NAYS—52

Alexander	Cornyn	Graham
Barrasso	Cotton	Grassley
Blunt	Crapo	Hatch
Boozman	Cruz	Heller
Burr	Daines	Hoeven
Capito	Enzi	Inhofe
Cassidy	Ernst	Isakson
Cochran	Fischer	Johnson
Collins	Flake	Kennedy
Corker	Gardner	Lankford

Lee	Risch	Sullivan
McCain	Roberts	Thune
McConnell	Rounds	Tillis
Moran	Rubio	Toomey
Murkowski	Sasse	Wicker
Paul	Scott	Young
Perdue	Shelby	
Portman	Strange	

The motion was rejected.

VOTE ON MOTION TO COMMIT

The PRESIDING OFFICER. The question is on agreeing to the Baldwin motion to commit.

Mr. BARRASSO. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 48, nays 52, as follows:

[Rollcall Vote No. 291 Leg.]

YEAS—48

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Coons	Leahy	Tester
Cortez Masto	Manchin	Udall
Donnelly	Markey	Van Hollen
Duckworth	McCaskill	Warner
Durbin	Menendez	Warren
Feinstein	Merkley	Whitehouse
Franken	Murphy	Wyden

NAYS—52

Alexander	Flake	Perdue
Barrasso	Gardner	Portman
Blunt	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Collins	Isakson	Shelby
Corker	Johnson	Strange
Cornyn	Kennedy	Sullivan
Cotton	Lankford	Thune
Crapo	Lee	Tillis
Cruz	McCain	Toomey
Daines	McConnell	Wicker
Enzi	Moran	Young
Ernst	Murkowski	
Fischer	Paul	

The motion was rejected.

The PRESIDING OFFICER (Mr. KENNEDY). The Senator from Oklahoma.

Mr. LANKFORD. Mr. President, I ask unanimous consent that Senator CARDIN be recognized to offer a motion to commit, which is at the desk, and that the time until 2 p.m. be equally divided in the usual form on the motion; further, that at 2 p.m., the Senate vote in relation to the motion with no intervening action or debate. I further ask that following disposition of the motion, the majority leader or his designee be recognized.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Maryland.

MOTION TO COMMIT

Mr. CARDIN. Mr. President, I have a motion at the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The bill clerk read as follows:

The Senator from Maryland [Mr. CARDIN] moves to commit the bill H.R. 1 to the Committee on Finance of the Senate with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) in order to fix and enhance our country's infrastructure, help create jobs, and responsibly use one-time revenue for one-time spending, designate the revenue raised by the deemed repatriation provisions of the bill for infrastructure improvements.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. CARDIN. Mr. President, I urge my colleagues to support this motion.

This motion will send H.R. 1 back to the Committee on Finance with instructions to return it within 3 days to deal with one of the principal purposes of this act, and that is to create jobs. I am pleased that I am joined in this effort by Senators FEINSTEIN, BLUMENTHAL, UDALL, CASEY, STABENOW, KLOBUCHAR, and HARRIS.

As I explained yesterday—but I want to just go over this, if I could—this particular motion is based upon a bipartisan recommendation in the last Congress that came out of the Senate Finance Committee. We had working groups that took a look at the different aspects of our Tax Code in areas that we need to reform, and there was general agreement that we need to deal with the fact that American companies have earned earnings overseas, and they have parked those funds overseas and have not brought them back to the United States because of the differential tax rates between our corporate taxes and the tax rates overseas. The American companies were not willing to pay the taxes. So, therefore, they leave the money overseas. To bring that money back is called repatriation. So the money comes back to the United States. We have done this before, and we imposed a lower tax rate in order to get the money back here in the United States.

The challenge with that proposal is a couple things. But, first, it is not a permanent revenue flow. It is a one-time-only revenue flow. We had the numbers on the House-passed bill, which would bring in somewhere around $300 billion of one-time-only revenue.

The problem is that H.R. 1 includes provisions that use those revenues that bring that in as repatriation but uses the money on a permanent basis to give permanent tax relief to businesses and that puts us deeper in a hole as it relates to the deficit of this country.

This bill already is too expensive. We know that. I think my Republican colleagues know that. The American public knows that—that it will add to the deficit. We now have not only the scores that we traditionally use from the Joint Committee on Taxation as to how much it would cost, and we know it is somewhere in excess of $1.5 trillion—closer to $2 trillion if you extend all the sunsets that are in the bill—but, even now, we have the so-called dynamic score that takes into consideration predicted economic changes that try to make it more favorable, and that is in excess of $1 trillion. That is unacceptable. It should be unacceptable to every Member of this body.

This amendment will help us in doing that, in that it will take at least the $300 billion, which is one-time-only revenue, and not allow it to be used in the budget itself. Instead, we wall that off and use it for infrastructure.

I serve on the Environment and Public Works Committee, in addition to the Senate Finance Committee. I can tell you that the unmet transportation needs, water infrastructure needs, and energy infrastructure needs in this country are well documented. We know we need to modernize our transit systems, our roads, our bridges, our water infrastructure, and our energy infrastructure. We need to modernize them, particularly if we are going to be competitive. This motion will set up the right priority for modernizing America's infrastructure.

What does that mean with regard to jobs? Speaker RYAN used the number of a little less than 1 million jobs that are created spending $1.5 trillion. That is about $1.5 million per job. That is not very good by anyone's standards. We have projections that $300 billion—far less than $1.5 trillion—will create 4 million great jobs here in America.

Here is a chance to really create jobs but at the same time produce a much more up-to-date, modern transportation system for this country. I have the honor of representing Maryland in the Senate. I can tell you that we need significant resources to update our transit system. The WMATA system is old and needs improvements, and needs further investments. We are in the second worst congested area here in Washington. We need investments in roads. Our bridges are in serious trouble. We have a major water main break every day in this country—every day. We need billions of dollars to fix our water infrastructure.

Here is an opportunity for us to speak to two major priorities. One is fiscal responsibility. Let's do this in the right way, not spend one-time-only money. Two, we can take care of the international tax problems of American companies that have money overseas. Third, we can repair our infrastructure without raising the debt.

I urge my colleagues to support this motion so that we can really create jobs and not add to the deficit and to help the people of this country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I come to the floor this afternoon to speak on behalf of myself, along with Senator WYDEN, about the incredible healthcare impacts that this tax bill will have on families.

It is astonishing just how far my Republican colleagues are willing to run from the truth in order to jam this terrible tax bill through Congress.

They said it was going to lower taxes for the middle class. Well, it will not.

They claim it is going to create jobs. Experts tell us the exact opposite.

They are once again telling families to place their faith on tired trickle-down economic theories, and we have seen how that works. It doesn't.

Unfortunately, I could go on, but I did come to the floor this afternoon to clear up any remaining confusion about one particular claim that Senate Republicans are making in order to justify handing more tax breaks to massive corporations and the wealthy.

The Senate Republican tax bill includes a truly devastating healthcare change that is going to raise families' premiums, cause millions of people to lose their coverage, and create even more chaos and instability in our healthcare markets. People have rejected every single Republican attempt this year to undermine their healthcare, so it is worth asking, why are they doing it again? Why are Republicans doing it in this bill? The answer is simple. Republicans wanted to spend the savings from taking away millions of people's healthcare on tax cuts for those at the top.

Taking healthcare away from families to pay for big corporations' tax breaks is bad enough; what makes it even worse is how they are trying to deny what they are doing.

Senate Republicans are claiming that if they pass the bipartisan bill that Chairman ALEXANDER and I agreed on, all the damage from the healthcare sabotage in their tax bill will somehow go away. They couldn't be more wrong. Our bill, the Alexander-Murray bill, was designed to shore up the existing healthcare system and deal with the problems that President Trump and Republicans already created, not to solve the new problems in this awful Republican tax bill. And just yesterday, the nonpartisan Congressional Budget Office confirmed that. Here is what they said will happen regardless of whether Alexander-Murray becomes law as well: Premiums will go up 10 percent each year, 13 million people will lose coverage, and markets will be even more unstable, which experts have said will cause some of our communities to lose their coverage options.

There has been some discussion on whether passing something called reinsurance, which is a program designed to help with the cost of enrolling the sickest patients, might mitigate the serious damage this Republican tax bill would do. The answer is no there as well. This policy is good policy on its own, but it will not stop the premium increases, and it will not stop the coverage losses and the chaos this Republican tax bill will cause.

The Republicans are doing everything they can to avoid the facts, but that doesn't make them go away. While hiding behind these bipartisan bills might seem like a good talking point in Washington, DC, political cover doesn't pay families' medical bills or give them their coverage back. It does not help people with preexisting conditions who may get priced out of the market. It doesn't help people in communities where markets are already unstable thanks to President Trump's year of sabotage, meaning insurers are ready to exit if things get worse.

One more point. Over the last year of roller coasters on healthcare, there is one thing we could count on; that is, President Trump and the Republican leaders making empty promises. Republicans who are comfortable voting for this awful tax bill because of promises they got from President Trump—who called his own TrumpCare bill ''mean'' when it suited him—and Republican leaders who have written check after check they couldn't cash on healthcare are placing a bet that is more than risky. In fact, this bet is so risky, it requires House Republicans voting in favor of supporting ObamaCare changes they have already said they oppose. If you have spent 5 minutes in this Congress, you should know that getting House Republicans to support ObamaCare is as tough a sell as it gets.

The truth is, if Republicans are serious about not undermining families' healthcare, there is a very easy way for them to actually do that. They can step back from the brink right now and work with Democrats on healthcare and taxes in ways that actually help, not hurt, the people we are supposed to be here to serve. They are far down the road, I understand, but it is not too late. They can turn around. It is not too late to do the right thing. That is what we are asking.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I want to pick up where Senator MURRAY left off and emphasize to colleagues that not only would this bill raise taxes on millions of middle-class families, but it would also be a dagger in the heart of the Affordable Care Act, causing millions to lose their coverage and raise costs for millions more. By gutting the personal responsibility portion of the Affordable Care Act, this legislation is going to take America back to the days when healthcare was for the healthy and wealthy because it will green-light once more discriminating against those with preexisting conditions. It will say the insurance companies can go out and beat the stuffing out of somebody who has a preexisting condition.

If that is not enough, evidence this morning in the paper shows that this will trigger a new wave of health insurance scams and rip-offs that are going to harm our people. This morning in the paper, they talked about how this is going to encourage these cheap, junk, short-term health insurance policies, which often lack consumer protections and in so many instances have been a magnet for fraud and unscrupulous sales practices.

For example, the paper this morning talked about how—I will read it. ''Examples abound of people who are dumped from such policies''—these short-term policies—''or denied coverage, mired in debt and medical bills totaling thousands, if not hundreds of thousands of dollars.'' It documents the various sales tactics used to rip people off. I remember what those tactics were like. When I was director of the senior citizens, the Gray Panthers, at home, it was common for agents to sell policy after policy that was not worth much more than the paper it was written on. It sure sounds to me as though these short-term policies, while a different time, are going to encourage the same kinds of rip-off practices that are going to harm our people.

As we have touched on, we have heard from Senators on the other side that they think that if they vote for this bill, what they are going to be able to do is get two other bills that somehow will mitigate, will eliminate a lot of the harm this horribly flawed bill is going to do. It is going to harm millions of middle-class families who don't get a fair shake in the marketplace and then inflict all this damage on healthcare that I just described.

I happen to think these two bills are constructive bills. The Alexander-Murray bill will make payments that will help limit the amount low-income Americans pay for health insurance. Our colleagues, Senators COLLINS and NELSON, have another constructive idea—reinsurance money. That helps to stabilize the insurance market, which, by the way, the President of the United States has worked so hard to destabilize. The fact is, the Congressional Budget Office, which is the nonpartisan group of experts we use, has made it clear that these two bills will not even come close to wiping out the disastrous consequences of the health provisions in this bill that the Senate is about to vote for.

I want to be clear. This is not just a tax bill, not just a bill with handouts to multinational corporations and a grab bag full of goodies for campaign supporters and powerful, well-connected interests. It is not just that. It is a big step backward in the cause of making sure that all our people have affordable, accessible healthcare.

What we ought to be doing is looking at ways to come together and find common ground on provisions that we know are cost-effective, things like the children's health bill, which if I had my way would have been passed a long time ago, and community health centers and other vital provisions. We should be building on what we have, such as holding down the cost of pharmaceuticals, for example, targeting the middlemen who are at the heart of the problem. That is what we ought to be doing.

We should not be doing what is on offer this morning. What is on offer this morning is turning back the clock on American healthcare, turning back the clock to those dark days when the insurance companies could beat the stuffing out of somebody who had a preexisting condition. We are better than that. We still have time. As I have said on the floor, as the ranking Democrat on the Finance Committee, we still have time to choose a different course. A few days ago, 17 Democratic Senators—led by Senators MANCHIN, KAINE, DONNELLY, and HEITKAMP—came together and said: We want to find common ground on taxes. I have written two bipartisan, comprehensive Federal income tax bills, the most recent one with a member of the President's Cabinet.

We don't have to go this route. We don't have to go this route on taxes. We certainly don't have to do it on healthcare. There are approaches that would bring us together, and I have just described several of them. What I know we shouldn't do is turn back the clock to the days when healthcare in America was for the healthy and wealthy. That is what you get when you green-light discrimination against people with preexisting conditions. If they are healthy, no problem. If they are wealthy, they can take care of it. We should reject this bill and especially the provisions that relate to healthcare and that take America back to dark days, horrible days when healthcare in America was essentially for the healthy and wealthy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Mr. President, it is no secret that I am strongly opposed to this disastrous, unfair, and destructive piece of legislation that we are debating today that will give massive tax breaks to the wealthiest people in our country, to the most profitable corporations, and to billionaire campaign contributors.

What really concerns me is that we are debating, as everybody acknowledges, a very complicated and confusing piece of legislation that is over 500 pages long. Here we are a few hours before we are going to be voting on this legislation, and nobody has seen it. Nobody even knows what is in this legislation. It is probably being written as we speak right now. That is not a very effective or intelligent way to deal with legislation that impacts every American and trillions of dollars.

One of the concerns I have as we look at this bill is that there are provisions in it that nobody really understands in terms of whom it impacts and whom it benefits. As one example, buried in this legislation, on page 503, section 14504, is a paragraph entitled ''Modification to Source Rules Involving Possessions.'' That is the title of that section. What does that mean? As best we can understand, it means that if you are a hedge fund manager who is a resident of the Virgin Islands, you will be able to get a major tax break on capital gains and a 90-percent reduction in tax liability on your income.

It has been estimated that corporations and the wealthy are avoiding over $100 billion each and every year by stashing their cash in the Caribbean and other offshore tax havens. It appears that this provision will make a bad situation even worse. In adding insult to injury, it appears that this provision may help only a handful of wealthy hedge fund managers who have claimed residency in the Virgin Islands. It has been estimated that this provision alone—one provision in a 500-plus page bill—will cost over $600 million in lost revenue in the next decade—$600 million in lost revenue when we have a $20 trillion debt and 40 million people who are living in poverty.

Now, I see no Republican Senators on the floor, but I am sure that staff is watching this discussion. I have a question that I would like to discuss with Senator WYDEN but, more importantly, with some of our Republican colleagues.

What I would like to ask my Republican colleagues is whether there has been a hearing on the need to provide tax breaks to wealthy hedge fund managers who have established residency in the Caribbean.

I would say to my friend from Oregon that there are a lot of problems facing our country—a declining middle class, 40 million people living in poverty, 28 million people having no health insurance. I am not aware that one of the great crises facing this country is the need to provide tax breaks to wealthy hedge fund managers who have established residency in the Caribbean. It may be one of those great national crises that I have missed, but I don't quite perceive it as being an issue that the American people seem to be deeply concerned about.

I hope that my Republican colleagues—maybe Senator HATCH or others—will come to the floor and tell us who this provision benefits. Are we talking about one hedge fund manager? Are we talking about two? Are we talking about three hedge fund managers who are going to divvy up some $600 million in tax breaks over the next decade?

I ask my colleague from Oregon, who is the ranking member of the Senate Finance Committee, his thoughts on the issue.

Mr. WYDEN. I am very pleased that my colleague from Vermont is discussing this issue on the floor. The Finance Democratic staff has been looking into this and has been working also with the Senator's staff, and I think that it would be fair to say that every few hours, this bill just seems to get worse. I mean, we don't know if, in the middle of the night, somebody will add another round of favors for the powerful interests, the politically well connected. What I can tell the Senator is what we have been able to put together as of now.

In 2004, legislation was written that we were very much involved in that helped eliminate the loophole by requiring U.S. citizens to be bona fide residents of the Virgin Islands and imposing U.S. tax on income effectively connected with the United States. Now, in the dark of night, as I have indicated, it appears that we have a provision that is relaxing this rule.

From our conversations, I know the Senator understands that we all want to help the people of the Virgin Islands after a devastating hurricane. Are we helping people by creating a huge, new loophole, possibly for a handful of those people who are especially well connected and can get to the Finance Committee? I am convinced that if one looks at the Paradise Papers and the Panama Papers, what they were warning about in those papers was of all of these efforts to stash money and create new options for people to wheel and deal in offshore accounts.

So my colleague is right. I continue to wonder why, when we want to ask these really important questions about special interest favors and when we look to the other side, we have this barrier between both sides of the aisle. We need somebody here to explain to us and explain to the American people how this has seemed to just fly out of the sky.

I am very appreciative of the Senator's raising a question about what looks like yet another scam that has come into a process that has been one big sham from the beginning. I appreciate my colleague's question.

Mr. SANDERS. I thank the Senator very much.

I would just say, according to a number of independent studies, despite what President Trump and the Republican leadership are saying, the overwhelming bulk of the tax benefits in this legislation goes to the top 1 percent. I believe the number is 62 percent that goes to the top 1 percent.

Mr. WYDEN. If my colleague will yield, there is no question he is correct that in terms of stacking the deck, this is not just stacked to the top but to the top 1 percent or a fraction of the 1 percent.

Mr. SANDERS. You have 62 percent of the benefits going to the top 1 percent. Meanwhile, by the end of the decade, my good friend, Senator WYDEN from Oregon, there is no question but that tens of millions of middle-class Americans will be paying more in taxes; is that correct?

Mr. WYDEN. There is absolutely no question about that. We are looking at something like half of the middle class to be paying more in taxes come 2027.

Mr. SANDERS. So here we have a nation today that has a grotesque level of income and wealth inequality—worse than at any time since the late 1920s. The top one-tenth of 1 percent now owns almost as much wealth as the bottom 90 percent, and 62 percent of all new income is going to the top 1 percent. The Republicans' solution is to make this grotesque inequality even worse by giving 62 percent of the tax benefits to the top 1 percent.

I want to get back to this one point. I suspect that when you rush a bill of this magnitude through the U.S. Senate when there have been virtually no hearings, no experts, no real ability to have significant debate and discussion at the committee level, what you are going to find the day after this bill is passed are absolutely outrageous provisions.

I suspect—I don't know, and I would like my Republican colleagues to help us here; I cannot verify because we don't have the information—that on page 503, section 14504, there is a provision that will provide $600 million in tax breaks over a 10-year period that will end up in the pockets of a handful of Wall Street hedge fund managers. That is what I suspect. Maybe I am wrong. Therefore, I hope that some of the Republicans who put this provision in the bill will tell us how this is going to benefit the people of the United States or the Virgin Islands or anyplace else.

Again, I am speaking to the ranking member of the Senate Finance Committee, who knows something about this.

Is this an issue, Senator WYDEN, that has been discussed for 1 minute?

Mr. WYDEN. Not for a minute.

The reason my colleague's questions are so important is that this is, certainly, an example of what seems to turn up every few hours, practically in the middle of the night.

My colleague raised a very good point with respect to the development of this bill. I mean, we are talking about making $10 trillion worth of changes in tax policy on the fly—without a hearing. The Senator's colleagues have said—Chairman ENZI and the Budget Committee—and I have heard it several times on the other side—that there were 70 hearings on this bill. There was not one on this piece of legislation. It certainly didn't examine this issue. It didn't examine the question, for example, of what is going to happen to people with this dagger to the Affordable Care Act.

I can tell this to my colleague because he is right to talk about how one brings parties together. I know my colleague did that as part of a major bill on the Veterans' Affairs Committee with Senator MCCAIN. Our former colleague Bill Bradley mentioned that when he wrote a tax bill, he flew all over the country to work with Republicans. In this case, apropos of my colleague's question, not only did no one do that sort of thing, but they wouldn't even walk down the corridor to talk about working with the other side.

Mr. SANDERS. Let me make two points as I wind down here.

One, yesterday, I challenged my Republican colleagues, after this bill is passed, to tell us and tell the American people that when they rack up a deficit of $1.4 trillion, they are not going to come back and cut Social Security, Medicaid, Medicare, education, nutrition.

Tell the American people that you are not going to balance the budget and compensate for your huge tax breaks to the rich and large corporations by going after the middle class and working class of this country.

I challenged my Republican colleagues yesterday to come to the floor and tell the American people that they would not do that. They have not responded to that challenge.

The second challenge today is to tell us what is in section 14504, page 503. This is a provision that would provide $600 million in tax breaks to my Republican colleagues. Who is going to get those tax breaks? We believe—and tell us if we are wrong; maybe we are—that we are talking about a handful of hedge fund managers. Who are they? How many of them are there?

I would ask, respectfully, that Senator HATCH or any other Republican come down to the floor and tell us who benefits from section 14504.

Mr. WYDEN. Will my colleague yield for a moment?

Mr. SANDERS. I will.

Mr. WYDEN. I want to ask the Senator a question because I am not sure that we have really laid out the timetable of what is ahead. My colleague, of course, who is our ranking Democrat on the Budget Committee, is very up on this.

We have all been concerned because we have seen it before. You pass these big tax cuts. You get on a sugar high for a relatively short period of time. Then the deficits start rolling in. What we see next are the cuts in the programs that are a lifeline for millions of people—the anti-hunger programs, Medicaid, Medicare, Social Security.

I saw comments in the paper that what my colleague is concerned about has already been announced by the Speaker of the House. I understand that what the Speaker of the House has said is that his next plan is to take up the issues of what he calls entitlement reform. They are not talking about the things that the American people care about and that I am going to hear about at townhall meetings at home this weekend—holding down the costs of prescription drugs. They are talking about rolling back the safety net—Medicaid and the anti-hunger programs and Social Security.

Is that my colleague's understanding?

Mr. SANDERS. Absolutely. That is absolutely what they will do. They will talk about saving Social Security; they will talk about entitlement reform. What they mean is cutting Social Security, cutting Medicare, and cutting Medicaid.

As the Senator has indicated, it is not some kind of an abstract, theoretical idea. That is what Speaker RYAN is already talking about. More to the point, that is exactly what was in the budget that was passed here several months ago.

Mr. INHOFE. Will the Senator yield for a unanimous consent request?

Mr. SANDERS. I will.

Mr. INHOFE. Mr. President, I ask unanimous consent that at the conclusion of the remarks by the Senator from Vermont, I be recognized for up to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection.

Mr. WYDEN. Reserving the right to object, if I could, I don't think the UC was granted.

Mr. INHOFE. I have a point of inquiry. Was the UC already granted—the unanimous consent request?

The PRESIDING OFFICER. The Chair said ''without objection'' because the Chair did not hear objection.

Mr. WYDEN. Well, I would like to reserve my right to object at this time.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Reserving my right to object, and I will not object. I would just like to make sure that our colleague from Oklahoma and our colleague from Washington are both accommodated in this matter.

Senator SANDERS and I have finished. I believe Senator CANTWELL said that Senator INHOFE will go ahead. We thank Senator CANTWELL for her usual collegiality.

Senator INHOFE will go first and I ask unanimous consent that Senator CANTWELL follow Senator INHOFE, and I will withdraw my reservation.

I withdraw my reservation and I ask unanimous consent that Senator CANTWELL follow Senator INHOFE.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SANDERS. Mr. President, let me conclude my remarks.

I would urge my Republican colleagues to come down to the floor of the Senate and explain to the American people what section 14504 is about and who benefits from some $600 million in tax breaks over a 10-year period. Is it two hedge fund managers? Is it five hedge fund managers? What is it?

That is my request, and I hope we can get a response to that quick question as quickly as possible.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, let me pause in this class warfare for just a minute to make a couple of observations that I think are certainly important to me.

First of all, I agree that no one has said that the underlying bill is perfect.

Incidentally, I will not respond to the Senator's specific request until I have time to go back and get the proper response, and then I will be glad to do it. But I will say this. We are going to have a conference. There is going to be opportunity for us to go and get some of the things ironed out—some of the things we are both concerned about. There are a couple of things I want to serve notice right now that I am going to be concerned about. One is that the bill that we have punishes trust ownership. It doesn't treat the trust ownership the same way it does ordinary ownership. I think they both should be treated equally. I talked to a number of people who will be participating in this on the other side of the aisle, and I would like to kind of serve notice that we are going to be talking about this, because I think it is very, very significant.

The second thing is that we hear a lot of good ideas. Certainly, there is this idea that somehow there isn't a good idea unless it emanates from this body. I have to tell you this. It is interesting for me to be standing here because I am not on any of the committees that have anything to do with this bill. I am not on the Finance Committee, and I am not on the Budget Committee. If you want to talk about defending America and roads and highways, I will talk to you about that. That is my specialty. I am on those committees and have senior leadership in those committees. But as a Member not directly involved in this debate, I have looked at it and I have heard good ideas from the outside. I heard one a week ago that actually came from the Hugh Hewitt show. I heard an idea that I tried to pick apart, and I can't find any faults with it. So I have developed an amendment that we are going to have that will address this idea that I am talking about. That amendment would offer an alternative to those who have retirement programs, where the individual is not to pay for the income until the withdrawal date—say, age 59½.

The amendment would provide that there would be a one-time opportunity to withdraw up to 25 percent of the retirement account for a single flat fee of 10 percent in lieu of paying income tax at that time.

There are a lot of benefits that I think are pretty obvious. We are talking about retirement programs where the individual is not to pay for the income until the withdrawal dates—let's say, at age 59½. This would have the immediate revenue of 10 percent of all savings that are withdrawn, and this would actually amount to billions of dollars. We are talking about immediate dollars, not dollars that may be there in the future.

Now, you could argue that this might reduce some revenue at some future date because the individuals will have already pulled this out for a fee of 10 percent. So, perhaps, it would have some negative effects in the distant future. But when you stop to think about the benefits—I know a lot of people on the other side of the aisle don't realize this—we are going to have huge benefits.

If you just look at what has happened in this administration in the second and third quarter of this year, we have gone through years in the Obama administration with maybe a 1.5-percent increase in GDP, and we have enjoyed 3 percent in the second quarter and 3.3 percent in the third quarter. That is a huge increase. For each 1 percent increase over a period of 10 years, we are talking about $3 trillion. So we are all considering this.

This amendment that we are talking about that merely allows people to take money out that is already their money is something that would have a great stimulation in the economy. I am one of the few ones who was around here—not in this body but in the other body—and I was aware of this back during the Reagan years of 1981 and 1986. In 1981, the amount of revenue that we had coming into the Federal coffers was $469 billion. Ten years later that was $750 billion. That was after the first great reduction. Let's remember that reduction took the top rates down from 70 percent to 50 percent. Again, in 1986, when the total revenue was $569 billion, there was a further reduction. The top rate went down from 50 percent to, I believe, 28 percent.

Now, with all of those reductions, that increased 10 years later from $569 billion to $1 trillion. Consequently, we know that if we can stimulate the economy, we are going to have more revenue coming in. That is a fact. I think this will be something that I think a lot of people can look at.

I talk about when you get into the conference. I will not be one of the conferees, and I am aware of that, but there are a lot of good ideas out there along with those on the floor today. They will be pursuing them at that time. That is assuming we pass this bill, and I think we will pass it.

Additionally, tax reform will ensure that American families and businesses see a meaningful reduction in their tax burden. The Senate bill provides a substantial tax deduction to small and family businesses that are structured as passthrough entities. These small and family businesses are household names such as Love's Travel Stop, the Country Stores, Hobby Lobby. We are all very familiar with Hobby Lobby.

By the way, I will say that in the event there is anyone here who has not been down to see the Museum of the Bible, that is Hobby Lobby who paid for that. Those are the types of people who would benefit. Unfortunately, the Senate does not allow tax deductions for these companies or passthrough entities if they have trusts. This is not right.

For these companies trusts were for long-term business purposes, not to evade their fair share of taxes. These companies use the income to invest capital in operations to grow their businesses, to hire people, and to contribute to the economic growth that we need in this country. We should not penalize passthrough companies for their businesses because they are trusts. My amendment would fix that.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I ask unanimous consent that Senator CANTWELL and Senator VAN HOLLEN be allowed a total of 15 minutes to discuss some very important issues.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Washington.

Ms. CANTWELL. Mr. President, I come to the floor with my colleague from Maryland to talk about the State and local tax deduction.

I thank the ranking member of the Senate Finance Committee for his hard work on trying to articulate what is fair tax policy for Americans. Senator WYDEN and I come from parts of the country with probably some of the most unique tax codes. He doesn't have a sales tax in Oregon. We don't have an income tax in Washington.

We are not an expensive tax State. We are not an expensive tax State. There are other States such as Texas, Nevada, and Florida that also don't have an income tax. Under this bill, those States and the citizens of those States, like many others, are going to be penalized. Middle-class Americans are going to have their taxes raised to give a tax break to corporations.

So while we might want to discuss what is fair tax policy as it relates to the competitiveness of our economy, the good news for the people of the State of Washington is that we have very competitive businesses, whether it is Microsoft or Amazon or Starbucks or Costco or Boeing. They are all working hard. They are all working in multiple places, and yes, they are all doing really, really well.

The question is, Do we need to reduce their corporate rate so significantly, and to do so, take money out of the pockets of middle-class families across the United States of America?

The reason I mention Senator WYDEN and the States of Oregon and Washington, is that, even though we have a unique tax code, our State's economy has grown faster than the national average every year since World War II. That is to say, the uniqueness of our tax code has not hurt us, and yet in the State of Washington we have had the highest minimum wage for a long time in the United States. Now we are raising it in various parts of our State. We have had a unique view of where our revenue should come from.

Why now? Why now? After 100 years of tax deductibility by taxpayers in this country, why are you taking away their ability to deduct only to give a tax break to corporations that are making record profits? After 100 years, why are you doing this?

Well, I think some of my colleagues have said it best. They have called it double-taxation. You are going ahead after 100 years and saying it is OK to tax the same amount that we pay to the State that you also are going to tax at the Federal level. As one article mentioned, ''Alexander Hamilton in the Federalist Papers said the Federal Government might try to monopolize taxation to the entire exclusion and destruction of State governments.''

That is right. Our Founding Fathers said: Do not have double taxation. So for 100 years—100 years—we protected the citizens of this country. Yet someone over there is thinking: Do you know what? I need $1.4 trillion. Where can I get it? Let's do it on the backs of middle-class families, because they might not notice until 2019 when their tax bill comes and they have a different equation.

I get that my colleagues think they have solved this problem by getting rid of the deductions and now all of a sudden giving you a double standard deduction. I have done the math. I have done the math for us in Washington State, and over 300,000 people in Washington will see their taxes go up immediately, probably paying anywhere from $750 to $1,000 more in taxes. Is that fair? They are sitting in the shadow of these large companies who are making record profits and doing quite well, asking why are they the funders of this tax break. Why are they? Why are we getting rid of a policy that has existed in our country for over 100 years and penalizing them just to give this corporate break?

I can tell you I don't buy the notion that this is going to trickle down to productivity and wage growth. I know what is driving productivity and wage growth in my State. It is a great, educated, skilled workforce. It is staying ahead of innovation whether it is making software or new ways of doing business, and, yes, it is a constant challenge. Those businesses tell me all the time we need more infrastructure, we need more affordable housing, we need a better transportation system, we need better education. So they are very concerned about the ideas in this legislation.

So you are going to tax immediately about 300,000 Washingtonians with a higher tax rate and, according to the Joint Committee on Taxation and other entities, probably by the time this is done, at the end of this bill, over a million Washingtonians are going to pay more money. That is why I am so concerned, along with other States that have been fighting this battle for so long. Why now? Why now? What is the urgency that you are taking away the ability of my citizens to deduct their local sales tax, their property tax, and, in the House case, other expenses, whether they are medical or education or their mortgage? It is just beyond me, when the middle class has suffered so much and has not recovered from the downturn in the economy, that you think the best economic strategy is to take money out of the middle-class taxpayer.

I ask unanimous consent to have printed in the RECORD a letter from the National Governors Association from Governor Sandoval from Nevada. I mentioned they don't have an income tax. They are highly sensitive to this issue.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS ASSOCIATION,
September 22, 2017.

Hon. RICHARD NEAL,
Ranking Member, Committee on Ways & Means, U.S. Senate, Washington, DC.

DEAR MAJORITY LEADER MCCONNELL, MINORITY LEADER SCHUMER, SPEAKER RYAN, MINORITY LEADER PELOSI, CHAIRMAN HATCH, RANKING MEMBER WYDEN, CHAIRMAN BRADY, AND RANKING MEMBER NEAL: The nation's governors appreciate congressional efforts to reform and improve federal tax policy. Federal and state tax systems are complex and often interconnected. Therefore, as Congress considers reforms, we urge you to maintain the balance between state and federal tax systems by preserving the income exclusion for municipal bond interest and the deductibility for state and local taxes.

The financing engine that drives U.S. infrastructure is the $3.8 trillion municipal bond market. Changes to federal laws and regulations should not increase issuance costs to states for municipal bonds or diminish investor demand for them. If federal changes make issuing municipal bonds cost-prohibitive for states and local governments, then fewer projects could be funded, taxes could rise, fewer jobs created, and economic growth will suffer.

Governors also believe that no federal law or regulation should preempt, limit, or interfere with the sovereign rights of states. A mark of sovereignty includes the ability to develop and operate revenue and tax systems. Deductibility of state and local taxes has contributed to the stability of state revenues that are essential for providing public services. We encourage you to avoid changes to the tax code that would undermine the ability of state and local governments to meet the needs of the citizens whom we all serve.

Eliminating state and local tax deductibility, moreover, exposes a higher share of an itemizing taxpayer's income to federal taxation because it adds back mandatory payments of state and local taxes already paid, as taxable income.

Federal tax reform requires an intergovernmental partnership because decisions at the federal level will affect state and local governments profoundly. We look forward to working with Congress on bipartisan tax reform to maintain balance between our systems and modernize the federal tax system to meet the needs of our citizens.

Sincerely,

Gov. BRIAN SANDOVAL,
NGA Chair.
Gov. STEVE BULLOCK,
NGA Vice Chair.

Ms. CANTWELL. Mr. President, their letter says that the deductibility of State and local taxes has been a part of their stability, and they are about meeting the needs of their citizens.

So the notion that we have the National Governors Association, the homebuilders, the Realtors, so many people concerned about this is falling on deaf ears. I guarantee you it will not fall on deaf ears when the citizens have a chance to respond to this.

The notion that we not only are taking away this ability to deduct, but we are also in this legislation making a change to the way inflation is calculated, what is called Chained CPI—I am not going to bother to explain the details to you, but I will tell you this. It will change your tax bracket, and you will be in a higher tax bracket. So besides giving you less deductibility, they are changing a formula and making you pay more taxes.

This bill needs to slow down. It needs to focus on what will help our economy grow, and economists don't believe this bill is going to do much to help the economy grow. It is going to give those corporations money to pay for dividends. Seventy-five to eighty percent will go to their shareholders, and those shareholders and the stock market will do well.

What we also need to focus on is the investment that middle-class families need to stay in their home, to make education affordable, to pay for healthcare, and to have communities work. The fact is, the Fraternal Order of Police is also against this legislation because of taking away of this local deductibility. It is like Hamilton said: Why are you doing this at a Federal level? I thought the other side of the aisle was the States' rights people? I thought they were there to protect the uniqueness of the Tax Code to say that States have rights, to say that States ought to be able to decide their own future. Well, after 100 years, you are taking that away today, and you are going to hear from the citizens of this country who are upset that they have to pay higher taxes just to give these very successful companies a corporate tax break.

I yield to my colleague from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. VAN HOLLEN. Mr. President, may I inquire how much time remains on the unanimous consent agreement for this amendment?

The PRESIDING OFFICER. The Democrats have approximately 6 minutes remaining.

Mr. VAN HOLLEN. Thank you, Mr. President.

I see Senator MENENDEZ from New Jersey has arrived. He is a cosponsor, together with Senator CANTWELL and myself, on this amendment, and I want to thank Senator CANTWELL for her leadership. She has covered a lot of important points.

The main one is, from the beginning of our Federal Tax Code in 1913, we have established a principle in the United States to avoid double taxation. It makes no sense that any citizens of this country send a dollar of tax to their State governments to help schools or roads in their State, and then they are turned around and taxed on that same dollar by the Federal Government, but that is exactly what this Republican tax plan is doing.

Now, weeks and weeks ago, the Republican leader, Senator MCCONNELL, and the Speaker of the House, PAUL RYAN, made these public statements about how these Republican tax bills weren't going to raise taxes on anybody. They both had to publicly reverse those statements because, in order to provide huge tax breaks to the biggest corporations of this country, this bill will require millions and millions of middle-class families to increase their taxes, and a main vehicle for doing that is by removing the deduction for those citizens.

I am just going to give you some quick numbers: 100 million Americans today use the deduction for State and local taxes. In fact, half of the families in my State of Maryland use it. Thirty-eight percent of taxpayers making between $50,000 and $75,000 claim the State and local deduction. That is 7.6 million households. Fifty-six percent of taxpayers who make under $100,000 claim the State and local deduction, and 86 percent of taxpayers making under $200,000 claim the State and local deduction.

It is wrong to double tax those families in order to provide a huge tax break for big corporations. Just to add insult to injury, the corporations in our State still get to deduct their State and local taxes. We just don't let the people in our State do the same thing.

Let's adopt this amendment.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I am here to support the motion offered by Senator CANTWELL, to speak out against a tax bill that is nothing short of highway robbery on New Jerseyans.

This tax plan is about one thing. It is about cutting taxes for wealthy corporations and asking working families to pay for it. It is especially bad for middle-class families in New Jersey, New York, Washington, Maryland, and other high-earning States that make bold investments in education, that drive the most innovation, that generate the most Federal revenue.

Don't let the Republicans fool you if they airdrop an amendment at the last minute that throws a few crumbs at New Jersey families and call it a victory. Carve-outs, caps, and exceptions are nothing but gimmicks meant to distract the public from what is really going on. No matter how you slice it, gutting or even limiting the State and local tax deduction is a direct assault on middle-class families in America's highest earning, most economically productive States. By gutting the SALT deduction, Republicans will literally force millions of middle-class families across America to pay taxes on their taxes.

In 2015 alone, nearly 1.8 million New Jersey households deducted a combined $32 billion in State, local, and property taxes from their Federal tax bill. These families aren't living large. They are middle-class folks who had to work hard for every dollar they have. In fact, IRS data shows that more than 85 percent of taxpayers who claim the SALT deduction make under $200,000 a year and over half make under $100,000 a year. So it is wrong to ask millions of Americans who had to fight their way into the middle class to pay more just so big corporations can pay less, and rubbing salt in their wounds is the fact that Republicans let corporations keep on deducting their State and local taxes on top of the huge tax cuts lavished on them by this tax plan.

If deducting State and local taxes is so important for big corporations that make billions of dollars each year, Republicans should understand why it is so important for middle-class families in cities and suburbs across America. That is why I am offering this motion with Senator CANTWELL to send the bill back to committee to fix this fatal flaw and restore the SALT deduction. If it is good enough for huge corporations, it should be good enough for middle-class families.

I have heard many of my Republican colleagues complain about the SALT deduction as if it is some subsidy for States like New Jersey, and that hypocrisy is just amazing to me. Far from subsidizing successful States like New Jersey or New York, the SALT deduction actually benefits the entire Nation, which is able to share in the economic rewards created by the high-powered economies of States like New Jersey, and now Republicans want to take even more. Well, we are sick and tired of it, and we want our money back.

I will make a deal with any Republican from a taker State. Since you are so opposed to subsiding other States, how about you take all of the extra Federal dollars you receive beyond what you pay and transfer it back to donor States like New Jersey? Sound like a deal? I don't think so.

Each and every year, States like New Jersey, New York, and Virginia generate billions of dollars in Federal revenue that go to Americans in less productive, lower income States that are more reliant, more dependent on Federal spending. They are America's economic powerhouses, America's donor States, precisely because they invest in public education, law enforcement, mass transit, infrastructure, and economic opportunity for all.

It is no surprise that everyone from the Fraternal Order of Police to the American Hospital Association, to AARP support keeping the State and local tax deduction. Taking it away is a direct threat to the funding States need to educate our kids, keep cops on the beat, equip first responders and firefighters, and provide healthcare to the most vulnerable—all this just to give big corporations big tax cuts.

If multinational corporations get to keep deducting their State and local taxes, there is no reason to stop millions of middle-class Americans from doing the same. Make no mistake, any reduction in the State and local tax deduction is a direct assault on America's highest earning, most innovative, most economically productive States. Guess what. All Americans will lose out when America's economic powerhouse States aren't so powerful anymore.

I urge my colleagues to stop punishing success, stop interfering in State government decisions, and join me in protecting the SALT deduction. Vote for the motion to recommit.

I yield the floor

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, we are about to embark upon a vote that I think will be historic, a once-in-a-generation opportunity, in my view.

The last time we did major tax reform in this country was 1986, 31 years ago. Believe it or not, I happened to be a staffer here back then. Although my boss was not on the Senate Finance Committee, I was the tax LA in the office, and so I had the opportunity, in a very small way, to be a part of the 1986 Tax Reform Act, which at that point was landmark legislation, very historic, very far-reaching, and had a profound impact in a positive way on the economy.

Well, here we are 31 years later—long overdue, I might add, to get to the point where we once again can do something fundamentally about a tax code that is completely outdated, completely antiquated, and puts us at a competitive disadvantage with countries around the world with whom we have to compete. So we have an opportunity today—and we will have an amendment process here that will get started very soon in which Members will have an opportunity to lay down their amendments, to debate them, and to get them ultimately voted on, but when it is all said and done, I believe we will have a final product that moves us fundamentally in a different direction when it comes to our tax policy, in a direction that is good for jobs, that is good for growth—economic growth—and that is good for wages in this country for hard-working families and people who have been living paycheck to paycheck for a really long time.

We didn't get here overnight. There has been a lot said about how this is all of a sudden rushed to the floor. I have to tell you that I got on the Senate Finance Committee in 2011, and since 2011 when I joined the committee, we have had 70-plus hearings on tax reform. We have had 70 hearings examining different aspects of the tax reform, listening to recommendations about how it might be changed, how it might be modernized, how it might be updated, and how it might be improved. It has been a long, methodical process to get us to where we are today.

Two years ago, in 2015, the chairman of the committee, Senator HATCH, created five working groups, and each of the working groups had a specific area of responsibility to look at different elements of the Tax Code and come up with a series of recommendations for how it might be improved. I was privileged to chair one of those working groups, along with Senator CARDIN. We had both Democrats and Republicans participating in that process.

At the end of it, each of the working groups submitted recommendations, many of which, I might add, are included in the mark we are going to be voting on later today. A lot of those ideas came from those bipartisan working groups. So there are a lot of Democratic and Republican ideas that have been incorporated into this legislation.

I would hope, in the end, that there might be some Democrats who ultimately will vote for it. But I think it is important to note, for those who believe that perhaps this was somehow rushed in here, that there has been a lot of thought over a long period of time. There were not only months but years—literally years—of work that has gone into bringing us to where we are today.

When the bill was introduced—the mark was put out there by the chairman—that put in place a process in the committee where we had a markup. So we spent 23 hours over several days marking up the bill. We voted on 63 Democratic amendments in all 69, or thereabouts, amendments on the bill while it was being marked up before it was reported out here to the floor.

Since it was reported out of the committee, there have been a number of changes that have been made in response to concerns and issues that have been raised by individual Senators on both sides of the aisle. And that brings us to where we are today.

I say that by way of context to let people know that this has been a long process—an arduous process, I might add—and frankly one that is really overdue. I happen to believe profoundly that it is high time that we undertake the important work of readapting and readjusting our tax policies to reflect an economy and a marketplace that is very different from the last time this was done in 1986.

So that gets us to where we are today. In trying to figure out how to modernize, how to update our Tax Code, there are a couple of things that clearly needed to be dealt with. One is that we have a tax system that has the highest rates among businesses in the industrialized world. We have a 35-percent rate for corporations. When we look at every other industrialized country around the world—look at the OECD average; it is down around 22 percent. A number of countries have gone well below that. We continue to hemorrhage jobs and businesses and profits to other places around the world because our tax rate, our Tax Code, frankly, isn't competitive.

We operate in what is known as a worldwide tax system in which not only do you pay a tax in a country in which the income is generated, but you also pay a tax when it comes back into the United States at the higher level, at the 35-percent rate. So that also had to be adapted, and we are moving now more toward what is called a territorial tax system in which the income is taxed in the jurisdiction in which it is generated. I believe that will make us a much more competitive economy globally and make America a much more attractive place to do business.

We get the corporate rate, the business rate, down to 20 percent. And when I say businesses, that is what we call C corporations. There is a slightly different treatment for passthrough businesses. Those are your partnerships, LLCs, and sole proprietorships, things like that. But we also significantly reduce rates on small businesses. We believe that is important to growth. This needs to be a pro-growth bill. We want to grow our economy at a faster rate because a faster growing economy, an economy growing at rates that are more normal to historic averages, means that we are creating better paying jobs. That means we are lifting wages in this country.

Wages have been flat for so long. For the last decade or so, the American people have rarely had anything that could be characterize as a pay raise. That is why we needed to update our business tax rates, our business tax code, so that we can get the economy producing and growing at a faster rate to generate those good-paying jobs and provide higher wages to American families and American workers. We believe this bill does that.

I think the changes that have been made in addition to lowering the rate—allowing for expensing of capital investments allows businesses to recover their cost of investment faster, accelerate that cost recovery, which enables them to get that capital they can use to expand and grow their operations and thereby, again, create those better-paying jobs. Those are key changes that are fundamental to greater economic growth, better jobs, and higher wages in our economy.

There have been a lot of analyses and studies that have been done that demonstrate how, in fact, that might work. If you look at what the President's Council of Economic Advisers says, they suggest that lowering the rate on businesses will generate $4,000 in additional average household income on an annual basis. That is an additional $4,000 in the pockets of families in this country as a result not just of the tax reductions, which I will get to in just a moment, but the changes we made on the business side of the code generate an additional $4,000 annually per household. There is another study out there by Boston University. They conclude that it would increase the average household income by $3,500, which is slightly less than $4,000.

It is safe to say that families in this country, households in this country, and people in this country are going to benefit, because when you create a more favorable environment, favorable conditions for investment and creating jobs, you get competition for labor. Competition for labor raises the price of labor. When the price of labor goes up, companies have to pay higher wages. That means bigger paychecks for American workers. That is precisely what these particular studies have shown.

Let me say, too, because I think that as I have listened to our colleagues on the other side—they consistently make the argument that somehow these are tax cuts for the rich, which I don't think is any surprise. That is normally what they say anytime we have a debate about reducing taxes.

My experience here, in the time I have been in Washington, both as a Member of the House of Representatives and now as a Member of the Senate, has been that, generally speaking, Democrats like to grow government. We like to grow the economy. We believe the best way to lift all boats—to generate better paying jobs, to improve the quality of life and standard of living for American families—is to get a stronger economy that is creating those better paying jobs and raising wages in this country.

Suffice it to say that our colleagues on the other side have attacked this bill, as they do most bills. This is no exception. Most of the attacks are on reform bills for delivering too much relief to high-income earners. I have to say that I take issue with that because I think, if you look at the actual content, the substance of the bill, you will come to a very different conclusion.

I said this before, and I mean it sincerely: I hope people don't take it from me. Sit down and look at your own tax situation. Plug in the changes that we are making here, and find out if you come out better or worse than you are today.

I will tell you that if you look at the average family of four with a combined annual income of $73,000, you are going to see that they are going to see a $2,200 tax cut. A $2,200 tax cut is what your average family of four making $73,000 in this country is going to see. What does that represent to them? That is a 60-percent reduction, a 60-percent tax cut relative to what they are paying today under current law.

By reforming the Tax Code and putting these changes in place, the average family of four with a combined annual income of $73,000 will see a $2,200 tax cut or about a 60-percent reduction in what they are paying today. Why does that happen? Well, it happens because we are making some changes that provide significant relief in the Tax Code relative to families when they file their taxes.

The first, of course, is we double the standard deduction. The standard deduction is the amount that people can deduct from their income right away, from their adjusted gross income. That lowers the amount that is actually taxable to start with. Under our legislation, the standard deduction for both married couples and those who are filing single—they actually get a doubling of the standard deduction.

The second thing we do in our bill—and if you are raising kids, this will dramatically reduce the tax burden you will have—is we double the child tax credit, which under current law is $1,000 per child. Under this legislation, that will double to $2,000 per child.

The other thing we do is we lower rates. We have a significant rate reduction through all the different brackets in the code.

The combination of doubling the standard deduction, doubling the child tax credit, and lowering rates means that middle-income families are going to pay less in taxes.

We think we have found the right balance in designing a bill that delivers tax relief to hard-working, middle-income families in this country. At the same time, we are reforming the business side of our Tax Code in a way that unleashes our economy and unleashes those job creators and a lot of that investment that has been sitting on the sidelines and allows our small businesses and our larger businesses to expand their operations, and as they do that, they will have to hire more workers and pay those workers higher wages.

We think the combination of those features of this bill makes this a bill that is very beneficial to middle-income families in this country. Those are just a few of the features of the bill that lead to, as I said earlier, an average tax cut for a typical family of four of $2,200 or about a 60-percent reduction over what they are currently paying.

As we have listened to the debate from the other side, they attacked it as being a tax cut for the rich. They attacked it for being rushed out here. They attacked it for being a windfall for corporations. It is very predictable. There is nothing new in any of these arguments. I have been around here long enough to know in advance what the other side is going to say. But in this case, these arguments simply don't comport with reality. They just don't fit the facts. They don't fit the data.

With respect to the issue of who pays, we pay a lot of attention—and we should—to tax burdens in this country. One of the things this legislation we will be passing today does is it maintains in the law the progressivity in our Tax Code. We have the most progressive Tax Code, I would argue, in all the world. So we paid very close attention to this to make sure that the tax burden, when all is said and done, doesn't change very much from where it is today. So people of different income groups, income categories, continue to pay similar burdens to what they are paying today.

What this shows is that those in the $20,000 to $50,000 category today pay about 4.3 percent of the entire tax burden, the taxes collected in this country. People who earn between $20,000 and $50,000 pay about 4.3 percent. Under our legislation, that will go down to 4.1 percent. Those in the $50,000 to $100,000 category—earners in that group today pay about 16.9 percent of all the taxes collected. That is their share of the tax burden. Under this legislation, that will go down to 16.7 percent. Again, that is a slight reduction in the overall tax burden relative to what they have today. Those making $100,000 or more actually will see their taxes tick up a little bit—not a lot but a little bit. They are currently paying 78.7 percent of the tax burden in this country, and that will go up to 78.9 percent. So those at $100,000 or more are paying almost 80 percent of all the taxes that are paid or collected in this country today, and that number is very similar to what it would be—up a little bit. But that is really the only category that is going to pay more relative to what they are paying today.

To me, that is a demonstration, clearly, of how—when we went through this process, we committed to ensuring that there was fairness in the code, and we paid attention to the tax burden to ensure that people continue to pay their fair share and that particularly those in the upper income categories pay their fair share.

Another argument that has been made by our colleagues on the other side—which is interesting to me because it is a revelation to many of us that all of a sudden they are concerned about deficits—is that somehow this is going to blow up the deficit. Well, we did allow for a net tax cut in this. There is about $5.5 trillion of tax cuts overall, about $4 trillion of which is offset by what we call base broadeners, or killing and getting rid of preferences and loopholes and deductions in the code, and the balance of which will be made up through economic growth. There are debates about how much growth will occur in the economy, but I think it is fair to say that this is going to grow the economy.

Even the Joint Committee on Taxation, which uses numbers that, to me, are completely inaccurate—I mean, it is hard to feature that over the course of the next decade, our economy isn't going to grow at more than 1.9 percent, but that is what they assume. Just by way of example, over the last two quarters, it has grown to 3.3 and 3.1 percent. If we can continue to build on that, we will more than pay for and have lots of revenue left over when this is all said and done. So if you assume modest amounts of economic growth—about two-tenths, three-tenths of 1 percent of additional growth in the economy per year—it more than covers what we are talking about here in terms of the shortfall of forgone revenue associated with this tax legislation.

We have a bill that is based upon reasonable assumptions about growth. We have a bill that, if our economy really does pick up—and I believe it will if we put the right policies in place that encourage investment, track investment into this country, and provide the right incentives for businesses to expand their operations—we will see an entirely new economy where 1.9 percent growth, which has become the normal for too many people—there are too many people in this country who don't know anything but 1.9 percent growth. We can do so much better than that. This is America, the greatest economy on the face of the Earth. We ought to be able to get up to that 3 to 3.5 percent growth rate. If we do, this economy will take off, American businesses will start, entrepreneurs will start creating jobs, and we will have higher wages and bigger paychecks for American workers.

I hope we get a ''yes'' vote later today on this.

I yield the floor.

Ms. COLLINS. Mr. President, today I wish to join in a colloquy with the majority leader to address concerns that I have with the tax reform legislation that we are considering and to thank him for the many discussions that we have had over the past months about this bill.

I have made clear that I don't think that the repeal of the individual mandate should have been included in the tax bill. Rather, I would prefer to see the mandate issue and the other flaws in the ACA addressed through a series of discrete bills that can be thoughtfully targeted to correct specific problems. That said, I have long-supported the repeal of the so-called individual mandate because I do not believe that the Federal Government should force any American to buy healthcare coverage he or she either does not want or cannot afford. Eighty percent of the people who pay the penalty imposed by the mandate make less than $50,000 a year.

Nevertheless, it appears very likely that the individual mandate repeal will be part of this legislation. Unless we take action, that repeal will almost certainly lead to further increases in the cost of health insurance premiums—premiums that are already too expensive under the ACA. Therefore, I believe that it is imperative that Congress take action to mitigate this likely premium increase.

There are two steps we can take to help remedy this situation. First, we need to pass the Bipartisan Health Care Stabilization Act of 2017, legislation authored by HELP Chairman ALEXANDER and Ranking Member MURRAY. This legislation will not only give States critical flexibility to better manage their insurance markets, but will also provide funding in 2019 and 2020 for cost-sharing reductions received by low-income enrollees in the ACA exchanges.

Mr. McCONNELL. From its inception, I have opposed the individual mandate because it is simply wrong for the Federal Government to require someone to purchase a particular product, particularly one they do not want and cannot afford. I agree that Alexander-Murray can help provide certainty and flexibility for State insurance markets in the absence of the mandate and will support passage of the Bipartisan Health Care Stabilization Act, ideally prior to the adoption of any final tax reform conference agreement and certainly before the end of this year.

Ms. COLLINS. I thank the majority leader for his response. Second, it is critical that we provide States with the support they need to create State-based high-risk pools for their individual health insurance markets. In September, I introduced the bipartisan Lower Premiums Through Reinsurance Act of 2017, a bill that would allow States to protect people with pre-existing conditions while lowering premiums through the use of these high-risk pools. That bill would create a menu of options States could use to design reinsurance programs, which in turn would be eligible for Federal ''seed money'' grants that could leverage section 1332 ''flow-through'' funding to finance the programs. States may also add funds from other sources to the mix.

We know from the experience of Alaska and Maine just how effective such high-risk pools can be. Alaska's pool reduced a projected 40 percent rate increase to just 7 percent this year and is expected to contribute to a 20-percent decline in premiums next year. Maine saw similar results in its program, the Maine Guaranteed Access Reinsurance Association.

I believe that passage of legislation to create and provide $5 billion in funding for high-risk pools annually over 2 years, together with the Bipartisan Health Care Stabilization Act, is critical for helping to offset the impact on individual market premiums in 2019 and 2020 due to repeal of the individual mandate.

Mr. McCONNELL. I believe that State high-risk pools are a much better alternative to Federal mandates. I will also support passage of your bill and this funding to create high-risk pools, ideally prior to the adoption of any final tax reform conference agreement and certainly before the end of this year.

Ms. COLLINS. I thank the majority leader.

The PRESIDING OFFICER. The question is on agreeing to the Cardin motion to commit.

Mr. THUNE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The senior assistant legislative clerk called the roll.

The result was announced—yeas 43, nays 57, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—43

Baldwin	Harris	Nelson
Bennet	Hassan	Peters
Blumenthal	Heinrich	Reed
Brown	Heitkamp	Schatz
Cantwell	Hirono	Schumer
Cardin	Kaine	Shaheen
Carper	King	Stabenow
Casey	Klobuchar	Tester
Coons	Leahy	Udall
Cortez Masto	Manchin	Van Hollen
Donnelly	Markey	Warner
Duckworth	McCaskill	Whitehouse
Durbin	Menendez	Wyden
Feinstein	Murphy	
Franken	Murray	

NAYS—57

Alexander	Flake	Paul
Barrasso	Gardner	Perdue
Blunt	Gillibrand	Portman
Booker	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sanders
Cochran	Inhofe	Sasse
Collins	Isakson	Scott
Corker	Johnson	Shelby
Cornyn	Kennedy	Strange
Cotton	Lankford	Sullivan
Crapo	Lee	Thune
Cruz	McCain	Tillis
Daines	McConnell	Toomey
Enzi	Merkley	Warren
Ernst	Moran	Wicker
Fischer	Murkowski	Young

The motion was rejected.

The PRESIDING OFFICER (Mr. BOOZMAN). The majority leader is recognized.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that there now be 30 minutes for debate only, with no amendments or motions in order, with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President and colleagues, the Senate is looking at making $10 trillion of changes in tax policy on the fly. This is the biggest change in Federal income tax policy in more than three decades. This is legislation that will determine our country's economic future for a generation, and, at this time, the Senate does not have the language the Senate will be voting on. My colleagues have been saying that they are out looking for it.

I have a couple of questions I would like to ask the distinguished majority leader.

When will the Senate be able to actually see the full text of this legislation?

Mr. MCCONNELL. Mr. President, I would say to my friend from Oregon that there will be plenty of time for him to read it.

Mr. WYDEN. Again, through the Chair, we are talking about complicated materials. We are talking about extraordinarily difficult, technical issues under the best of circumstances. While I respect the majority leader, to just be told we will have plenty of time to read it, what I can say—coming on top of the fact that we didn't have a single hearing on the actual legislation, nothing with regard to specifics—I think on this side of the aisle we have a right to some sense of when we will actually be able to see this. It strikes me as a reasonable and pretty straightforward request, given the fact that the American people have been kept in the dark about this for so long.

So, again, I respectfully ask the majority leader: When will it be possible to see the full text of this bill?

Mr. MCCONNELL. Mr. President, I say to my good friend from Oregon, there were 4 days of hearings on the bill in committee with the committee report sent out at least 2 weeks ago. I am totally confident our friends on the other side are fully familiar with almost all aspects of this. He will certainly have an opportunity to read the final version, but he is very familiar with the various parts of this. There was plenty of time to look at it in committee, and, as I said, there will be plenty of time to read the final version of it before we vote.

Mr. WYDEN. Further reserving my right to object, I know that on the other side there has been discussion of scores and scores of hearings. I would say to the distinguished majority leader, there was not one single hearing—not one—on the specifics with respect to this legislation. There was not one single hearing on the health changes the majority seeks to make that put a dagger into the heart of the Affordable Care Act.

So I will ask my colleague once more, and if we don't get a sense of what time we are actually going to see this bill, I intend to object.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. SCOTT. Mr. President, reserving my right to object, I am not sure what meeting I sat through for 12 hours about 2 weeks ago, where we essentially litigated each aspect of this legislation. I am not sure where we have been for the last several years as we have had, for the last 5 or 6 years, several hearings.

The reality of this legislation is that every facet of it is something we have discussed. There is not a new part—not a new part—to the legislation. Yes, we have fused it together over time. There is no doubt about that. But to sit here and say that we have not had opportunities in the Finance Committee to hear the facets of the bill is just disingenuous.

Mr. WYDEN. Will my colleague yield for a question?

Could my colleague tell me when the hearing was held on the health changes envisioned in this legislation?

Mr. SCOTT. Mr. President, it is not a secret that our party and this body have been working on healthcare for about 10 years. Anyone who doesn't understand and appreciate that the individual mandate and its effects in our bill take nothing at all away from anyone who needs a subsidy, anyone who wants to continue their coverage—it does not have a single letter in there about preexisting conditions or any actual health feature.

The reality is, what our plan does on the individual mandate is good news for the average American. Here it is——

Mr. WYDEN. Will my colleague yield?

Mr. SCOTT. Here it is. Here is the good news for every American. They ought to hear loud and clear that 80 percent of the folks who are punished—punished—by the individual mandate live in a household of less than $50,000 of income, and one-third of those folks live in a household of less than $25,000. Therefore, the benefit of our actions is to set folks free from being penalized for doing nothing.

Mr. WYDEN. Will my colleague continue to yield?

Mrs. MURRAY. Will the Senator from Oregon yield?

Mr. WYDEN. In just one moment.

Will my colleague yield for a question?

I believe I have the floor.

The PRESIDING OFFICER. Is there objection to——

Mr. WYDEN. Reserving the right to object.

Mr. SCOTT. Regular order.

The PRESIDING OFFICER. Is there objection to the request?

Mr. WYDEN. It is my intention, Mr. President, to come back every 30 minutes until we get an answer to the question. I just asked my colleague from South Carolina if there was a hearing on the sweeping changes that are being proposed in this bill, the Affordable Care Act. I asked him for a date. He said nothing with respect to——

Mr. TILLIS. Mr. President, regular order.

Mr. WYDEN. Mr. President, we will be back in 30 minutes to continue this.

The PRESIDING OFFICER. Without objection, it is so ordered.

There will now be 30 minutes of debate.

The Senator from Colorado.

Mr. BENNET. Mr. President, on the matter that was being discussed—I am on the Finance Committee. There has not been a hearing on this bill, not a single hearing. A markup is not a hearing. People might say, well, why is that a big deal? Why is that relevant? Because a hearing is an opportunity for the American people to say whether they want this bill or not. A hearing is an opportunity for an economist to come to the Senate and say whether they want this bill. A markup is a chance for Senators to say what is on their mind, not for the American people to be able to say what is on their mind. That is what I am thinking about today.

I wanted to start my remarks with a little bit of a history lesson because this Chamber seems to forget what it has said, where it has been, and it is only if you have a case of terrible amnesia that you can support this legislation.

When Bill Clinton left the White House, he left his successor a projected surplus of $5.6 trillion. That is what George Bush inherited when he became President. The Senate was actually having hearings about what to do with the surplus and whether that surplus constituted some sort of threat to the economy. That is what he left behind. Then, George Bush, with this Congress, cut taxes in 2001. They didn't pay for those tax cuts. They didn't need to because they would pay for themselves. That is what they said. It is exactly what they are saying today. It is exactly what they are saying today. In 2003, they passed another tax cut, and they didn't pay for it, but they said it would pay for itself. Incredibly, the 2003 tax cut came after we had invaded Iraq under a pretext by that administration. Not only did we never ask the American people to pay for those wars, we cut their taxes and put the burden on their children. That supply-side economics, which is exactly the same movie we are seeing today, resulted in the worst recession since the Great Depression.

We had a 10-percent unemployment rate when Barack Obama became President of the United States. Guess what else we had. We had a $1.5 trillion deficit, not a $5.6 trillion surplus—a $1.5 trillion deficit because of two unpaid-for wars, because of two tax cuts that weren't paid for that were going to pay for themselves, and because they passed something called Medicare Part D—the prescription drug program for seniors—that they didn't pay for. The minute Barack Obama became President, they said it was his deficit. They wouldn't lift a finger to help working people in America who had lost their jobs in the worst recession since the Great Depression, brought on by their own economic policies and by the fecklessness of some of the largest banks in this country. They wouldn't lift a finger.

Then-Minority Leader MITCH MCCONNELL said in 2011—this is in 2011—''Now, we've reached the point where our deficits and debts are so large they're suffocating job growth, threatening the wider economy, and imperiling entitlements.'' That is when we were in the depths a recession we had not seen since the Great Depression.

When Barack Obama left office, the deficit was about $550 billion. Today, it is $660 billion. As a result of this plan, J.P. Morgan was telling us, yesterday or the day before, that this will be the largest nonrecession-caused deficit in our history since World War II. What a disgrace. And for what? To give taxes to the wealthiest people in America.

This is an unusual thing to do, but I am putting up the Republicans' chart. This is their chart. The Senator from Pennsylvania is on the floor. This is their chart, where they are telling my farmers and ranchers in rural Colorado that they should be satisfied with these percentages they are giving them, these rate cuts they are giving them. You can't eat percentages. You can't feed your family on rate cuts. You can't run your farm or your ranch on rate cuts.

Do they think they are not going to get it figured out? Colorado's Republicans are too smart for this bill. They are too smart for this bill. So are Colorado's Democrats and Independents. Unlike us, they actually have to worry about the next generation of Americans. That is all they do. They know our politics is not up to that. It is not up to the aspirations they have for their kids and for their grandkids.

No piece of legislation could illustrate how right they are than this piece of legislation and the mistruths that have been used to sell—the President going to Missouri and saying: This is a middle-class tax cut. This hurts the rich like me.

No, it doesn't. What people are concerned about, and what they will be concerned about is, their aftertax income as a result of the changes that are being made, and this is the best year. I didn't bring out the worst year. This is 2019. This is what you are going to be getting. It is great if you are up here, and you are making more than $1 million—where, by the way, I have not met a person who says they have cashflow problems that this tax cut is going to help them with.

I know a lot of people in Colorado—and I will bet you in Arkansas and in Pennsylvania—who are still struggling because middle-class family incomes have been flat for 20 years, and the costs of housing, higher education, early childhood education, and healthcare are forcing them to make choices that their parents and grandparents never had to make for their kids.

What a shame to be taking healthcare away from 13 million people in this bill, instead of trying to make the system better. This bill rejects all the testimony we had in hearing after hearing on the Health, Education, Labor, and Pensions Committee.

This is my final chart. This is the math of this bill. This bill takes $34 billion a year—not 1 year, a year—in tax cuts and gives it to 572,000 taxpayers. You can't even see that. I know you can't see it on the TV. It looks like a pencil line because that is the scale. That is how few people there are in our economy—572,000 people getting $34 billion. If you include the estate tax, which I didn't here, it is $39 billion. It is $40 billion going to families who are lucky enough to make more than $1 million a year. These are the taxpayers who make $50,000 or less in our economy. There are 90 million of them, not 572,000. There are 90 million of them. They get $14 billion out of this bill. That is an average tax cut of $160—$7.50.

These aren't talking points. This is the math that is at the heart of the deal the Republicans have said is a middle-class tax cut. You know what is even worse about it? Just like the 2001 tax cuts, just like the 2003 tax cuts, they are not paying for it. They are borrowing the money from middle-class families all over the country, from the sons and daughters of teachers, firefighters, and police officers. That is who is going to have to pay back that bill. And for what? To end poverty in America? No. To invest in infrastructure or healthcare or to strengthen our safety net? No. To fritter it away on $34 billion worth of tax cuts for the wealthiest people in America.

I am going to close by saying this. Before I got here 9 years ago, I never would have believed that something this cynical could happen on the floor of the Senate. I wouldn't have believed it. Colleagues of mine who said for years that this is all just about getting to cuts to Medicare, Social Security, and Medicaid, I would say: No, it is not. People care about this. They want to sort out our fiscal condition. I was wrong. They were right. This is about that. That is what they are going to come back here and do. It is going to be really hard to withstand it.

President Trump, after all this for the last 10 years around here, since we were fighting, trying to fight out of the worst recession since the Great Depression—which we did, by the way—in the name of fiscal responsibility, we had fiscal cliffs; in the name of fiscal responsibility, we had government shutdowns; in the name of fiscal responsibility, we passed 30 temporary budgets that no school district in Colorado could get away with once. Have we managed to restore our fiscal health? No. Have we piled on more debt for our kids and grandkids? Yes. That is what is going to happen here.

It is no wonder, when we elected a President, somebody who told the American people—and was nominated by the Republican Party and elected by the United States of America—President Trump promised that he would eliminate our debt ''over a period of eight years''; that he would deliver ''a giant, beautiful, massive'' tax cut—that was supposed to be for the forgotten man. Unless the people making over $1 million are the ''forgotten man,'' he didn't deliver on that—pass ''one of the largest increases in national defense spending in American history;'' while saying, ''I'm not going to cut Social Security . . . and I'm not going to cut Medicare or Medicaid.''

There is a job that every American has to do for the next generation of Americans; that is, to leave more opportunity, not less, to the people who are coming after us. This bill that has been so falsely described and written in such a way that it actually denies the middle class in America benefits it really could use and does so by putting a bunch more debt on the backs of their children is something this Senate should reject.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. TOOMEY. Mr. President, I am going to be brief. I am going to yield to my colleague from South Carolina, and I think my colleague from South Dakota has a few comments.

I want to respond to some of the points my colleague from Colorado made. First, I want to thank him for bringing out our chart. What our chart illustrates is that every category of income earners in America gets a tax cut under our plan. If you look toward the left of the chart, you see that the biggest reductions go to the people in the lowest income categories in a percentage term. My colleagues said percentages don't matter. I am a little bit confused because it seems to me that I think they do matter. I will give you an example.

Under our tax plan, our tax reform, and our working-class and middle-class tax cuts, the average single head of household—a single mom who, as head of household, has one child and earns the average income of $41,000, which doesn't make her a millionaire, or not typically, with $41,000—is going to have a $1,400 tax cut. That is a 75-percent tax cut for her. Now, maybe our colleague from Colorado thinks that percentage doesn't matter. I think it probably matters to her. A 75-percent reduction in the taxes that she has to pay probably matters to her. It is probably pretty helpful.

You could take the case of a family of four who earns the median national income. That is $73,000. On average, they will have a $2,200 tax cut. That is a 60-percent tax cut. So I am at a loss as to why that doesn't matter to that family. I think it matters a lot. I think that family can do a lot with that $2,200.

The fact is that our bill lowers taxes for every category of income earner, and the proportionate share is the greatest for the lowest income earners. This is good for working Americans and middle-class Americans.

I yield to my colleague from South Carolina.

Mr. SCOTT. Mr. President, this is what I find astonishing. We have been talking about this for a number of months. Frankly, for years we have been talking about tax reform. Actually, since 1986 we have been talking about tax reform. Our plan removes millions of low-income Americans from having to pay taxes.

I think it is interesting that our friends' argument on the left is sincere but wrong. It misses the fact that if you are living in a single-parent household, with a mother or a father who is working paycheck to paycheck, getting another $100 a month is real money. Why are we not talking about the actual benefits to the specific people who benefit from this tax reform? When Senator TOOMEY talks about the typical American family seeing its taxes slashed by 60 percent, why is that specific savings of $2,200 not a meaningful—perhaps, transformative—savings that allows someone now to save for college or to save for retirement?

To me, this is where the rubber meets the road. Yes, here on the other side of the Potomac, it is OK to talk in platitudes. I prefer to talk to individuals about the impact of our actions in their households and the impact of our actions in their accounts. It is a very simple way of doing the math. You don't have to pull out a calculator for a 75-percent savings for the average single parent who makes $41,000. The reason that we use $41,000 is that that is the average income of a single head of household. The reason that we use $73,000 is that that is the typical American family's income.

When we are talking about the benefits, we are talking about real people—people like Sherry, back in South Carolina, a single parent with two kids, who is trying to start a business, who is struggling to keep her ends together, believing that someone, somewhere, sees her, that the decision makers in Washington don't see her as invisible or unimportant. I am not talking about tax philosophy. I am talking about real people who need their money more than the government does.

If we are going to talk about tax cuts and tax revenues, let us be clear that in the 1920s, during the Mellon tax cuts, which slashed the high rate from 70 percent down to the twenties throughout the 1920s, revenues went up by 61 percent. Under the Kennedy administration, we cut taxes, and tax revenues went up to the government from those cohorts from whom we cut it.

So what we have is a history. Our friends on the other side say that there is no actual history. Well, there is history that proves that. In the cohorts where the brackets are and where the cuts occur, we can demonstrate that the revenues have increased.

I yield for the Senator from South Dakota.

Mr. THUNE. Mr. President, how much time is left on our side?

The PRESIDING OFFICER. There are 8½ minutes on the majority's side. There are 2½ minutes on the Democrats' side.

The Senator from Colorado is recognized.

Mr. BENNET. Mr. President, I don't want to get in the way of my friend from South Carolina, for whom I have tremendous respect.

Point 1, nothing that I said was about anything other than real people. The real people in Colorado are going to be able to do this math, and they are going to know what it says.

Point 2, those 1920s that you mentioned ended up with, then, the worst depression since the beginning of the country, and we had the worst income inequality in 1928. Guess when the next time was that that happened. It was when George Bush handed over the keys to Barack Obama. That was the next moment in time, when he was leaving, that we had that kind of income inequality. That has not been fixed, and that is not being fixed by this plan. It is being made worse by this plan for all of the reasons that I said.

The final point that I will make—and then I will stop and get out of the way—is that, if you have this much conviction, at least you could pay for it. It would be nice for you to pay for it.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. SCOTT. Mr. President, I will say to my friend from Colorado that we are having a spirited debate. We are diametrically opposed on the issue, but we do have some common ground on other issues that we are working on together. I appreciate your passion. I know you are sincere.

I will tell you that there is a truth that is, perhaps, missing from the conversation, and it is simply this: If you don't control spending, you cannot raise enough revenue to keep up. When you look back at the cataclysmic occurrences throughout history, one thing you will find very quickly is that even with more revenue, if your spending outpaces your revenue, you are going to find yourself in a challenging predicament.

I yield for Senator THUNE.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, our country has always been about opportunity. The American dream is the hope that your kids and your grandkids and those who come after you will have a better life than you have had. One of the ways we do that is that we get a growing, expanding economy that creates better paying jobs, more opportunity, and higher wages. When you get higher wages, you improve that standard of living, and you improve that quality of life. That is what Americans aspire to. That is what all American families—moms and dads—aspire to for their kids and those who are going to come after them.

I would say to our colleagues on the other side, who, like I said, have a newfound interest in deficits and debt, that one of the ways in which you deal with deficits and debt is to grow the economy. When you get an expanding economy that is creating better paying jobs, more people are working, more people are investing, more people are taking realizations, and more people are paying taxes. What history has shown is that when you have a vibrant, growing economy, you get more government revenue.

Of course, the official scorekeepers, whether you use the Congressional Budget Office or the Joint Committee on Taxation, both agree that you are going to get more revenue when you get more growth in the economy. There might be a slight difference of opinion about how much. The CBO, I think, says that for every one-tenth of 1 percent increase in the GDP, you see an additional $273 billion in tax revenue that is generated over a decade or, to put it a different way, almost $3 trillion for every percentage point increase in gross domestic product.

If you want to get serious about dealing with America's fiscal problems, you have to restrain spending, which there hasn't been much appetite for around here in the time that I have been here. You also have to get the economy growing and expanding. That is what this exercise—what we are going through here in reforming our Tax Code—is really all about, because 2-percent growth is not good enough.

This 2-percent growth is not and should not be the new normal for the American economy.

That is what we have had for the last 8 years. During President Obama's entire time in office, we didn't have a single year—not 1 year—in which the GDP was more than 3 percent—not 1 year. If you go back historically—literally to the end of World War II, about 1948—and roll forward to today, the average in the American economy has been 3 to 3.5 percent, but there has not been a single year in the last 8 years in which we have had 3 percent growth in the economy.

What does that mean?

That means that, without that kind of growth, businesses are not expanding. They are not investing, they are not hiring new workers, they are not paying those workers more, and you end up with flat wages. We have had, literally, a decade now of flat wages, where American families and individuals have not seen any growth in their incomes.

What we hope to accomplish through all of this will be changes made to the Tax Code that will increase investment through lowering rates on businesses, allowing them to recover their costs of investment faster, and accelerating their cost recovery. Those are changes—those are reforms in our Tax Code—that will help unleash this economy and get us back, closer to normal, when we were creating those good-paying jobs. Then, we can start doing something, at the same time, about spending around here, and we will start seeing those deficits go down. The best thing that can happen for the American economy, the best thing that can happen for the American family, and the best thing that can happen for the American worker is to have a growing, vibrant economy.

To my colleagues on the other side who consistently get up and say there is no benefit to this that will be delivered to middle-income families in this country, again, I will say what has already been said by my colleagues from South Carolina and from Pennsylvania, which is to look at a typical family of four with a combined annual income of $73,000, who under this tax cut bill will receive a tax cut of $2,200—a 60-percent reduction over what they are paying today under current law. That is what that average family of four will see.

Now, the Senator from Colorado said that he doesn't believe that Colorado Republicans are for this. I can tell you who is going to be for this—the people, the families, who get the $2,200 tax cut. That is $2,200 they are going to have in their pockets.

You heard my colleague from South Carolina talk about that family that lives paycheck to paycheck or about that single mom who wants a better future for her kids. How do we help them? One of the ways we help them is to reduce the burden—the take—that their government takes from them every single year and to allow them to keep more in their pockets. Let's give them bigger paychecks, and let's let them decide how to spend the money.

That is a fundamental difference that we have had around here for a long time. We come here believing that the way you help American families is to start growing the economy rather than growing the government, allowing the American people to make decisions that are in their best interests and in the best interests of them and their families about how they want to save for retirement, how they want to help their kids get college educations, how they want to improve their lives, rather than sending the money to Washington, DC, and letting Washington spend it. That is, fundamentally, the difference, I think, that we are talking about here.

As to the arguments that have been made by the other side, they just aren't based on facts. The data tells a different story as the Senator from Pennsylvania pointed out. Look at the chart. Look at the percentage of tax cuts. Who benefits? We have worked very, very hard on this bill to maintain progressivity in the Tax Code so that we have tax relief delivered to those hard-working American families, to those hard-working American taxpayers who need a break, who are living paycheck to paycheck.

Honestly, I hope, when this is all said and done, that not only will we be able to pass this bill but that, maybe, we will get a few Democrats who might decide that it will be in the best interests of their constituents to help their families and their States realize more income in their pockets and bigger paychecks and, hopefully, an opportunity to live out their versions of the American dream for them, for their kids, and for their grandkids. That is what the American experience and the American dream are really all about. When we take more and more here in Washington, DC, that means that American families have less with which to help themselves and to plan for their futures.

Our time has expired.

Mr. WYDEN. Mr. President, how much time remains on our side?

The PRESIDING OFFICER (Mr. CRUZ). The majority controls 1 minute, and the Democrats control 1½ minutes.

Mr. WYDEN. Mr. President, I will take our 1½ minutes.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. We have just a minute and a half. The hour is late. I want to repeat once again that we still do not have this bill. We have seen apparently, in the last few hours, tax changes that involve billions and billions of dollars. The American people have a right to know what is in this proposal, and certainly we on this side of the aisle have a right to know about it.

I am struck by the comments of my colleagues on the other side that learning the facts about what the Joint Committee on Taxation had to say about the Republican proposal—0.8 percent growth, $1 trillion short in spending—has had absolutely no effect on the discussion we are having from the Republican side.

I see my friend the distinguished majority leader here, and I believe he will propound a unanimous consent request. As he knows, I will have another reservation, and we will discuss this some more.

The PRESIDING OFFICER. The majority leader.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that there now be 30 minutes equally divided for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Reserving the right to object.

Mr. MCCONNELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Is there objection to the majority leader's unanimous consent request?

Mr. WYDEN. Reserving the right to object, Mr. President, I understand that we are going to get the proposal from the majority shortly. I come back again to the fact that there are changes apparently worth billions and billions of dollars, like the passthrough provision. We need to be able to see these. The American people have a right to know.

I believe the majority has indicated that we will get this shortly, and I withdraw my reservation and will point out that if we don't get it shortly, I will stay at my post and keep objecting because the American people have a right to know that tax policy is being made in the dark.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

The Senator from Colorado.

Mr. GARDNER. Mr. President, I want to talk about the importance of passing this tax reform legislation for the people of Colorado. What we have is an opportunity to see real wage growth in this country—something we haven't seen for far too long. Over the past decade, I think people who are on both sides of the aisle have recognized that while there might be some economic job activity, job creation taking place, while we might see some low economic unemployment numbers in States like Colorado, what we haven't seen is the kind of wage growth we know we can create.

Under the analysis done by nonpartisan think tanks in Colorado, they estimate that wages would grow—after-tax income—by over $3,000. That is incredible wage growth for families who many people estimate and who other economists have said could see a financial hardship if they were asked to come up with $400. In fact, we know that if over one-third of people in America had to come up with $400 today, it would create a financial crisis in their household.

We heard our colleague from Pennsylvania and our colleague from South Dakota talking about the fact that a family earning a median household income of $73,000 would see a 60-percent reduction in their taxes next year. A single parent with a child, earning $41,000 a year, would see a 75-percent tax cut.

Let me read a headline from a story in Colorado. The headline of this article is ''How Tax Reform Can Empower This Drive-in Theater Owner to Expand Her Business.'' What she is talking about is the fact that if she sees lower taxes at the 88 Drive-in—that is an iconic drive-in in Commerce City, CO. If you see this drive-in, you will know exactly—it is iconic on the landscape. She believes that if her taxes are lower, she will be able to move forward and buy the property next door, which will allow her to expand her business. She talks about the fact that she has to turn people away because so many people are going to it and they don't have enough room. She wants to expand, but she is held back by our uncompetitive Tax Code. If we cut taxes, she will be able to buy land, expand the business, and create more jobs. It is a greater opportunity for her, her family, and the people of Colorado.

This is really an opportunity to see the kind of growth and wage growth that we haven't seen in this country for far too long.

I have held several roundtables on taxes throughout the Eastern Plains of Colorado, where I live. People are worried about their income because they haven't seen the kind of economic growth, the numbers in employment growth that they have in the Front Range, in Denver. I have held roundtables on the Western Slope of Colorado, in Southern Colorado, Northern Colorado, and they are all very worried about a country that is not as competitive as it used to be. They know that with a competitive tax code, they would see those jobs and investment come back into this country once again.

People in Pueblo, CO, know they need jobs brought back into their community because while many areas of Colorado have seen very low unemployment rates, they haven't seen the kind of growth other areas have. They know that with a competitive tax code that brings jobs and money back from overseas, that will provide real relief to a single parent with a child at home and to a family of four working hard to make ends meet. They are going to pay less taxes next year as a result. They are going to be able to spend the money they want to in Pueblo, CO, to put it into an investment that they want to in Brighton, CO. It will be an investment that somebody in Craig, CO, wants to have. That is what they are focused on. They want to get the money into their pockets. They earned it. They should keep it, not Washington, DC, where they make bad decisions on how to spend their hard-earned dollars.

To my colleagues who oppose this bill, we have talked about the opportunities for the American people to see real wage growth. This bill does it. We talked about the opportunity to bring jobs back from overseas. This bill does it. We talked about the opportunity to get businesses hiring again and expanding. Nonpartisan estimates show that this bill would create nearly 1 million jobs—new jobs created by this bill. It is a great opportunity for us, and I thank the people who have worked so hard on this bill, my colleagues in South Dakota, Pennsylvania, and others.

Mr. President, I yield back my time.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. CASEY. Mr. President, I rise to talk about a subject matter that this bill deals with that we are not hearing a lot about. I wanted to start, though, with the basics in terms of the overall debate.

I have said many times in the last number of days and weeks when we have reviewed the House proposal and when we reviewed the Senate proposal that was voted on in the Senate Finance Committee before Thanksgiving—I described the Senate bill as a giveaway to the superrich and big, multinational corporations. I still believe that.

I hope that when we see the new version of the bill, I won't have to say that again, but I am afraid I will. I am afraid that when we look at some of the data on what the tax impact would be on certain income brackets in the United States, even starting in the first year where the analysis starts, 2019—I am looking at page 3 of a report by the Tax Policy Center dated November 20 and based upon the Senate bill. In that year, tax year 2019, table No. 1 focuses on three income categories: folks making between $50,000 and $87,000; folks making between about $310,000 and $750,000; and others making above $750,000, so basically the top 1 percent. Here is what they find. The Tax Policy Center tells us that the first group, the family making $50,000 to $87,000, would receive an average tax cut of about $900, or 1.4 percent of after-tax income. The next group, the $310,000 to $750,000 income, gets a tax benefit that amounts to about $12,000, or 3.5 percent. The top 1 percent—$750,000 and up—they get a tax break of $34,000, or 2.2 percent.

Probably the most significant numbers in there by way of comparison aren't necessarily the dollar amounts, although I would ask why the top 1 percent needs $34,000 in 2019. I don't think that should be part of our legislation. I would like to see all of the tax benefits to the top 1 percent go to the middle and those trying to get to the middle. But let's do the comparison.

In the first year, in terms of these families making $50,000 to $87,000, they get 1.4 percent. The folks making between $310,000 and $750,000 get 3.5 percent—more than two full percentage points higher. Why is that? Why do people making $310,000 to $750,000 get a much bigger percentage tax cut than people making $50,000 to $87,000? The third category is the top 1 percent, and they get 2.2 percent. So I have problems with this legislation just based upon that. Why does the top 1 percent need one more penny? Why do very wealthy people—maybe not quite the top 1 percent but the 95th to 99th percentile, the $310,000 to $750,000 category—why do they need a tax break?

Guess what. It doesn't get any better down the road. And I am not talking about 2027, where it is cataclysmic for families in the middle; let's talk about 2 years before that. It is still bad. It is still 3 percent, by comparison, for the very wealthy, people making up to $750,000. The top 1 percent are still getting 2.1 percent. But the income category between $50,000 and $87,000 gets 1.2 percent of the tax cut, so they will be getting worse in 2025. Why is that? As my colleague, the senior Senator from Colorado, shows in that chart, why do people making more than $1 million need $34 billion in 1 year? I don't understand it.

Let me focus in particular on part of the debate about which we really haven't had much discussion. The impact of this tax bill may be the only substantial effort that will be made on tax reform for years, if not decades. We know that the last time any kind of major tax reform was done was 1986, so three decades have passed since the last tax reform effort. So this is a critically important moment not just for taxpayers, not just for the economy, not just for families generally, but especially for children.

In a bill of this significance, a bill of this impact, one major question should be asked, among many: What will be the impact on children? What is the child impact statement, if we were to draft one, if we had to articulate that? What is the impact on children of this legislation?

Well, there are a lot of organizations around the country that pay attention to public policy as it relates to children. I am looking at a letter dated November 28 and signed by a long list of organizations that advocate on behalf of children, and I will just read some of the headlines from this letter.

The first headline says: ''The Senate tax plan threatens child care programs and funding for the future.''

The second major headline says: ''The Senate tax bill's proposal to cut the Affordable Care Act would harm children's health and well-being.''

The next headline says: ''The Child Tax Credit proposal in the Senate tax bill would not help families who struggle to pay for child care.''

The next headline says: ''The Senate tax bill also takes away other tax benefits that ordinary families rely on.''

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEAR SENATOR: As members of the Child Care/Early Learning Coalition, we urge you to vote against the ''Tax Cuts and Jobs Act.'' This bill would eliminate existing benefits in the tax code for children and families, as well as undermine critical supports, including those related to child care and early education, in the future.

The Senate tax plan threatens child care programs and funding in the future. The Senate tax bill, which consists largely of massive tax cuts for businesses and the wealthy, is estimated to increase the deficit by about $1.4 trillion over ten years. The budget agreed upon by the House and Senate provides a roadmap of how Congress will seek to offset this increase in the deficit: by cutting federal spending and, in particular, by slashing programs and services that provide working families with a basic standard of living. That means this tax bill will ultimately lead to cuts in programs that are integral to the wellbeing of children and their families, including Medicaid, SNAP, public education, and the Child Care and Development Block Grant.

The Senate tax bill's proposal to cut the Affordable Care Act would harm children's health and well-being. The Senate bill would repeal the ACA's individual responsibility provision, a requirement that most people enroll in coverage or pay a penalty. Estimates from the Congressional Budget Office (CBO) show that repealing the ACA's individual responsibility provision would increase the number of uninsured by 13 million over 10 years and raise insurance premiums in the individual markets by 10 percent. Children's health and well-being suffers when their families lack the health insurance they need to see a doctor when they are sick or for preventive care. The Senate has already rejected an attempt to repealing the ACA, and now the bill would sneak this in in order to fund even larger tax cuts for high-income households and corporations.

The Child Tax Credit proposal in the Senate tax bill would not help families who struggle to pay for child care. The Senate tax bill would increase the Child Tax Credit (CTC), but does not make this increase fully refundable. As a result, lower-income families will not receive the full benefit: for example, a single mother working full time at the federal minimum wage and earning $14,500 would only receive an additional $75 in CTC benefits. In addition, the tax plan bills adds a new requirement—providing a Social Security Number for each child claimed for the refundable portion of the CTC—which could exclude a significant number of children in immigrant families. This is not an approach targeted to help families striving to make ends meet, and does nothing to address the high cost of child care with which so many working families struggle every day.

The Senate tax bill also takes away other tax benefits that ordinary families rely on. Even though the Senate tax bill proposes increasing the CTC (and doubling the standard deduction), the bill also proposes eliminating personal and dependency exemptions, eliminating the deduction for state and local taxes, and eliminating deductions for some employment-related expenses. This would leave many families worse off. And the Senate bill makes all of the tax benefits for families temporary, expiring at the end of 2025, even though the proposed corporate tax cuts are all permanent.

There is a better way to help families and children and to build a strong economy now and in the future. Instead of these ill-conceived tax cuts, Congress can help families through the tax code by enacting the Child and Dependent Care Tax Credit Enhancement Act of 2017, and ensure that all children and families who need it get high quality child care and early education by enacting the Child Care for Working Families Act.

Sincerely,

Association of Asian Pacific Community Health Organizations (AAPCHO), Center for American Progress, Center for Community Change Action, Children's Defense Fund, Children's Leadership Council, CLASP, Every Child Matters, Family Focused Treatment Association, Generations United, Health Care for America Now, Jumpstart, Make it Work, Mi Familia Vota, National Association of Family Child Care Providers, National Association for Bilingual Education, National Association of Social Workers (NASW), National Council of Jewish Women, National LGBTQ Task Force Action Fund, National Physicians Alliance, National Women's Law Center, NETWORK Lobby for Catholic Social Justice, SparkAction, The Institute on Taxation and Economic Policy, United Auto Workers, Working Families Party, ZERO TO THREE.

Mr. CASEY. That is just one brief assessment of the impact of this legislation on children, but I think that should be a question we ask of every major piece of legislation.

Mr. WYDEN. Mr. President, will my friend from Pennsylvania yield briefly?

Mr. CASEY. Yes.

Mr. WYDEN. He is a very fine member of the Finance Committee.

I don't remember any discussion in our committee about how this specific legislation affects children. My colleague is really the expert on the subject, and maybe he can tell me if he recalls such a thing with respect to this specific legislation and what it means for children. I don't remember such a discussion.

Mr. CASEY. Mr. President, I want to say to the senior Senator from Oregon, as the ranking member of the committee, he will remember, as I do, that in the course of that so-called markup, which is a fancy Washington word for having some debates and offering amendments, there was no hearing—no hearing for days, and there has still been no hearing on the Senate bill passed out of the Finance Committee and the new version of the bill that we will see right now. So, in the course of that discussion, there were no hearings.

It would have been helpful to us and to the American people if we had the major organizations come in before the Finance Committee and give us testimony about the impact on children—organizations that have spent decades advocating on behalf of children, doing public policy research as it relates to children, but we never heard that because there were no hearings, not a single hearing on the bill. There was discussion, and there were questions for some tax policy experts, but nothing in the way of hearings that could probe very deeply on what happens to kids.

I think the American people would like to know more about what will happen with the child tax credit, for example. There has been a lot of talk on the Republican side about the child tax credit; they are allegedly making it better. Well, the Senate Republican plan does increase the maximum tax credit for children from $1,000 to $2,000 per child. That sounds pretty good so far, right—$1,000 to $2,000. But because the bill limits refundability, a mom working full-time at minimum wage will see only an additional $75 in the child tax credit, while a married couple earning $500,000 would become newly eligible for the maximum $2,000-per-child credit.

According to the Center on Budget and Policy Priorities, 10 million children—10 million—live in families who would get $6.25 or less per month in the additional child tax credit in this bill. So there is not much improvement in the child tax credit on maybe the only tax reform bill that this body will consider for the next 30 years. Let's say it is only 10 years. Wouldn't it be nice to have some testimony from experts across this country who live and breathe the work of being advocates for children, who study every bill to determine whether it impacts on children. Wouldn't it be nice to have their testimony maybe on the child tax credit, maybe just on the child and dependent care tax credit, which is the only tax provision in law right now that helps people pay for childcare.

Ask any family: What is your No. 1 concern, other than making ends meet and maybe paying for higher education? Other than a few priorities like that, their No. 1 concern is how to pay for childcare, but there is no testimony on that issue that relates to the bill. There is no testimony at all because there were no hearings on the bill. How can you have a child impact statement, how can you even generalize about it without a hearing?

Of course, we need more than generalizations. We need specifics. So I think we have to ask those questions and be focused on children in a very specific way.

Here is the last thing I will say. This opportunity to come together in a bipartisan fashion, which has not happened in this case—but we have the opportunity, and the majority could have taken a different path. They could have said to us months ago: Let's have a bipartisan process. Let's not move to a pathway that requires only 51 votes. Let's have a real bipartisan process on tax reform as they did in the mid-1980s, resulting in the 1986 bill. They could have said: Do you know what? We have a bipartisan concern about children. We like the child tax credit. We like the child independent care tax credit.

We like the earned-income tax credit. All of those are good policies. We want to make them better. We want to have a bipartisan effort to infuse all of those policies with even more funding, more help to make them more robust for our children, but that never happened.

Once again, because of what the majority did, the pathway they selected to passing their bill with only Republican votes—and that was their choice—we will have a tax bill that will not have a child impact statement, will not have hearings about the impact on children and families, will not have any of that. Once again, we will prove that Washington, DC, never misses an opportunity to miss an opportunity, especially as it relates to children and families. That is particularly insulting to the American people and regrettable because we have a moment here where we are trying to do tax reform and because it is not bipartisan, because there were no hearings on the bill, the impact on children will never ever be fully assessed. That is not just a tragedy, but that is a real insult to our families and to our children.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, how much time is remaining on the majority side?

The PRESIDING OFFICER. Ten and a half minutes remains.

Mr. TOOMEY. OK. Thank you, Mr. President. I will be brief because I think my colleague from South Carolina has a comment he wants to make.

Let me respond just briefly to my colleague from my State of Pennsylvania. Our bill increases the child tax credit. Our bill lowers the tax burden on every category of income earners, including working families, middle-income families—every category.

As my colleague from Colorado demonstrated kindly, he showed in the chart that the biggest proportional savings go to the lower-income families, and the pro-growth policy is going to create more job opportunities at higher wages. So let's see: more money in child tax credit, less taxes owed on the part of families, more job opportunities, and higher wages. I think it is a pretty safe bet that this is good for kids. I think it is a pretty safe bet that when families get to keep more of their money, that is probably good for their kids. I think most of my constituents would probably agree with that.

We have heard folks on the other side suggest that we are actually not cutting taxes on the middle class. This is unfortunate because we have enough areas where we disagree without having to make up areas that aren't true. Our friends on the other side like higher taxes; we like lower taxes. They like to redistribute wealth; we like people who earn it to keep wealth. We focus on growing the economy; they want to grow government. We have honest differences in priorities, so I wish we would focus on where there are actual differences and the facts in question. But there is no question that we are lowering taxes on middle-income families because we are lowering taxes on every category of wages.

The people who are watching on C–SPAN and the people who are listening in the gallery must get a little frustrated and must ask themselves: Well, who can we believe? We hear one side say: This is lower taxes for working families. We have the other side say: Oh, it is higher taxes.

I have a suggestion. I know there is a solution. You could look it up at Joint Committee on Taxation, but that is tedious. You have to go to the website, you have to find it, and then you would see in the tables—because they are unambiguous—that taxes owed go down in every category.

Do you know when people are going to know for sure what the answer is? It is going to come in January when the withholding in their paycheck changes and when their take-home pay goes up because the taxes they owe go down. I know we are still a few weeks away from that, but when this passes and gets signed into law, the proof is going to be very clear, and people are going to see it.

Here is a quick word about the repeal of the individual mandate. My friend and colleague from Oregon described it. I am paraphrasing, but I think I will get it about right. He described the repeal of the individual mandate as driving a stake through the heart of ObamaCare or something equivalent to that. I couldn't help but think: What an incredibly damming indictment of ObamaCare. Think about what that means.

Think about what they are saying if repealing the individual mandate drives a stake through the heart of ObamaCare. The individual mandate is the provision which says that you have to buy this whether you want it or not. You have to. You are forced to. The government dictates the terms, the government effectively dictates prices, and you must buy it. If you don't, you will get hit with a penalty, a tax penalty.

We don't actually repeal the mandate, but we eliminate that tax penalty, and that is going to be very helpful for low- and middle-income families, working-class families. In Pennsylvania, 83 percent of all the people who get hit with this individual mandate tax live in a household with income of $50,000 or less. That is who is paying this.

But what I wanted to stress for a moment is what a damming indictment it is of ObamaCare that it only works, according to its proponents, if people are forced to buy the product. It is so badly designed, it is so terrible that people will not buy it voluntarily, despite huge subsidies.

We don't change any of the subsidies. They are all available to anyone who wants to participate. We don't change the rules. We don't change eligibility. We don't change anything except one thing. We say that if you decide this plan doesn't fit your family or if you decide for all the subsidies you get it is still not worth it for you to have this plan and you opt out, you will no longer be punished with this tax. That is the only thing we do in this bill.

Since we eliminate that coercion, which forces people to buy it, our colleagues on the other side say that drives a stake through the heart of ObamaCare. It seems to me that a product or a service that people have to be forced to buy and that is killed if they are not forced to buy it probably isn't a great deal for those people, and I think we just got that admission.

With that, I yield to my colleague from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina

Mr. SCOTT. I will say, Mr. President, that my colleague from Pennsylvania did such a good job that there is little left to say. I was fumbling because I was just confused on what I would say, and I will be honest with you that there is just not much to say.

If I were to reinforce a couple of points that the Senator did not cover, they would be that at our last Finance hearing, which lasted—I thought it was 12 hours; it was 23 hours—we had our friends on the other side offer 63 amendments. To say that they are not engaged in the process is to forget the 63 amendments offered over 23 hours.

Senator TOOMEY did such a good job that I am just going to sit back down.

Mr. THUNE. Mr. President, Senator SCOTT and I and the Senator from Pennsylvania were all there at what we call the markup.

Mr. SCOTT. We were.

Mr. THUNE. My recollection is like his, and, frankly, my recollection, when it comes to all the work that went into getting us to where we are dates back a long way. I joined the Senate Finance Committee in 2011. I am not sure when the Senator from South Carolina joined or the Senator from Pennsylvania, but it was shortly after that, I think.

Since I have been on the Finance Committee, we have had 70-plus hearings—70-plus hearings on tax reform. We have looked at every facet, every aspect, every element of the Tax Code. We even went so far 2 years ago, in 2015, to create five working groups. We all participated in those, along with, I might add, our Democratic colleagues, each of whom had a key role in helping with the final recommendations that were put forward. A lot of what is in this bill is based upon the work that was done by those working groups. There isn't a single shred of the Tax Code that we haven't covered and haven't studied in great detail.

Then, of course, as the Senator from South Carolina pointed out, when it came time to mark the bill up, we spent several days—23 hours debating back and forth, listening to each other, and in some cases arguing. In some cases, those were very spirited arguments. The Democrats offered 63 amendments, all of which got votes in the Senate Finance Committee.

So for anybody to suggest that this has been anything but a transparent process based upon years of work and buildup and lead-up to get us to where we are today is absolutely misstating the facts. I think the work we have done in advance of this has led to a product that is the culmination of a great deal of thought, a great deal of input, and a great deal of research from not only experts in the field but fellow Members—Democrats and Republicans—Senators and staff—who have gotten us to where we are today.

I think the fact, which has been pointed out many times, that a family that is living paycheck to paycheck will now get the benefit of a doubling of the standard deduction and a doubling of the child tax credit, frankly, I happen to believe—contrary to my colleague from Pennsylvania—is a pretty big deal. If you are a family who has any sort of tax liability, that tax credit is a dollar-for-dollar credit against that tax liability. An increased portion of that is refundable under this legislation.

If you look at the lower rates we have in the bill, that middle-income family in this country stands to benefit significantly as a result of this to the tune of—if you are a family of four with a combined annual income of $73,000—an additional $2,200 in your pocket. That is $2,200 in the American family's pocket that they get to decide how to spend.

As the Senator of Pennsylvania pointed out, don't take our word for it. You can sit down, if you like to, and look at the features of the bill. Look at your individual tax situation. Plug in these changes, and I think you will find you are going to see a pretty significant reduction in your tax liability.

When January rolls around when this passes, people will get their check. When they look at their withholdings, they will realize they have a lot more money. That paycheck is bigger. The paycheck is going to be bigger. Why? The amount taken out in terms of Federal taxes is going to be significantly smaller. That is a good thing for the American family.

That is why this debate and the bill we have before us are so important, not only to those families who are trying to build a stronger, brighter, and more prosperous future for themselves and their families but also for this American economy. With the other changes that are made in the bill, it is going to lead to better paying jobs and higher wages that are going to lift the boats of all Americans.

Americans haven't had a pay raise, literally, in about the past decade. We haven't had a single year in the Obama years of 3 percent growth, which has been the historical average going back to the end of World War II. We are growing at 1.5 to 2 percent. We don't happen to believe that is good enough. We think we can do better. That shouldn't be the new normal. The American economy is the greatest economy on the face of the Earth. We ought to be able to grow at 3 to 3.5 percent.

I can tell you, ladies and gentlemen, that the average middle-income family in this country is not only going to get a big tax cut—which means they are going to get a bigger paycheck and have more money in their pocket—but they will get the benefit of the higher wages coming with a growing, more dynamic economy that it reflects.

I yield the floor.

Mr. WYDEN. Mr. President, I would just like to respond briefly to the Senator from Pennsylvania, who is baffled by why we are so opposed to the health provisions of the bill. The Congressional Budget Office says that the majority's provisions will cause 13 million people to lose coverage and premiums to go up 10 percent. This morning's paper makes the point that it will bring back junk insurance, which once again will allow discrimination against people with preexisting conditions.

I will use the last 30 seconds that I have, as we await the majority leader, to say, once again, that the American people and the Congress are actually going to find out some information about what is being offered.

I would just like to close my use of the minute by pointing out now another double standard. It sure looks like lobbyists on K Street have more and better information about what is about to be offered than do Democrats in the Senate. So what we are talking about is that we have seen one double standard after another. The tax breaks for the middle-class are temporary, and the wealthy get permanent ones.

The PRESIDING OFFICER. The Senator's time has expired.

All time has expired.

The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CASEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. TOOMEY. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk continued with the call of the roll.

Mr. SCOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. STRANGE). Is there objection?

Without objection, it is so ordered.

The Senator from South Carolina is recognized.

Mr. SCOTT. Thank you, Mr. President.

I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Oregon.

Mr. WYDEN. Mr. President, here we are now at 4:15. We still have not seen this bill—a $10 trillion bill, the biggest tax bill in more than three decades, with changes involving billions and billions of dollars made, apparently, overnight.

I have made it clear that when the leader, Senator MCCONNELL, comes back down, we expect to see this bill. We were told essentially an hour ago that we would see this in a matter of minutes.

The American people have a right to know that even though the majority wants to make $10 trillion worth of tax policy changes on the fly, this side of the aisle is going to insist on knowing what is in the bill.

My colleague has been very patient, and I wish him to be recognized on our time now.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. FRANKEN. Mr. President, I rise this evening in opposition to the tax bill before us. I think the problem in our country isn't that wealthy people in this country aren't wealthy enough; the problem is, the wealth gap has grown to the highest levels in my lifetime. This bill would make that wealth gap even bigger.

Senator Paul Wellstone often said: "We all do better when we all do better." He knew the economy does better when there is a strong middle class and when working families have more money to spend. Unfortunately, the Republican tax bill does the opposite of what Paul Wellstone argued for. Instead of helping working families, it raises taxes on at least 14 million of them, and it uses this revenue to give $1 trillion to the superrich, all while adding $1.5 trillion to our national debt. This is, at its core, an awful bill.

When President Trump took office, he pledged that he would look out for the "forgotten men and women," not the wealthy. This bill is a betrayal of that commitment.

I believe Congress should work on a bipartisan basis to make our Tax Code fairer and simpler for working families, and that is what I have advocated for since I joined the Senate. Democrats have made a good-faith effort to work in a bipartisan manner on a tax reform bill with Republicans, but Republicans have chosen, from the very start of this Congress, to take a purely partisan approach that has left Democrats entirely out of the discussion.

We all know this bill is being rushed through Congress so Republicans can claim a legislative achievement by the end of the year. That is not the way you get a fairer, simpler Tax Code. You get a fairer, simpler Tax Code by having hearings with outside witnesses.

You get a fairer, simpler Tax Code by giving Americans an opportunity to weigh in as it is being drafted, to review the bill, and to share their views. You get a simpler, fairer Tax Code by doing it in a bipartisan manner, not by excluding Democrats entirely from the drafting of the bill.

The fast-track process Republicans are using is just like the Republicans' equally partisan, equally secretive, and equally rushed attempt to repeal and replace ObamaCare earlier this year. Americans deserve better.

In their effort to get this bill through before Americans realize just how damaging it is, many Republicans have made some misleading claims about it.

For example, Republicans often cite the fact that the bill would double the standard deduction that families can claim on their tax return. That is true, but they always seem to leave out the very important fact that their bill would also eliminate the personal exemption. The personal exemption is about $4,000 for each family member, so when compared with a $12,000 increase in the standard deduction, it means households with two parents and more than one child would be worse off under the Republican tax bill than under current law; for example, with two children.

Sometimes they argue that doubling the child tax credit from $1,000 to $2,000 would offset the loss of the personal exemption, but under their plan families who most need the help would get hardly anything from the increase in the child tax credit, which is not refundable. So, for instance, a family living off a minimum wage earner would benefit by only about 75 more dollars under this bill's revised child tax credit, not the full $1,000 some Republicans promise, but the Republican bill would also now allow people earning up to $500,000 a year to claim the full tax credit of $2,000 per child. That is $500,000 a year, up from $110,000 as it is now. So that is $75 more per child for a minimum wage earner and $2,000 per child for someone making $500,000 a year. That is just not fair.

We hear from my friends on the Republican side that tax cuts always pay for themselves. Ask the people of Kansas about that. When Kansas cut taxes in 2012 and in 2013, State revenues plummeted, Kansas slashed university budgets, canceled highway projects, and had to borrow $1 billion to fund their public pension plan. Schools around the State started going 4 days a week. Teachers moved across the river from Kansas City, KS, to Kansas City, MO. From 2013 to mid-2017, the Kansas economy underperformed that of nearly all its neighbors and the United States overall in economic growth, private sector job creation, passthrough business formation, and labor force participation. Finally, corporations begged the legislature to raise their taxes, which they did, over the Governor's veto.

That is Kansas; take the whole country. Bruce Bartlett, Ronald Reagan's economic adviser, wrote a few weeks ago:

> The Tax Reform Act of 1986 reduced the top personal tax rate to just 28 percent from 50 percent, and the corporate percent to 34 percent from 46 percent. Yet there was no increase in the rate of economic growth in subsequent years, and by 1990, the economy was in deep recession.

Tax cuts don't magically pay for themselves.

I would also like to highlight the Republican hypocrisy on budget deficits. For many years, Republicans have used budget deficits as an excuse to block important pieces of legislation. In fact, even now, we are in danger of stripping health insurance away from 9 million children because of difficulties finding offsets for reauthorization of the Children's Health Insurance Program. Yet, when it comes to the tax bill, only a handful of Republicans have raised concerns about the fact that it would add $1.5 trillion to our national debt.

We know from experience that as soon as the ink is dry on this bill, Republicans will cite the rising national debt caused by this bill as a reason to cut key programs that millions of Americans use every day—things like Social Security, Medicare, Medicaid, job training, education, infrastructure, and affordable housing. In fact, under their budget resolution that Republicans adopted just 2 months ago, they laid out their plans for these reductions, which would include over $1 trillion in Medicaid cuts and $470 billion in Medicare cuts.

This bill would also trigger automatic cuts to some key programs. So in exchange for the bill's minimum tax cuts for some working families, starting in 2018, there would be an automatic 4-percent reduction in Medicare payments and a zeroing out of other key accounts—a zeroing out of the Crime Victims Fund, farm price support programs, and the social services block grant that provides funds to Meals on Wheels, youth counseling, and other important services for vulnerable people.

There are many better uses for $1.5 trillion. President Trump said he wanted to work with Congress on a $1 trillion infrastructure package to rebuild our roads, our airports, our ports, and to build broadband across America. I have said I would like to work with the President and my Republican colleagues on a comprehensive bill, but this bill would make it impossible to enact a $1 trillion infrastructure package the President promised and which we have really heard nothing about.

There are too many other flaws with the Republican bill to highlight them all now, but I would like to raise one that is particularly important to Minnesotans. The bill before us today would eliminate the State and local tax deduction. It is an important deduction because when people deduct the taxes they pay to their State and local governments, first of all, it prevents the double taxation of their income, and it enables our local communities to make investments in public safety and education, childcare, and infrastructure. According to the Tax Policy Center, 34 percent of Minnesotans claim the State and local tax deduction, with an average deduction of almost $13,000. Eliminating this deduction means a significant tax increase for those families and would make it harder for local communities in Minnesota to raise the revenue necessary to make vital investments.

I have heard outrage over the Republican approach to tax reform from a very wide range of my constituents. I have heard from Minnesota farmers about how it would undermine agricultural cooperatives, which are really important to Minnesota. I have heard from Minnesota students who are concerned it will force them out of graduate school. I have heard from Minnesota homebuilders and developers who say it would cut affordable housing construction in half. I have heard from Realtors who say the bill could crater the real estate market. I have heard from many ordinary Americans who say the bill is simply unfair.

Americans deserve a fairer, simpler Tax Code, not the debt-funded giveaway to the wealthy that Republicans are trying to force through the Senate today. That is why I oppose this bill, and I urge my colleagues to oppose it as well.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. SCOTT. Mr. President, we have heard a lot about this bill over the last several hours and, frankly, several weeks, and we have had a lot of conversations over the last several months, but, today, December 1, 2017, at 4:24 p.m.—and I hope we remember this because I have finally heard the definition of ''fearmongering.''

Someone once said that fear is an acronym for false evidence appearing real. What we have heard today is that because of the passage of this bill, the Crime Victims Fund will be zeroed out. We heard the social services block grants will go away. We heard there will be cuts to Medicaid. I want all the folks in this Chamber to remember the time so that if they ever have to go back and find it, they will know it was December 1 at 4:24 p.m. when it was said.

So here is my thought: A few months into 2018, when your takehome pay has increased because the government is taking less of your hard-earned money—punishing you less and rewarding your success more—just remember to check and see if there is any money in the Crime Victims Fund; I would suggest they check and see if there are any dollars in the social services block grant; and I hope they will check and see if there has been a cut to Medicaid because if you cannot find those cuts, there is one reason: They do not exist.

I look forward to hopefully passing this bill today. I hope we do. I look forward to the American people taking the time to remember the exact time, the exact date that this was said, and then do the research necessary to draw their own conclusion. The first conclusion that will be easy to come to is that when you look at your pay stub and you see there is more money in it in 2018 than there was in 2017, just remember how it got there. It is not because of what we do, because there are some folks on this side of the Potomac who believe we actually have Federal dollars. There are no Federal dollars. Every penny we spend in Washington comes from a taxpayer somewhere. There are no Federal dollars; there are simply taxpayer dollars arriving in Washington to be used in some way.

I am only suggesting that the average American can spend their money in the way best for their family significantly better than we can.

So I hope the good people of this country who are paying attention to this very important debate will be able to remember 4:24 p.m. so they can review the tape, review the video, the DVR—or whatever you call it nowadays—and see for themselves what was said or go someplace online and figure out, at the end of 2018, the middle of 2018, the beginning of 2018, has something actually changed other than that you have more money in your paycheck?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant legislative clerk proceeded to call the roll.

Mr. PORTMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PORTMAN. Mr. President, I ask unanimous consent that there now be 30 minutes equally divided for debate only, with no amendments or motions in order and with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Oregon.

Mr. WYDEN. Mr. President, I have just seen an air-dropped list of provisions—there seem to be upwards of 30—and it sure looks as if the lobbyists have been working overtime. They must have earned a holiday gift with this new bonanza of goodies.

We still await a bill that we are going to read, although I saw something that might actually be a bill. So we are going to use this time so colleagues can get into some of these questions about this array of treats that the lobbyists seem to have figured out how, in the last few hours—perhaps overnight—to carve out for their benefit.

To start our discussion for our 15 minutes, I believe my friend and colleague Senator MERKLEY is going to start.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. Mr. President, I thank my senior colleague from Oregon for his leadership in this debate on these important tax provisions. There is so much at stake here for the future of our society as we have been debating what we see as one provision after another that is designed to make the richest Americans richer while increasing the taxes on some 87 million middle-class Americans. Then, we get this nice, little list. Republicans have given the lobbyists a list of 30 special interest provisions, circulated it, and said: This is what we are going to put in our managers' amendment for all of you.

My colleague from South Carolina was speaking a moment ago about one that hasn't even been filed—life insurance provisions. What is that? Maybe my colleague would like to come to the floor and explain it and explain why this is being circulated to lobbyists, to the swamp, instead of to the Members of the U.S. Senate. Thirty of these provisions—who knows what all is in this. Isn't there any form of transparency or integrity left in this Chamber in terms of legislative debate? Have the American people had a chance to see this list? It is online now. The few who might be listening in might be able to see these titles, but this is not the way to do business in the U.S. Senate. This is not the way to do the people's business. This is the way to do the swamp's business.

What happened to clearing the swamp? What happened to that? How is it that the richest Americans are making out like bandits rather than the middle class doing well under this bill? Why is that? Why are there billions of dollars going to the richest Americans by eliminating the alternative minimum tax? Why are there hundreds of billions of dollars going in other provisions, including changing the upper limit tax brackets, including the passthroughs for affluent, highly successful LLCs? How about that?

What is this list, and why haven't the American people seen all of the details about it? This type of chicanery is inappropriate. Take and give the list to the Members of the Senate, not to K Street. This close partnership between the Republican majority and K Street, filling them in, doing those special favors, and not even filling in the body here so we can have a conversation about each of these items, this is absolutely a horrific way to do business. This is the way the powerful and the privilege want business to be done. My Republican colleagues are working with them hand in hand instead of working for and by the American people.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, this is a big day because we are about to provide tax relief to millions of people in Ohio and around the country—middle-class tax cuts, doubling the standard deduction, doubling the child tax credit, lower rates for people in every bracket. In my home State of Ohio, we have the opportunity to see people who are making $50,000 a year, with two kids, see a 26-percent tax cut. That is important.

My colleague just talked about his concern about some of the provisions that are before us. I will say, these have all been filed. That doesn't always happen around here, and it should. These have all been filed, and people can go on rpc.senate.gov. These were made public. Nothing is on this list that hasn't been filed publicly.

Just looking at it, the biggest one that my colleague talked about as being something to help rich people is the deduction for property taxes. It is capped at $10,000. There is a deduction for allowing people to deduct their property taxes, which is incredibly important for middle-class families around the country. Some people on the other side want to go much further and provide much larger deductions and make those for State and local taxes.

By the way, their proposal would go primarily to upper income people, the proposal they have. That benefit goes primarily to those who are making higher incomes. How is it paid? It is a $10,000 deduction for property tax. It is paid for by exactly the provision my colleague from Oregon just complained about because he said he wanted to be sure people had to pay an alternative minimum tax, and that alternative minimum tax is being used to pay for this middle-class tax cut we are talking about. Anyway, that is the biggest item by far.

The second biggest item is for the passthrough companies. These are the smaller businesses in America, and it is to try to have some more parity between the passthrough companies and the so-called C corporations. Again, that is something that is really important to small businesses in my home State of Ohio and around the country.

I encourage him to take a look. All of these have been filed. He can look at them now or he can go online, as any citizen can, and take a look at these things. I would say that at the end of the day, I know we had a difference of opinion on whether there should be tax cuts, but we think tax relief is appropriate right now. We think the middle-class families who have not seen an increase in their wages, not just for the last few years but the last couple of decades, need a little help. Their expenses have not gone down. They have gone up. Wages have been flat. That middle-class squeeze is addressed through these tax cuts—on average, about $2,375 for an Ohio median-income family. That is important.

People who are working paycheck to paycheck will find this to be incredibly important. Maybe they can put a little more money aside for retirement. Maybe it can help with their healthcare costs, which have gone up dramatically as wages have been flat. Maybe they can help people be able to buy a car or to make a car payment if they already have a car. These are real tax cuts. They are going to help middle-class families. Again, I hope my colleagues will look at some of these changes, like the $10,000 deduction for property taxes paid for with the alternative minimum tax changes and help us be able to make this legislation even more generous for folks in the middle class, as they say they are for.

With that, I would like to ask my colleague from South Carolina, who has been very involved in the child tax credit, ensuring we have a reduction of the brackets, if he would have a few comments on those.

Mr. SCOTT. Mr. President, I thank my good friend from Ohio.

I say to Senator PORTMAN, may I see that list? I have been on the floor and, unfortunately, I have not been able to get a copy of the list. Obviously, you have been able to have your staff get it or go online and get a copy of this list. I think my good friend from Oregon said they needed their good friends who are lobbyists to supply them with a list.

I am not sure what the other side is missing. They had control of the House, the Senate, and the White House for a couple of years, and they increased spending without doing anything about revenues, other than trying to have a tax increase a few years ago, $630 billion of tax increases, and somehow they have missed the correlation between higher taxes and lower revenues. We have gotten it right that oftentimes lower taxes actually increase revenue, which has been proven from the twenties, sixties and eighties.

It is good news that my friends on the left are finally thinking about the national debt. We had a couple hundred years of life in America that produced about $10 trillion of national debt. Eight years after Democratic leadership, we have a national debt of $20 trillion. I find it a tad disingenuous that my friends on the left are going to counsel us about debt when, in fact, their record is so clearly obvious. When it comes to the benefits this bill has for those folks who are working paycheck to paycheck, as the country saw its debt double in the last 8 years, what they did not see double were their wages. As a matter of fact, their wages were stagnant. Why? Because when you take money out of the private sector economy and place it into the hands of the government, you do not grow the private sector economy. It is a simple formula.

While wages were flat, the economy grew at an anemic 1.9 percent, even though they doubled the national debt from $10 trillion to $20 trillion. It is fascinating that my friends on the left, looking for ways to create lobbyist loopholes, are on this floor lecturing anybody about debt. We, on the other hand, aren't thinking about lobbyists or our friends on the left. We are thinking about the American people, the hard-working group of individuals who find themselves too often at the end of too many weeks with too little left in their pockets.

We are not asking the American people to just believe us. What we are saying with great clarity is, starting in paychecks in 2018, because of our tax cuts targeted toward the typical American family, you will see in your paycheck more of your hard-earned money. This is how we say there is proof in the pudding. It is simply to take a look and see how much of that money is left.

To my good friend from Ohio, my friends on the other side of the aisle are starting to overcook my grits just a little bit. I don't mind having a vigorous debate on facts, but to sell fear—as I said a few minutes ago, fear being false evidence appearing real is just turning the heat up on my grits. I have to tell you, this leads to an unhealthy outcome for the American people because at the end of the day, the goal is not for us to be right and for them to be wrong. I don't think their goal is for them to be right and for us to be wrong. It is kind of simple. The goal is, and always should be, for the people we represent to be better off because of our decisions in Washington. I can tell you, passing this tax reform bill will leave the typical American family with 60 percent—60 percent—of a tax cut.

I yield back.

Mr. PORTMAN. I thank my colleague.

I yield back.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, my friend from South Carolina said the proof is in the pudding. I would suggest the proof is in your paycheck. That is what I suggest.

We had a chance yesterday with my amendment to absolutely guarantee that my friends on the other side of the aisle believe what they are saying; that people are going to get a minimum of $4,000 in increased wages. I offered an amendment to simply say that in a couple years from now—2 years from now, 2020, we can make it 2021 or 2025, just pick a day when folks are going to get $4,000 in their wages, and we will put that in an amendment and pass it.

The truth is, there is no guarantee in this bill. If my friends on the other side of the aisle believed that there would be $4,000 more in wages in middle-class families' pockets with this supply-side trickle-down economics tax cut, they would have voted for my amendment yesterday, which simply says that if there is a $4,000 increase in wages, the tax cut continues. If it doesn't, if they don't have $4,000 more in people's pockets, then the tax giveaway stops because all it means is it is adding to the national debt.

I am all for anything that puts money in people's pockets. I have sponsored and voted for tax cuts for small businesses, manufacturers, farmers, and families over the years in public service and here in the Senate, and I want to do that; close tax loopholes that are taking jobs overseas, not increase new ones, which, by the way, this bill does, a new $4 billion tax loophole for oil companies—not closing tax loopholes. If folks really believe this, if they really believe the numbers, let's lock it down. The proof is in your paycheck. That is what families in Michigan are saying. They want to know it is in their paycheck. They want to know it is a guarantee. You know what, they are very skeptical. Because the truth is, in the past, supply-side economics/trickle-down economics has not worked. You say that it is going to trickle down. People in Michigan are still waiting. They are still waiting to catch it. It is not trickling down. We do have examples. What are the facts?

With the tax cut in 1986, 10 years after that, the wages of working people in this country were flat. They did not go up. That is a fact.

With President Bill Clinton in his effort to balance the budget in 1997, I was pleased. I had only been in the House for 6 months and went in and had the opportunity to balance the budget, which we did for the first time in 30 years.

What happened during that process? Actually, taxes on wealthy people were raised a little bit to give a middle-class tax cut and invest in education, which I know our distinguished Presiding Officer cares deeply about, and innovation. What happened? There were 22 million jobs that were created.

Then we went into 2001, 2002 with President George W. Bush, and there was a big tax cut in 2001, a supply-side/trickle-down tax cut. We were told that it was going to put money in people's pockets. It didn't. It created debt. In 2003, we had another supply-side tax cut that was going to put money in people's pockets. It didn't. It created a huge debt. We had wars that weren't paid for. Then it went into the biggest recession that we have seen outside of the Great Depression with the financial crisis, and 8 million people lost their jobs. People lost the equity in their homes and their pension values. It was terrible.

President Obama came in in 2009 and had to try to begin to dig out of the hole. That is a fact. He began to dig out of that hole and put things back together for folks. It was a big hole, and a lot of families are still feeling that hole. I know that is true in Michigan.

So part of me may feel a little skeptical when I am hearing: Have I got a deal for you. Let's try supply-side economics one more time, and this time it really is going to create jobs and really is going to put money in your pockets.

There is no proof of that. There is no proof that this grows the economy to be able to cover the costs of the tax giveaways whether you look at supply-side economics, whether you look at new dynamic scoring—the new ways of scoring on things—to make it look better. That didn't even show up. What I would say is that the proof is in your paychecks, for the people who are watching.

There is a lot going back and forth, and it is very confusing because we hear one thing from one side, and we hear the exact opposite from the other. I understand how confusing this is, but I would just ask this:

Why weren't my friends willing to support my amendment that would say that if folks really get the $4,000 minimum amount being promised in increased wages, then this goes on, and if they don't, then the tax giveaway stops? Why didn't they support that?

Mr. WYDEN. Will the Senator yield?

Ms. STABENOW. Yes.

Mr. WYDEN. I think my colleague—my seatmate—is making a very important point. Of course, people always wonder, well, is this kind of a Democratic position or a Republican position? I want to make it clear that I believe that Tom Barthold, the head of the Joint Committee on Taxation, which is our independent tax umpire, essentially agreed with you. In committee, I believe we asked him whether he thought this huge reduction in the corporate tax rate would translate into $4,000 in the pockets of working families in Michigan and Oregon. Is that my colleague's understanding?

Ms. STABENOW. Absolutely. We asked that question, as you know, and he indicated that that was not the case. I continue to hear it over and over again. We have heard it from the President of the United States and the Secretary of the Treasury. We have heard it from folks on the floor. Just today, we have seen it in charts on the floor. That is great. If that could really happen, I would support that. It has never happened, and my colleagues will not support guaranteeing that it will happen.

This is about putting up or shutting up, in my opinion. That is what we would say in Michigan. It is about whether we are going to guarantee folks that this time around, it is not just a sales job, that it is actually going to end up in their pockets.

I see my friend and colleague from Pennsylvania, who offered this amendment in committee. I was pleased to join him in committee, and he knows, in Pennsylvania, like I do, that we have gone through some rough and tumble times, and we still have folks who are working too hard at not just one job but two jobs, trying to hold it together, having not seen the pay raises they deserve and have worked for. They want to know that this time around is not going to be voodoo economics and that it is actually going to increase their paychecks.

Mr. WYDEN. Will my colleague yield for a question?

Ms. STABENOW. Yes.

Mr. WYDEN. My understanding is that you and Senator CASEY in particular have been out here—and we are so glad to have our colleague from Connecticut—wondering when in the world we would actually get to see this legislation.

Ms. STABENOW. Right.

Mr. WYDEN. This pile of papers, for all practical purposes, is what we have been waiting for for days.

Ms. STABENOW. I hope you are a speed reader.

Mr. WYDEN. I am going to try to do some, but as far as I can tell, it sure looks like a lobbyist's wish list. There are going to be a lot of folks happy on K Street as they try to shop for the holidays because of the fees they have put together in working to get these changes into the Republican proposal.

I appreciate my colleague for giving me the opportunity to make sure that the public knows now that, at this late hour, we are finally getting, after days, the opportunity to see the bill that is actually the bill.

Ms. STABENOW. Before turning this to my friend and colleague from Pennsylvania, I do want to mention just one thing that I understand is in there. There may be things that I am supportive of in there. We don't know. We are trying to figure it out.

One thing that I don't understand, with all of the talk about supporting workers and middle-class workers, is that there is a provision in the bill that reads ''prohibit cash or gift cards as employee achievement awards.'' So if somebody works very hard and is getting some kind of achievement award, does that mean he would not be allowed to get a bonus? I mean, I don't know why in the world we would be going after people's employee achievement awards. That doesn't sound like help for the middle class to me.

I now yield to my friend from Pennsylvania and thank him for his leadership.

The PRESIDING OFFICER (Mr. ALEXANDER). The Senator from Pennsylvania.

Mr. CASEY. Mr. President, I thank my colleague from Michigan for focusing on the issue of wages because that was the promise—right?—that if you give corporations a tax cut of more than $1.3 trillion—with a ''t''—all of a sudden, you are going to see wages go up, and workers are going to do a lot better. We know that hasn't happened in recent history. We will see if the Republican argument is correct.

I want to put a few facts on the record in light of the debate this afternoon. Many people in both parties have been referring to the documents of the Joint Committee on Taxation, the JCT. I am looking at one of the documents right now to go through some data. This is dated November 27. It is D–17–54 for the Joint Committee on Taxation. Here is some basic data.

The Joint Committee on Taxation, which is, of course, Congress's official scorekeeper, finds that in 2019—right away, early in the implementation of the bill, if this bill is to pass and if the version we just received is to pass—the Senate plan increases taxes on nearly 13 million families earning under $200,000 a year. That is what the document tells us.

That is the under-$200,000 category and 13 million families just in 2019. If you break it down further in terms of folks making between, say, $50,000 and $75,000 and then $75,000 and $100,000, almost 20 percent of Americans earning between $50,000 and $75,000 a year will see a tax increase or a tax cut of less than $100. That works out to be about $9 a month. Those individuals will have that tax consequence in 2019. So between $50,000 and $75,000 will see either a tax increase or a tax cut of $100 or less.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CASEY. Then you take the category of $75,000 to $100,000, and almost 17 percent of Americans in that income category will see a tax cut of less than $9 a month.

In the grand total between $50,000 and $100,000, 7.7 million Americans will either see a tax increase or a tax cut of $100 or less. I don't call that tax cuts for the middle class.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, I wish I could convince my friend from Michigan—and she is my friend—about the $4,000 per family that would come from the pro-growth policies here, many of which she supports. She wants her businesses to be competitive, and they are not now. It is an outrage that our companies have to use a tax code that puts the workers in those companies in a disadvantageous position every day. It is not just about inversions, and it is not just about companies getting taken over.

By the way, last year, three times as many American companies were taken over by foreign companies as the other way around. Over the last 13 years, 4,700 companies became foreign companies that would today be U.S. companies if this tax bill had been in place. I mean, it is happening. They are taking their jobs and investments with them when they go overseas.

We have to fix that problem. It has been bipartisan. There has never been a partisan issue about that. That is where a lot of that $4,000 comes from. It comes from the fact that you are going to have more investment and therefore higher productivity, and workers are going to have a chance to see higher wages.

The Congressional Budget Office did a study in which they showed that 70 percent of the benefit of lowering the business rate goes to workers in terms of higher wages and higher benefits. Others say it is less than that. Others say it is more than that. Kevin Hassett, who is the Chairman of the Council of Economic Advisers, says that it is more than that. But that is where the $4,000 comes from. I hope it is a lot more than that, but it is on top of the middle-class tax cuts that are very direct.

In other words, that is not just saying that we are going to have a better economy, which I believe we will—and I strongly believe we can improve a broken tax code, as I think everybody does, to make it better for American workers—but beyond that, you have the immediate tax relief, and that is what we have been talking about.

This is the doubling of the standard deduction, the doubling of the child tax credit, the lowering of the tax rates.

My friend from Pennsylvania just talked about the fact that 20 percent of the people between $50,000 and $75,000—I am not sure where his data was coming from, but let's take it as true—have a small tax cut or a tax increase, and 17 percent between $75,000 and $100,000 are in that category. That means 80 percent of the people in that category have a big tax cut, in the one category, and 83 percent in the other category have a big tax cut. So, yes, a small tax cut—I don't know how many have a small tax cut and how many have a tax increase, but the vast majority of middle-class families, according to what my colleague from Pennsylvania just said, are going to get a big tax cut. I don't know what is wrong with that. That is $2,375, on average, for a median-income family in Ohio.

By the way, economists say that it not only creates the opportunity for people to have a little better family budget through the direct tax cuts but also, of course, more jobs.

Here is something interesting. Over the past couple of days, a letter came in from 137 economists—many of them nationally known—who support this legislation. This is what they say: Economic growth will accelerate if this legislation passes, leading to more jobs, higher wages, and a better standard of living for the American people. They say that there will be significantly more resources coming into the Federal Government because of this, because of the growth. They think that there will be $1 trillion more revenue coming in because of this, because of the growth. They also think that there will be additional jobs—the Tax Foundation says 1 million new jobs.

So, yes, I do believe it will be $4,000 per family, but on top of that, I believe that they are going to have a very direct benefit. I know they will because the statistics are there—my colleague from Pennsylvania just acknowledged it—that the vast majority of middle-class families are going to see a substantial tax cut.

Let me give you a number. For a family with two kids, making $50,000 a year, it is a 36-percent tax cut, on average. That matters. That helps people who are trying to make ends meet. It is real both in terms of the direct tax cuts and in terms of the economic growth and the higher wages that are going to come with that, and that is so important to all of the families we represent.

We have had a good discussion here. I see that my colleague from Connecticut is here and would like to speak, and others, I am sure, are going to want to speak.

I would ask my colleague from Oregon if he would be willing to have another unanimous consent that there be additional time equally divided.

Mr. WYDEN. I think 30 minutes is what we have been talking about and that it is appropriate.

Mr. PORTMAN. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order and with the majority leader or his designee being recognized at the conclusion of that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PORTMAN. I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. MURPHY. Thank you very much, Mr. President.

I was paying attention to my social media feed, and I have seen that Senators on the Republican side are starting to announce which way they are voting. I saw that CORKER is a no and COLLINS is a yes. I don't know what they are a no or a yes on. How can you declare which way you are going to vote on a bill that you haven't read, on a bill that your constituents haven't seen?

Senator WYDEN just piled up what looked to be about 6 inches' worth of text in front of the Senate floor. There is no possible way that any Member of this body has read all of that. There is no way that in the time between when it is released to Senators and when we vote, anyone—even from the very close States—is going to be able to get back to their constituents and ask them what they think about this piece of legislation. I guess I would say I have never seen anything like it, but we just went through it earlier this year when we were given about an hour to look at a complete reform of one-sixth of the American economy, the healthcare system.

We are now being asked to vote this evening on a multitrillion-dollar reform of our Tax Code, and not a single U.S. Senator will have read it. There is no way you will have read it. I just saw how big it is. Maybe Republicans have read it because they have seen it in these secret negotiations, but I can guarantee you that Senate Democrats will not have read this because we have been kept out of the loop on all of these negotiations designed to get to 50 votes—not to 60 votes, not to 70 votes, not a consensus product that can get Republican and Democratic support.

I got here in 2007 when Democrats took control of the House and the Senate. I remember during those 2 years all sorts of consternation from Republicans about how bills were being rushed through the process. In reaction to that, when Republicans took back control of the House, they instituted something called a 72-hour rule that said that we couldn't vote on a piece of legislation unless Members have been able to see it for 72 hours. We need a 72-minute rule. I don't think we are going to be able to look at this legislation for more than 72 minutes—a multitrillion-dollar reform of the U.S. Tax Code—before we are asked to vote on it.

Senator WYDEN and others have been waving around this list of lobbyist asked-for amendments that fill up an entire page. We are not going to get 72 minutes to look at this, never mind have a single conversation with our constituents. It is dark out. The bill is going to be introduced on a Friday night. We are going to vote on it overnight. This is supposed to be the world's greatest deliberative body. It is not supposed to work like this.

It is not a middle-class tax cut. I am not going to deny that there are some people in the middle class who are going to get their taxes lowered by this bill, but the middle-class tax cuts here are temporary and they are very selective. They are selective in a way that very peculiarly seems to discriminate against Democratic States. So the States that are represented by Democrats don't get as big a tax cut out of this because it has been crafted in a way that hurts States like mine that utilize the State and local tax deductions more than other States, those that happen to be represented by Republicans.

It is not a middle-class tax cut because the middle-class tax cuts are temporary. They go away after 7 years. The corporate tax cuts, the inheritance tax cuts for billionaires, are permanent. Those go through the full 10-year timeframe. But middle-class families don't get permanence. After 7 years, 6 out of 10 middle-class families will have their taxes go up, not down.

That 7-year timeframe is an important one because by repealing the individual mandate, premiums go up by 10 percent a year. Republicans have been screaming about premiums going up, and they decided intentionally to put a provision in this bill that will guarantee premiums will continue to go up at 10 percent per year. Guess what happens at year 7. Year 7 is when that 10 percent increase year-by-year compounds such that premiums will double. So in year 7—this is a great deal if you are a middle-class taxpayer—your tax cut to the extent it exists in this bill disappears and your healthcare premium is doubled.

What it is, is a big tax cut for the wealthy. I am stealing Senator BENNET's chart, but he did it very well. We have 572,000 taxpayers—the richest 500,000 Americans—getting $34 billion in tax cuts, and then we have 90 million taxpayers who are making under $50,000 a year getting $14 billion in tax cuts.

I get it. If you are going to structure a tax cut that covers everybody, naturally people who make more are going to get more. But why does it make sense to borrow $34 billion to help the wealthiest 500,000 Americans? This doesn't even count the inheritance tax, which is going to help an even smaller percentage of those people even more.

Come on, this idea that you could deficit-finance a tax cut for the rich and it will just trickle down and magically result in economic growth—that is just not true. It is fiction. We have decades of economic experience to tell us that when we cut taxes for the rich, it does not magically result in enough economic growth to make up for the deficit, especially deficits that are going to be in the neighborhood of $2 trillion. You might as well claim that unicorns are real. You want to believe that Tupac is still alive, go for it—that is just as plausible as deficit-financed tax cuts for the rich resulting in enough economic growth to wipe out the deficit. It is fiction. It is a fantasy from the beginning.

I think we should take our time, read the bill, and have a real conversation about what we are about to do. If our goal is to provide a middle-class tax cut, we could do a much better job if we worked together. This is not a middle-class tax cut for everybody, and after 7 years, the majority of people in the middle class lose that tax cut.

There is no reason to borrow this much money for the richest 500,000 Americans. As a Senator with two young kids, I just don't know why you would ask my kids and so many others to pay back the loans necessary to deliver this tax cut, especially when it isn't going to magically result in the kind of economic growth that trickle-down economists have claimed for years and years.

It is not impossible to get a bipartisan tax bill. I know my Republican friends claim, as they did on healthcare, that there is no good will on the Democratic side to try to craft a bipartisan proposal. The tragedy is that they didn't even try. There was no attempt to try to find common ground here, just as there was no attempt to try to find common ground on healthcare until the bill failed. I credit Senator ALEXANDER and Senator MURRAY for trying to find that common ground after the healthcare bill failed, but the order switched—try to find common ground first, and if that fails, do it in a partisan fashion, instead of doing it in a partisan fashion, and when that fails, trying to find common ground.

This is a really bad deal, a really bad piece of legislation for my constituents—I think, because I will not have read it by the time I am forced to vote on it, and neither will any of the other 99 Members of this body.

I will yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, will my colleague yield for a question before he yields?

Mr. MURPHY. I will.

Mr. WYDEN. I am just curious. I am heading home for townhall meetings in Oregon over the weekend. I am the ranking Democrat on the committee, the storied committee, as my colleagues know, that works in a bipartisan way.

Bill Bradley tells this story about how he flew all over the country to meet with Republicans to talk about how you could find common ground to deal with tax reform. At this time, we haven't been able to get the majority to even walk down the corridor in an effort to try to get a bipartisan bill. As I told my colleagues, I have written two of them.

My question to my friend is, when you have your community meeting, how do you think people in Connecticut are going to react to the idea that we had maybe an hour or so to try to make our way through a bill that is actually the biggest tax bill in 31 years? I know my colleague tries very hard to be straightforward with his constituents, and he will tell them: I got it with insufficient time to get into it. How will they react to that?

Mr. MURPHY. I say to Senator WYDEN, I don't want to be too heavy about this, but everybody shouldn't assume that the way in which we run our country just continues on forever. Democracy is unnatural. We don't run other parts of our lives by democratic vote. We decided to run our country in a way that allows everybody to participate. And, you know, let's be honest—people have been asking some questions recently about the health of our democracy, and maybe that was a big part of the subtext of the 2016 election.

This doesn't help win people's faith back in the democratic experiment when they see this casualness afforded to a debate that affects millions of Americans. It hurts us all when a bill this big, this important, gets rammed through under the cover of night. It starts to atrophy people's faith in the entire way that we go about running our government.

I understand that Congress is not that popular. It would be hard to get less popular than we are today. If we ever want to start to climb our way back to legitimacy, then we have to trust the people to be part of the process of drafting and passing legislation rather than being afraid of the people and burying a bill in the dead of the night, as is happening now.

I yield back.

The PRESIDING OFFICER. Who yields time?

The Senator from Maryland.

Mr. CARDIN. Mr. President, I understand we now have a new bill. I am looking at Senator WYDEN hold up that new bill. I got a sheet that looked as if it came from K Street that gave us a list of changes that will be included in the managers' package. I looked at the list, and somewhere around 50 or 60 new provisions were on that list. Many of those were not bills that had been filed, so we had no idea what was going to be included in it.

None of those issues—in fact, nothing in this bill has been subject to an open hearing in the Finance Committee. Now we are going to be asked, I understand, maybe later tonight to vote on those changes. Quite frankly, I don't know what those changes are, and I am not going to have an opportunity to go over those with my constituents. That is wrong. That is not the process we use to change the Tax Code of this country, a major tax reform bill. That is an outrageous process, to say that we are going to vote on a new bill without an opportunity to understand it, without any hearings, without an opportunity for constituents to give their views on it, and I must state that I find that very offensive.

I want to talk about one provision in particular, and I hope we will have a chance to do something about it during the amendment process. As I understand it, the revised provisions in regard to State and local tax deduction still restrict what taxpayers can deduct on their Federal tax returns in regard to State and local taxes that they pay. I admit, this could have been modified, but what I understand is that the modification is that taxpayers will be able to deduct up to $10,000 of property taxes but will not be able to deduct any of their State taxes, whether they are income taxes or sales taxes, in regard to the Federal taxes.

In my State, we have county income taxes that will not be deductible, if I understand correctly, under the proposal we will be voting on. If that is, in fact, correct, that is absolutely wrong, and I want to tell you why. Many of us spent years in the State legislature. Our distinguished Presiding Officer was Governor of his State. We respect State and local governments. It is the same taxpayers that pay the taxes to the counties, to the State, and to the Federal Government.

We believe in federalism. Our Nation was founded on federalism. I was proud of my record as speaker of the Maryland House of Delegates and of working on a federalism task force set up by President Reagan to look at the proper way to respect the rights of the States and local governments. Now we are saying we are not going to respect their ability to finance their operations. I say that because we are going to tax the tax. We are not going to respect that the same taxpayer is paying the State of Maryland's taxes or the State of Tennessee's taxes. That is wrong. That is an affront, I believe, to the Constitution of this country, but it has an impact.

It is going to be much, much more difficult for our States to be able to raise the revenues they need to support our schools and for public safety and health. All those services are going to be much more difficult for our States to be able to finance because of this change that is included in the Senate bill. It is going to be more difficult for local governments. The cap on property taxes is real and will affect local government's ability to raise property taxes. But in Maryland and other

States, our local governments have other sources, including income taxes, that no longer are going to be deductible.

That is going to affect my State's ability to adequately fund public services. Whether it is education, whether it is transportation, whether it is healthcare, all of that is going to be negatively impacted and it is wrong.

I will give you a number, because I know the number in Maryland. Almost 50 percent of Maryland taxpayers deduct State and local taxes as an itemized deduction. They are going to be disadvantaged by the provision that is included in the Senate bill, and it is wrong. It also has unintended consequences, but it is going to have other consequences.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CARDIN. Mr. President, later I will come back and speak on some of these other issues, but I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, again, we have had some interesting dialogue back and forth. Earlier, my colleague from Connecticut was talking about how this isn't real middle-class tax relief, and then he lamented the fact that because of the arcane budget rules we have around here, after 10 years, all these great tax cuts expire. So you kind of have it both ways there, and I don't think you can do that, which is that there aren't real tax cuts but then, when they expire, it is the greatest shame because they are great tax cuts.

Here is the reality. There are significant tax cuts here for the middle class. This legislation doubles the standard deduction. Probably about two-thirds of the people I am talking to tonight already take the standard deduction. Now we will have about 95 percent of people who will take it, and everyone who takes it will be able to, instead of getting $12,000 a family, get $24,000 a family, greatly expanding that. By the way, there is a zero tax bracket, meaning people who don't have any income tax liability. That means a lot to people I represent who are living paycheck to paycheck, having a tough time making ends meet.

Also, as a result of this, and the other tax relief, about 3 million Americans who now pay income tax are going to fall off the tax rolls. They are no longer going to have income tax liability. That is really meaningful to people. It also doubles the child tax credit. We talked a little bit about that today. It also increases the refundability a little. But importantly, it helps to ensure that families have the ability to help make ends meet when they are trying to raise kids—the most important thing you can do—and it lowers tax rates. That combination means that you have the kind of tax relief we are talking about.

So a family who makes $50,000 a year and has two kids gets a 36-percent tax cut. A family who makes $85,000 a year and has two kids gets a 20-percent tax cut. If you make $165,000 a year and have two kids, you get an 8-percent tax cut. So the benefit is focused more on those who are at the lower end of the economic scale, and I think that is appropriate.

So it is middle-class tax relief, but here is how it works. As to the share of Federal taxes paid in 2019, which is a year after this is implemented—it starts right away, by the way, so middle-class families are going to get that relief right away—the current is in the red, and then our proposal is in the blue.

So if you make zero to $20,000, it is very unlikely that you have income tax liability, but some families do and the average is 0.1 percent. If you make $20,000 to $50,000 a year, your share of the Federal taxes goes down in our bill from 4.3 percent to 4.1 percent. If you make $50,000 to $100,000 a year, your share of the Federal taxes goes from 16.9 percent to 16.7 percent. If you make $100,000 or above, your share goes not down but up, from 78.7 percent to 78.9 percent. The top percent of wage earners in this country, the top 10 percent, pay approximately 70 percent of the income taxes right now. After our bill is passed and implemented, they will pay more than 70 percent. So it is a progressive tax cut in the sense that the benefit is focused more on middle-class families who really need the help. That is what the legislation does.

Then, in addition to that, in responding to my colleagues who were talking whether there is any economic growth that comes from this, yes, there is a lot of economic growth because the current code is so bad. It is broken. My colleague from Oregon, who is the ranking member, agrees with that. He has a different solution as to how you get there, but he has been a leader on tax reform for that very reason. The current code is actually putting our workers at a disadvantage, making our families have to go through a great complicated process even to file their taxes. More than half of taxpayers now have to use a tax preparer. That is terrible.

So this legislation does also provide economic growth by taking that Tax Code, which has this perverse effect of actually telling U.S. companies that it is better that they have workers overseas and take their investment overseas or even become a foreign company—the 4,700 companies that are foreign companies today became foreign companies over the last 13 years because we didn't have this Tax Code in place. That is based on an Ernst & Young study. I encourage folks to take a look at it. It basically makes the point that because of a broken Tax Code, it is advantageous for U.S. companies to take their jobs and investment overseas. That makes no sense.

Foreign companies can pay a premium for U.S. companies because of our Tax Code. We have the highest business tax rate in the industrialized world, and we have an international system that encourages people to go overseas and keep their money overseas. That is crazy. This proposal changes all of that. It says: Let's get our rate down below the average of the other industrialized countries, and then let's have an international system that actually encourages them to bring the money back and create more jobs here.

In fact, Mr. President, I will say something else. I know you are interested in this. It also encourages foreign investment in this country, because if you are a foreign auto company—and you have a bunch in your State of Tennessee—and your decision is that am I going to invest in Japan, where they might be headquartered, or am I going to invest in China, where they might have a factory, or am I going to invest in Germany, where they might a factory, or am I going to invest in the United States of America and maybe in Tennessee, this bill will make it more advantageous for them to make their investment here and to create the jobs here because of the lower tax rate and because of the expensing when they go out to buy new equipment and technology to make their workers more productive.

So this is going to help American companies a lot to be able to compete globally. It levels the playing field, which is very important. It has been bipartisan up to now—very bipartisan. We had a working group on this, among five bipartisan working groups that were established 2 years ago, that studied this issue. We came up with the solution that you have to get the rate below the average and you have to go through the kind of system we are talking about. It was totally bipartisan. Democrats and Republicans alike agreed to it because it just makes so much sense for the American worker. They are the ones getting the short end of the stick right now. They are the ones who are told: You go out there and compete, but do it with one hand tied behind your back.

We need to give them the tools to be able to succeed, and that is what this legislation does. Yes, that is going to result in middle-class families getting benefits well beyond, in my view, the direct tax cuts we talked about earlier because it is going to enable them to be able to get the higher wages and the better jobs, and that is why some economists have said it is $4,000 a family. Some have said it is more. Many Democrats think it is less. But there will be a benefit to these families. Remember, these companies we are talking about, the C corporations, they employ more than half of the American private workforce. They are competing every day in these global marketplaces. We want them to win. We want our workers to win because we want them to be able to have those higher wages and better benefits.

We have spent 2 decades with relatively weak economic growth and, therefore, relatively flat wages. In fact, on an inflation-adjusted basis, if you look back over the last 15 years, there hasn't been any wage growth. There have been higher expenses, especially healthcare, and those healthcare costs and tuition costs for those who want to send their kids to school, or other costs—food and energy—have all gone up. Wages have been flat. That is a middle-class squeeze, and that is what this middle-class tax relief helps to address. Importantly, that is what this pro-growth part helps to address because you are going to see higher wages, and you are going to see better benefits if you give this kind of tax relief to the American worker because you are going to see more investment, you are going to see more productivity that comes from that, and you are going to see higher wages.

I believe that, but what I believe isn't as important as what others believe. So 137 economists, many of these are nationally known economists, have looked at the pro-growth parts of this legislation—the parts I am talking about that make us competitive again—and they have said that economic growth will accelerate if this legislation passes, leading to more jobs, higher wages, and a better standard of living for the American people. They say there will be a million new jobs in this country just because of this. I think that is really important, as important as the tax cuts are for the middle class—and they are important. Again, those tax cuts primarily go to folks who are in the middle class and that is appropriate. Equally important to me is to get this economy moving in a way that people can have the opportunity to get those higher wages and better benefits.

The Congressional Budget Office did a study. It showed that 70 percent of the benefit of getting that corporate tax rate down is going to go to workers in terms of salaries and benefits. Some say it is less than that. Some say it is more than that. Kevin Hassett, who is the chairman of the Council of Economic Advisers, says it is more than that. The point is that it is going to help these workers, and it is about time that we help them.

There has been a lot of discussion about the process here tonight, and I understand the frustration. As a Member of the Senate, sometimes I feel that frustration as well. But I will say that this legislation, H.R. 1, which is the vast majority of the papers that were held up a moment ago—this is the legislation that came out of committee; it is the vast majority of the pages—has been on this website called budget.senate.gov and has been public since Saturday, November 26. So it has been out there awhile for Members to look at.

Every single one of these amendments that are part of the manager's amendment that was talked about tonight has been publicly filed, and I think that is good. We required that Members have to file an amendment and make it public. People can go on rpc.senate.gov and see all of those amendments, and I think that is appropriate.

I would hope that, as we go through this process tonight and we talk about this legislation, we can express our differences, which we will, but that we can also stick to the facts, which is that this does provide middle-class tax cuts. Again, as to those who have said earlier that there are no real tax cuts, but then when it expires in 10 years say: Well, gosh, these big tax cuts are gone, you can't have it both ways. There are tax cuts. Maybe people think there should be different kinds of tax cuts, but they are there.

Second, there is the economic growth element of this, which to me is so important. We are not going to be able to have a growing economy and have opportunity and, frankly, be in a position as a country to be able to address some of our broader problems unless we have the growth and the optimism that comes with that, and that is why I think the economic growth parts of this are equally important. Again, that has been bipartisan in the past, and I hope it can be bipartisan in the future. I hope we will be able, as a Senate tonight, to pass this legislation and then continue to work on these issues, not just in terms of tax reform but making our economy and our workers more competitive because that, in the end, is going to be the ability to give people the chance for themselves and their kids and grandkids to have a better life.

I see my colleague from Pennsylvania is on the floor, and I know my colleague from Oregon may have another speaker.

I yield the floor at this time.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, I see my colleague from Oregon has some other speakers. I know he would like to speak, I am sure.

I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon.

Mr. WYDEN. Mr. President, I am going to yield to my colleagues in a minute.

I just think it is important to make sure that the public understands exactly what some of the facts are behind the Republican proposals.

My colleague from Ohio just talked about how the Republican proposal is going to create many more jobs in the United States and certainly isn't going to keep the system that makes it attractive to do business overseas. Yet my understanding is, all the previous versions—and we are going through the 500-plus pages now—are based on territorial taxation.

I don't imagine too many folks in coffee shops are up on what territorial taxation is, but it is an express lane for shipping jobs overseas. The fact is, a number of the proposals earlier from the other side have made it more attractive to do business overseas than in the United States.

Here are a couple of other points. My colleague said that 70 percent of the corporate tax reduction would go to the workers. That is not what Tom Barthold, the head of the Joint Committee on Taxation, said. He said specifically that he didn't see anything resembling that kind of benefit going directly to workers. He speaks a special language known as economics, but he has made it clear he didn't envision anything like that.

Two other points, and then I have a question for my colleague from Maryland.

We still do not have an analysis in two areas: No. 1, the cost of the bill, and No. 2, what is going to be the fate of middle-class families with respect to this new proposal? What is it going to mean for their taxes, and by what amounts?

If I can engage my colleague from Ohio on this—what can we be told at this point we are going to get, if anything, with respect to an analysis of this particular bill, the 500-plus pages? Will we be getting anything tonight before we vote?

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PORTMAN. Mr. President, first of all, I was referring specifically to a CBO report earlier, and the Senator talked about the Joint Committee on Taxation. We may have different views on that. It wasn't my belief I was expressing; it was me talking about the Congressional Budget Office's report. My understanding is that tonight the entire bill will be online, No. 1.

Second, the analysis is necessary to ensure that it fits into the reconciliation instructions.

Mr. WYDEN. What analysis would it be, for example, with respect to what the new bill—the bill we are actually going to vote on—means for middle-class families? We have millions of middle-class folks who are trying to sort out what this means for them.

We have just gotten a brand new bill. We would like to know what the new bill means with respect to the taxes paid by middle-class folks. Are they going to get ahead or, as we have seen in so many of the previous iterations, fall behind, particularly after 2027?

Will we get a new analysis on this new proposal that we will actually vote on with respect to what it means for middle-class families?

Mr. PORTMAN. Will the Senator yield?

Mr. WYDEN. Of course.

Mr. PORTMAN. Good news—you will be glad to hear those tax cuts continue. If your family is making $50,000, two kids, you will see a 36-percent tax cut. If you are making $165,000 a year, two kids, you will get less of a percent—an 8-percent tax cut. That is all included in the legislation.

The big change, as we talked about earlier—and I know you have it in front of you—is that there is now this deduction for property taxes. It is a $10,000 cap on that deduction. As you know, if you look at the entire SALT, which are the State and local taxes and property taxes, about 50 percent of that benefit goes to families making over $200,000 a year. In this one, the property taxes capped at $10,000 will be much more targeted to the middle class.

I think it is fair to say to my colleague from Oregon that he will see more middle-class tax relief from that, and that will be something that will help middle-class families.

There is no change in terms of those tax cuts because those brackets—the reduction of the tax rates, doubling of the standard deduction, the doubling of the child credit—are all in the legislation.

Mr. WYDEN. What I would say to my colleague is, we don't have any evidence of that. My colleague has certainly made laudatory claims about his bill, but we don't have any evidence of them. In fact, the comment made by my colleague highlights my concern. What we have seen thus far for middle-class families after 2027 is that upward of half of them would pay more in taxes.

I think, rather than continue this, I will just ask my colleague to see if his side can produce an actual document—even a summary—of what this new bill is actually going to mean for middle-class families who are concerned, based on the earlier versions, about seeing their taxes go up, particularly after 2027.

I have one question for my colleague from Maryland because he has been talking about the State and local deduction, which is enormously important to folks in my State and in my colleague's as well.

My question is, when the first income tax was enacted in 1861, it was to finance the cost of the Civil War. It included only one deduction at that time for State and local taxes, and that was really composed to respect the States' ability to make their own fiscal decisions. It was the first deduction more than a century ago. So does that seem like a special interest tax break compared to this list of more than 30 breaks that we have managed to excavate from various corners of K Street?

Mr. CARDIN. If my colleague will yield——

Mr. WYDEN. I will.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. CARDIN. In going over the history as to how the income tax came about, it really was part of Federalism. They needed the consent of the States to change the Constitution. It was a partnership with our States, and that is why, from its inception, there has been respect for State and local taxation as a deduction from the Federal income tax.

This is not a special interest; this is how we finance government. We finance government at the Federal level, the State level, and the local level. If this bill becomes law, we are violating it.

Mr. President, I will ask my colleague from Oregon to let me have a minute more for two or three more points on this that I think are important; that is, there are effects that are going to take place as a result of the limitation of State and local taxes. We are going to see effects on property values. The Realtors and real estate industries have made that clear. It is going to affect the tax base of local government.

This bill is going to affect charitable giving. Why do I say that charitable giving is part of this? Because I was talking to the mayor of Baltimore, Catherine Pugh, earlier today. She has serious problems with law enforcement in Baltimore. She is depending upon private groups and their generosity to help deal with the problems of Baltimore. It is going to be much more difficult for private groups to be able to get charitable contributions if this bill becomes law. So there will be impact on this that will affect our State and local governments, in addition to the elimination of the State and local tax deduction.

Here is one last point, if I might make it, in regard to middle-income taxpayers. I respect greatly my colleagues on the other side of the aisle and the charge that they show, but these charges don't include the effect of the increase of the estate tax because that has not been made part of the calculations. It does not take into consideration 13 million people who no longer are going to have health insurance. That has not been taken into consideration in the charge they are showing.

It doesn't take into consideration, in the charge, that the corporation profits they are going to make as a result of these tax cuts are going to most likely go to stock buyouts, rather than helping the workers. That is not reflected.

So when you take a look at all of it—and we do have some analysis that has been done that is objective—middle-income taxpayers are at a disadvantage under this tax bill.

I thank my friend from Oregon for yielding me that time.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I thank my friend, and I know the Senator from West Virginia and the Senator from Connecticut have both been patient. Why don't we yield time to the Senator from West Virginia now.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. MANCHIN. Mr. President, I thank my good friend, the Senator from Oregon.

I want to put this in perspective. I don't think there is a person more bipartisan than I am. I don't think there is a person who has signed more bills in a bipartisan way with my Republican friends than I have—who has voted on more Republican bills or more Republican amendments than I have as a Democrat.

I am really so frustrated. I thought that we could make this place work. That was my purpose in being here. I truly have done everything I possibly could. I reached out. The White House was kind enough to reach out to me. I sat down and I talked to all of the people who are in charge of writing this legislation from the White House. I sat down with my colleagues. I gave them some suggestions and ideas. We brought people together, thinking we could find a bipartisan way.

I will tell you, as I see it unfold tonight, this has been designed not to have even me, as one Democrat, on the bill, and I want to be. I want to be part of a reform for the first time in 30 years. I look back at Ronald Reagan. He was a hero to all of us. He had 97 votes; 97 Senators voted for the legislation that he crafted. There were adjustments—a give-and-take. But every time, I would think, well, if I have some ideas, shouldn't you at least listen to me; listen to what we think?

Two days ago, we did a press conference. I invited all of my colleagues. I thought: Well, I and Senator HEITKAMP from North Dakota and Senator DONNELLY from Indiana—I knew the three of us would show up. I had 14 other colleagues who were craving to be involved; they wanted to be involved. I saw my good friend, BOB CORKER, Senator CORKER from Tennessee. I asked him: Can we have a few more days to look at this? That was denied.

I don't know what it is going to take. Maybe we have hit the proverbial wall. This is the first time I know of, in the history of the United States of America, that we have ever done this type of major reform without having a bipartisan objective for it. There is not one bipartisan vote on this piece of legislation, and I am looking; I have been looking and trying.

People have called me today from my home, asking: What have you seen? Do you like something? I said: I haven't seen that much. I am still trying to find the bill. I promised them: I will see something before I vote on it. I won't be able to read it, but I am going to see it. I want to see something.

I would love for us to take the time to sit down and work on this and see it. I think you would be surprised. I think not only could we get to 60, we could get above 60 votes on this, and that is what it should be.

In 2010, I thought my Democratic colleagues who voted for the Affordable Care Act with not one Republican on it were wrong. I thought that was wrong. I understand from the history—I wasn't here; I was a Governor at that time—

that at least they tried. They went through the markups. They went through the hearings. They had an awful lot of input. I understand that.

Still, I don't think any major legislation that affects every American should go through without a bipartisan buy-in, without bipartisan votes, without bipartisan support. If this is designed to be a political ploy—to basically have one side, and one side only, not wanting one Democratic vote—this will fail, and it is a shame for our country and for my colleagues.

I have made it a point that what I thought was broken in this place—I have never, ever campaigned against a sitting colleague. I have never campaigned against a fellow Republican. I have never made a phone call against a fellow Republican. I have never raised money to be spent to try to defeat a fellow Republican, my friends, because I don't think I could face them if I am trying to defeat them and then ask them to work with me. I have never done that nor will I ever do that. That is not my purpose for being here.

All I have asked for is to have the chance to work with my colleagues. That is all I have wanted to do. I want to be part of this. I ask, if there is any way possible, slow this down to allow me to be involved. I would appreciate that.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, before we go to Senator BLUMENTHAL——

The PRESIDING OFFICER. There are 36 seconds left.

Mr. WYDEN. I thank my colleague from West Virginia. I believe we are going to propound another 30-minute unanimous consent request.

The PRESIDING OFFICER. First, the other side has 15 minutes.

Mr. WYDEN. Oh, they have 15 minutes.

We will let Senator TOOMEY start the 15-minute time allotment for Republicans. Then, when our turn is next, we will go to Senator BLUMENTHAL.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, two points I would like to address, and then we have other Republican colleagues who would like to use our time as well.

One, I want to address the comments made by my friend—and he is a friend of mine—the Senator from West Virginia. I have worked closely with Senator MANCHIN on a variety of pieces of legislation, some relatively ordinary and noncontroversial and others quite controversial. We have been through some battles together, Senator MANCHIN and I, and I enjoy working with him.

I hope he is going to support this product in the end. I am not sure he will, but he might—I don't know—and he probably has some good ideas he could bring to this.

Let me be very clear about the process we have used here. First of all, this legislation has gone through the regular order. It has gone through the committee. It was extensively debated in the committee. It was marked up in the committee. There were many dozens of amendments debated and voted on in the committee. The committee document, which is very similar to the final document we are going to vote on tonight, has been available for weeks.

Here is one of the problems we faced from the onset in this. Very early on in this process, the vast majority of our Democratic colleagues announced they wanted to leave the room with respect to a tax reform discussion. Now, as it happens, Senator MANCHIN was not among them, but 45 of the 48 Democratic Senators sent a public letter, and they stipulated the terms under which they would be willing to work with us on tax reform. One of the terms was that we had to use a process that could allow them to kill it by a filibuster, if they wanted to. That was one of their terms.

If they were going to participate in the process, they were demanding that we would have to empower them to kill the final product by a filibuster, if they wanted to.

Well, I just think that tax reform, tax relief for low- and middle-income families like we provide in this bill and the pro-growth policies through the reforms in this bill are too important to allow the minority to kill it by filibuster. It would have been malpractice on our part to allow that possibility, and so we didn't.

All that means is one thing. All it means is, the final passage on this legislation is not 60 votes, but it is 51. That is all. Any Democrat can offer any amendment. Any Democrat can join us in supporting this legislation. That was also true in committee, and it will be true right through the end of this process.

Our Democratic colleagues also had other stipulations in their letter. They said there can be no savings in the tax reform package for the people who pay 40 percent of all the taxes. It is actually really hard to do pro-growth, meaningful tax reform if you say the people who pay 40 percent of all the taxes must not be allowed to get any benefit whatsoever.

Another feature in their letter was that there could be no savings for the very substantial category of American businesses organized as what we call passthroughs—these are partnerships and subchapter S corporations—because under the stipulations in their public letter, there couldn't be any benefit at all to anyone whose income was in the top 1 percent. Well, there are a lot of passthroughs that have some ownership on the part of people who are in that income category.

My point is, they were systematically taking themselves out of the discussion from the very beginning. Despite that, we had an open process. We had unlimited amendments, and they participated in that process.

Now I would like to address the issue my colleague from Maryland raised, which is the deductibility of State and local taxes. I just want to say, for me, disallowing the deductibility of State and local taxes and offsetting that with lower income tax rates for everyone—which is what we do in our bill, among other things—it is a matter of fairness. It is just a simple matter of fairness.

Under our current policy, which our Democratic colleagues would prefer we keep, the current policy of allowing people to deduct their State and local taxes and requiring higher Federal income taxes for all Americans as a result, that amounts to a subsidy that is paid by people in low-tax jurisdictions that gets sent to people in high-tax jurisdictions.

For the life of me, I don't understand why my constituents in Dauphin County, PA—a relatively lower tax place—should have to pay higher Federal income taxes so a very wealthy guy who owns a penthouse on the Upper West Side of Manhattan can deduct the very substantial taxes he chooses to pay because he lives in a very high-tax jurisdiction.

How is that fair that a person of much more modest means should have to subsidize a person of great means through the Tax Code? I don't think that is fair, but it is also unfair not just from one State to another but even within a State it is really not fair.

Let me illustrate my point with an example. Let's imagine you have two families who have the same financial circumstances. They are neighbors, but they happen to live on either side of a municipal boundary. One family lives on the side of a town that provides a lot of services and has high property taxes, which pays for the services. Maybe they pick up the trash. Maybe the town picks up the leaves. They provide lots of services. They have a nice community center. So the family has higher property taxes to pay for all of that.

Then the other family on the other side, in a different township right next door, they don't get their leaves picked up, they don't get the trash hauled away, they don't have a nice community center, but they have lower property taxes.

Now, the family who doesn't have all those services, they have to privately contract for those services. They have to go hire a company to take away their trash barrels. They have to hire a company to take away their leaves. They have to pay to join a gym or a recreational facility, and they don't get to deduct any of those expenses. They don't get to deduct the cost of paying someone to take their trash away or leaf removal or their membership at a local gym or facility like that.

So how is it fair that one person gets all of those services and gets to deduct the costs in the form of deducting the property taxes that pay for it, and the other person, otherwise identically situated, does not get to deduct the cost? That just does not strike me as fair.

So all we are doing is saying: Let's be fair about this. Let's just be fair. Let's disallow that deduction. For the most part, we do preserve a portion of that, but the principle is to reduce the ability to deduct these taxes because it is more fair, and then what we can do as a result is we can lower the income tax rates paid by everyone.

I think that is a step in the direction of fairness, and it is one of the things that I think is a good feature in the bill.

I see my colleague the Senator from Montana is here so I will yield the floor to him.

The PRESIDING OFFICER (Mr. HELLER). The Senator from Montana.

Mr. DAINES. Thank you, Mr. President. I am thankful for my colleague from Pennsylvania, Senator TOOMEY, for his remarks and for his leadership in getting us to this point tonight for this most historic moment in the U.S. Senate.

I spent 28 years in the private sector before I came back to Washington, DC. In fact, the last election I won before I won election to serve in Congress was student body president in my high school.

I spent many years working in businesses, growing businesses, creating jobs, sending a lot of money to Washington, DC, in taxes. You are not going to find a single Republican here who says taxes are bad. What we are saying here is that we are an overtaxed Nation.

In fact, if I were to ask you where are the most affluent counties in the United States, where are they, you might guess, well, Beverly Hills, perhaps Silicon Valley, New York City. The answer is, the most affluent counties in America are suburbs of Washington, DC.

The American people have watched this city increase in power, increase in wealth, and I think this city has forgotten something; that the dollars that are sent here by hard-working Americans do not belong to the government, they belong to the American people. It is their money.

I will tell you what. I don't think we realize how much taxes we pay. We are focused right now on Federal income taxes, Federal corporate taxes. However, imagine you wake up in the morning—if you are like me, my cell phone is now my alarm clock—and you grab your cell phone. You reach for it. The first thing you do is maybe look at what inbound emails you have, maybe you look at the Twitter feed, but you realize, as you are grabbing the cell phone, on average, a U.S. wireless consumer pays about 17 percent—of that bill you pay for your cell phone, there are Federal, State, and local taxes for that cell phone. That is how the day starts.

So then I go, and I get dressed. I think about how much sales tax was paid, which most States have, for the clothes that you are wearing. Well, then you might leave your home, walk across your driveway to get in an automobile, perhaps, and you realize you are paying significant property tax on that property you own—if you are a homeowner—and you get in your automobile. Oh, by the way, you have paid a significant tax on that car too. You have paid a sales tax, most likely. You may be paying hundreds of dollars a year to put license plates on it. Then you want to drive on to work, and you might want to stop at that coffee shop. You might want to get that nice cup of coffee there to get you going for the day. What do you do? Well, you pay a sales tax, most likely, as you get your cup of coffee.

Perhaps on the way to work, you need to fill up your gas tank. Now, in Montana, we drive pickups. I could tell you, when you fill up your pickup, it costs you a chunk of change.

You are paying 18.4 cents per gallon just in federal taxes, and then you pay your State taxes on top of that. That ranges from 12 cents a gallon in Alaska to 58 cents a gallon in Pennsylvania, and then you go to work.

I was just speaking with one of my young staffers here tonight. She told me, when she got that first paycheck—I guess her first job out of college—she called her dad, and she said: They have made a mistake. They have screwed up my paycheck. And she talked him through the difference between the gross pay and what you really put in the bank, the dollars of your Federal, State, local taxes, Social Security, Medicare.

Your day is finished. Perhaps you want to go home and grab something to drink, whether it is a glass of wine, perhaps a beer, perhaps a soda. Well, the government is there too. You have paid an excise tax somewhere on those beverages. All I am saying here is it is time to give some of that back. It is time to give some of that back to the single mom in Kalispell, to give it back to that small business owner in Helena, to give it back to the families, the businesses, working-class Montanans. You know what, they need a pay raise.

So how do we start that? How about right here with this bill tonight. Let's lower tax rates on middle income Americans. Let's allow them to keep more of their hard-earned dollars. How about we increase the standard deduction? Let's take it from $12,000 to $24,000. How about we eliminate the poverty tax? That is eliminating ObamaCare's poverty tax. As Justice Roberts said, it is a tax. It has cost the American people so far over $5 billion, 42 percent of those making less than $25,000 a year, 82 percent make less than $50,000 a year. That is a poverty tax. We are going to repeal that as part of this bill that we are going to pass tonight.

Families need a break. How about we double the child tax credit? We are parents of four. How about that single mom with two children? I think she needs a break. Let's give working moms, working dads with a couple of kids an extra couple thousand dollars to help make ends meet and reduce the tax burden on small businesses—not corporations. We will talk about that in a minute. That is important to do, but these small businesses that are not corporations are paying as much as 40 percent of their income in Federal income taxes. We are going to take that down to less than 30 percent.

What does that do? It creates jobs. It puts pressure on wages, higher wages, because we need to direct these tax cuts to those who provide jobs.

By the way, those smaller businesses, 55 percent of the private sector jobs in this country are from smaller businesses. Two-thirds of the new jobs created since the recession of 2007, 2008 are from these smaller businesses. We are targeting significant tax relief for those small businesses. Who are these? These are farmers. These are ranchers. These are locally owned Montana businesses. It could be our community bankers. It could be a baking company. It could be a construction company. I grew up in a construction company. My mom and dad were the CEO and the COO of the family business. In Montana, that is 68 percent of the jobs in my State. They are getting significant tax relief. Working with my colleagues, we have had some great conversations, and we have provided some additional tax relief for those smaller businesses.

We have a historic, once-in-a-generation opportunity today. This only comes every 20 or 30 years. It goes back to 1986, 31 years ago—the same year my wife and I were married. We need to put more money back into the hands of American workers. Let's cut their taxes. Let's open the doors for the creation of more high-paying jobs. We start that by transferring the wealth of this city back to the families and businesses that sent us here in the first place and that keep our country moving forward.

We have been hearing a lot of things about this bill. The Washington Post even claimed four Pinocchios on some of these claims that somehow this plan will raise taxes for most working-class families. Look at the facts. That is not true.

Let me conclude by saying this, quoting a President:

> It is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise revenues in the long term is to cut the rates now. The experience of a number of European countries and Japan have borne this out. The purpose of cutting taxes now is not to incur a budget deficit, but to achieve a more prosperous, expanding economy which can bring a budget surplus.

That was John F. Kennedy in December of 1962.

Let's not miss this opportunity that we have now.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DAINES. Mr. President, I ask unanimous consent that there now be

30 minutes, equally divided, for debate only, with no amendments or motions in order, and that the majority leader be recognized at the conclusion of that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon.

Mr. WYDEN. Mr. President, to start our portion of the 30 minutes, Senator BLUMENTHAL has been very patient, so I wish to start with the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. BLUMENTHAL. Mr. President, I am honored to be here tonight. Even in moments of sadness and anger—and I feel both here—I am honored to be a Member of this body. I am particularly honored to be a Member of the U.S. Senate with JOE MANCHIN, whose bipartisanship and willingness to listen and to compromise and be reasonable is almost legendary. All of us, including Ranking Member WYDEN of the Finance Committee, have been more than eager to be reasonable and compromise and seek bipartisan solutions. I truly want to thank Senator WYDEN for his leadership on this issue, as well as his insight and his great commitment to the public interest.

We had a hearing earlier this week before the Armed Services Committee about future threats to our Nation and national security, with a panel of experts who testified that more than $1 trillion dollars—maybe trillions—would be necessary for us to invest in the future of our Nation's defense. So many of us asked them whether they thought it would be possible to make that investment at the same time that our Nation is about to incur an additional $1.5 trillion in debt as a result of this misguided, maligned scam, this tax bill, and when we asked that question, they shook their heads no.

The former Chairman of the Joint Chiefs of Staff, Mike Mullen, once said—famously now—''The greatest threat to our national security is our national debt.'' The reason our national debt is a threat to our national security is very simply that it prevents us from the kind of commitment and investment in our national defense that we on the Armed Services Committee and we in this body and we the people of America know we have to make to secure our national defense.

Our national defense is about more than just hardware and even the great troops that we deploy—our service men and women who serve and sacrifice with such incredible bravery and dedication and patriotism—it is also about the quality of our society. It is about whether we are equal, whether we give people the mobility to move and make of themselves what their aspirations are and make the American dream real in their lives and develop those skills through education and skill training that are so necessary to us as a nation. We can't produce the submarines and the F–35s and all of the extraordinary, complex hardware that we do without that skilled training. We know that in Connecticut because we produce submarines and jet engines and helicopters. We are proud of that, but we need more people with those skills.

Yet this measure will enhance the divisions in our society. It will divide us from each other as Americans. It will diminish the mobility—social and economic mobility—in our great Nation, and it will increase economic insecurity. It will not make Americans more sure about their society, more confident in its equality and justice; it will create more anxiety and anger because at its core, this measure is about benefits to a tiny, minute fraction of America. Most of the benefits of this measure go there. And it is about hitting the rest of Americans—particularly middle-class families—with initial benefits that may even look good at first but are a classic bait-and-switch because most of those middle-class families will be worse off over the next 10 years. Anybody earning between $50,000 and $75,000 will see their taxes increase over those years.

For all the reasons that my colleagues have so powerfully and compellingly outlined in this Chamber, with statistics that I don't even have time to repeat here, this measure is essentially rotten at the core in its claim to fairness.

Tax reform should be about making our Tax Code simpler and fairer. This measure does just the opposite. My colleagues may say there were hearings, but compared to the mid-1980s when the last major tax reform was passed, there have been no hearings and there has been no real markup.

We are now considering an amendment that was deposited on the floor of this Chamber just minutes ago—barely an hour—and will receive no serious scrutiny or oversight. It will harm our teachers and first responders, our police and our firefighters, who will have less support for their vital services. It will harm the job creators who need more resources to invest in infrastructure. It will harm our educators and the skilled trades. It will harm middle-class America.

It will hit Connecticut as hard or harder than any other State because of the nondeductibility of State and local taxes and because of the nondeductibility of casualty losses. The homeowners whose foundations are crumbling will lose the ability to deduct the cost of repairs that they must make. That is so fundamentally unfair that it belies the promises that have been made even this day on this floor.

We are adopting this measure literally in the dark of night—a Friday night when few Americans may be aware of what is happening here—comparatively few.

On the passthrough provision that has been added to this bill, unquestionably, some Americans will be aware, including the President of the United States. He has more than 500 LLCs as part of his organization that will benefit from this passthrough provision. So the President may be celebrating, but most Americans will rue this day.

We will remember this day, all of us who are here, but we in this Chamber will rue it as well. We will remember it because of the black mark on our democracy that resulted from a guilty plea from a former National Security Advisor—a guilty plea for lying to the FBI. It is a black mark on our democracy, a sad day for our Nation, and a shadowy moment for this administration, the Trump Presidency.

But we will remember it also as a self-inflicted wound for our democracy when the actions of the U.S. Senate drove deeper divisions within our society, created more insecurity, enlarged the anger and angst and anxiety that people feel about themselves, and when we added $1.5 trillion to the national debt that our children and our grandchildren will pay and thereby when we diminished our national security. The national debt may not be the greatest threat to our national security, but it is one of the largest of the dangers to our national security, and we have done nothing to alleviate it. On the contrary, we are adding to it, and that is a shame and a disgrace.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. Mr. President, I thank my colleague from Oregon. I would like him to know that I will only take about 5 minutes because I want to make sure my colleagues can speak during this period.

I am rising now to ask the senior Senator from Texas to come and explain his amendment that has been incorporated in the package. This, I believe, earlier was his amendment No. 1715, and we are hearing that 1712 was included as well. This is something that might be characterized as the Wall Street welfare amendment. We are not sure exactly how it works. We are not sure exactly how much it costs. But that is not the point. If you are going to stick something into the underlying bill to benefit very powerful groups like Apollo and Carlisle and Blackstone, you don't just airdrop it in at the last second, this provision for the most powerful. Come to the floor, lay out the details, and defend your amendment and why it should be included in this bill.

Our basic understanding is that it enables publicly traded partnerships to be able to have their funds pass through so there is no corporate tax since they benefit from a lower rate for those passthroughs. But we have only had a few seconds to look at it. What does it really do? What does it really cost? I ask the Senator to come to the floor and explain all of the details. The American people have a right to know what you are sticking in this bill. Explain your Wall Street welfare amendment and why we should support it or not.

We have $4 trillion going to the richest Americans. Four trillion? We keep hearing about a $1.5 trillion deficit. Oh, yes, but there is lot more here, so let's just see what it is.

There is the reduction in the corporate tax rate, which we all know goes to the richest Americans who hold all the stocks. That is $1.3 trillion.

We have repeal of the alternative minimum tax. That is $770 billion.

We have the passthrough for high-end LLCs—not for low-end LLCs but for high-end LLCs—$362 billion.

We have three provisions for multinationals, a deduction for foreign dividends, a deduction for foreign intangibles, and the transfers for intellectual properties, totaling $313 billion.

We have an elimination of the estate tax to benefit the richest 0.2 percent. Out of a total of 1,000 people in America, the richest two—that is the equivalent. That 0.2 percent would get $83 billion.

Then we have a change in the tax brackets, which added another over $1 trillion there. And probably most of that—we have been trying to get a breakout. We can't even get a breakout of where this will go because it is being rushed through.

If we take those provisions and add them up, it is $4 trillion. I am just taking the big ones off the list of all of the details.

Little public exposure. Why is this being done in a few hours here, just after the Thanksgiving holiday, before Christmas? Because my Republican colleagues are sticking it to the American people, and they don't want you to know.

So, again, an example—out of this list of 30 amendments that are being stuffed in at the last second that no one has had the ability to analyze—30 amendments—let's have the senior Senator from Texas come to the floor and defend his Wall Street welfare amendment that he is sticking in here for the most powerful publicly traded partnerships. That is just one of 30.

So I am calling for transparency. I am calling this process for what it is, and that is using the argument that you are doing something for the middle class in order to cover up these trillions of dollars going to the very richest. Let's see how misplaced this is.

In the next year, 9 million taxpayers together at the bottom would get about 50 cents a day in tax relief—two quarters. That is what you do for the 90 million taxpayers who are most in need in America, two quarters a day. What does this bill do for those who earn more than $1 million? It gives them over $1,000 a week. So $1,000 a week for the rich and mighty; two thin quarters a day for the folks at the bottom.

It even gets worse than that. By the end of the tax period, what are those people earning less than $50,000 doing? They are paying $23 billion into the Federal Treasury, but what are those who are earning more than $1 million doing? They are taking out $5 billion. So the poor are paying in while the rich are taking out. You call this middle-class tax relief? I call this a tax scam.

The PRESIDING OFFICER. The time has expired.

Mr. MERKLEY. It is outrageous and unacceptable.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. CASSIDY. Mr. President, I would like to comment on the positive aspects of the bill we are about to vote on.

The most positive thing I can say about this is that working families and middle-income families across the Nation will be better off. Families who over the last 8 years have not done well will begin to do better.

Now, we have already discussed some of the things that others have discussed. Let me just comment briefly:

We have doubled the standard deduction to make filing of income taxes simpler. For most Americans, that will be a tax cut by doubling that standard deduction.

We have provisions in there to stimulate the economy, to create competition for workers so workers will now have a choice of one job or another. When that happens, of course, their wages rise, and their benefits get better.

We incentivize companies that are, right now, moving overseas—because the taxes are so much lower elsewhere—to stay in the United States, to create American jobs, and to pay more American taxes.

Those are all good things my colleagues have discussed. Let me discuss some other ways perhaps that this bill benefits working families and middle-class families.

I am from an energy State. Louisiana produces so much oil and gas. The thing about energy jobs is it creates jobs for good families. They may not have a college education, but they are good people. They care about their children. In these jobs, they can earn over $100,000 a year in certain aspects of it, and they employ Americans in a way that Americans have kind of forgotten that it can be that way.

It is meaningful to me. We were in Illinois when I was born. My family moved to Louisiana because someone called my father and said: You know, Jim, if you move to Louisiana, you can sell to the people working at Esso, and you can make a good living.

So even though my father didn't work in the energy industry, he was one of those who benefited and made a living, which allowed me to go to medical school. I was the first generation in our family to go to college and go to medical school, and now I am a U.S. Senator. What an incredible privilege, all created by energy jobs.

One thing this bill does is it opens up a little more of Alaska for energy development—2,000 acres. One of my colleagues said smaller than the airport in Fargo, ND. I have never been there, but 2,000 acres is not a whole lot of land, But on those 2,000 acres, there is a lot of oil beneath.

Why is that important? We as a country can make a decision to be energy secure or not. If we are going to be energy secure, it means we are going to produce our own energy. This is not to rule out renewables, but for the moment we are going to continue as a country to consume natural gas and oil. We can buy it from countries such as in the Middle East where environmental standards are not as strict as ours, but when we do that, not only are we sending our jobs and revenue overseas, but we are also, in effect, endorsing their lower environmental standards, and that overall pollutes the environment.

On the other hand, if we buy from ourselves—using American workers, creating American jobs, using American environmental standards—not only do we get the benefits to the family and the benefits to the environment, but we have the national security benefit of being able to be energy secure.

Now, this is powerful. I first became aware of it, I think, in middle or maybe elementary school. I went to St. Luke's Episcopal Church. There was a guy there named Thor. What a great name, Thor. Thor told me his father was a pipefitter and was at that moment in Alaska working on the Alaska Pipeline. That was 40 years ago, so maybe my memory is a little fuzzy on everything but Thor's name. The point is, a fellow from Louisiana was going to Alaska, making great money, being able to provide for his family back home. That is a good thing.

As we develop our energy resources on the North Slope of Alaska, using American environmental standards, creating American jobs, we are changing the life of families like my family and for perhaps the family of the man I remember going to middle school with long ago.

I mentioned Thor's father was a pipefitter. Now, it is not just on those 2,000 acres. There will be a way of transporting that oil that is produced elsewhere. In South Louisiana, we make boats—boats that actually work off rigs and can create jobs both in the boatyard and in the maritime industry.

Thor's father was a pipefitter. You pipe out your oil, and you create jobs in that way. That comes to mind because when I was first elected to the Senate, I was going to a committee hearing, and some union fellows from Ohio came up to me to ask that I endorse the construction of the Keystone XL Pipeline. Of course, I have always been in favor of it so they had my vote, but they made the point: We are union laborers. We work on the job. When we say there is $40,000 created in the building of a pipeline—sure, we may only be on the job for 6 weeks, but then we go to another job for 6 more weeks and another job for 6 more weeks.

I was struck that these working families benefit not from the actual production of America's natural resources but from the transportation of America's natural resources. So the economic benefit to working and middle-income families doesn't just stop with those who are perhaps doing the drilling, but it continues downstream and, as I mentioned earlier, even extends to a family like mine.

Now, let me mention another aspect of this that brings benefits to our working families and to our middle-class families. One thing I was helpful with was the restoration of the historic tax credit. The historic tax credit is a Federal tax credit first made permanent by President Ronald Reagan that allows somebody to go to an older building in a community and to restore it, returning it to commerce. So instead of a portion of our architectural heritage being destroyed, it is refurbished and is there for future generations to enjoy. More than the kind of aesthetics of seeing an older building become beautiful once more, it creates jobs.

Now, let's go back to this legislation, creating better jobs for working and middle-income families. First, it affects everybody. More than 40 percent of the projects under the historic tax credit program in the last 15 years have been in towns of less than 25,000 people. In my State, since 2002, the historic tax credit has contributed to 782 projects being built, bringing $2.2 billion worth of investment into these cities and towns across my State.

Now, when you have that much money, you create lots of jobs. It is thought, nationwide, according to the study by the National Park Service, the historic tax credit has encouraged more than $131 billion in private investment, rehabbing 42,000 buildings, creating more than 2.4 million trade jobs, returning a net positive to the U.S. Treasury.

Since fiscal year 2002, in Louisiana alone, it has, again, fostered more than $2.5 billion in private investment, creating more than 38,000 jobs. These are jobs—construction jobs, rehabilitation jobs—that allow a family to live with a good living wage. That is part of this legislation.

I should mention one thing in particular very topical on the historic tax credit. The World Trade Center of New Orleans is currently being refurbished. It was built in the 1960s and is being transformed into a world-class hotel condominium complex. It brings the city of New Orleans $400 million in infrastructure spending, 1,600 jobs in construction trades, as well as more than 450 permanent, full-time jobs. Instead of a crumbling eyesore, you have a jewel, but more than a jewel, you have 1,600 jobs created and 450 permanent jobs.

Let me mention the last thing that benefits working and middle-class families. My friends on the other side of the aisle talked about supposed negative effects on Social Security and Medicare. I am a doctor. I have been working in the public hospital system of Louisiana for 25 years. I understand the importance of safety net programs, if you will, like Medicare that allow our senior citizens to have the healthcare they need.

The dirty little secret is that, according to the people who run Medicare and Social Security, those trust funds are going bankrupt—bankrupt. Under the Obama administration, they tried to address it by raising taxes, so they put a higher income tax on people, and the trust funds are still going bankrupt. Under ObamaCare, there were different things to try to save money within the system, delivery system reforms, and some are, frankly, good ideas—although I opposed ObamaCare, in general, some of these were good ideas, and I continue to endorse them—and the trust funds are still going bankrupt. So it raised taxes, we are trying to save money, and the trust funds are still going bankrupt. What can we do to try and rescue these programs that are so significant, so important to senior citizens, to all of us in this country—Social Security and Medicare in particular.

What about economic growth? I did an analysis once with another man which shows that if we just return to the economic growth that is common in our country—about 3.5 percent GDP growth per year—we will fully fund our trust funds for Medicare and Social Security.

Keep in mind, although we are cutting rates for corporations, the rates for funding Medicare and Social Security are staying where they are. So if our economy is doing better year over year, there will be more money going into these trust funds, not because the rates are higher—the rates remain the same—but because there is more money to apply the rates to.

Is it reasonable to have that kind of growth? Absolutely. From 1946 to the beginning of President Obama's administration, through 10.5 recessions—including one-half of the great recession—we averaged over 3 percent growth as a country. Now, under President Obama's Presidency, it was about 2 percent growth, and 2 percent versus 3.5 is all the difference in the world because it compounds. It goes like this if it is 2 percent, it goes like this if it is 3.5 percent, and at the end of 10, 15, or 20 years, those differences are remarkable.

I will say, under President Trump, for the last two quarters we have had over 3 percent GDP growth. Republicans take over, and the economy begins to do better. In the next quarter, it is estimated that it will be over 3 percent. With this legislation, increasing the amount of money families have in their pockets, building out our energy resources as we are in Alaska, creating jobs for Americans across the way, using things like the historic tax credit, returning money to the Treasury, but also creating American jobs will create that prosperity, that economic growth, so that instead of the 2-percent growth that we have had for the last 8 years, we have the 3.5-percent growth that we historically have had. That is a promise of this legislation. That will restore funding for Social Security and Medicare. That is the answer that has eluded the other side.

Mr. President, before I yield back, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and with the majority leader being recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CASSIDY. I yield back.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, for this tranche, I believe we will have Senator DURBIN lead off for us and then Senator NELSON and Senator BENNET. Each is going to try to take around 5 minutes.

Senator DURBIN.

The PRESIDING OFFICER. Senator DURBIN.

Mr. DURBIN. Mr. President, what happens when you decide to write a tax bill that changes the economy of the United States of America, you don't have adequate hearings to gauge what is going to happen, you don't bring in the experts to try to tell you what the impact will be on individual families and businesses, and you stick around until 5 o'clock on a Friday night and you hand out the work product for all of the Members of the Senate to take a look at before they vote on changes in the Tax Code that will affect the people they represent?

This is what happens: 479 pages were handed to us. They tell us that some of this has been around for a while, and some of it is new. They don't tell us which part is new and which part is old. Lucky for us, on K Street—and there is nothing wrong with lobbyists—where the Federal lobbyists live, they are following this really closely, and they have given us basically a cheat sheet, a scorecard, so we can figure out, at least generally speaking, how many changes have been made in the 479 pages since the last time we saw this proposed bill.

I defy any Member of the Senate to stand here and take an oath that they have read this and understand what in the world it means to businesses, families, and individuals. If they want to take that oath, and maybe some will, then I refer them, ladies and gentlemen of the American jury, to exhibit A, page 257 out of the 479.

Why do I pick this page? Because they didn't have time to type it. They wrote it out in longhand. We are not even teaching cursive in a lot of schools anymore, but someone on the staff knew it enough to try. The problem is, they wrote it in cursive along the margin here. It is about subchapter

S corporations and how much tax they paid and what they don't pay. I defy anybody to read it because the problem was, when they copied it, they chopped off lines so there aren't full sentences here. They are like little phrases and words.

This is your Senate at work. This is what happens when you push through a bill late at night, desperate to pass it, without really stopping to ask yourself: Will this make us a stronger nation? Will this help legitimate businesses that want to expand and create jobs? Is this good for American families?

The Joint Committee on Taxation told us yesterday—that is our scorekeeper; they are the ones who we hired to be our scorekeeper; they are nonpartisan—what they learned about this bill before we got the new version, with the new amendments. Our friends on K Street were happy to tell us what the listings were. They told us that this starting bill will add $1 trillion to the national debt—so our kids and grandkids can pay it off—to pay for the tax cuts. They also told us that the predicted economic growth that is supposed to come out of these pages of 4, 5 percent a year is 0.8 percent. Is it not? Am I right?

Mr. WYDEN. Correct.

Mr. DURBIN. They also told us that the biggest beneficiaries under this Tax Code—this Joint Committee on Taxation—happen to be the wealthiest people in America—surprise—and the biggest corporations. They told us that, at least in the second 10 years—maybe before—regular middle-income families are going to pay higher taxes because of this. They let us know, and we knew already, what is going to happen to programs like Social Security, Medicare, and Medicaid. You see, when you run up the national debt and you want to try to balance the books—our Republican friends have been very open about this. They want to cut the benefits under Social Security, Medicare, and Medicaid to try to balance the books.

America, are you ready for this? Are you ready for senior citizens who are counting on that Social Security check to get a cut in benefits to pay for a tax cut, a tax giveaway to the wealthiest people in America? Are you ready to see Medicare cut—that is, reimbursement for seniors for medical expenses—in order to make sure that the biggest corporations in America get a tax break? Are you ready to see Medicaid, which has as its major expense taking care of seniors in nursing homes—benefits cut in order to give an incentive for businesses to move jobs overseas? That is what this is all about.

Here is the reality. As a percentage of gross domestic product, American corporations have never been more profitable—never. As a percentage of gross domestic product, American corporations have never paid less in Federal taxes.

What is the Republican response to that? Cut corporate taxes. Why? Shouldn't we be focused on doing what is necessary so that middle-income families have a fighting chance to pay their bills and put some money away for their kids and their future? Shouldn't we be working on helping small and medium-sized corporations instead of the big boys?

That is what I think we should focus on. I don't know for sure that this bill doesn't do that. In fact, nobody does. Nobody knows what is in here—479 pages. If they tell you they do, then ask them to explain page 257. Ask them to try to read this. I have tried. This is going to change the tax law of America in ways that we can't even explain. We have to get this done because the Senate has done little or nothing this year, and so they are desperate to get something done before the end of the year. Sadly, it is a tax bill that we have just been handed 1 hour and 50 minutes ago.

I yield the floor.

Mr. WYDEN. Mr. President, I want to thank my colleague from Illinois for a very insightful analysis, and his skills as a handwriting expert may be necessary as the Senate Finance Committee tries to divine what that particular page actually means. I thank my colleague for trying to unpack a byzantine area of subchapter S tax law.

Mr. DURBIN. If the Senator from Oregon would yield for just a moment, I would like to ask consent that this infamous page 257 be made a part of the RECORD after my speech, but I am really sorry for the members of the staff who have to try to write this out—type it out.

Mr. WYDEN. Their eyes are being strained as we speak.

The PRESIDING OFFICER. Without objection.

Mr. WYDEN. I yield to the Senator from Florida.

Mr. NELSON. Mr. President, this is, in effect, a massive transfer of wealth under the guise of tax reform and under repeating the statement: It will help the middle class. You can repeat a statement, but that doesn't mean it is true. You have to look at what the facts are. I think you have heard a number of the speeches that will refute this—that it is not middle-class tax relief. It certainly isn't when a lot of those so-called tax cuts for the middle class will evaporate; they will cease to exist after 7 or 8 years.

Let's take another part of this tax bill, the child tax credit. We are going to have a couple of amendments out of here on the floor tonight. We are going to have one that is going to increase the tax credit substantially, like $3,000 per child. When you compare that to the current existing Republican bill, they have a tax credit that, in fact, if you have more than three children, if you have a large family, you are going to be penalized. That is what the facts are.

Let's see how the votes come later this evening on two amendments. One is a Democratic amendment, and one is a Republican amendment. As to the child tax credit, let's see what the majority of our friends who are trying to ram this through in the dead of night do. Let's see what happens, because, clearly, their tax bill does not do enough.

This Senator has long supported increasing the child tax credit, including cosponsoring Senator BROWN's amendment to increase the credit and make it easier for those who are in a low-income situation to claim that credit. I am going to continue to support increases for this tax credit for the middle class, as long as it is done in a fiscally responsible and thoughtful way. It doesn't make any difference who is proposing it. Let's see how the votes come out here on these two amendments.

Unfortunately, the bill that is before us does it backward because it actually increases those who have a number of children. We should be doing the opposite. I hope that we will find a way to drastically change this bill. Instead of limiting the child tax credit, let's go in and make the corporate income tax not at 20 percent but at 22 percent or 25 percent in order to fund the child tax credit to help those on the bottom line of the economic ladder.

We should be coming together in a bipartisan manner to flip the priorities in this bill and to significantly increase the child tax credit. Obviously, that is what the American people want, but that is not the bill of goods that you are getting sold here tonight. By saying something is something, that doesn't make it so. It is what the facts are.

I yield the floor.

Mr. WYDEN. Mr. President, my colleague has a parliamentary inquiry, and then we will go to Senator BENNET.

Mr. DURBIN. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Democratic whip.

Mr. DURBIN. I submitted page 257 of the amendment to be placed in the RECORD and you gave unanimous consent for that to happen. I have now been instructed that the personnel at the Senate cannot read this page the way it is currently written. Could I have this entered in the RECORD just as written with the handwritten notations on the side? Could I enter it as a graphic or artwork or something like that?

I ask the Presiding Officer, does that mean if the amendment has this page in it, that the amendment cannot be filed?

The PRESIDING OFFICER. The amendment can be filed with handwritten changes, but the staff will have to change those later or correct them.

Mr. DURBIN. I would like to ask a further parliamentary inquiry. Why didn't they accept page 257 after I received consent to put it in the RECORD?

The PRESIDING OFFICER. The amendment has not been filed yet. Consent was accidentally——

Mr. DURBIN. Parliamentary inquiry. This page, which is part of the tax bill, 257, as written, cannot be filed in the Senate because no one can read it; is that correct?

The PRESIDING OFFICER. The amendment has not yet been filed. It can be filed in that form.

Mr. DURBIN. Parliamentary inquiry. Why can't this page be filed in that form?

The PRESIDING OFFICER. The amendment as shown with the handwritten text cannot be printed in that graphic form.

Mr. WYDEN. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. When this is filed, we want the American people to know what has actually been written on the side.

Will it be possible, as part of Senator DURBIN's statement, to add this ''written on the side'' portion as part of his statement so that the American people will actually know how outrageous this process is and that it at least states, as part of his speech, what is written in the margin? Can that be stated as part of his statement?

Would the Chair answer the question?

My question is, when the amendment is filed, I would like to ensure that the important point my colleague has made about what is written in the margin could be included as part of his written statement that will be entered into the RECORD so that the American people can get some sense of what kind of flimflam is actually taking place here.

The PRESIDING OFFICER. When the amendment is filed——

Mr. WYDEN. Thank you.

The PRESIDING OFFICER. The text will appear in linear format with any errors that may be in it.

Mr. DURBIN. Mr. President, I have the greatest respect for the Senate staff, and I am not trying to say anything negative about them. I was hoping that this could be entered into the RECORD, and I asked for unanimous consent to enter it, believing that the handwritten portion would show up in the RECORD. I have since been advised that there will have to be translators and interpreters who will have to decide exactly what this says before it is actually part of the CONGRESSIONAL RECORD. I think that I have made my point as to where we stand in preparation of tax reform for America.

Thank you.

Mr. WYDEN. Mr. President, I yield to the Senator from Colorado.

Mr. BENNET. Mr. President, talk about the swamp. All of the folks who voted in this election do not have the swamp in Washington, DC—they are watching this happen right in front of their eyes tonight. We have a bunch of amendments that were dropped in by lobbyists here last night that we haven't seen, except that we received a list from them, and we have illegible amendments now at the desk that, even if we could read them, we wouldn't be able to. It just doesn't make any sense.

I will tell you something else that doesn't make any sense. It doesn't make any sense that, in our economy, 90 percent of our folks—the bottom 90 percent—earned the same amount of income as the top 10 percent. The top 10 percent earned 50 percent of the income in this country, and the bottom 90 percent earned the other 50 percent. You can see the direction that these lines have headed over a number of years.

That is the issue that we confront in our economy. That is what we all should be working on in a bipartisan way to try to address. Unfortunately, instead of improving the circumstances for people in the bottom 90 percent of earners, the decision has been made, because of an economic philosophy that has to do with trickle-down economics, to give the benefits to the people who are doing pretty well—and not just pretty well but better than they have done since 1928, and we stated earlier today on this floor what a miracle the tax policies were in the early 1920s.

The PRESIDING OFFICER (Mr. PERDUE). The Democrats' time has expired.

Mr. BENNET. Mr. President, I ask unanimous consent for an additional 2 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BENNET. I thank my colleague from Pennsylvania.

In addition, we cannot afford to do this. Right now, we are collecting, before this tax cut goes into effect, 18 percent of our gross domestic product in taxes and revenue. We are spending 21 percent of our gross domestic product, and that leaves us with a deficit.

Because this place lacks the courage to deal with the issues that we must confront, unlike our parents and grandparents, we have hollowed out discretionary spending. We are spending 35 percent less than we were in 1980 as a percentage of our GDP.

Yesterday, we had testimony in the Armed Services Committee that we need a trillion additional dollars to modernize our defense. We know how dangerous this world is with what is happening on the Korean Peninsula and with what is happening in the Middle East.

Why was it OK for our parents and grandparents to invest in us, but we are unwilling to invest in the next generation of Americans? Not only are we unwilling to invest in them, but we are saddling them with the debt that has arisen from our inability to make proper decisions. We are doing it now in plain sight of budget projections that show that the money is just not here.

I think we have a decision to make as to whether we want to live up to the example our parents and grandparents set for us and whether we are willing to make the kinds of investments in the next generation that they were willing to make in us.

I yield the floor.

Mr. WYDEN. Mr. President, just before we wrap up, I have heard Republicans talk constantly about how this process is being conducted by regular order. I have never seen in my time in public service, when talking about $10 trillion worth of tax policy changes and the biggest tax bill in three decades, something along the lines of the flimflam that we have been talking about, with handwritten changes in the margins about something that conceivably will affect vast sums of taxpayer money.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Florida.

Mr. RUBIO. Mr. President, as most of my colleagues know by now, we have been working for I believe about a year and a half—certainly throughout this tax reform process—to address the issue of the child tax credit in an effort to increase it. I am grateful that in this process, we have been able to increase the child tax credit to $2,000. That will help a lot of people.

I have been asked by some people: Why isn't that enough? Why aren't you happy with that? The answer is that the people we most want to help are not going to be able to fully use it, and here is why. For them, for people who are making $30,000 or $40,000 or $50,000—you are a construction worker; you are a teacher; you are a firefighter; you are a welder; you are a bus driver—the backbone of America's workers—their main tax liability is their payroll tax. Unless you allow the tax credit to apply fully not just to their income tax—many of whom don't have a high income tax liability but a payroll tax—they are not going to enjoy the full benefit. The result is kind of absurd if you do one without the other. The result is, if you make $500,000 a year and you have enough kids, you can use the whole credit, but if you don't make that much money—if you make, say, $25,000 a year—you won't get nearly as much of the credit even though you have paid the taxes. It kind of doesn't make any sense, right?

We are trying to help people with the cost of raising children by allowing them to keep more of their own money. It is the people who make less who need it the most, and when you only do half of it, which is the $2,000 increase, you only get it half right. So it is good, and there are people who are going to be helped by that, but we could have helped so much more.

The bill we have today, which is before us here and will be before us in a few minutes when there is a substitute provided, cuts the corporate tax rate from 35 percent to 20 percent. A reduction in the corporate tax rate is something that I strongly support because I think it makes America more competitive and, in the process, is going to help a lot of these same people whom we are trying to help. I know that sounds countercyclical, but it does because when these corporations are able to save money in taxes, many of them will use some of that money to create new jobs and hire more people. That money—some of it will be reinvested and perhaps even flow toward workers in the form of higher wages over time.

These are positive things, so I am not against a reduction of the corporate tax rate. In fact, I ran for President, for the Senate, and for reelection to the Senate on the promise of reducing the corporate tax rate to 25 percent. So 20 percent goes well beyond that. However, in order to be able to pass something that pays for it, because you have to—and people don't know this back home, so I will just kind of explain it—this bill allows us roughly about $1.5 trillion over the next 10 years of spending over revenue. Now, we think that the growth in the economy is going to more than offset that, but for purposes of the rules of the Senate, it has to be within those parameters.

In order for us to offer an amendment that provides an increase in the child tax credit at a rate that we want to do it—about $86.9 billion—we have to find $86.9 billion somewhere in order to be able to do it. Initially, instead of cutting the corporate tax rate from 35 to 20, we proposed cutting it from 35 to 22. It is still a massive cut. It is still well below the international average of 23. It still puts us in third place among the seven largest economies in the world. But that was met with significant resistance.

We have always said that we would be open to an additional way or a different way of doing it, so today when the substitute amendment is offered, we are going to offer an amendment, Senator LEE and I. Instead of 22 percent, it is going to propose that we reduce the corporate tax from 35 to 20.94 percent. Basically, instead of a 15-percent reduction, it will be a 14.06-percent reduction, OK? The difference between what is in the bill and what we are proposing is less than 1 percentage point of reduction in the corporate tax rate—0.94 percent. With less than that 1 percent difference, we can make a huge difference in the lives of millions of Americans making between $20,000 and $50,000, as an example. That would generate about $87.4 billion, and we could use $86.9 billion of it to allow working families with children to keep more of their own money to pay for the costs of raising their children. I will remind you of who these people are. These are teachers, firefighters, welders, construction workers, truck drivers—the working class.

We didn't even have to do that, to be frank. From last night to today, the leadership and those working on this—and they have worked very hard—found an additional approximately $260 billion to cut even more taxes for businesses. I have no problem with that. I want America to be super competitive. But somehow, through some political jiujitsu or some sort of magical formula, $260 billion appeared to provide even further cuts, and that is fine. I just wish that some of that jiujitsu and political magic had been employed on behalf of the millions of Americans making between $20,000, $50,000, and $60,000 a year because they need our help.

What has been the opposition to this? Frankly, some of it is untrue. Some of it is offensive. Some of the opposition I have heard is that the people who would benefit from this tax cut don't pay taxes. They don't pay income tax or a lot of income tax, but they pay tax. If at 5 o'clock today you left your job as a construction worker and you received your paycheck, they took money out of your paycheck. When they take $200 out of your paycheck, it doesn't matter if it says FICA or if it says income tax withholding; it is $200. It is the same money, and you have $200 less of it. That is a tax. Anytime the government takes your money, it is a tax.

I have had people tell me, including people in the administration, that they don't pay taxes. I have had people say that they don't generate economic growth, which is, in my mind, No. 1, not true, and No. 2, the wrong way to think about it. You see, our economy should be working for our people, not our people for our economy, and when you talk that way, you have it wrong.

I also disagree that they don't generate growth because when you make $50,000, you spend every penny that you make. I know these people. I live in West Miami, FL, and West Miami is a small, little city. It is three-quarters of a square mile. I have lived there since 1985. The average income is $38,000 a year. If you make $38,000 a year, you spend every penny, especially if you are raising children.

I do not care how much people tell you to put some money aside and save it for the future; you cannot because everything costs more and there are unexpected costs. You bought brandnew shoes in September for school, and by November they either have a hole or they no longer fit. You bought them a backpack in August for back-to-school, and by November or December, it has a hole in it or something broken and you have to pay for it. Costs constantly come up that you haven't anticipated.

Where do they spend this money? In our economy. So, yes, maybe they don't generate as much growth as a Fortune 500 company, but they have to spend every penny of it, so they do generate growth.

I have even heard terms used like ''It is a black hole'' and ''It is welfare.'' It is not welfare; it is their money. I heard one newspaper editorial say that it is anti-work. How could a tax credit that you can't get unless you are working be anti-work? I will tell you what is anti-work: a package of benefits from the government that you get—which is worth more than this tax credit—that you are eligible for if you don't work.

I want you to tell the worker at a Head Start facility—think about this. You are a teacher at a Head Start pre-K, and you make too much money for your children to go to Head Start, but you don't make enough to be able to afford child care for your own kids. That is happening all over this country, and somehow there are black holes that we can't even find $86.9 billion to help them just a little bit more.

The second argument we have heard is that we can't cut the corporate tax rate because it is going to hurt growth. OK. You are telling me that if we have a corporate tax rate that goes from 35 percent to 20.94 percent, that is going to hurt growth. Twenty percent is the most phenomenal thing we have ever done for growth, but if you add 0.94 percent to that, it is a catastrophe. We are going to lose thousands of jobs. Come on—especially when you add that to the fact that they are going to be able to immediately expense their investments, when you add that to the fact that they are going to repatriate money abroad to the United States with the lower tax rates. When you add all the things that we have done, argue all you want, but don't please don't tell me that 0.94 percent is going to somehow lead to less economic growth because it is just not true.

We are going to have a vote later today. I don't know how many votes they are going to make us have in order to pass this; there are all kinds of procedural things that happen here. But I can tell you that this is about a lot more than just tax reform. We have a big problem that perhaps this tax reform debate has revealed; that is, the only way forward in this country is one that is pro-worker and pro-growth, and you cannot have one without the other. I can tell you that in this country today, there are millions and millions of people who have been hurt by the new economy. The new economy is great. There is nothing we can do to turn it back. The future is here, and you cannot go back to the past.

We should embrace the new economy. It has created extraordinary wealth for people who are innovators or people who have the right careers or right jobs. I don't begrudge it. I am glad that it is happening. But when you have a new economy, just as when we had the Industrial Revolution, there are some people who are going to be hurt and we have to help them in that transition because if we don't help them, we are going to break the social compact that holds our Nation together. I am not claiming that the child tax credit will solve that problem by itself. I am telling you that if we aren't even willing to do another $86 billion of allowing people to keep their own money—not even willing to do something as small as this—we are not willing to do anything for working people in this country, and that is a big problem. That is an enormous challenge for our Nation. These people have felt neglected and disrespected for a long time.

I want to be very careful, but I want to be clear about what I am saying. The political debate in America today is either all about helping the very poor—and I support the safety net. I don't think free enterprise works without a safety net. It should be there to help people who cannot help themselves, to help people stand back up on their feet and try again. The political debate is also all about helping the business community, and I support that because we need vibrant economic growth to create jobs and opportunity.

But what about everyone else? What about the people who make $50,000 a year? They make too much money for CHIP, for pre-K paid for them by the government through Head Start, for ObamaCare subsidies, too much for government benefits, but they don't make nearly enough to afford the cost of living. What about them? What is in it for them?

Yes, there is going to be economic growth and there are going to be wage increases, but not for everyone, not in this new economy in which the haves and have-nots are largely divided between those who have the right skills and right degrees and those who do not, and that has gone unaddressed for a very long time. I am telling you, if we do not address it, we leave our Nation vulnerable to two dangerous political extremes—radical socialism on the left and ethnic nationalism on the right—and neither of them are true to the American principles that created the greatest Nation on Earth.

Again, I am not here to tell you that the child tax credit solves that problem. I am here to tell you that if we can't even do that, it is evidence of our unwillingness to do beyond it the tasks that need to be done. We have a major challenge in this Nation. All we are asking for and all I implore my colleagues to vote for—I know that for people on the other side of the aisle, this doesn't go far enough. I understand it; I do. I know you want to get to a higher number; I know you want it to apply to more people. I promise you, I did too. I wanted it to be $2,500. I am trying to figure out in this constitutional Republic, which cannot be a zero-sum game, how we can make things better if we do not make them perfect.

And on the other side of the aisle, I implore my colleagues to believe that this is not a black hole, and this is not welfare. These are the teachers, firefighters, neighbors, and friends who are struggling because everything costs so much more. Why can't we just help them keep a little bit more of their own money? Really, is a 20.94 percent corporate tax rate going to hurt growth, especially if it will help us provide a little bit more assistance for the people who, today, desperately need our help?

I hope I can earn the support of as many of my colleagues as possible. It won't make this bill perfect. It doesn't go far enough for some, but it will make it better.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and the majority leader be recognized at the conclusion of that time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Oregon.

Mr. WYDEN. Mr. President, we are going to have several of our colleagues on our side, and we will start with Senator SANDERS.

Mr. SANDERS. Mr. President, as I think about what is going on here today, I think this is in many ways a historic day, a day that historians will look back on—December 1, 2017—and they will conclude that today is the day of one of the great robberies, of criminal activities, if you like, in the modern history of this country. The Federal Treasury is being looted tonight. As we speak, there are lobbyists all over Capitol Hill, writing down in handwriting, amendments to this bill to give hundreds of millions, if not billions, of dollars in tax breaks to large corporations. As we speak, they are probably still writing those amendments.

Meanwhile, this Senate, this Republican-led Senate has been unable to reauthorize the CHIP program, the health insurance program for low-income children. They didn't have enough time to do that. We have been unable to reauthorize the Community Health Center Program, providing 27 million people with health insurance. We don't have the time to do that. But tonight we are presumably going to pass legislation when, at a time of massive income and wealth inequality, 62 percent of the tax benefits go to the top 1 percent, and 10 years from now, millions and millions of middle-class Americans will be paying more in taxes.

I have not the slightest doubt, as I have said before, that after the Republicans pass this huge tax giveaway to the wealthy and large corporations, they will be back on the floor of the Senate, and when they come back, they will say: Oh, my goodness, the deficit is too high. We have to cut Social Security, Medicare, Medicaid, education, and nutritional programs. In other words, in order to give tax breaks to billionaires and to launch profitable corporations, they are going to cut programs for the elderly, the children, the working families of this country, and the poor. This legislation will go down in history as one of the worst, most unfair pieces of legislation ever passed.

I say to my Republican colleagues, as you saw on November 7, the American people are catching on. They are demanding a government that does not simply work for corporate lobbyists but works for the middle class. They are demanding a tax system that says to the wealthy and large corporations: You are going to start paying your fair share of taxes, and, no, we are not going to cut Social Security; we are going to expand Social Security. We are not going to cut Medicare; we are going to move to a ''Medicare for all'' healthcare system. The American people are catching on.

While Republicans may get away with this act of looting tonight, history is not on their side. The day will come, and it will come sooner rather than later, when we are going to have a government here that represents all of us, not just the Koch brothers, not just the billionaire class, not just wealthy campaign contributors.

I yield.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, I want to talk about one of the truly pro-growth features in this tax reform that is going to encourage investment in the United States, new business creation, startup, expansion, and hiring that will be associated with that. That means new jobs, more demand for workers, and higher wages.

What am I referring to? I am referring to one of the things we do on the business side of this tax reform. The way I think about it, there are several big features that are going to drive economic growth on the business side of the Tax Code. One is certainly lowering the top rate from the 35 percent that makes us uncompetitive in the global economy to 20 percent, which puts us pretty close to dead even among our competitors. That is one. That is an important part.

The second one that I think is even more powerful is simply allowing businesses to recognize, for tax purposes, expenses when they actually occur. Allow businesses, when they buy equipment and put that equipment to work in a factory or when buying earth-moving equipment or new machinery, to recognize that cost when it occurs. By allowing them to recognize that cost when it occurs, they can afford to purchase more of that equipment.

Why is that important?

That is important because that is the source of enhanced worker productivity. Workers are more productive when they have machinery and equipment to work with. This is why capital drives productivity growth. It is the investment in that new equipment that creates demand for workers but also makes the worker more productive. The example I like to use that I think illustrates it reasonably well is this: If you go to a construction site and you have two guys working on that site and one of them is operating a backhoe and the other is using a shovel, they are both digging a hole; they are both moving dirt. Which one do you think gets paid more? It is not a close call. The guy who is operating the backhoe is getting paid more on every such job site in America, not because there is a law that requires it but because he is a more productive worker. He has a skill set, and he is using major equipment that allows him to be much, much more productive than any human being can be with a simple hand tool. That is an illustration of how it is that when a company is able to put that equipment to work, the worker benefits.

That worker operator is not the only one who benefits, because somebody has to make the backhoe. Someone has to work at the factory that builds the backhoe that was bought. So what we are doing when we allow this expensing to occur—when we allow businesses, for tax purposes, to recognize the expense when it occurs rather than gradually over time, we simply make it more affordable for business to put capital to work, to buy the kind of equipment to help them grow and help them help their workers become more productive. That is why this is a very constructive, pro-growth feature in our tax reform that is going to be very, very helpful to workers.

But there is a third feature in our business tax reform that is also going to be great for America, and that is going to be our change from the current global tax system that we apply on the subsidiaries and affiliates of multinational companies—the change away from a global system to a territorial system. So what does that mean? So a global system is the system we have today, and America is unfortunately almost unique in the world in having this very counterproductive system.

Here is how it works. If a subsidiary of an American company goes overseas—say they go to England—and they open a business there because they want to serve the English population and they want to sell a product in England. So they go to England, they open their business, they make a profit, and they have to pay a tax to the English Government. That is normal. That is what any company operating there has to do.

What America does, what we do in our Tax Code that almost no one else does is, we say: After you have paid that tax to the English Government, if you would like to dividend that money back to your parent company so it can be invested back home in America, we are going to charge you another layer of tax. We are going to make sure the combination of what you pay there and what you bring back home hits 35 percent, which is our current rate. It is completely uncompetitive.

So, if you think about it, the rest of the world has a different system. They have the system which we know as a territorial system, and the idea there is the subsidiary in England pays its tax to the English Government and then whatever aftertax profit they choose to send home to their parent, if it is a French company or German company or a company somewhere else in the world, there is no additional tax layer.

So which country do you think has a competitive advantage doing business in England? Anyone other than the United States. This has been the very reason that you have seen these inversions, these American companies getting acquired by other companies. In many cases, it is not about the economics, it is not about synergies, it is because there is a tax advantage to having a multinational headquartered almost anywhere other than the United States. There are a lot of good jobs at a corporate headquarters. There is management and sales and finance and planning and all kinds of really good jobs. We are losing these systematically because we have this system that nobody else in the world has—almost nobody else has—that punishes companies when they bring that money back home.

So what are we going to do? We are going to change our system from one of the worst in the world to what I think is going to be one of the best. What we are going to do is we are going to say: Well, a company operating overseas has to pay that local tax, but we are not going to punish that company with another layer of tax when they bring that money back home to America and invest here. Most estimates of how much money—I should point out, you only get hit with that tax penalty if you bring that money home and reinvest it in America. That is how crazy this is. It is called the deferral system.

The common popular estimates by the economists who looked at this is that there are somewhere between $2 trillion, maybe even more than $3 trillion of earnings by the subsidiaries of American-based multinationals, where they have paid the tax overseas, as they must, but they refuse to bring the money back home because they don't want to get hit with this huge tax. So think about all this money that is overseas somewhere else and not being invested in America.

I have had conversations with CEOs who have told me they want to invest in the United States, but the tax makes it prohibitively expensive to bring it home, and therefore they are looking for opportunities overseas where they will not have this tax.

We have to end this and we are going to end this in this bill and that is going to put an end to the tax incentive for these inversions—the movement overseas of corporate headquarters. It is going to make America a great place to invest and to headquarter a multinational company, and it is going to encourage that kind of growth. It is one of the central pillars of our business tax reform that is very constructive and very important.

I see my colleague from South Dakota is with us, and I will yield the floor now to him.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, I thank the Senator from Pennsylvania for outlining and highlighting what are, I should say, some of the many reforms that are included in this legislation. Now, what he talked about is critically important.

If America is going to be competitive in the global marketplace, we have to change our Tax Code because it is completely outdated, completely antiquated relative to any of the countries with whom we compete. So, as the Senator from Pennsylvania pointed out, the reforms we make in this bill allow American companies to compete and win against those other countries around the world—the Chinas of the world, the Russias of the world. Those countries in which America has to compete on a daily basis have a huge advantage over American companies today simply because we have a tax code that doesn't recognize and reflect what is happening in the global economy, and that is why modernizing and updating our tax code was such a critical part of our tax reform effort.

I was listening to my colleague from Vermont, and I think this is a really great day in the U.S. Senate. We are getting close to the finish line on this tax bill. Over the past 24 hours, I think we have made a really great bill even better with more middle-class tax relief and more relief for small businesses. We have moved our bill closer to the House's bill in key areas, which I think will help us get this bill to the President's desk in the very near future. I am excited about what this tax bill is going to do for the American people.

America has always been about opportunity, a place where you could start from nothing and become anything. Generations of people have come to this country to build a better life for themselves and an even better one for their children. My grandparents were those people. They came here from Norway back in 1906, started a small merchandising company after they had learned the language and worked for a while on the railroads that were being built across this country. It later became a hardware store, and to this day in Mitchell, SD, there is still a store that goes by the name of Thune Hardware. The family is not associated with it, but it is an example of the millions of Americans or millions of people who came to this country, came to America in search of opportunity.

Unfortunately, in recent years, those vast horizons that so many people came to this country for seemed to shrink. The American dream has grown dim. Getting ahead has been replaced by getting by. We have watched idly as our jobs get shipped overseas, as other countries drop their business tax rates to better compete in the global marketplace, as emerging economies and developed nations grow faster than the United States. Americans now frequently spend more time worrying about their future than looking forward to it.

We are turning that around starting today with this tax bill. I am reminded of Ronald Reagan's Presidential ad noting that ''It's morning again in America.'' Well, it may not be morning yet, but the dawn is peeking over the horizon.

The tax bill before us today is going to provide immediate relief to hard-working Americans. It is going to immediately lower their tax bills. It is going to immediately mean more money in their pockets, but this bill is about much more than that. This bill isn't just about helping Americans today, although it is most certainly going to do that. This bill is about helping Americans for the long term. It is about restoring the American dream. It is about giving Americans access to the kinds of wages, jobs, and opportunities that will set them up for a secure and more prosperous future, and it is about sending a message to the world that America is finally serious about competing for 21st century jobs and innovation.

For years, our tax laws have kept American businesses at a disadvantage in the global economy. As other nations have changed their Tax Codes to strengthen their businesses, our Tax Code has kept American businesses struggling, but that ends now. This legislation makes a tremendous investment in American businesses and American workers. Under this bill, American businesses will no longer face the double taxation that has kept them at a disadvantage next to their foreign counterparts and has pushed them to keep jobs and investment overseas. They will no longer face the highest corporate tax rate in the industrialized world. They will no longer be playing catchup with their foreign competitors. Instead, American business will have money to invest in American workers. They will be able to expand their domestic operations, and they will be able to compete with and beat their competitors around the globe. What is the result of that? It means more growth here at home, more jobs, more opportunities, higher wages, and an America that can lead the world in innovation, job creation, and economic growth.

America may have been through a rough patch lately, but she is coming back stronger than ever. America led the world in the 20th century, and this tax bill makes it clear that she is going to do the same in the 21st century.

I hope our colleagues, when it comes time to vote on this tonight, will vote in favor of tax relief for middle-income families, vote for a stronger, growing, vibrant, robust economy that is creating better paying jobs, raising wages for American workers and American families, and a brighter, better, and more prosperous future for future generations of Americans.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I would just like to set the record straight on a couple of points. I have a response to my colleagues who continually say this corporate tax cut is going to raise workers' wages by $4,000.

Now, I asked the head of the Joint Committee on Taxation whether that was the case. He essentially said, no, he did not believe it was the case and referred us to tables that document it.

Perhaps even more egregious is tonight we heard our colleague from Ohio say that a Congressional Budget Office report claims that workers are going to get 70 percent of the benefits from a corporate tax cut so it was raised even higher.

Mr. President, I ask unanimous consent to have printed in the RECORD a portion of the report from the Congressional Budget Office, making it clear on the cover where it says the analysis and conclusions expressed there should not be interpreted as those of the Congressional Budget Office. It directly contradicts the comments made by the Senator from Ohio on wages and corporate tax cuts.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Working Paper Series, Congressional Budget Office, Washington, D.C.

INTERNATIONAL BURDENS OF THE CORPORATE INCOME TAX

William C. Randolph, Congressional Budget Office, Washington, D.C., August, 2006, 2006–09

Working papers in this series are preliminary and are circulated to stimulate discussion and critical comment. These papers are not subject to CBO's formal review and editing processes. The analysis and conclusions expressed in them are those of the authors and should not be interpreted as those of the Congressional Budget Office. References in publications should be cleared with the authors. Papers in this series can be obtained at www.cbo.gov (select Publications and then Working Papers).

ABSTRACT

This study applies a simple two-country, five-sector, general equilibrium model based on Harberger (1995, 2006) to examine the long-run incidence of a corporate income tax in an open economy. In equilibrium, capital is assumed to be perfectly mobile internationally in the sense that the country in which a real investment is located does not matter to the marginal investor. In addition, each country is assumed to produce at least some tradable corporate goods for which the country cannot affect world output prices. Like the original Harberger (1962) model, the worldwide stock of capital and the supply of labor in each country are fixed. Under those assumptions, the model provides closed form solutions and easily understood predictions about its comparative static equilibria. As with any simplified model, the analysis is silent about some potentially important issues—such as the effect of the corporate tax on savings, growth and other dynamics—that may also have important effects on corporate tax incidence.

The analysis shows how the domestic owners of capital can escape most of the corporate income tax burden when capital is reallocated abroad in response to the tax. But, as in Bradford (1978), capital owners worldwide cannot escape the tax. Reallocation of capital abroad drives down the personal return to investment so that capital owners worldwide bear approximately the full burden of the domestic corporate income tax. Foreign workers benefit because an increased foreign stock of capital raises their productivity and their wages. Domestic workers lose because their productivity falls and they cannot emigrate to take advantage of higher foreign wages. Under basic assumptions of the numerical application, the outcome is also similar to the implications of the simpler model of Bradford in that the full worldwide burden falls on domestic owners of productive inputs. That outcome changes, however, under alternative assumptions.

Burdens are measured in a numerical example by substituting factor shares and output shares that are reasonable for the U.S. economy. Given those values, domestic labor bears slightly more than 70 percent of the burden of the corporate income tax. The domestic owners of capital bear slightly more than 30 percent of the burden. Domestic landowners receive a small benefit. At the same time, the foreign owners of capital bear slightly more than 70 percent of the burden, but their burden is exactly offset by the benefits received by foreign workers and landowners. To the extent that capital is less mobile internationally, domestic labor's burden would be lower and domestic capital's burden would be higher. Burdens can also be affected by the domestic country's ability to influence the world prices of some traded corporate outputs. But the signs and magnitudes of those effects on burden depend upon the relative capital intensities of production in the corporate sectors that produce internationally tradable goods.

Mr. WYDEN. Mr. President, if I could have the attention of my colleague from Pennsylvania, I would like to pose a question to him on a matter. We, as we have indicated, have been digging through the amendments. As far as I can tell, what we have is the earlier language that imposes a new excise tax on the investment income of large university endowments. That has been in the bill, so be it.

Now, there seems to be a new exception on page 289. The bill says that the new tax does not apply to a university otherwise subject to the tax if it is described in the first section, which is 511(a)(2)(B), and which does not receive Federal funds.

This is new, and I am trying to figure out why there is this special exemption. I can't seem to find other people who are getting it or whom it benefits. I thought perhaps my colleague from Pennsylvania could enlighten me on this.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, I would be happy to enlighten the Senator from Oregon. What my provision does is it applies to any college that chooses not to receive Federal funds under title IV, which is a very big category of funding for higher education. It is the provision that authorizes Federal financial student loan programs, for instance.

So the theory is, which you may or may not agree with, but the view is, if a college chooses to forgo Federal money and the students that attend have to find their own way to get there, it is diminishing the burden that college would otherwise impose on the taxpayers, and so it is perfectly reasonable, in my view, to exempt such a college from the tax on endowments that we are applying generally. That is the answer to your question.

Mr. WYDEN. Mr. President, if my colleague would yield further, what is your analysis of how many colleges would benefit from this? The reason I ask is, in my view, there are a lot of deserving Oregon schools—and I seem to remember quite a few colleges in Pennsylvania—that also are very deserving, they would not benefit from this, and I would like my colleague's assessment of how many colleges would benefit from this particular provision.

Mr. TOOMEY. Mr. President, I think there are very few probably who choose now to forgo all of this taxpayer money, but any college in America that wanted to could do so. So any college that decided to adopt the policy I am alluding to here would choose to forgo the taxpayer money subsidizing their students and, if they choose to do that, then they wouldn't have to pay tax on their endowment. It would apply to any college that made the choice.

Mr. WYDEN. So is this Hillsdale College—because that is what I have been led to believe—and I would like my colleague's analysis of whether they would benefit.

Mr. TOOMEY. I believe that Hillsdale College would qualify for this, as would any other college that chooses to forgo title IV funding.

Mr. WYDEN. I am just not aware of any.

Mr. TOOMEY. There are other colleges that choose to forgo the funding. I am not sure how many of them also have an endowment large enough at the moment that it would have an impact on them. I have no idea how long it might take them to develop an endowment. But the point is, anybody who is in this category would have this same treatment.

Mrs. MCCASKILL. Mr. President, would the Senator answer a question about this provision?

Do you know who the biggest donor was to the Hillsdale College endowment?

Mr. TOOMEY. I do not.

Mrs. MCCASKILL. Would that be the DeVos family, by any chance?

Mr. TOOMEY. The answer to your question is, I have no idea, and it doesn't matter.

Mrs. MCCASKILL. Do you know who added this provision in here?

Mr. TOOMEY. I advocated this provision.

Mrs. MCCASKILL. What does it have to do with taking title IV money as to whether or not your endowment will be taxed? How is that apples and apples? It sounds like apples and oranges. What in the world do those two have in relation to each other?

Mr. TOOMEY. Are you finished with your question?

Mrs. MCCASKILL. Yes.

Mr. TOOMEY. I will answer it again. You may choose to disagree, and that is fine. We can have our different opinions on this. But my view is, a college that chooses to say ''We don't want to take any Federal taxpayer dollars'' and therefore saves the taxpayer I don't know how many millions altogether—usually thousands per student—I think it is quite reasonable that a college that chooses to not put that imposition on the Federal taxpayers ought to be able to be exempt from this tax. It would be available to any college that made that choice. Several colleges in America make this choice, and any others that choose to would be able to participate.

Mrs. MCCASKILL. So the rationale is, if you choose not to take Federal money, then your endowment is no longer subject to any tax even though the endowment money comes from people who get a deduction for the money they give, correct? The endowment comes from donors. I thought the reason we were taxing the endowments is because the people who were giving the money were getting a tax deduction when they put it there.

Mr. TOOMEY. The point is, the college that is qualifying for this is choosing not to impose a tax burden on the American taxpayer. They are not allowing their students to take the Federal taxpayer benefits that are available to them. They choose not to. They save taxpayers a tremendous amount of money when they make that choice. I think it is reasonable to allow them not to also have to pay this tax on their endowment.

Mrs. MCCASKILL. Are the people who are giving to the endowment still allowed to take a tax deduction?

Mr. TOOMEY. I think people who give to the endowments are treated the same as people who give to any other endowment.

Mrs. MCCASKILL. So it doesn't matter, in terms of the people giving to the endowments, whether they get a tax deduction, just whether the school takes money from the Federal government?

Mr. TOOMEY. The criteria is, if the school chooses to save Federal taxpayers very substantial amounts of money by forgoing the title IV funds, then the school would not have to pay the tax.

Mrs. MCCASKILL. My point, Senator, is that the people who are giving to the endowment get the exact same tax benefit as people who give to any endowment in the country.

Mr. TOOMEY. And it is a completely irrelevant point. The fact is, the school is choosing to save the taxpayers a lot of money by forgoing money that would be available to its students. So it is very reasonable to have this modest savings that is available to a school that makes that choice and saves the taxpayers this money.

Mrs. MCCASKILL. It doesn't feel that way to us. It feels as if this is a very limited provision written for a very special person.

Mr. TOOMEY. It is a universal provision available to any school that chooses to take it.

Mr. MERKLEY. Will my colleague from Pennsylvania yield for a question?

Mr. TOOMEY. Yes.

Mr. MERKLEY. Is this Hillsdale College the same one that was sued for discrimination in the 1980s?

Mr. TOOMEY. I don't know the history of litigation against most colleges, including Hillsdale.

Mr. MERKLEY. You said you introduced this provision, and so I assumed you probably researched this. Isn't the reason this college has not taken Federal funds is because it was sued for discrimination?

Mr. TOOMEY. This is not my understanding. I do understand that my colleagues on the far left do not have a fond opinion of Hillsdale, but I do. I actually think it is a wonderful institution, and I commend them for their choice, as other colleges, of forgoing taxpayer money that they could be taking, the burden they could be imposing on taxpayers, but they choose not to. I think any college in that category, whether it is Hillsdale or any other college, ought not to have to pay the tax on the endowment.

Mr. MERKLEY. You make the point that your colleagues on the left don't have a fond opinion of this particular college, but my point is, we don't have a fond opinion of discrimination and of giving a tax provision for just one college that happens to be funded by one of the wealthiest families in America because they happen to be a Republican donor. Why would that be a good provision in terms of the United States of America, to subsidize a college that quit taking Federal funds because of discrimination?

Mr. TOOMEY. Why would you choose to mischaracterize this provision the way you just did? You said it is for one college, and you know that is not true. This is criteria available to any college in America, and any college that takes it will get that benefit.

Mr. MERKLEY. Would my colleague provide a list of all the colleges that qualify, because our understanding is that only one—this was written for one to qualify. And that is why this shouldn't be done at the last minute and just stuffed into a tax bill.

Mr. TOOMEY. If my colleague doesn't like that provision, he can offer an amendment to strike it. This is a wide-open process.

Mr. WYDEN. I am reclaiming my time.

The PRESIDING OFFICER. The Democratic time has expired.

Mr. WYDEN. I ask unanimous consent for 3 additional minutes to complete this one question.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WYDEN. I thank the Chair.

I was concerned at the beginning because there are so many deserving schools in Oregon and Pennsylvania and elsewhere that don't get this special treatment, and obviously you have heard my colleagues express their concern, and I think it transcends somebody's politics.

So my question now would be—the perfecting amendment has not yet been filed. Would my colleague be willing to take his provision out of the perfecting amendment and offer it as a separate amendment so we can actually have an up-or-down vote? And perhaps by that time, we will know how many colleges, if any other than this one, benefit.

Mr. TOOMEY. Mr. President, the Senator from Oregon referred to many other deserving schools. I don't know which of them choose to forgo this taxpayer money, and if any of them do, then they qualify.

If you do not like the provision, you are free to offer an amendment to strike the provision. That would be my recommendation.

Mr. WYDEN. The answer is no.

Mr. TOOMEY. I made my recommendation. If you dislike the provision, you can offer an amendment.

Mr. WYDEN. Let the record show that my colleague has said no. And I can't find anybody else in America who benefits from this particular provision, and that doesn't strike me as right, to have it airdropped at the last minute into a bill.

Mr. President, I believe I am out of time on my consent request.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, I ask unanimous consent that there now be 30 minutes, equally divided, for debate only, with no amendments or motions in order, and that the majority leader be recognized at the conclusion of that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

If no one yields time, time will be equally charged to each side.

The Senator from Utah.

Mr. LEE. Mr. President, I stand in support of the child tax credit. It is something that this bill goes a long way toward promoting.

This is a great day in the sense that the Senate is moving forward with promoting the interests of the American family, doing something to weaken, to soften the impact of a little known feature called the parent tax penalty.

A lot of people are familiar with the marriage tax penalty in the Tax Code. It is a pernicious feature, one that punishes people for getting married, one that can produce a series of adverse effects simply by saying ''I do.'' That is wrong. Most Americans acknowledge that it is wrong. This bill goes a long way toward undoing that.

There is a different thing called the parent tax penalty that, like I say, is less understood, less frequently discussed than it should be.

Here is how the parent tax penalty works. It is a basic function of the interaction between the Federal income tax system on the one hand and our Federal senior entitlement programs, on the other—Social Security and Medicare.

Here is how it works. Imagine two hypothetical couples, couple A and couple B. Couple A and couple B are identical in every respect but one, and that is that they are identical in their income patterns, charitable contributions, mortgage interests, so on and so forth, except for one characteristic. Couple A has four children, and couple B chooses to remain childless.

Over the course of their lifetimes and while raising their children, couple A will, on average—according to what some have described as lowball estimates produced by the U.S. Department of Agriculture—incur around $1 million in childrearing expenses, just the cost of raising their children. Couple B, of course, being childless, will not incur those same expenses. At the same time, they are paying more or less at the same tax rate. There are a few differences in the existing Tax Code, but nothing to offset the disparity between the two couples in the sense that couple A, while incurring this $1 million in childrearing expenses while they are raising their children, is also paying into Social Security and Medicare. They are also paying taxes, and they are not having their contributions to this solvency of Social Security and Medicare adequately taken into account.

In other words, because Social Security and Medicare are funded on a pay-as-you-go basis, we have to remember that it is today's workers who are paying the retirement benefits of today's retirees. It is today's children who will be tomorrow's workers who will be funding the requirement benefits under Social Security and Medicare of today's workers and tomorrow's retirees.

This is what the parent tax penalty is all about. You see, the Federal Tax Code doesn't adequately take into account the enormous contribution of working parents and contributing toward the solvency and sustainability of Social Security and Medicare.

This is why a little over 4 years ago, back in 2013, I started pushing this idea of the need to increase the child tax credit to help soften the impact of the parent tax penalty. This is not, to be sure, something that is intended to incentivize or compel parenthood. That is not our purpose at all. This is not social engineering.

It is one thing for the government to tell people they have to do something or to incentivize them to do another. It is quite another thing to simply tell people: We are going to punish you less for bringing about the possibility of sustaining Medicare and Social Security, for bringing children into this world, and raising tomorrow's generation of workers who will pay for the Social Security and Medicare benefits of today's workers and tomorrow's retirees.

This is important, and this is something that I am thrilled to see as part of this tax reform package. This tax reform package does, in fact, increase the child tax credit to $2,000 per child.

What I would like to see, and what I have been working on with Senator RUBIO, is also to increase the refundability of the child tax credit, to move that refundability all the way up to $2,000 per child and make it refundable up to the amount of taxes paid, including payroll taxes—in other words, up to 15.3 percent of earnings.

What this would do is it would result in an effective cut in the payroll tax liability of middle-class, hard-working American moms and dads, some of whom might see their payroll tax liability exceed their income tax liability. They are still paying taxes.

Tell a construction worker or a secretary or a police officer that he or she is not paying Federal taxes simply because their biggest tax liability is found in the payroll tax. In this circumstance, this amendment is needed in order to give these people significant tax benefits under this bill.

It is important to remember that some 70 percent of the benefits under this bill go to America's corporations and 30 percent to individuals. It is our desire to help spread out some of the benefits of this and to help spread it out, in particular, to America's hard-working middle-class moms and dads.

Now, the Rubio-Lee amendment, in its current formulation, would involve a very slight adjustment to the corporate tax rate, taking it from 20 percent to 20.94 percent. This is not an enormous difference.

This reminds me a little bit of a story that I first heard told by Emo Philips. Emo Philips described himself as walking across the Golden Gate Bridge one night very late. He was alone on the bridge, or so he thought, until he got to about halfway across the bridge when he discovered he was not alone. He found somebody else standing on the outside of the guardrail of the Golden Gate Bridge.

Emo said: I could tell right away that this man was in trouble, and the thought occurred to me that maybe this man is thinking about taking the unfortunate step of ending his life by jumping off the bridge.

Emo said: I stopped and asked the man the first thing that came to mind: Do you believe in God?

The man said: Yes.

Emo said: Me too. Are you a Christian?

The man said: Yes.

Emo said: Me too. What denomination are you?

The man said: I am a Baptist.

Emo said: Me too. Are you a northern Baptist or a southern Baptist?

The man said: I am a northern Baptist.

Emo said: Me too. Are you a northern fundamentalist Baptist or a northern reformed Baptist?

The man said: I am a northern fundamentalist Baptist.

Emo said: Me too. Are you a northern fundamentalist Baptist, conference of

1857 or a northern fundamentalist Baptist, conference of 1812?

The man said: Northern fundamentalist conference of 1857.

Emo said: Die, you heretic. And he pushed him off the bridge.

The point here is that sometimes we have to acknowledge that very minor differences between us do not make us heretics.

There is a very minor difference between a corporate tax rate of 20 percent and a corporate tax rate of 20.94 percent. But that minor difference would make all the difference in the world to America's hard-working moms and dads, many of whom are on the very cusp of where many parents find themselves, especially while their children are young.

Imagine the construction worker, police officer, or school teacher who are just making ends meet and who realize that if they were to take themselves out of the workforce, they might be able to receive government benefits that they are currently not receiving. They might, in some ways, find their quality of life going up, at least in the sense that they wouldn't have to go to work. We don't want them to have to do that, you see, because when they get into that circumstance, they might forgo other career opportunities.

Without that job, there will not be the next job, the next promotion, and the next promotion after that. They might find themselves trapped in a web of poverty, held down by the very government programs that are there to help them.

That, in turn, might contribute to this growing expanse of the Federal Government and might inhibit economic growth.

You see, sometimes we have to remember that America's ultimate and most important investor class is not necessarily just those people gathered around the boardroom. They are often in maternity wards or at the altar in a church saying ''I do.'' Sometimes the most important investments we make are in those children whom we rock to sleep at night, whom we raise to be the next generation of taxpayers, the next generation of contributors to our great society.

This is why making sure that the child tax credit is there for them, is available to them, and is refundable up to the amount of taxes paid is so important.

These are not freeloaders. These are not people who would be seeking a welfare benefit, because the only benefit available to them under this child tax credit would be there for them only to the extent that they have been working and paying taxes, paying into the system. This is an imminently reasonable request.

In any event, this is a great moment in the very sense that we are having this conversation, in the very sense that we are poised right now to increase the child tax credit to $2,000 per child. This would go a significant way toward offsetting the parent tax penalty.

It is my hope and my humble request that my colleagues will heed this call to make it even more meaningful by making the child tax credit refundable up to the amount of taxes paid, including payroll taxes.

Thank you, Mr. President.

I yield the floor.

Mr. WYDEN. Mr. President, how much time remains on our side in the tranche?

The PRESIDING OFFICER. Eleven minutes.

Mr. WYDEN. I would like to yield 5 minutes of my time to the Senator from Ohio, Mr. BROWN.

Mr. BROWN. Mr. President, I thank Senator WYDEN.

Mr. President, if we want to cut taxes for the middle class, as my colleagues keep saying, then let's cut taxes for the middle class. Instead of giving the money to the corporations and hoping it trickles down, let's cut out the middleman. Let's put the money directly in the pockets of working families.

I will say that again. Instead of giving the money to corporations and hoping it trickles down, cut out the middleman and put the money directly in the pockets of working families. I will keep saying this, because tax reform should be that simple.

I spent the last 2 weeks, and in particular the past 2 days, working with Senators RUBIO and LEE on a good-faith effort to bring the child tax credit into this conversation.

I don't believe their proposal goes far enough because it fails to index the CTC for inflation. For inflation, it is temporary. Remember, the tax cuts for individuals are temporary; the tax cuts for corporations are permanent. It continues to be tied only to payroll taxes. It ignores the burdens we place on working families.

We can find trillions—trillions—for corporations. This is all we can do for working families?

Unfortunately, while Senators LEE and RUBIO were making a real effort at middle-class tax cuts, and I thought we were close to a bipartisan bill that could save this bill, it didn't happen. Republican leadership—coming down the hall from Senator MCCONNELL's office—swooped in and made it clear that this bill is being written to benefit one class of people: corporations that shift jobs overseas and their CEOs.

While Senators' sons and daughters will do just fine under this proposal—they will get the full tax cut for their children—working families will pay the price.

What we should do—frankly, what we must do—is vote this bill down and start over.

Senators RUBIO and LEE and I could work together, along with our colleague, Senator BENNET, to pass real middle-class tax cuts built around a compromise that begins with our shared goals on the child tax credit. That is where we start because, right now, this bill is not a tax cut for working families. Everybody on this side of the aisle knows it. Every single person knows it. Whether they were personally a CEO, whether they were an accountant, whether they were a lawyer in a small town, they all know this is not a cut for middle-class families.

Right now this bill is a massive giveaway to multinational corporations that outsource American jobs. We know the companies shut down in Mansfield, OH, in Zanesville, in Lima, and in Chillicothe, they get a tax break, they move overseas, build a new factory, and sell those products back into the United States. We know that is what has been happening. We choose not to fix that and instead we do more of the same.

Even before we take into account the loss of healthcare coverage for tens of millions of Americans, a full 62 percent of these tax cuts will go to the top 1 percent of households by the end of the decade. Sixty-two percent of these tax cuts go to the top 1 percent of households. Even with the Bush tax cuts, which were clearly weighted way too much to the wealthiest people in our country—the most privileged—that was only 27 percent of those tax cuts, those benefits that went to the wealthiest 1 percent.

So let's end the charade that this bill is a tax cut for ordinary Americans. It is simply not.

Their CEO pals have let the cat out of the bag. Bloomberg said this morning: ''Instead of hiring more workers. . . .'' My friends on the other side of the aisle say, if we cut taxes on corporations, it will raise wages, and they will hire more workers.

Bloomberg said: ''Instead of hiring more workers or raising their pay, companies say they will first increase dividends or buy back their own shares.''

That is what they always do. They take the money for themselves. They take the money for stockholders and stock buybacks and more executive compensation. The corporate CEOs couldn't be clearer: They are keeping the money for themselves. It is not going into the pockets of workers.

Again, take out the middleman. If you want to do tax cuts for the middle class, then do tax cuts for the middle class. If my colleagues mean what they say—if they want to cut taxes for the middle class—work with us bipartisanly on a good child tax credit that will really work for working families and cut taxes directly for the middle class.

I yield the floor.

Mr. ENZI. Mr. President, today I wish to speak about the important legislation we are now considering.

Earlier this week, I explained some of the reasons the Senate needs to consider tax reform legislation and gave a general overview of the bill. Today I want to talk about some of the specific provisions of the bill.

First, I want to talk about the relief this bill provides to hard-working Americans. The Tax Cuts and Jobs Act reduces tax rates for individuals, almost doubles the standard deduction, and doubles the child tax credit. This will allow families to keep more of the money they earn in their pockets. The independent Tax Foundation estimates that this will amount to about $2,500 more in after-tax income for a middle-income family in Wyoming.

This bill also will provide relief to small, family-owned businesses that currently employ the majority of the private sector in Wyoming. The bill cuts taxes for these businesses while enhancing deductions that are important to them, like the section 179 deduction that promotes business investment. The Tax Foundation believes changes like this will add more than 1,700 full time jobs in my home State.

While these individual Tax Code provisions are important to so many Wyomingites and small businesses in my home State, I am also especially proud of the international tax provisions in this bill, which I worked on with Senator PORTMAN and Chairman HATCH.

Right now, our tax rules are written so that many businesses could be better off if they are headquartered outside of the United States. Those rules, which were written in the 1960s, are completely outdated. Many of the U.S. major trading partners, including Canada, Japan, and the U.K., have moved to what are called ''territorial'' tax systems. Those systems tax the income generated within their borders and exempt foreign earnings from tax.

The United States, on the other hand, taxes the worldwide income of U.S. companies and provides deferral of U.S. tax until the foreign earnings are brought home. Deferring the tax incentivizes companies to leave their money abroad and invest it there. That is certainly not a recipe for U.S. growth and U.S. job creation.

The dominance of U.S.-headquartered companies in the global marketplace is waning. In 2000, 36 percent of the Fortune Global 500 companies were headquartered in the United States. In 2009, that number dropped to 28 percent. In 2017, we are down to 26 percent. Clearly, America is losing ground, and our international tax rules are part of the problem.

I have been working to change that since the 112th Congress, when I introduced the United States Job Creation and International Tax Reform Act. My goal then was to incentivize American companies to create jobs in the United States while leveling the playing field for U.S. companies in the global marketplace. I believe the Tax Cuts and Jobs Act achieves that goal.

This bill would reform and modernize the rules for taxing the global operations of American companies. These reforms, along with reducing our corporate tax rate, would help make America a more attractive location to base a business that serves customers around the world.

With these provisions in law, families would hear fewer stories about how U.S. companies are moving their profits to tax haven countries and avoiding U.S. tax on those earnings. Families would hear fewer stories about how U.S. multinational companies set up post office boxes in the Cayman Islands and Switzerland without an employee or officer of the company anywhere in sight and attribute a significant portion of their foreign earnings to these jurisdictions. Instead, families would hear more stories about how U.S. companies are generating the ideas and inventions of tomorrow right here in America.

The international tax rules are not easy or simple, and a lot of work went into these provisions. I want to again thank Senator PORTMAN and Chairman HATCH for their work with me in this area. I look forward to continuing to work with them and the rest of my colleagues to pass this bill that our country desperately needs.

Thank you.

Mr. PORTMAN. Mr. President, I rise today to engage in a colloquy with the distinguished chairman of the Senate Finance Committee, Senator HATCH.

Mr. Chairman, I would like to clarify a point in connection with the application of the base erosion anti-abuse tax in the Tax Cuts and Jobs act to services companies. The act provides an exception from the base erosion anti-abuse tax for services. The act limits the exception to the ''total services cost with no markup.'' As a practical matter, companies account for amounts paid or accrued for services in a variety of ways. I would like to clarify that, if in a transaction a company used one account for services cost with no markup and another account for any additional amounts paid or accrued, that the first account would be subject to the exception under the bill.

The act also excludes an amount paid or incurred for services if those services meet the requirements for the services cost method under Internal Revenue Code section 482, excluding the requirement that the services not contribute significantly to fundamental risks of business success or failure.

Is it the intent that, for this purpose, that the business judgment rule under current law and regulations will not prevent an amount from being excluded under the act?

Mr. HATCH. The Senator is correct. The intent of the provision is to exclude all amounts paid or accrued for services costs with no markup. Thus amounts paid or accrued in that account would be excluded from the base erosion anti-abuse tax. Other accounts related to the same transaction may or may not be excepted from this tax.

Similarly, it is the intent that for purposes of the base erosion anti-abuse tax that the business judgment rule will not prevent an amount from being excluded under the act.

I would like to thank my friend from Ohio for his leadership on international tax issues, especially since he joined this committee. I look forward to continuing to work with him on these important issues.

Mr. PORTMAN. I thank the chairman for that clarification and appreciate his outstanding leadership and work on this historic tax reform measure.

Mr. CARPER. Mr. President, I wanted to take an opportunity to clarify the implications of title II in the reconciliation bill before us pertaining to the development of oil and gas resources along the coastal plain of the Arctic National Wildlife Refuge.

As our colleagues recall, the Senate instructed the Energy and Natural Resources Committee to report legislation that reduces the deficit by $1 billion between 2018 and 2027. In response to those instructions, the committee reported recommendations to open the refuge's coastal plain, otherwise known as the 1002 Area, to oil and gas development.

In the process of considering and ultimately reporting this legislation, the chair of the Energy and Natural Resources Committee, the senior Senator from Alaska, Ms. MURKOWSKI, assured members of the committee that, if the legislation became law, it would require such development be subject to the full scope of environmental review required by the National Environmental Policy Act, or NEPA, as well as other environmental laws.

Indeed, earlier in this floor debate, the Senator from Alaska reiterated an assurance that the environment and local wildlife will always be a concern and a priority and that this legislation does not waive NEPA or any other environmental laws. I take my colleague at her word and thank her for her commitment.

After the Energy Committee reported its recommendations to the Senate Budget Committee, the Parliamentarian advised that the committee-reported language directing the Secretary of the Interior to manage the oil and gas program on the coastal plain ''in accordance with'' the Naval Petroleum Reserves Production Act of 1976 and its supporting regulations set up a clear conflict of law with NEPA, which is the jurisdiction of the EPW Committee. Because any changes to NEPA applicability, scope, and the content of environmental reviews conducted under the law, especially those within a National Wildlife Refuge, lie exclusively within the jurisdiction of the Environment and Public Works Committee, the language in section 20001(b)(3) was found to be extraneous under the definition in section 313(b)(1)(C) of the Congressional Budget Act.

It appears that this effect may have been inadvertent, given the assurance we have received from the Senator from Alaska, chair of the Energy Committee, that ''we did not waive NEPA or any other environmental law.'' In any event, as a result, the substitute amendment if adopted, would modify section 20001(b)(3) in an effort to eliminate extraneous language. It does this by directing the Secretary of the Interior to manage the oil and gas operations in the coastal plain in a manner ''similar'' to the requirements of the Naval Petroleum Reserves Product Act of 1976. This modification, while it might appear to be small, is a significant change.

The Parliamentarian has advised that the language in the substitute is in order, meaning that it no longer runs afoul of section 313(b)(1)(C) of the Congressional Budget Act. The new language appears to achieve the stated intent of the chair of the Energy Committee to not repeal, modify or otherwise limit in any way the application of NEPA, the Endangered Species Act, the Marine Mammal Protection Act, the Alaska National Interest Lands Conservation Act, or any other environmental or land management statute. Importantly, the requirement that oil and gas activities must be determined to be ''compatible with the major purposes for which such areas are established,'' as required by 16 U.S.C. 668dd(d)(1)(A), still applies.

The Senate should be fully aware of the substantive difference produced by the perfecting amendment offered by the majority leader, Mr. MCCONNELL. The change in the management regime as required by this amendment significantly reduces the receipts generated by lease sales that are mandated on the coastal plain, as shown in the amendment's score produced by the Congressional Budget Office.

While the Energy and Natural Resources Committee rightly exercises prime responsibility to determine the scope and nature of oil and gas leasing activities broadly, these activities are subject to a variety of aforementioned environmental and natural resource statutes and associated regulations that fall within the Environment and Public Works Committee's jurisdiction. That is particularly true of activities in National Wildlife Refuges and most certainly true of the refuge's coastal plain.

Indeed, NEPA assessments for Federal oil and gas activities in Alaska's Kenai National Wildlife Refuge are conducted in accordance with the same standards applied to oil and gas leasing in all other refuges. The Bureau of Land Management, in coordination with the Fish and Wildlife Service, will continue to apply the provisions of the Mineral Leasing Act and the associated regulations, memorialized in 43 CFR part 3100, which specify that leases shall be issued subject to stipulations prescribed by the Fish and Wildlife Service.

In summary, I would just say that my colleague from Alaska, as chair of the Energy Committee, and I, serving as the ranking member of the Environment and Public Works Committee, share a common understanding that NEPA and other seminal environmental laws will apply to potential leasing activities and related exploration and development on the coastal plain of the Arctic Refuge.

Mr. CASSIDY. Mr. President, today I wish to discuss the historic rehabilitation tax credit. During the Finance Committee markup of the Tax Cuts and Jobs Act, the committee adopted my amendment to return the historic rehabilitation tax credit to the 20 percent level, with the credit now claimed over 5 years, as well as a transition rule to grandfather approved and underway projects under the prior law and regulations.

The historic rehabilitation tax credit program provides jobs and investment in communities across the country. More than 40 percent of projects over the past 15 years have been located in communities with populations less than 25,000 people. Since 2002, the historic rehabilitation tax credit has facilitated 782 projects in Louisiana, bringing more than $2.2 billion of investment into cities and towns across the State. I am pleased this important provision will be preserved in tax reform.

For purposes of the transition rule in my amendment, ''taxpayer'' refers to the person who undertakes the rehabilitation of a building. In the case where a person makes an election under section 48(d), the term ''taxpayer'' means the lessor, since the lessor is the person who undertook the rehabilitation. It is intended that the historic rehabilitation tax credits be available during the transition period only to the extent such credits would have been available under the prior law and regulations.

Mr. President, I am proud of the work we have done in the Senate to develop a bill that delivers tax cuts to working families and significantly improves the competitiveness of our Tax Code. This will lead to greater investment, more jobs and opportunity, and an increase in economic growth.

I would like to take a moment to highlight an important, unresolved issue that we should consider as we work toward putting a bill on the President's desk.

Families in Louisiana are particularly prone to the negative impacts of natural disasters. From Hurricane Katrina in 2005 to historic flooding in multiple parts of the state during 2016, we have unfortunately seen some significant losses in our State; yet as we saw once again with the recent Hurricanes Harvey and Irma, Louisianans are resilient and watchful of neighbors through the tragedy and the recovery.

One aspect of recovery that many people don't see is the enormous amount of capital that flows into the storm zone from the reinsurance industry. In simple terms, reinsurance is insurance for insurance companies, and it helps Louisianans rebuild their homes, their businesses, and their lives.

Reinsurance transfers risk from the balance sheets of property and casualty insurance carriers so those companies can provide cost-effective solutions to consumers and businesses. A robust reinsurance market helps ensure that policyholders are getting the best rates possible on insurance for their homes and businesses. Many of the largest reinsurers in the world were founded in Europe 100 years ago or more, and a number of them do business in the United States through U.S. subsidiaries.

My concern is the potential impact of the bill's base erosion provision on the reinsurance market and policyholders along the gulf coast. The base erosion provision has the rightful intent of targeting bad actors who implement strategies to avoid U.S. taxes; yet the provision may have an unintended consequence of negatively impacting cross-border reinsurers conducting normal transactions, which could affect the market and premiums.

Reinsurance is critical to families and businesses in Louisiana, particularly after a natural disaster, and I hope to work with my Senate and House colleagues on this matter as we work to get the bill to the President's desk.

Mr. KENNEDY. Mr. President, today I rise to discuss the historic rehabilitation tax credit. The historic rehabilitation tax credit is a vital component of pro-growth tax reform and a shot in the arm for communities across the country. For instance, in my State of Louisiana, the credit has encouraged 782 restoration projects since 2002. This amounts to more than $2.2 billion in investment into cities and towns across the State. Many of these private investment dollars are flowing into small and rural communities with populations less than 25,000 people.

I am pleased that the Finance Committee restored the historic rehabilitation tax credit to the 20-percent level and ensured a smooth transition for approved and underway projects by grandfathering them in under the prior law and regulations.

For purposes of the historic rehabilitation tax credit's transition rule, ''taxpayer'' refers to the person who undertakes the rehabilitation of a building. In the case where a person makes an election under section 48(d), the term ''taxpayer'' means the lessor, since the lessor is the person who undertook the rehabilitation. It is intended that the historic rehabilitation tax credits be available during the transition period only to the extent such credits would have been available under the prior law and regulations.

Mr. WYDEN. Mr. President, I ask unanimous consent that my motions to commit be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. Wyden moves to commit the bill H.R. 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) make permanent the tax cuts for individuals and small businesses and eliminate middle class tax increases, including reinstating the full State and Local tax deduction, paid for by sun-setting tax cuts for domestic and multinational corporations.

Mr. UDALL. Mr. President, I ask unanimous consent, with the support of Senators WYDEN, BENNET, FEINSTEIN, and KLOBUCHAR, that the text of my motion to commit be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. Udall moves to commit the bill H.R. 1 to the Committee on Energy and Natural Resources with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee;

(2) provide for full, permanent, and mandatory funding for the payment in lieu of taxes program under chapter 69 of title 31, United States Code; and

(3) provide for the permanent authorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7101 et seq.).

Mr. REED. Mr. President, I ask unanimous consent that the following motion to H.R. 1, the Tax Reconciliation Act, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. Reed moves to commit the bill, H.R. 1, to the committee on Finance with instructions to report the same back to the Senate in three days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) preserve the value of the low income housing tax credit and increase further the small State minimum allocation.

Mr. BOOKER. Mr. President, I intend to offer the following motion to H.R. 1, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. Booker moves to commit the bill H.R. 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) would ensure that the bill would not result in cuts to the Medicare program under title XVIII of the Social Security Act.

Mr. MENENDEZ. Mr. President, I intend to offer the following motion to H.R. 1, and I ask unanimous consent that it be printed in the RECORD. The motion is supported by Senators CANTWELL, VAN HOLLEN, CARDIN, and BOOKER.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MOTION TO COMMIT WITH INSTRUCTIONS

Mr. Menendez moves to commit the bill H.R. 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) would eliminate the repeal of the State and local tax deduction if State and local spending on investments in Medicaid and other health care, infrastructure, or services for children or seniors, education, or law enforcement is reduced or taxes on the middle class are increased.

Mr. SCOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SULLIVAN). Without objection, it is so ordered.

The minority leader.

Mr. SCHUMER. Mr. President, in just a short time, we will proceed to a final vote on the Republican tax bill. We understand they have the votes to pass their bill, despite a process and a product that no one can be proud of, and everyone should be ashamed of. Historians will mark today as one of the darkest black-letter days in the long history of this Senate.

Once hailed as the greatest deliberative body, as a beacon of American democracy, and the envy of representative governments around the world, the Senate seems to have abandoned those qualities in a rush to pass a bill that no one is proud of. Substantively, the Republicans have managed to take a bad bill and make it worse. It was chockful of special interest giveaways before tonight, but now, under the cover of darkness and with the aid of haste, a flurry of last-minute changes will stuff even more money into the pockets of the wealthy and the biggest corporations while raising taxes on millions in the middle class.

One provision may be a metaphor for the whole bill. One college, Hillsdale College, has been exempted from taxes on colleges with large endowments. Hillsdale College is supported by the DeVos family, one of the largest contributors to the Republican Party. A specific provision, just like an earmark, was slipped into the bill, added by a Senator who fought to remove earmarks from Congress several years ago. A single wealthy college—the pet project of a billionaire campaign contributor to the Republican Party—was exempted from a tax by a Senator who fought to get rid of earmarks. This, unfortunately, is the metaphor for this bill and how high the stench is rising in this Chamber as we debate the bill tonight.

In my long career in politics, I have not seen a more regressive piece of legislation so devoid of rationale, so ill-suited for the conditions of the country, so removed from the reality of what the American people need. Working people in this country are struggling. Corporations and the very wealthy are doing great.

There is no reason for rushing through a tax break for millionaires and billionaires, paid for by pilfering the pockets and the healthcare of middle-class Americans. Millions of middle-class families will get a tax hike next year and millions more thereafter because of this bill. That is why this bill is such a monstrosity, such a danger to the country, and the American people know it. That is why they oppose the bill in large majorities.

My Republican friends will ultimately pay consequences for this bill in 2018 and beyond. The Republican Party will never again be the party of tax cuts for middle-class people. With the passage of this tax bill today, it will be the first day of the new Republican Party—one that raises taxes on the middle class, abandoning its principles for its political paymasters.

With respect to the process, the bill my Republican friends hope to pass so soon was received by Members of this body only a few hours ago. Not a single Member of this Chamber has read the bill. It would be impossible. Some of the pages were completely crossed off, and text had been replaced by handwritten notes. When we got the bill, this is what it looked like. This is what it looked like.

When asked before by Senator DURBIN, the Senate clerk said she couldn't even read it, and this section is one of the most complicated sections of the bill, dealing with passthroughs. Lawyers are paid thousands of dollars an hour to find ways for their wealthy patrons to avoid sections just like this, and my Republican friends don't have the decency, the honor to let us debate it.

Senator MCCASKILL was the first to discover that a list of proposed amendments was circulating among lobbyists. My Republican friends allowed lobbyists to see amendments, and likely the text of this bill, before their fellow U.S. Senators.

There is no score of this bill by the Joint Committee on Taxation. There will be no analysis of how American businesses and taxpayers fare under this bill, how high taxes go up or go down, whether the economy grows or shrinks, whether it creates jobs or loses them. Who knows? Certainly no one here. No one could know because it hasn't even been read, let alone thoughtfully considered.

I remember a few years back when my Republican colleagues gleefully scolded us to ''read the bill'' because the Affordable Care Act was a lengthy piece of legislation, and that bill was available for days before anyone had to vote on it. With this stunning deception, with this reckless ramrodding of a bill, Republicans are reaching heretofore unreached heights of hypocrisy, and the Senate is descending to a new low of chicanery.

Read the bill? They are still writing it by hand, mere hours before voting on it. Is this really how Republicans are going to rewrite the Tax Code, scrawled like something on the back of a napkin behind closed doors with the help of K Street lobbyists? If that is not a recipe for swindling the middle class and loosening loopholes for the wealthy, I don't know what is. I don't know if it is possible for a Senate majority leader to depart further from responsible legislating than the process we witnessed with this tax bill.

Tonight, Mr. President, I feel mostly regret at what could have been. What a grave shame it is that we weren't able to work together on this bill. Tax reform is an issue that is ripe for bipartisan compromise. Democrats have spent many long hours with our Republican colleagues talking about our tax reform ideas. There is a sincere desire on this side of the aisle to work with our colleagues, particularly on tax reform, but we have been rebuffed time and time again. Even under these difficult circumstances, Senators COONS, WARNER, BENNET, MANCHIN, HEITKAMP, DONNELLY, and MCCASKILL have tried in good faith to convince our Republican colleagues to sit down and talk to us. We have tried to convince you all that we want to join you in tax reform, to have a real debate befitting this august body.

It is an expression of the brokenness of our politics that the influence of moneyed interests and the political right was so great that it overcame even the best of intentions of my Republican colleagues, so many of whom I admire, so many of whom I know, because they have said it to me, lament the steady erosion of bipartisanship in the one institution in our government designed by nature to foster it.

I salute my friend the Senator from Tennessee for standing fast by his principles and having the courage of his convictions. I only regret that there were not more who followed his admirable example.

After a divisive and draining battle over the future of healthcare, we could have moved the Senate back toward sanity, bipartisanship, compromise. We could have accomplished something great for the country and for this body at the same time.

Although time is running short, there is still time, and I will make one final plea. Because this bill is so slanted toward the wealthy and powerful and rains tax increases upon millions of middle-class citizens; because the bill is laden with special interest provisions, some recently found and many not yet seen; because the bill was given to lobbyists to read and change before Senators saw it; and because the bill was given to us on few hours' notice and has not been read fully or considered fully by a single Senator, I move that we adjourn until Monday so we can first read and then clean up this awful piece of legislation.

MOTION TO ADJOURN

Mr. President, I move that the Senate adjourn until Monday, December 4, 2017, at 12 noon, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 48, nays 52, as follows:

[Rollcall Vote No. 293 Leg.]

YEAS—48

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Coons	Leahy	Tester
Cortez Masto	Manchin	Udall
Donnelly	Markey	Van Hollen
Duckworth	McCaskill	Warner
Durbin	Menendez	Warren
Feinstein	Merkley	Whitehouse
Franken	Murphy	Wyden

NAYS—52

Alexander	Flake	Perdue
Barrasso	Gardner	Portman
Blunt	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Collins	Isakson	Shelby
Corker	Johnson	Strange
Cornyn	Kennedy	Sullivan
Cotton	Lankford	Thune
Crapo	Lee	Tillis
Cruz	McCain	Toomey
Daines	McConnell	Wicker
Enzi	Moran	Young
Ernst	Murkowski	
Fischer	Paul	

The motion was rejected.

The PRESIDING OFFICER (Ms. MURKOWSKI). The majority leader.

AMENDMENT NO. 1855 TO AMENDMENT NO. 1618

(Purpose: To provide a perfecting amendment.)

Mr. MCCONNELL. Madam President, I ask unanimous consent to call up amendment No. 1855; that the amendment be agreed to; that Senate amendment No. 1618, as amended, be considered original text for the purpose of further amendment; and that all points of order be preserved. I further ask that all time be yielded back.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report the amendment by number.

The senior assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. MCCONNELL], for Mr. HATCH, proposes an amendment numbered 1855 to amendment No. 1618.

(The amendment is printed in today's RECORD under "Text of Amendments.")

The amendment (No. 1855) was agreed to.

AMENDMENTS NOS. 1720, 1854, AND 1850 TO AMENDMENT NO. 1618

Mr. MCCONNELL. Madam President, I ask unanimous consent that the following amendments be called up en bloc and reported by number: Sanders No. 1720, Brown. No 1854, and Rubio No. 1850. I further ask consent that the Senate now vote in relation to the Sanders amendment and that following disposition of the amendment, the Senate vote in relation to the above amendments in the order listed; finally, that there be 2 minutes equally divided between the managers or their designees prior to all further votes tonight and that they be 10 minutes in length.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report the amendments en bloc by number.

The senior assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. MCCONNELL], for others, proposes amendments numbered 1720, 1854, and 1850 en bloc to amendment No. 1618.

The amendments are as follows:

AMENDMENT NO. 1720

(Purpose: To create a point of order against legislation that cuts Social Security, Medicare, or Medicaid benefits)

At the appropriate place, insert the following:

SEC. ___. POINT OF ORDER AGAINST LEGISLATION THAT CUTS SOCIAL SECURITY, MEDICARE, OR MEDICAID BENEFITS.

(a) POINT OF ORDER.—It shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, amendment between the Houses, or conference report that would—

(1) result in a reduction of guaranteed benefits scheduled under title II of the Social Security Act;

(2) increase either the early or full retirement age for the benefits described in paragraph (1);

(3) privatize Social Security;

(4) result in a reduction of guaranteed benefits for individuals entitled to, or enrolled for, benefits under the Medicare program under title XVIII of such Act; or

(5) result in a reduction of benefits or eligibility for individuals enrolled in, or eligible to receive medical assistance through, a State Medicaid plan or waiver under title XIX of such Act.

(b) WAIVER AND APPEAL.—Subsection (a) may be waived or suspended in the Senate only by an affirmative vote of two-thirds of the Members, duly chosen and sworn. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under subsection (a).

AMENDMENT NO. 1854

(Purpose: To amend the Internal Revenue Code of 1986 to increase the Child Tax Credit, and for other purposes)

Strike section 11022 and insert the following:

SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24 is amended—

(1) by striking subsections (a) and (b) and inserting the following:

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,000, and

''(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,500.

''(b) LIMITATION.—

''(1) IN GENERAL.—The amount of the credit allowable under subsection (a) (including any increase pursuant to subsection (h)) shall be reduced (but not below zero) by an amount equal to 5 percent of the taxpayer's adjusted gross income which is in excess of the threshold amount.

''(2) THRESHOLD AMOUNT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the term 'threshold amount' means—

''(i) $250,000 in the case of a joint return,

''(ii) $200,000 in the case of an individual who is not married, and

''(iii) $125,000 in the case of a married individual filing a separate return.

''(B) MARITAL STATUS.—For purposes of this paragraph, marital status shall be determined under section 7703.'',

(2) in subsection (d)(1)—

(A) in subparagraph (A), by inserting '', subsection (h),'' after ''this subsection'', and

(B) in subparagraph (B)(i)—

(i) by striking ''15 percent'' and inserting ''45 percent'', and

(ii) by striking ''as exceeds $3,000'', and

(3) by adding at the end the following new subsections:

''(h) ADDITIONAL CREDIT FOR CERTAIN OTHER DEPENDENTS.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, the credit determined under subsection (a) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c).

''(2) EXCEPTION FOR CERTAIN NON-CITIZENS.—Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(i) DEFINITION OF QUALIFYING CHILD.—In the case of a taxable year beginning before January 1, 2025, paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(j) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning after 2018, each of the dollar amounts in subsection (a) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

''(2) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

(c) OFFSETS.—

(1) ADJUSTMENT AND TERMINATION OF CORPORATE RATE.—Section 11, as amended by section 13001 of this Act, is amended—

(A) in subsection (b), by striking ''20 percent'' and inserting ''25 percent''

(B) by adding at the end the following:

''(e) TERMINATION OF 25 PERCENT RATE.—In the case of any taxable year beginning after December 31, 2027—

''(1) the tax computed under subsection (a) shall be computed in the same manner as such tax was computed under subsection (b) (as in effect on the day before the date of the enactment of the Tax Cuts and Jobs Act), and

''(2) this title shall be applied and administered as if the amendments made by section 13002 of such Act had not been enacted.''.

(2) ADJUSTMENT OF HIGHEST RATE BRACKET.—

(A) JOINT RETURNS.—The last row of the table contained in section 1(j)(2)(A), as added by section 11001(a), is amended to read as follows:

''Over $1,000,000	$301,479, plus 39.6% of the excess over $1,000,000.''.

(B) HEADS OF HOUSEHOLDS.—The last row of the table contained in section 1(j)(2)(B), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$149,348, plus 39.6% of the excess over $500,000.''.

(C) UNMARRIED INDIVIDUALS.—The last row of the table contained in section 1(j)(2)(C), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$150,739.50, plus 39.6% of the excess over $500,000.''.

(D) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The last row of the table contained in section 1(j)(2)(D), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$150,739.50, plus 39.6% of the excess over $500,000.''.

(E) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable years beginning after December 31, 2017.

(3) GLOBAL INTANGIBLE LOW-TAXED INCOME ON A COUNTRY-BY-COUNTRY BASIS.—

(A) IN GENERAL.—Section 951(a), as added by section 14201 of this Act, is amended by adding at the end the following:

''(g) DETERMINATION OF GLOBAL INTANGIBLE LOW-TAXED INCOME ON A COUNTRY-BY-COUNTRY RATHER THAN AGGREGATE BASIS.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section, the global intangible low-taxed income of any United States shareholder for any taxable year shall be determined separately with respect to each foreign country by taking into account such shareholder's pro rata share of net CFC tested income and net deemed tangible income return which is properly allocable to such foreign country.

''(2) APPLICATION.—The Secretary shall take such actions as are necessary to provide for the application of this section, and any provision of this title to which this section relates, on a country-by-country rather than an aggregate basis.''.

(B) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the amendments made by section 14201 of this Act.

AMENDMENT NO. 1850

(Purpose: To increase the refundability of the child tax credit, and for other purposes)

Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be—

''(A) in the case of a joint return, $500,000, and

''(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) PORTION OF CREDIT REFUNDABLE.—In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section:

''(A) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

''(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or

''(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year.

''(B) PAYROLL TAXES.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the term 'payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by—

''(I) section 1401 on the self-employment income of the taxpayer for the taxable year,

''(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins,

''(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins,

''(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and

''(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins.

''(ii) COORDINATION WITH SPECIAL REFUND OF PAYROLL TAXES.—The term 'payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

''(iii) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause.

''(C) EXCEPTION FOR TAXPAYERS EXCLUDING FOREIGN EARNED INCOME.—Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection

(d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) INCREASE IN CORPORATE TAX RATE.—Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ''20 percent'' and inserting ''20.94 percent''.

(c) EFFECTIVE DATE.—The amendments made by

Mr. MCCONNELL. Madam President, the next three votes will be in relation to Sanders amendment No. 1720, Brown amendment No. 1854, and Rubio amendment No. 1850.

AMENDMENT NO. 1720

The PRESIDING OFFICER. There is now 2 minutes of debate equally divided prior to a vote on the Sanders amendment.

Mr. SANDERS. Madam President, could we have order, please?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Vermont.

Mr. SANDERS. Thank you.

Madam President, tonight is chapter 1 of the Republican Party Koch brothers plan.

Tonight, the Republicans provide $1 trillion in tax breaks to the wealthiest people in this country and to the largest corporations, while raising the deficit by over $1.4 trillion.

Part 2 of their plan—probably coming in a few months—will be to call for massive cuts to Social Security, Medicare, and Medicaid in order to pay for their tax breaks to the rich. For those of us who don't want to cut these vitally important programs that the American people have paid for, this amendment establishes a 67-vote threshold to make those cuts.

If you don't want to cut Social Security, Medicare, and Medicaid to give tax breaks to millionaires, support this amendment.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Madam President, the Sanders amendment is nongermane and would gut this legislation. The bill before us does not cut Social Security. It does not cut Medicare. It does not cut Medicaid benefits. So I encourage my colleagues to oppose the Sanders amendment and—does the Senator have any time remaining?

Mr. SANDERS. I would just say that I would be delighted to gut and destroy this legislation, but pursuant to section 904 of the Congressional Budget Act of 1974—I am sorry.

Mr. ENZI. I yield back the remainder of my time.

The pending amendment No. 1720 does not produce a change in outlays or a change in revenues, and this is extraneous to the instruction in H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018. Therefore, I raise a point of order against this measure pursuant to section 313(b)(1)(A) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive all applicable sections of that act for purposes of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 294 Leg.]

YEAS—46

Baldwin	Harris	Nelson
Bennet	Hassan	Peters
Blumenthal	Heinrich	Reed
Booker	Heitkamp	Sanders
Brown	Hirono	Schatz
Cantwell	Kaine	Schumer
Cardin	King	Shaheen
Casey	Klobuchar	Stabenow
Collins	Leahy	Tester
Coons	Manchin	Udall
Cortez Masto	Markey	Van Hollen
Donnelly	McCaskill	Warren
Duckworth	Menendez	Whitehouse
Feinstein	Merkley	Wyden
Franken	Murphy	
Gillibrand	Murray	

NAYS—54

Alexander	Fischer	Paul
Barrasso	Flake	Perdue
Blunt	Gardner	Portman
Boozman	Graham	Risch
Burr	Grassley	Roberts
Capito	Hatch	Rounds
Carper	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Corker	Isakson	Shelby
Cornyn	Johnson	Strange
Cotton	Kennedy	Sullivan
Crapo	Lankford	Thune
Cruz	Lee	Tillis
Daines	McCain	Toomey
Durbin	McConnell	Warner
Enzi	Moran	Wicker
Ernst	Murkowski	Young

The PRESIDING OFFICER. On this vote, the yeas are 46, the nays are 54.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

AMENDMENT NO. 1854

There will now be 2 minutes of debate, equally divided, prior to a vote on the Brown amendment No. 1854.

The Senator from Ohio.

Mr. BROWN. Madam President, without the Brown-Bennet amendment, a Senator's kid gets more tax relief than the daughter of a family in Garfield Heights, OH, who makes $40,000 a year. I will say that again. A Senator's kid gets more tax relief than the daughter of a family earning $30,000 or $40,000.

Brown-Bennet is permanent; Rubio-Lee isn't.

Brown-Bennet provides more for small children at the most important time in their young lives.

My wife and I live in Cleveland, OH, in ZIP Code 44105. Our ZIP Code had more foreclosures in 2007 than any ZIP Code in the United States of America. This amendment helps to answer that. ZIP Codes should not be the determining factor for the future of a child.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Madam President, while this amendment expands the child tax credit provisions, it makes the credit available to fewer taxpayers. It also raises the corporate tax rate to 25 percent. The underlying bill already provides for a generous enhanced child tax credit with increased refundability that reaches far up into the middle class, giving relief to millions of families.

This amendment would undermine the balance struck in the drafting of this bill and diminish its potential to generate growth.

Has all time expired?

The PRESIDING OFFICER. All time has not expired. The Senator has 20 seconds.

Mr. ENZI. The pending amendment No. 1854 would cause the underlying legislation to exceed the Finance Committee's section 302(a) allocation of new budget authority or outlays. Therefore, I raise a point of order against this measure pursuant to section 302(f) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. BROWN. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive all applicable sections of that act for purposes of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The senior assistant legislative clerk called the roll.

The yeas and nays resulted—yeas 48, nays 52, as follows:

[Rollcall Vote No. 295 Leg.]

YEAS—48

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Coons	Leahy	Tester
Cortez Masto	Manchin	Udall
Donnelly	Markey	Van Hollen
Duckworth	McCaskill	Warner
Durbin	Menendez	Warren
Feinstein	Merkley	Whitehouse
Franken	Murphy	Wyden

NAYS—52

Alexander	Boozman	Cassidy
Barrasso	Burr	Cochran
Blunt	Capito	Collins

Corker	Hoeven	Roberts
Cornyn	Inhofe	Rounds
Cotton	Isakson	Rubio
Crapo	Johnson	Sasse
Cruz	Kennedy	Scott
Daines	Lankford	Shelby
Enzi	Lee	Strange
Ernst	McCain	Sullivan
Fischer	McConnell	Thune
Flake	Moran	Tillis
Gardner	Murkowski	Toomey
Graham	Paul	Wicker
Grassley	Perdue	Young
Hatch	Portman	
Heller	Risch	

The PRESIDING OFFICER. On this vote, the yeas are 48, the nays are 52.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

AMENDMENT NO. 1850

There will now be 2 minutes of debate equally divided prior to a vote on Rubio amendment No. 1850.

The Senator from Florida is recognized.

Mr. RUBIO. Madam President, this amendment would allow people making primarily between $20,000, $50,000, $60,000 a year—workers, firefighters, police officers—to keep more of their own payroll tax liabilities. In a moment, there will be a point of order, and the objection to this has been budgetary. This is paid for. Instead of cutting the corporate rate to 20 percent, it cuts it to 20.94 percent. Instead of a 15-point cut, we are asking for a 14.06 cut. Apparently, American corporations at 20 percent, America will be a corporate utopia, but at 20.94, it is a catastrophe. That is ridiculous. Voting against this today you are basically arguing that a 0.94 cut is something corporations can't afford, and that is more important to keep in place than giving American families an $800 child tax credit. That is ridiculous.

Apparently, American companies are allowed to immediately invest their investment in equipment and in land, but American parents should not be allowed to immediately invest their hard-earned money in our children and in our future. I ask all of you to fight for the American worker. This isn't perfect, but it is better than what we have now, and I ask everyone for your vote.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Madam President, with this amendment, Senators RUBIO and LEE stopped far short of meaningful relief for millions of vulnerable American families and leave out altogether so many deserving children like the Dreamers.

After 2025, Rubio-Lee offers a double standard. Their child tax credit expires, even while multinational corporations get permanent tax breaks for shipping jobs overseas. Democrats want to provide strong, permanent protection for all working families, rather than temporary protection for some like Rubio-Lee. The best way to protect these families is not through a puny bandaid approach but through permanent help that America's struggling families richly deserve.

Madam President, I make a point of order that the pending amendment violates section 302(f) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Florida.

Mr. RUBIO. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of this amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The bill clerk called the roll.

The yeas and nays resulted—yeas 29, nays 71, as follows:

[Rollcall Vote No. 296 Leg.]

YEAS—29

Blunt	Gardner	Moran
Capito	Heitkamp	Murkowski
Cassidy	Heller	Nelson
Collins	Hoeven	Peters
Cotton	Kennedy	Risch
Crapo	King	Rubio
Cruz	Klobuchar	Sasse
Donnelly	Lee	Stabenow
Ernst	Manchin	Sullivan
Fischer	McCaskill	

NAYS—71

Alexander	Franken	Portman
Baldwin	Gillibrand	Reed
Barrasso	Graham	Roberts
Bennet	Grassley	Rounds
Blumenthal	Harris	Sanders
Booker	Hassan	Schatz
Boozman	Hatch	Schumer
Brown	Heinrich	Scott
Burr	Hirono	Shaheen
Cantwell	Inhofe	Shelby
Cardin	Isakson	Strange
Carper	Johnson	Tester
Casey	Kaine	Thune
Cochran	Lankford	Tillis
Coons	Leahy	Toomey
Corker	Markey	Udall
Cornyn	McCain	Van Hollen
Cortez Masto	McConnell	Warner
Daines	Menendez	Warren
Duckworth	Merkley	Whitehouse
Durbin	Murphy	Wicker
Enzi	Murray	Wyden
Feinstein	Paul	Young
Flake	Perdue	

The PRESIDING OFFICER (Mr. BOOZMAN). On this vote, the yeas are 29, the nays are 71.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

The majority leader is recognized.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that Senator MENENDEZ be recognized to offer a motion to commit and that there be 2 minutes of debate, equally divided, prior to a vote on the motion.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from New Jersey is recognized.

MOTION TO COMMIT

Mr. MENENDEZ. Mr. President, I have a motion to commit at the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The senior assistant legislative clerk read as follows:

The Senator from New Jersey [Mr. MENENDEZ] moves to commit the bill H.R. 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee; and

(2) would eliminate the repeal of the State and local tax deduction if State and local spending on investments in Medicaid and other health care, infrastructure, or services for children or seniors, education, or law enforcement is reduced or taxes on the middle class are increased.

Mr. MENENDEZ. Mr. President, I rise once again to stand up for the good people of New Jersey and other States to offer a motion to restore the State and local tax, or SALT, deduction.

Ending the SALT deduction will subject millions of middle-class families to double taxation, but that is not all. It will also set the stage for huge cuts to education, law enforcement, infrastructure, public health, and other critical services. But don't take my word for it. Listen to the teachers and police officers, the doctors and nurses and firefighters.

The National Education Association opposes it because it will hurt our public schools. The Fraternal Order of Police and the National Sheriffs' Association oppose it because it will make our streets less safe. The American Medical Association and the American Hospital Association oppose it because people will lose access to healthcare. The AARP opposes it because it will lead to cuts in Medicare and Medicaid and hurt our seniors. Even the New Jersey Chamber of Commerce opposes it because it will hinder investments in the infrastructure that businesses need in order to compete.

My motion to commit would restore the SALT deduction if these all too predictable consequences happen. A corporate tax cut cannot build a road, care for a senior, teach a child, or help keep our streets safe. If corporations can keep the State and local tax deduction, so should middle-class families. We cannot afford to roll the dice and risk these investments in the middle class.

I urge the adoption of the motion to commit, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Does any Senator seek time in opposition?

The Senator from South Dakota is recognized.

Mr. THUNE. Mr. President, let's keep in mind that the State and local tax, or SALT, deduction disproportionately benefits wealthy taxpayers in high tax States. More than 70 percent of American families currently take the standard deduction, so they will not even be impacted at all by this bill's treatment of SALT. Let's also keep in mind that our improving amendment strikes a compromise on SALT. It includes, as does the House bill, a deduction of up to $10,000 for property tax paid to State and local governments.

Democrats insisting on keeping the entire SALT deduction in place should explain why they have prioritized a tax deduction for wealthy taxpayers over middle-class tax relief. Our bill addresses this issue in an appropriate way, and I urge my colleagues to vote against this motion.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The yeas and nays were previously ordered.

The clerk will call the roll.

The senior assistant legislative clerk called the roll.

The result was announced—yeas 48, nays 52, as follows:

[Rollcall Vote No. 297 Leg.]

YEAS—48

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Coons	Leahy	Tester
Cortez Masto	Manchin	Udall
Donnelly	Markey	Van Hollen
Duckworth	McCaskill	Warner
Durbin	Menendez	Warren
Feinstein	Merkley	Whitehouse
Franken	Murphy	Wyden

NAYS—52

Alexander	Flake	Perdue
Barrasso	Gardner	Portman
Blunt	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Collins	Isakson	Shelby
Corker	Johnson	Strange
Cornyn	Kennedy	Sullivan
Cotton	Lankford	Thune
Crapo	Lee	Tillis
Cruz	McCain	Toomey
Daines	McConnell	Wicker
Enzi	Moran	Young
Ernst	Murkowski	
Fischer	Paul	

The motion was rejected.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENTS NOS. 1852 AND 1846 TO AMENDMENT NO. 1618

Mr. CORNYN. Mr. President, I ask unanimous consent that the following amendments be called up and reported by number: Cruz No. 1852, Kaine No. 1846; further, that following disposition of the Kaine amendment, Senator MANCHIN be recognized to offer a motion to commit and that there be 2 minutes of debate, equally divided, prior to a vote on the motion.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report the amendments en bloc by number.

The senior assistant legislative clerk read as follows:

The Senator from Texas [Mr. CORNYN], for others, proposes amendments numbered 1852 and 1846 en bloc to amendment No. 1618.

The amendments are as follows:

AMENDMENT NO. 1852

(Purpose: To allow limited 529 account funds to be used for elementary and secondary education, including homeschool)

At the end of part IV of subtitle A of title I, insert the following:

SEC. 11033. 529 ACCOUNT FUNDING FOR ELEMENTARY AND SECONDARY EDUCATION.

(a) IN GENERAL.—

(1) IN GENERAL.—Section 529(c) is amended by adding at the end the following new paragraph:

''(7) TREATMENT OF ELEMENTARY AND SECONDARY TUITION.—Any reference in this subsection to the term 'qualified higher education expense' shall include a reference to—

''(A) expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, and

''(B) expenses for—

''(i) curriculum and curricular materials,

''(ii) books or other instructional materials,

''(iii) online educational materials,

''(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or instructor is not related to the student),

''(v) dual enrollment in an institution of higher education, and

''(vi) educational therapies for students with disabilities,

in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).''.

(2) LIMITATION.—Section 529(e)(3)(A) is amended by adding at the end the following: ''The amount of cash distributions from all qualified tuition programs described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year shall, in the aggregate, include not more than $10,000 in expenses described in subsection (c)(7) incurred during the taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to contributions made after December 31, 2017.

(c) OFFSET.—

(1) MODIFICATION OF RULES RELATING TO HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.—Section 401(k) is amended by adding at the end the following:

''(14) SPECIAL RULES RELATING TO HARDSHIP WITHDRAWALS.—For purposes of paragraph (2)(B)(i)(IV)—

''(A) AMOUNTS WHICH MAY BE WITHDRAWN.—The following amounts may be distributed upon hardship of the employee:

''(i) Contributions to a profit-sharing or stock bonus plan to which section 402(e)(3) applies.

''(ii) Qualified nonelective contributions (as defined in subsection (m)(4)(C)).

''(iii) Qualified matching contributions described in paragraph (3)(D)(ii)(I).

''(iv) Earnings on any contributions described in clause (i), (ii), or (iii).

''(B) NO REQUIREMENT TO TAKE AVAILABLE LOAN.—A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the plan.''.''.

(2) CONFORMING AMENDMENT.—Section 401(k)(2)(B)(i)(IV) is amended to read as follows:

''(IV) subject to the provisions of paragraph (14), upon hardship of the employee, or''.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 2017.

AMENDMENT NO. 1846

(Purpose: To provide middle class tax relief)

Beginning on page 95, strike line 7 and all that follows through page 97, line 14 and insert the following:

Subtitle B—Permanent Individual Income Tax Relief for Middle Class

SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS.

(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The table contained in subsection (a) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400	$1,905, plus 12% of the excess over $19,050.
Over $77,400 but not over $140,000	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $480,050	$91,479, plus 35% of the excess over $400,000.
Over $480,050	$119,496.50, plus 39.6% of the excess over $480,050.

(b) HEADS OF HOUSEHOLDS.—The table contained in subsection (b) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $453,350	$44,348, plus 35% of the excess over $200,000.
Over $453,350	$133,020.50, plus 39.6% of the excess over $453,350.

(c) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The table contained in subsection (c) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $426,700	$45,739.50, plus 35% of the excess over $200,000.
Over $426,700	$125,084.50, plus 39.6% of the excess over $426,700.

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The table contained in subsection (d) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.

If taxable income is:	The tax is:
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $240,026	$45,739.50, plus 35% of the excess over $200,000.
Over $240,026	$59,748.60, plus 39.6% of the excess over $240,026.

(e) ESTATES AND TRUSTS.—The table contained in subsection (e) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,700	$1,839, plus 35% of the excess over $9,150.
Over $12,700	$3,081.50, plus 39.6% of the excess over $12,700.

(f) INFLATION ADJUSTMENT.—Section 1(f)(2)(A), as amended by this Act, is amended by striking ''1992'' and inserting ''2017''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 12002. CORPORATE TAX RATE.

(a) IN GENERAL.—Section 11(b), as amended by this Act, is amended by striking ''20 percent'' and inserting ''25 percent''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

The PRESIDING OFFICER. Who yields time?

The Senator from Texas is recognized.

AMENDMENT NO. 1852

Mr. CRUZ. Mr. President, tonight I ask your support for this commonsense amendment, which will expand the already immensely popular 529 college savings plan so that parents can also save for K–12 elementary and secondary school tuition, including educational expenses for homeschool students.

This change will have real and significant effects. Your vote will expand options for parents and children spending their own money and will prioritize the education of the next generation of Americans. By expanding 529s, which Americans already value greatly, we will help ensure that each child can receive an education that meets his or her individualized needs, and this reasonable expansion will enable hardworking parents to better save for the educational future of their kids.

This amendment was in the House bill, and it is fully paid for, and I urge your support.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President, Senator CRUZ's amendment expands tax subsidies for upper income households to aid private or parochial schools by allowing 529 account balances to spend up to $10,000 a year on private or parochial school tuition and supplies.

Colleagues, this is nothing less than a backdoor assault on the public K–12 education system. The real goal seems to be to take more and more children from the public schools and put them into private schools and shrink the funds that would be available to the public schools that give all of America's children the chance to get ahead.

Members should oppose the amendment because it undermines America's public education system.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The bill clerk called the roll.

The yeas and nays resulted—yeas 50, nays 50, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—50

Alexander	Flake	Perdue
Barrasso	Gardner	Portman
Blunt	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Corker	Isakson	Shelby
Cornyn	Johnson	Strange
Cotton	Kennedy	Sullivan
Crapo	Lankford	Thune
Cruz	Lee	Tillis
Daines	McCain	Toomey
Enzi	McConnell	Wicker
Ernst	Moran	Young
Fischer	Paul	

NAYS—50

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	King	Shaheen
Casey	Klobuchar	Stabenow
Collins	Leahy	Tester
Coons	Manchin	Udall
Cortez Masto	Markey	Van Hollen
Donnelly	McCaskill	Warner
Duckworth	Menendez	Warren
Durbin	Merkley	Whitehouse
Feinstein	Murkowski	Wyden
Franken	Murphy	

The VICE PRESIDENT. On this vote, the yeas are 50, the nays are 50. The Senate being equally divided, the Vice President votes in the affirmative, and the amendment, No. 1852, is agreed to.

AMENDMENT NO. 1846

The PRESIDING OFFICER (Mr. LANKFORD). There will now be 2 minutes of debate, equally divided, prior to a vote on Kaine amendment No. 1846.

The Senator from Virginia.

Mr. KAINE. Mr. President, may I ask that amendment No. 1846 be called up?

The PRESIDING OFFICER. It is already called up.

Mr. KAINE. Thank you, Mr. President.

It is impossible to fix all the problems with this bill in a 1-minute amendment, but my amendment fixes two problems. It makes the middle-class tax cuts permanent, and it takes nearly $1 trillion away from the massive deficit caused by this big giveaway.

How does the amendment do these two things? First, it leaves the AMT where it is under current law instead of scaling it back. Second, while making middle-income tax cuts permanent, it provides no individual tax relief to those Americans currently in the top bracket. Third, it cuts the corporate tax rate from 35 to 25, rather than 20.

If you care about deficit reduction, support this amendment. If you care about permanent middle-class tax cuts, support this amendment. If you believe a reasonable corporate tax cut could help grow the economy, support the amendment. Finally, if you believe tax reform should be bipartisan, support this amendment.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, taking the time in opposition, first, I want to acknowledge that we share the goal of making the individual tax rates permanent, and I hope we will have an opportunity to do that, but, more importantly, I want to thank the Senator from Virginia for acknowledging and complimenting our work, acknowledging that we have cut taxes for working-class and middle-income families.

There are people who came down here during the course of the last couple of days suggesting that somehow wasn't true. I appreciate your honesty in acknowledging that we did, in fact, cut taxes for middle-income families, for working-class families, so much so, in fact, that you want to make our policy permanent, and I commend you for that. Unfortunately, you also added a huge tax increase on the very businesses that are going to help drive our growth.

By lowering our rate to 20 percent, which is what we do in our bill and which you would undermine, we would lose the opportunity to create new businesses, existing business growth, and the wage and job growth we want to drive.

I would suggest we work together on making our individual tax cuts permanent in the future, but I would urge my colleague to oppose this amendment in the current form.

Mr. KAINE. Mr. President, do I have any remaining time?

Mr. SCHUMER. Mr. President, I ask unanimous consent that he be given a minute.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KAINE. Mr. President, I don't need a full minute. I am just here to say that permanent middle-class tax cuts is more important than 25 to 20 percent for corporations.

The problem with the Republican bill is the priority. It prioritizes the corporate tax cuts over individual tax cuts for middle-class people and that is why we oppose it and that is why everyone should support this amendment. People come first.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, the pending amendment No. 1846 offered by Senator KAINE has unknown budgetary effects. Therefore, I raise a point of order against this measure pursuant to section 4105 of H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. KAINE. Mr. President, I am shocked to learn that at 10 after 12 we are actually following a procedure that is a normal budget procedure, but since that has been raised, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from North Dakota (Ms. HEITKAMP) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 34, nays 65, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—34

Baldwin	Franken	Nelson
Bennet	Hassan	Peters
Blumenthal	Heinrich	Schatz
Brown	Kaine	Shaheen
Cantwell	King	Stabenow
Cardin	Klobuchar	Udall
Carper	Leahy	Van Hollen
Casey	Manchin	Warner
Coons	McCaskill	Whitehouse
Donnelly	Menendez	Wyden
Duckworth	Merkley	
Feinstein	Murray	

NAYS—65

Alexander	Gardner	Perdue
Barrasso	Gillibrand	Portman
Blunt	Graham	Reed
Booker	Grassley	Risch
Boozman	Harris	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hirono	Sanders
Cochran	Hoeven	Sasse
Collins	Inhofe	Schumer
Corker	Isakson	Scott
Cornyn	Johnson	Shelby
Cortez Masto	Kennedy	Strange
Cotton	Lankford	Sullivan
Crapo	Lee	Tester
Cruz	Markey	Thune
Daines	McCain	Tillis
Durbin	McConnell	Toomey
Enzi	Moran	Warren
Ernst	Murkowski	Wicker
Fischer	Murphy	Young
Flake	Paul	

NOT VOTING—1

Heitkamp

The PRESIDING OFFICER. On this vote, the yeas are 34, the nays 65.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

The majority leader.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that following the disposition of the motion to commit, the Cantwell amendment No. 1717 be called up and reported by number.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

MOTION TO COMMIT

Mr. MANCHIN. Mr. President, I have a motion to commit at the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The senior assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. MANCHIN] moves to commit the bill H.R. 1 to the Committee on Finance with instructions to report the same back to the Senate in 3 days, not counting any day on which the Senate is not in session, with changes that—

(1) are within the jurisdiction of such committee;

(2) make the reductions to individual tax rates for middle class and working people permanent;

(3) would maintain at existing levels—

(A) the medical expense deduction;

(B) the student loan interest deduction;

(C) retirement savings incentives;

(D) homeownership incentives; and

(E) the historic tax credit;

(4) provide small businesses with permanent maximum tax relief; and

(5) fully offset the changes described in paragraphs (2) through (4) by setting the corporate tax rate at 25 percent.

Mr. MANCHIN. Mr. President, I want to thank Senator HEITKAMP for her support of this motion.

Our motion would simply send this legislation back to the Senate Finance Committee with instructions to change provisions important to West Virginians.

First, it would call for the reductions on individual tax rates for middle-class and working people to be made permanent. Currently, individuals receive temporary relief, while corporate changes are made permanent—a gimmick that provides uncertainty for West Virginia taxpayers and North Dakotans.

Next, it directs the committee to maintain important priorities, such as the medical expense deduction, student loan interest deduction, retirement savings incentives, homeownership incentives, and the historic tax credit.

It is important that we provide this permanent relief to American taxpayers who are slated to see higher taxes as rates go up in the later years of this bill. In my State alone, 79 percent of West Virginians make under $75,000 and will see their taxes spike as their tax relief expires.

Finally, the amendment calls for small businesses to receive much needed relief and for the corporate tax rate to be set at 25 percent. In my State, 95.6 percent of businesses are small businesses and employ over 50 percent of West Virginians.

I urge my colleagues to support sending this bill back to committee and to work in a bipartisan way to pass a fiscally responsible tax reform bill that positions this country to thrive for future generations.

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. Mr. President, what our friend from West Virginia is proposing is to make the United States uncompetitive in a global economy.

Right now, we have the highest tax rate in the industrialized world, and what we are doing is lowering that tax rate to make us competitive and in so doing, taking the advice of Barack Obama in his 2011 State of the Union message; advice from the Democratic leader, Senator SCHUMER; and Senator WYDEN, the ranking member of the Finance Committee, who has recommended a lower rate than that contained in this motion to recommit.

We think we should take the advice of President Obama, President Clinton, Senator WYDEN, Minority Leader SCHUMER, and other prominent Democrats—the advice they have given us over the last few years to lower these corporate rates and make us more competitive so we can bring jobs back home, improve wages, and get the economy growing again so people can pursue their American dreams.

I would encourage our colleagues to defeat this motion to commit.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. MANCHIN. If I could just say—

The PRESIDING OFFICER. There is no time remaining.

Mr. MANCHIN. I ask unanimous consent for an additional 30 seconds.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MANCHIN. Mr. President, a 33-percent decrease from 35 percent to 25 percent is quite substantial. I have not had a corporation yet, if you have spoken to any of them, that wouldn't be tickled to death with 25 percent. That basically sustains that we can help more people. I think it would be great for the economy of the United States of America, and I ask everyone to consider that. It is a most reasonable request.

The PRESIDING OFFICER. The question is on agreeing to the Manchin motion to commit.

Mr. LEAHY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The senior assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Rhode Island (Mr. WHITEHOUSE) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 38, nays 61, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—38

Baldwin	Hassan	Nelson
Bennet	Heinrich	Peters
Blumenthal	Heitkamp	Reed
Brown	Kaine	Schatz
Cantwell	King	Schumer
Cardin	Klobuchar	Shaheen
Carper	Leahy	Stabenow
Casey	Manchin	Tester
Coons	McCaskill	Udall
Donnelly	Menendez	Van Hollen
Duckworth	Merkley	Warner
Feinstein	Murphy	Wyden
Franken	Murray	

NAYS—61

Alexander	Flake	Paul
Barrasso	Gardner	Perdue
Blunt	Gillibrand	Portman
Booker	Graham	Risch
Boozman	Grassley	Roberts
Burr	Harris	Rounds
Capito	Hatch	Rubio
Cassidy	Heller	Sanders
Cochran	Hirono	Sasse
Collins	Hoeven	Scott
Corker	Inhofe	Shelby
Cornyn	Isakson	Strange
Cortez Masto	Johnson	Sullivan
Cotton	Kennedy	Thune
Crapo	Lankford	Tillis
Cruz	Lee	Toomey
Daines	Markey	Warren
Durbin	McCain	Wicker
Enzi	McConnell	Young
Ernst	Moran	
Fischer	Murkowski	

NOT VOTING—1

Whitehouse

The motion was rejected.

AMENDMENT NO. 1717 TO AMENDMENT NO. 1618

The PRESIDING OFFICER. The clerk will report the Cantwell amendment by number.

The legislative clerk read as follows:

The Senator from Washington [Ms. CANTWELL] proposes an amendment numbered 1717 to amendment No. 1618.

The amendment is as follows:

(Purpose: To strike title II)

Strike title II.

The PRESIDING OFFICER. There will be 2 minutes of debate, equally divided.

The Senator from Washington.

Ms. CANTWELL. Mr. President, my amendment strikes the title requiring oil development in the Arctic National Wildlife Refuge. This refuge is the largest refuge in our Nation and the last pristine ecosystem for the Arctic in North America.

Requiring oil development in the heart of the Arctic National Wildlife Refuge should not be in this bill.

Although the bill text has been changed to address Byrd Rule violations, the Congressional Budget Office continues to estimate that it will raise less than $1 billion over 10 years.

Opening the Arctic National Wildlife Refuge to oil drilling doesn't even meet the $1 billion reconciliation instruction.

It certainly doesn't represent a serious offset to huge deficits in the Republican bill.

To put this in perspective, this represents less than seven one-hundredths of 1 percent of the $1.5-trillion-dollar increase in the national debt that the Republican tax policies will cause.

Drilling in the Arctic has nothing to do with serious budgetary policy, but it has everything to do with evading regular order to pass something that could never be enacted on its own.

In addition to drilling in the Arctic refuge, this bill would sell 7 million barrels of oil from our Nation's strategic petroleum reserve.

A portion of that sale is necessary simply to meet the committee's reconciliation instructions. The sale of oil from the reserve would also provide for a $300 million windfall to four States: Texas, Louisiana, Mississippi, and Alabama.

So this bill is selling off oil from our strategic petroleum reserve in order to pay for oil drilling in the Arctic National Wildlife Refuge.

It doesn't make any sense.

The Arctic National Wildlife Refuge is one of the crown jewels of the national wildlife refuge system.

The U.S. Fish and Wildlife Service, which manages the refuge, describes it as ''the only conservation system unit that protects, in an undisturbed condition, a complete spectrum of the arctic ecosystems in North America.''

It is home to an incredible diversity of wildlife: 47 different species of mammals, including polar bears, grizzly bears, wolves, Dall's sheep, moose, musk-ox, and the Porcupine caribou herd.

The refuge provides important habitat for over 40 species of fish and more than 200 species of migratory birds whose lives depend on the Arctic refuge.

The refuge was first established by the Eisenhower administration. Congress later protected this amazing Arctic ecosystem in 1980. It did so specifically to protect wildlife and wildlife habitat in its natural diversity.

The Arctic National Wildlife Refuge is known as the Last Great Wilderness and is truly one of our last great wild places.

But the provisions of this bill turn the purpose of the Arctic refuge on its head.

It would make oil and gas development on the refuge's coastal plain one of the statutory purposes of the wildlife refuge.

Under this bill, our Nation's most pristine national wildlife refuge will become the only refuge where oil and gas development is required by law.

It opens up the entire 1.5-million-acre coastal plain for oil and gas exploration and requires leasing of at least 800,000 acres.

It requires leasing of areas with the highest oil and gas potential, no matter the consequences for wildlife or the environment.

The bill requires that the Arctic National Wildlife Refuge be managed as a petroleum reserve, which is unprecedented and undercuts managing the refuge for wildlife.

The bill includes no clear requirements to comply with environmental laws or to protect wildlife. Its sponsors, however, say they are not preempting environmental laws, and that, in fact, laws like the National Environmental Policy Act will ''fully apply.''

Given the assurances that environmental and wildlife refuge laws will continue to apply, I do not understand why their bill adds oil development as a purpose of the Arctic National Wildlife Refuge.

Adding oil development as a purpose of the refuge seems contrary to its primary purpose, which is to protect wildlife.

What a no-brainer: The purpose of a wildlife refuge is to protect wildlife. Refuges must be managed that way.

At every other national wildlife refuge in the country, development within the refuge is only permitted to the extent it is compatible with the primary purpose of the refuge: protecting wildlife.

But because the bill makes oil and gas development a refuge purpose, oil drilling in the refuge will no longer be subject to a meaningful ''compatibility determination.''

This bill essentially waives one of the most important management protections that applies to every other national wildlife refuge.

They have to do this because they know that oil and gas isn't compatible with protecting wildlife—it is just the opposite.

This bill does not provide energy security. There is no prohibition in the bill against exporting oil from the Arctic refuge. In all likelihood, much of this oil will end up being exported.

The Republican majority agreed to include only one amendment during the Energy Committee's consideration of this issue, and that amendment required the sale of 5 million barrels of oil from the strategic petroleum reserve to give $300 million to the States of Texas, Louisiana, Mississippi, and Alabama.

The bill has now been amended to require the sale of 7 million barrels from our strategic petroleum reserve.

So at the same time as we are being told we need to ruin a pristine national wildlife refuge to drill for more oil, the very same bill is selling off millions of barrels out of our strategic oil reserve, which was used most recently during this hurricane season to protect Americans from gas price spikes.

The impact of oil and gas exploration in the Arctic National Wildlife Refuge and the danger to its wildlife cannot be overstated. The importance of the refuge for wildlife such as polar bears and caribou have been documented in letters I have received from biologists and other scientists who have worked in the Arctic.

I ask unanimous consent that the letters be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE JANE GOODALL INSTITUTE,
November 14, 2017.

DEAR UNITED STATES SENATOR: It seems that each day brings ever more dire news about what we humans are doing to harm our planet, the animals that share it with us and, by doing so, harming ourselves also. You have an important opportunity to make a difference both now, and for future generations, by voting to oppose oil development in one of the world's most spectacular wilderness areas—the Arctic National Wildlife Refuge.

This Refuge is a truly wonderful place—nearly 20 million acres of pristine and ecologically significant habitat. There is compelling scientific evidence as to why it is truly important to protect this place. For one thing, it provides key breeding habitat for the millions-upon-millions of birds that migrate there from six of our planet's seven continents. It is also a calving ground for the 200,000–strong Porcupine caribou herd. And it is one of the most important denning habitats on earth for polar bears. Moreover it plays a significant role in helping to protect us from the onslaught of climate change.

But the Arctic National Wildlife Refuge is more than that. Its very wildness speaks to our deeply rooted spiritual connection to nature, a necessary element of the human psyche. The Gwich'in people understand this and call the area ''The Sacred Place Where Life Begins''.

If we violate the Arctic Refuge by extracting the oil beneath the land, this will have devastating impact for the Gwich'in people for they depend upon the caribou herds to sustain their traditional way of life. Around the globe so many indigenous people have been harmed in the name of 'progress'—let us not add one more tragedy to the list. We have other sources of energy.

And so I beg you: Please use your voice and your vote as a U.S. Senator to protect the Gwich'in people and the American treasure that is the Arctic National Wildlife Refuge.

America has helped lead the world in the conservation of wildlife and your voice has been so meaningful in this regard, your example so powerful. Please take this opportunity to demonstrate your commitment to the natural world and to future generations and stand with me to protect the Arctic National Wildlife Refuge.

Please vote against oil development in the Arctic National Wildlife Refuge.

Sincerely,

JANE GOODALL, DBE, Ph.D.,
Founder—the Jane Goodall Institute, & UN Messenger of Peace.

NOVEMBER 26, 2017.

Hon. MARIA CANTWELL,
Ranking Member, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR CANTWELL: Research across North America including Alaska has revealed much about how we can monitor and mitigate the effects of industrial activities on migratory tundra caribou. We have learnt that, although the Prudhoe Bay oilfield displaced calving and post-calving caribou of the Central Arctic herd, the effects were offset by reduced hunting. Consequently the herd increased but between 2010 and 2016 the herd is declining at the rate of halving every 4 years. We have also learnt that industrial activities including roads can displace caribou by larger distances than previously realized.

Caribou across North America are part of a global decline. The Porcupine herd is the only herd of migratory tundra caribou in North America that is not currently declining. It has the diversity of ranges and habitats that allow the caribou to respond to the changing climate by choosing the best habitats for their survival. This is true for calving as the PCH calves in the 1002 area and the western Canadian coastal plain depending on weather. The coastal plains are so narrow that even a small footprint for oil and gas activities may be too much for the caribou already trying to adapt to a changing climate.

The Porcupine herd is jointly managed between the Alaska Department of Fish and Game (ADFG), the US Fish and Wildlife Service (USFWS), and the Yukon, NWT and Canadian governments. Collaboration on monitoring and research has been coordinated by the Porcupine Caribou Technical Committee, a group recognized in the International Porcupine Caribou Agreement signed by Canada and the US in 1987.

The question is not just what would development in 1002 lands mean to caribou but it is what it means to the people in USA and Canada who depend on the caribou. Faced with uncertainty about the caribou, the cautionary approach is to do no harm until we have a better understanding. The oil and gas is secure in the ground; the caribou and the people are not.

ANNE GUNN,
Retired GNWT biologist, CircumArctic Rangifer Monitoring and Assessment (CARMA) Network.

DON RUSSELL,
Retired Canadian Wildlife Service Biologist, Past Co-Chair International Porcupine Caribou Board, CircumArctic Rangifer Monitoring and Assessment (CARMA) Network.

POLAR BEARS INTERNATIONAL,
November 28, 2017.

Hon. MARIA CANTWELL,
Ranking Member, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR CANTWELL: I've studied polar bears for 37 years—solving many of the mysteries about their life cycle. I led polar bear research in Alaska for 30 years, and my research team at the USGS provided the information that led Interior Secretary Kempthorne to list polar bears as a threatened species. I am currently the chief scientist at Polar Bears International.

I am reaching out today because I'm concerned about the likely impacts on Alaska's polar bears should the Arctic National Wildlife Refuge be opened to oil and gas development.

The ANWR coastal plain is vitally important to polar bears. Pregnant female polar bears head to this area every fall to create snow dens where they give birth to their young. In fact, the region has higher concentrations of polar bear maternal denning habitat than other coastal areas on Alaska's North Slope. In recent years, the ANWR has become even more important as a polar bear denning site because the deterioration of historically stable sea ice in the Beaufort Sea has forced more polar bears to den onshore, rather than risk giving birth on unstable ice.

In addition to the ANWR's importance as a critical denning area for polar bears, the region faces profound impacts from climate change unless we transition away from fossil fuels. Warmer temperatures mean less sea ice habitat, which polar bears rely on to catch their seal prey. In addition, encouraging more fossil fuel usage, as opening the ANWR would do, will only add to ongoing global warming.

If we continue to follow a ''business as usual'' reliance on fossil fuels, average annual temperatures in Alaska's Arctic are projected to be more than 10 degrees Celsius (18 degrees Fahrenheit) higher, at century's end, than they are now. Such high temperatures would assure ice-free summers in the Arctic, with devastating impacts on polar bears and other Arctic wildlife. And, of course, ramifications reach the rest of life on Earth—including humans.

With ''on the ground'' drilling activities posing a threat to polar bear denning sites, and prolonged reliance on fossil fuels continuing to melt the sea ice polar bears need to catch their prey, oil and gas development in the ANWR would serve a double whammy. Opening the ANWR to drilling, therefore, is a path we should avoid—for the sake of polar bears, our children, and our grandchildren.

Respectfully,

STEVEN C. AMSTRUP,
Chief Scientist, Polar Bears International.

NOVEMBER 9, 2017.

Hon. LISA MURKOWSKI, *Chair.*
Hon. MARIA CANTWELL, *Ranking Member Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR SENATORS MURKOWSKI AND CANTWELL: As scientists who have either conducted research in Arctic Alaska or traveled in the Arctic National Wildlife Refuge, we are writing to highlight for you the fundamental importance of fully protecting its 1.5–million acre coastal plain. Based on our experience in the Arctic, we oppose oil exploration, development and production in the Arctic Refuge. Such activity would be incompatible with the purposes for which the refuge was established, including ''to conserve fish and wildlife populations and habitats in their natural diversity.''

When the original Arctic National Wildlife Range was established in 1960 by the Eisenhower Administration, it was done with the foresight and wisdom to protect an entire ecosystem, both south and north of the Brooks Range, including the rich coastal plain. Decades of biological study and scientific research within the Arctic Refuge have confirmed that the coastal plain specifically is vital to the biological diversity of the entire refuge. Within the narrow (15–40 miles) coastal plain, there is a unique compression of habitats which concentrates a wide array of wildlife native to the Arctic, including polar bears, grizzly bears, wolves, wolverines, caribou, musk oxen, Dolly Varden char, Arctic grayling, and many species of migratory birds. In fact, according to the U.S. Fish and Wildlife Service, the Arctic Refuge coastal plain contains the greatest wildlife diversity of any protected area above the Arctic Circle.

In 2003, the National Research Council (NRC) published a report on the ''Cumulative Environmental Effects of Oil and Gas Activities on Alaska's North Slope.'' Led by Dr. Gordon Orians, University of Washington, this report was prepared by a panel of prominent scientists following an extensive review of the literature and consultations with experts. It remains the best, most comprehensive synthesis of the effects of oil development on wildlife and the landscape of Arctic Alaska. Among the report's ''major findings'' (Chapter 11) are the following:

Three-dimensional seismic surveys require a high spatial density of trails. ''Seismic exploration can damage vegetation and cause erosion, especially along stream banks.''

The effects of roads, pads, pipelines, and other infrastructure extend far beyond the physical footprint itself, and the distances at which impacts occur vary with the environmental component affected. ''Effects on hydrology, vegetation, and animal populations occur at distances up to several kilometers . . .''

''Roads have had effects as far-reaching and complex as any physical component of the North Slope oil fields.''

Denning polar bears are among the animals that ''have been affected by industrial activities on the North Slope.''

Readily available food supplies in the oil fields attract higher-than-normal densities of predators, which then prey on birds and their eggs and young. The reproductive success rate of some bird species in the developed parts of oil fields ''has been reduced to the extent that it is insufficient to balance mortality.''

The spread of industrial activity, especially to the east where the coastal plain is narrower than elsewhere [i.e., the Arctic Refuge], ''would likely result in reductions in reproductive success'' for caribou.

Although oilfield technologies continue to improve, the NRC's findings are still of concern today. Indeed, proposals that would limit the ''footprint'' of oil development to 2,000 acres on the coastal plain within the Arctic Refuge are of little value, since those acres may be spread over much of the coastal plain. This would be especially true if oil reserves are scattered in multiple pockets across the refuge, as is suggested by the U.S. Geological Survey (Fact Sheet 0028–01). Since the effects of industrial activities, starting with seismic surveys, are not limited to the footprint of a structure or to its immediate vicinity, it is highly likely that such activities would result in significant impacts on a variety of wildlife in the refuge's narrow coastal plain.

Development of yet another oilfield would further set back efforts to limit the carbon emissions that are fueling the dramatic changes in climate now affecting Alaska. Polar bears—listed as ''threatened'' under the Endangered Species Act—are already struggling with deteriorating sea ice and increasingly are forced to den on land on the eastern Beaufort Sea coast, including the coastal plain of the Arctic Refuge. In fact, three-fourths of the refuge coastal plain is designated as critical habitat for polar bears, which are highly vulnerable to disturbance due to oil and gas activities.

The NRC report and subsequent work done in Arctic Alaska strongly indicate that the cumulative impact of many seemingly small changes is significant. New development on the coastal plain of the Arctic Refuge, one of the nation's and planet's premier protected areas, will only contribute to these harmful impacts on wildlife. For all these reasons, we oppose oil and gas exploration, development and production on the coastal plain of the Arctic Refuge.

Thank you for your consideration.

Sincerely,

R. Terry Bowyer, Ph.D., Professor Emeritus, Wildlife Ecology University of Alaska Fairbanks, Fairbanks, Alaska; Jim Dau, M.Sc., Alaska Dept. of Fish & Game (retired), Kotzebue, Alaska; Mike Boylan, M.Sc., National Wildlife Refuges Association, Anchorage, Alaska; Anthony R. DeGange, M.Sc., U.S. Geological Survey (retired), Anchorage, Alaska; Jedediah Brodie, Ph.D., Craighead Chair, Wildlife Conservation, University of Montana, Missoula, Montana; Jeff Fair, M.Sc., Fairwinds Wildlife Services, Palmer, Alaska.

Stephen Brown, Ph.D., Shorebird Biologist, Saxtons River, Vermont; Kathy Frost, M.Sc., Alaska Dept. of Fish & Game (retired), Kailua Kona, Hawaii; F. Stuart Chapin III, Ph.D., Professor Emeritus, Ecology, University of Alaska Fairbanks, Fairbanks, Alaska; H. River Gates, M.Sc., Shorebird Biologist, Anchorage, Alaska; Dave Cline, M.Sc., National Audubon Society (retired), U.S. Fish & Wildlife Service (retired), North Bend, Washington; Mary E. Hogan, M.Sc., U.S. Fish & Wildlife Service (retired), Anchorage, Alaska; David R. Klein, Ph.D., Professor Emeritus, Wildlife Management, University of Alaska Fairbanks, Fairbanks, Alaska.

John Coady, Ph.D., Alaska Dept. of Fish & Game (retired), Fairbanks, Alaska; Jack Lentfer, M.Sc., U.S. Marine Mammal Commission (retired), Alaska Dept. of Fish & Game (retired), Gustavus, Alaska; Peter G. Connors, Ph.D., Bodega Marine Lab (retired), University of California—Davis, Bodega Bay, California; Joe Liebezeit, M.Sc., Audubon Society of Portland, Portland, Oregon; Joseph Cook, Ph.D., Professor of Biology, University of New Mexico, Albuquerque, New Mexico; Lloyd Lowery, M.Sc., Alaska Dept. of Fish & Game (retired), Kailua Kona, Hawaii.

Rosa H. Meehan, Ph.D., U.S. Fish & Wildlife Service (retired), Anchorage, Alaska; Stanley Senner, M.Sc., National Audubon Society, Missoula, Montana; Sterling Miller, Ph.D., Alaska Dept. of Fish & Game (retired), National Wildlife Federation (retired), Missoula, Montana; David W. Shaw, M.Sc., Biologist-guide, Fairbanks, Alaska; Russell M. Oates, M.Sc., Former Refuge Biologist, Arctic NWR, U.S. Fish & Wildlife Service (retired), Burnsville, North Carolina; E. LaVerne Smith, M.Sc., U.S. Fish & Wildlife Service (retired), Anchorage, Alaska.

Gordon Orians, Ph.D., Professor Emeritus, Biology, University of Washington, Seattle, Washington; Dan Taylor, M.Sc., Audubon California (retired), Sacramento, California; Martha Raynolds, Ph.D., Arctic Plant Ecologist, Fairbanks, Alaska; Nils Warnock, Ph.D., Audubon Alaska, Anchorage, Alaska.

Martin Robards, Ph.D., Arctic Beringia Program, Wildlife Conservation Society, Fairbanks, Alaska; Robert G. White, Ph.D., Professor Emeritus, Zoophysiology, University of Alaska Fairbanks, Fairbanks, Alaska; George Schaller, Ph.D., Wildlife Conservation Society, West Lebanon, New Hampshire; Kenneth R. Whitten, M.Sc., Alaska Dept. of Fish & Game (retired), Fairbanks, Alaska.

Scott Schliebe, Ph.D., U.S. Fish & Wildlife Service (retired), Anchorage, Alaska; John W. Schoen, Ph.D., Alaska Dept. of Fish & Game (retired), Audubon Alaska (retired), Anchorage, Alaska; Nathan Senner, Ph.D., University of Montana, Missoula, Montana; Steve Zack, Ph.D., Wildlife Conservation Society (retired) Portland, Oregon.

Ms. CANTWELL. The Arctic Refuge's coastal plain and nearby waters are designated as critical habitat for polar bears, which were designated as a threatened species under the Endangered Species Act in 2008. Female polar bears head to this area every fall to create snow dens where they give birth to their young.

The Arctic National Wildlife Refuge is also famously known as the summer calving grounds for the Porcupine caribou herd. The herd's range extends into Canada. A treaty between our countries protects the herd and its habitat.

The almost 200,000-member herd has an annual migration of hundreds of miles—and in some cases thousands of miles—wintering south of the refuge.

These caribou are an important food source for many Alaska Natives, but in particular the Gwich'in people, who live south of the refuge. Wildlife biologists argue that the risk to the caribou herd—and those who rely on this herd—could be quite significant.

Do you know what Webster's definition of stewardship is? The careful and responsible management of something entrusted to one's care. Since 1960, under President Eisenhower, this iconic refuge has been protected. Tonight, unless you help strike this, you will be joining the ranks of those that believe in polluting a wildlife refuge, and you will be joining an administration that I guarantee you is going to go down in history as getting an F in stewardship.

The Arctic National Wildlife Refuge is too special and important; it is one of the crown jewels of the National Wildlife Refuge System.

We should not destroy this pristine landscape and allow it to be turned into an oil field.

I want to remind my colleagues of the words of the great environmental steward Olaus Murie.

After decades of scientific exploration in Alaska, Olaus testified in the Senate in 1959 in support of creating the Arctic refuge.

He said, ''We long for something more, something that has a mental, a spiritual impact on us. This idealism, more than anything else, will set us apart as a nation striving for something worthwhile in the universe.''

What is setting us apart today, colleagues, is just the opposite. We are striving for short-term gains.

In a hundred years, when the economic effects of this tax bill are long forgotten, we will still bear the blame for letting go of ''something worthwhile in the universe.''

We didn't create the Arctic coastal plain, and we cannot recreate, but we can surely destroy it.

I urge my colleagues to oppose sacrificing the Arctic National Wildlife Refuge, and to support removing this provision from the bill.

I yield the floor.

Mr. SANDERS. Mr. President, I would like to enter into the CONGRESSIONAL RECORD the scores produced by the Congressional Budget Office for section 20001 as it appears in Senate amendment 1618; and the score of section 20001 as it appears in Senate amendment 1855.

In Senate amendment 1618, CBO estimates that opening the coastal plain for oil and gas leasing and managing ''it in accordance with requirements of the Naval Petroleum Reserves Production Act of 1976 (including regulations)'' will result in net Federal receipts of $1092 million from 2018 through 2027.

In Senate amendment 1855, CBO estimates that managing lease sales ''in a manner similar to the administration of leases under the Naval Petroleum Reserves Production Act of 1976 (including regulations)'' will result in net

Federal receipts of $910 million from 2018 through 2027, a decrease of $182 million compared to the language in Senate amendment 1618.

I ask unanimous consent that the following CBO tables be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, DC, November 8, 2017.

HON. LISA MURKOWSKI,
Chairman, Committee on Energy,
U.S. Senate, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for a Legislative Proposal Related to the Arctic National Wildlife Refuge.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jeff LaFave.

Sincerely,

KEITH HALL, *Director*.

Enclosure.

A LEGISLATIVE PROPOSAL RELATED TO THE ARCTIC NATIONAL WILDLIFE REFUGE

As posted on the website of the Senate Committee on Energy and Natural Resources (FLO17783) on November 8, 2017

SUMMARY

The legislation would direct the Secretary of the Interior to implement an oil and gas leasing program for the coastal plain of the Arctic National Wildlife Refuge (ANWR). Based on information provided by the Department of the Interior (DOI), the Energy Information Administration (EIA), and individuals working in the oil and gas industry, CBO estimates that implementing the legislation would increase net offsetting receipts, which are treated as reductions in direct spending, by about $1.1 billion over the 2018–2027 period.

Because enacting the legislation would affect direct spending pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

CBO estimates that enacting legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the legislation is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

	By fiscal year, in millions of dollars—											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018–2022	2018–2027
DECREASES IN DIRECT SPENDING [a]												
Estimated Budget Authority	0	0	0	0	−725	*	*	−366	−1	−1	−725	−1,092
Estimated Outlays	0	0	0	0	−725	*	*	−366	−1	−1	−725	−1,092

Components may not sum to totals because of rounding; * = between −$500,000 and zero.

[a] CBO estimates that implementing the legislation also would cost about $10 million over the 2018–2022 period, assuming the availability of appropriated funds, for environmental reviews and the administrative costs of conducting the lease sales.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2017 and that the funds necessary to implement the legislation would be available.

Description of the Legislation

The legislation would direct the Secretary of the Interior to implement an oil and gas leasing program for lands located within the coastal plain of ANWR, which includes about 1.5 million acres of federal land on the northeast coast of Alaska. Under current law, activities related to oil and gas leasing in ANWR are prohibited.

The legislation would require the Secretary to hold two lease sales over a seven-year period following enactment and to offer at least 400,000 acres of land in ANWR for lease at each sale. Any lease sales in ANWR would be carried out in accordance with procedures used to conduct oil and gas leasing within the National Petroleum Reserve in Alaska. For each lease awarded, lessees would pay the federal government bonus bids to acquire the leases, annual rent to retain the leases, and royalties based on the value of any oil or gas production from the leases. The legislation would establish a 16.67 percent royalty on oil and gas produced in ANWR. (Under current law, the federal government charges royalties of 12.5 percent for oil and gas produced onshore and 18.75 percent for oil and gas produced in the Outer Continental Shelf.) Finally, under the legislation, Alaska would receive one-half of the gross proceeds generated from the leasing program.

Spending Subject to Appropriation

CBO estimates that implementing the legislation would cost $10 million over the 2018.2022 period for environmental reviews and administrative costs associated with the leasing program subject to the availability of appropriated funds. Based on information provided by the Government Accountability Office, we estimate that completing the environmental reviews required under the National Environmental Policy Act would cost $2 million. In addition, CBO estimates that other implementation costs would total between $1 million and $2 million per year over that period.

Direct Spending

CBO estimates that implementing the legislation would increase net offsetting receipts by about $1.1 billion over the 2018–2027 period.

Bonus Bids. CBO estimates that gross proceeds from bonus bids paid for the right to develop leases in ANWR would total $2.2 billion over the 2018–2027 period. That estimate is based on historical information about oil and gas leasing in the United States and on information from DOI, EIA, and individuals working in the oil and gas industry about factors that affect the amounts that companies are willing to pay to acquire oil and gas leases. In addition, CBO relied on estimates prepared by the United States Geological Survey of the amount of oil that might be produced from the coastal plain of ANWR. As specified in the legislation, one-half of all receipts from leases in ANWR would be paid to Alaska, leaving net federal receipts totaling $1.1 billion over the 2018–2027 period.

Estimates of bonus bids for leases in ANWR are uncertain. Potential bidders might make assumptions that are different from CBO's, including assumptions about long-term oil prices, production costs, the amount of oil and gas resources in ANWR, and alternative investment opportunities. In particular, oil companies have other domestic and overseas investment options that they would evaluate and compare with potential investments in ANWR. The potential profitability for a wide range of such global investment options would probably be a significant factor in prospective bidders' ultimate choices of how much to bid for ANWR leases. The number of factors that affect companies' investment decisions result in a wide range of estimates for bonus bids. CBO's estimate reflects our best estimate of the midpoint of that range.

Other Receipts. In addition to receipts from bonus bids, CBO estimates that the federal government would collect net receipts from rental payments totaling about $2 million over the 2022–2027 period. (Lease holders make an annual rental payment until production begins.) CBO also estimates that the federal government would receive royalty payments on oil produced from ANWR leases; however, based on information from EIA regarding the typical amount of time necessary to drill exploratory wells, complete production plans, and build the necessary infrastructure to produce and transport any oil produced in ANWR, CBO expects that no significant royalty payments would be made until after 2027.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR THE LEGISLATIVE PROPOSAL RELATED TO THE ARCTIC NATIONAL WILDLIFE REFUGE

	By fiscal year, in millions of dollars—											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018–2022	2018–2027
Statutory Pay-As-You-Go Impact	0	0	0	0	−725	0	0	−366	−1	−1	−725	−1,092

MANDATES

The legislation contains no intergovernmental or private-sector mandates as defined in UMRA,

The legislation would benefit the State of Alaska by increasing the generation of royalties from oil and gas production on public lands in ANWR. Portions of the royalties would be shared with the state under formulas specified by the legislation and under federal laws governing oil and gas production. Over the 2018–2027 period, CBO estimates that Alaska would receive a total of about $1.1 billion in royalties.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

ESTIMATE PREPARED BY

Federal Costs: Jeff LaFave; Mandates: Zachary Bynum.

ESTIMATE APPROVED BY

H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

PRELIMINARY ESTIMATE OF DIRECT SPENDING EFFECTS OF TITLE II OF RECONCILIATION RECOMMENDATIONS AS PROVIDED BY THE SENATE COMMITTEE ON THE BUDGET ON NOVEMBER 30, 2017 (MCG17C35)

	By fiscal year, in millions of dollars—											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018–2022	2018–2027
ESTIMATED INCREASES FOR DECREASES (−) IN DIRECT SPENDING												
Sec. 20001—Oil and Gas Program												
Estimated Budget Authority	0	0	0	0	−605	*	*	−304	*	*	−605	−910
Estimated Outlays	0	0	0	0	−605	*	*	−304	*	*	−605	−910
Sec. 20002—Limitation on Amount Distributed Qualified Outer Continental Shelf Revenue												
Estimated Budget Authority	0	0	0	150	150	0	0	0	0	0	300	300
Estimated Outlays	0	0	0	150	150	0	0	0	0	0	300	300
Sec. 20003—Strategic Petroleum Reserve Drawdown & Sale												
Estimated Budget Authority	0	0	0	0	0	0	0	0	−235	−240	0	−475
Estimated Budget Authority	0	0	0	0	0	0	0	0	−235	−240	0	−475
Total Estimated Budget Authority	0	0	0	150	−455	*	*	−304	−235	−240	−305	−1085
Total Estimated Outlays	0	0	0	150	−455	*	*	−304	−235	−240	−305	−1085

Notes: Components may not sum to totals because of rounding: * = between −$500,000 and zero.

The PRESIDING OFFICER (Mr. PERDUE). The Senator from Alaska.

Ms. MURKOWSKI. Mr. President, I strongly oppose this motion to strike. This is our opportunity to provide jobs, to create revenues and resources, and to protect an environment that as Alaskans we know how to protect. We are seeking with this energy title to develop 2,000 acres out of 19.3 million acres, one ten-thousandths of all of ANWR, and we are seeking to do it with a smaller, limited footprint, using the technologies that have become available over the decades that we have been seeking to advance these opportunities—opportunities for Alaska, opportunities for the Nation.

I would implore colleagues. For 40 years now we have been looking for the opportunity to best protect our long-term energy and national security. This is our chance.

The pending amendment No. 1717 would cause the underlying legislation to exceed the Energy and Natural Resources Committee's section 302(a) allocation of new budget authority or outlays. Therefore, I raise a point of order against this measure pursuant to section 302(f) of the Congressional Budget Act of 1974.

Ms. CANTWELL. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974 and the waiver provisions of applicable budget resolutions, I move to waive all applicable sections of that act and applicable budget resolutions for purposes of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 48, nays 52, as follows:

[Rollcall Vote No. 301 Leg.]

YEAS—48

Baldwin	Franken	Murray
Bennet	Gillibrand	Nelson
Blumenthal	Harris	Peters
Booker	Hassan	Reed
Brown	Heinrich	Sanders
Cantwell	Heitkamp	Schatz
Cardin	Hirono	Schumer
Carper	Kaine	Shaheen
Casey	King	Stabenow
Collins	Klobuchar	Tester
Coons	Leahy	Udall
Cortez Masto	Markey	Van Hollen
Donnelly	McCaskill	Warner
Duckworth	Menendez	Warren
Durbin	Merkley	Whitehouse
Feinstein	Murphy	Wyden

NAYS—52

Alexander	Gardner	Perdue
Barrasso	Graham	Portman
Blunt	Grassley	Risch
Boozman	Hatch	Roberts
Burr	Heller	Rounds
Capito	Hoeven	Rubio
Cassidy	Inhofe	Sasse
Cochran	Isakson	Scott
Corker	Johnson	Shelby
Cornyn	Kennedy	Strange
Cotton	Lankford	Sullivan
Crapo	Lee	Thune
Cruz	Manchin	Tillis
Daines	McCain	Toomey
Enzi	McConnell	Wicker
Ernst	Moran	Young
Fischer	Murkowski	
Flake	Paul	

The PRESIDING OFFICER. On this vote, the yeas are 48, the nays are 52.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

The PRESIDING OFFICER. The Senator from Oregon.

AMENDMENT NO. 1856 TO AMENDMENT NO. 1618

Mr. MERKLEY. Mr. President, I call up amendment No. 1856.

The PRESIDING OFFICER. The clerk will report.

The senior assistant legislative clerk read as follows:

The Senator from Oregon [Mr. MERKLEY] proposes an amendment numbered 1856 to amendment No. 1618.

On page 289, strike lines 17 through 19

Mr. MERKLEY. Mr. President, this amendment strikes a tax earmark that singles out one college in America from the university endowment tax set forth in the underlying bill.

To be sure, I don't like the endowment tax in this bill. It diminishes the ability of colleges to provide scholarships to financially challenged students. But if the majority is intent on having an endowment tax, then no college should be exempted.

The argument for the exemption is that this college doesn't take Federal funds. But remember why: They were sued in the 1980s for discriminatory practices, and they wanted to continue those practices. This school, Hillsdale College, does have powerful friends, including our Secretary of Education, but isn't that just the type of insider deal for the wealthy and well connected that we should oppose?

A vote against this amendment is a vote for an earmark for a school with powerful friends and for subsidizing discrimination. A vote for my amendment is a vote to strike down such an earmark, a vote for fair treatment of schools, and a vote against discrimination, and I urge you to vote aye.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. TOOMEY. Mr. President, Hillsdale College has been unfairly maligned on the Senate floor. The fact is, Hillsdale College was the first college in America to prohibit in its charter any discrimination based on race, religion, or sex and was an early force in the abolition of slavery.

But it is not really about Hillsdale college, exclusively. This is a broader idea. The idea here, and it is in this amendment, is that for any college that chooses to forgo Federal funding for its students—chooses not to be a burden on the taxpayers that way—it is reasonable for us to respond by sparing that college a tax on the endowment fund. That is all.

Now there are colleges, a number of colleges, including one in Pennsylvania, that choose this mode. They would prefer to have the freedom to operate as they see fit rather than have to deal with Federal regulations, and I suspect that is a big part of what the real problem is on the other side of the aisle. But, folks, I think it is a perfectly reasonable proposition that if a college chooses to forgo the very substantial funds available to it from Federal taxpayers, it is OK to say that it will be exempt from this endowment. So I urge my colleagues to vote no on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. MERKLEY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The senior assistant legislative clerk called the roll.

The result was announced—yeas 52, nays 48, as follows:

[Rollcall Vote No. 302 Leg.]

YEAS—52

Baldwin	Gillibrand	Murray
Bennet	Harris	Nelson
Blumenthal	Hassan	Peters
Booker	Heinrich	Reed
Brown	Heitkamp	Sanders
Cantwell	Hirono	Schatz
Cardin	Kaine	Schumer
Carper	Kennedy	Shaheen
Casey	King	Stabenow
Collins	Klobuchar	Tester
Coons	Leahy	Udall
Cortez Masto	Manchin	Van Hollen
Donnelly	Markey	Warner
Duckworth	McCaskill	Warren
Durbin	Menendez	Whitehouse
Feinstein	Merkley	Wyden
Fischer	Murkowski	
Franken	Murphy	

NAYS—48

Alexander	Flake	Perdue
Barrasso	Gardner	Portman
Blunt	Graham	Risch
Boozman	Grassley	Roberts
Burr	Hatch	Rounds
Capito	Heller	Rubio
Cassidy	Hoeven	Sasse
Cochran	Inhofe	Scott
Corker	Isakson	Shelby
Cornyn	Johnson	Strange
Cotton	Lankford	Sullivan
Crapo	Lee	Thune
Cruz	McCain	Tillis
Daines	McConnell	Toomey
Enzi	Moran	Wicker
Ernst	Paul	Young

The amendment (No. 1856) was agreed to.

The PRESIDING OFFICER. The majority leader.

Mr. McCONNELL. Colleagues, we are moving now to final passage.

I know of no further amendments to the bill.

AMENDMENT NO. 1618, AS AMENDED

The PRESIDING OFFICER. There will be 2 minutes of debate on amendment No. 1618, as amended.

Mr. McCONNELL. Mr. President, I yield back our time.

The PRESIDING OFFICER. All time is yielded back for the majority.

Mr. SCHUMER. Mr. President, I yield back.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment.

The amendment (No. 1618), as amended, was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. There will now be 2 minutes of debate prior to the vote on H.R. 1.

The Senator from Oregon.

Mr. WYDEN. Mr. President, millions of Americans must be watching in stunned disbelief tonight as the Republican Senate betrays the middle class for the benefit of faceless, multinational corporations.

Colleagues, how many middle-class families need to see their hard-earned pay snatched away in tax hikes before these corporate handouts are no longer worth it? How many more Americans need to see their jobs shipped overseas before corporate paymasters no longer call the shots? How many Americans need to lose their healthcare or see their premiums shoot sky-high before this is stopped?

What is happening tonight is the worst of the U.S. Senate. There is a trail of broken promises—broken promises to working families in the mad dash to pass this bill. The American people understand this is the first step of continuing attacks on Medicare, on Medicaid, and on Social Security. This vote will not be forgotten.

I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. McCONNELL. Mr. President, I yield back the time on this side.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

Mr. McCONNELL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 51, nays 49, as follows:

[Rollcall Vote No. 303 Leg.]

YEAS—51

Alexander	Flake	Paul
Barrasso	Gardner	Perdue
Blunt	Graham	Portman
Boozman	Grassley	Risch
Burr	Hatch	Roberts
Capito	Heller	Rounds
Cassidy	Hoeven	Rubio
Cochran	Inhofe	Sasse
Collins	Isakson	Scott
Cornyn	Johnson	Shelby
Cotton	Kennedy	Strange
Crapo	Lankford	Sullivan
Cruz	Lee	Thune
Daines	McCain	Tillis
Enzi	McConnell	Toomey
Ernst	Moran	Wicker
Fischer	Murkowski	Young

NAYS—49

Baldwin	Cantwell	Corker
Bennet	Cardin	Cortez Masto
Blumenthal	Carper	Donnelly
Booker	Casey	Duckworth
Brown	Coons	Durbin
Feinstein	Manchin	Schumer
Franken	Markey	Shaheen
Gillibrand	McCaskill	Stabenow
Harris	Menendez	Tester
Hassan	Merkley	Udall
Heinrich	Murphy	Van Hollen
Heitkamp	Murray	Warner
Hirono	Nelson	Warren
Kaine	Peters	Whitehouse
King	Reed	Wyden
Klobuchar	Sanders	
Leahy	Schatz	

The bill (H.R. 1), as amended, was passed.

The VICE PRESIDENT. The Tax Cuts and Jobs Act, as amended, is passed.

(Applause, Senators rising.)

The PRESIDING OFFICER (Mr. PERDUE). The majority leader.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. McCONNELL. Mr. President, I move to proceed to executive session to consider Calendar No. 495, Kirstjen Nielsen.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will report the nomination.

The senior assistant legislative clerk read the nomination of Kirstjen Nielsen, of Virginia, to be Secretary of Homeland Security.

CLOTURE MOTION

Mr. McCONNELL. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The senior assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the nomination of Kirstjen Nielsen, of Virginia, to be Secretary of Homeland Security.

Mitch McConnell, Tom Cotton, Roy Blunt, Rob Portman, James E. Risch, Lindsey Graham, Richard Burr, Mike Crapo, John Boozman, Roger F. Wicker, Ron Johnson, John Thune, John Hoeven, Steve Daines, Marco Rubio, John Cornyn, John Barrasso.

Mr. McCONNELL. Mr. President, I ask unanimous consent that the mandatory quorum call for the cloture motion be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCONNELL. Mr. President, I ask unanimous consent that notwithstanding rule XXII, the Senate vote on this cloture motion at 5:30 p.m. on Monday, December 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Wyoming.

TAX CUTS AND JOBS BILL

Mr. ENZI. Mr. President, earlier this week, I said it was historic that we began the consideration of the Tax Cuts and Jobs Act. Today is even more significant because we are one step closer to enacting that bill.

The chairman of the Finance Committee, Senator HATCH, has called this a once-in-a-generation opportunity. I agree.

As an accountant, one of my goals when I came to the Senate in 1996 was to serve on the Finance Committee. When I joined the committee in 2009, I said that positive, pro-growth changes to our tax policy could help us out of the economic downturn. I believe this bill makes those types of changes and will jump-start our economy.

This week, 137 economists agreed with that assessment. In a letter to Senators and Representatives, these economists wrote: ''Economic growth will accelerate if the Tax Cuts and Jobs Act passes, leading to more jobs, higher wages, and a better standard of living for the American people.''

My colleagues on the other side of the aisle dispute that analysis. But after a decade of below-average growth and official projections showing real economic growth will average less than 2 percent annually over the next decade, isn't it time that we tried something new?

Some of my colleagues have also suggested that this bill hasn't gone through regular order. I have already reminded folks of the 70 tax hearings in the Senate Finance Committee held over the last 6 years, but that isn't all we have done. In the last Congress, Chairman HATCH organized five bipartisan groups to propose changes to the Tax Code. I was party to those groups, which made many recommendations that have informed this package. I would say that those working groups were also bipartisan.

While I don't sit on the Energy Committee, I understand that Chairman MURKOWSKI led a similarly robust process. The issue of oil and gas exploration and development in the Arctic National Wildlife Refuge has been an issue since before I was a Senator. We have been considering and debating the matter for years. This year alone, Senator MURKOWSKI has introduced a bill, held a hearing, and then marked up legislation on this issue. Now the bill that is a product of the Finance and Energy Committee's efforts is on the floor.

We have not bypassed committees. We have not filled the tree. We have not cut off debate by filing cloture, which was a common practice in recent years. I think this is as open and transparent a process as I have seen in many years, and I appreciate the leader, I appreciate Chairman HATCH, and I appreciate Chairman MURKOWSKI for their work to make that happen.

I also want to thank my Budget Committee staff for their work on this bill. In particular, I want to thank my staff director, Betsy McDonnell, who has done a remarkable job shepherding both the budget resolution and reconciliation bill through the committee and on the floor. She has been new to that position. She has been in a number of positions in the Senate that trained her well to be able to do that, and she did a marvelous job.

I also want to thank her team: Matt Giroux, Paul Vinovich, Becky Cole, Thomas Fuller, Elizabeth Keys, Joe Brenckle, Jim Neill, Steve Robinson, Greg D'Angelo, Tom Borck, Rick Berger, Jeremy Dalrymple, David Ditch, Susan Eckerly, Alison McGuire, Will Morris, Steve Townsend, Kelsie Wendelberger, and Eric Ueland.

I would like to thank my personal office staff who worked hard on the tax provisions in this package and kept all of my other issues going at the same time. Particularly, I want to thank Bart Massey, who is a CPA and who has been my special person to work on these finance issues with me for more than 3 years.

I also want to thank Tara Shaw, my chief of staff, who had to put together a new staff because a lot of good people I had were taken to the administration and to the Budget Committee. She did a marvelous job on that.

Landon Stropko is the legislative director, and he has coordinated well. I thank Liz Schwartz, Natalia Riggin, Aniela Butler, Charlie Carroll, Shawna Newsome, Garnett Decosimo, Chris Lydon, Aron Wehr, Dylan Mitchell, Coy Knobel, Max D'Onofrio, Rachel Vliem, and the rest of my Wyoming team that worked out in Wyoming collecting the information and doing casework out there while we got this work done.

I thank the Budget Committee's bipartisan staff: Kim Proctor, Katie Smith, George Woodall, Grace Bruno, and Kevin Walsh, as well as Celina Inman, who has been on loan to us from the Government Publishing Office.

We have also been supported by the great work of our leadership, the floor, and the cloakroom staff. Specific thanks are owed to Sharon Soderstrom, Hazen Marshall, Jane Lee, Brandon Dunn in the leader's office, Monica Popp, John Chapuis, Emily Kirlin, Sam Beaver, Jody Wright, and Noah McCullough in the whip's office and especially Laura Dove, who coordinates all of this activity on the floor and who knows the rules backward and forward and is able to give good advice—some very definite advice sometimes but always helpful advice—and Robert Duncan, Chris Tuck, Megan Mercer, Tony Hanagan, Mike Smith, Katherine Kilroy, and Chloe Barz in the cloakroom.

I would really be remiss if we didn't thank the Senate Parliamentarian, Elizabeth MacDonough, and her team: Leigh Hilderbrand, Michael Beaver, and Allison Markoski. Reconciliation bills are subject to special rules and procedures, and I know they have given up a lot of their nights and their weekends, as well as their regular job time, to work in detail on this product. People wouldn't even realize the file cabinets full of precedents that they have to search through as they listen to both sides make cases about what can and can't be in a budget reconciliation bill.

There are also many other staffers who deserve to be thanked for their work on this product, including the entire Finance and Energy Committee staffs, but in the interest of time, I will just say that I appreciate them and look forward to working with all of them to help finish enacting this bill that will benefit hard-working Americans and make our economy and country stronger.

Mr. President, I yield the floor.

Mr. HATCH. Mr. President, with passage of this bill, we are another step closer to providing real tax relief to the middle class and providing a much-needed boost to our economy.

Today's events have been years in the making. This has been my chief legislative focus for many years, and it has been a priority for many of my colleagues as well, including some that are no longer serving. I am talking, of course, about people like Dave Camp and Senator Max Baucus, who did a lot to move this effort forward. I feel gratified to have been here and to have worked with my colleagues to get this far.

As efforts this year began earnest, we set out to give low- and middle-income Americans some much-needed relief and to give our country an opportunity to compete in the global economy.

This bill will do that. With passage of this bill, American families will have bigger paychecks and better wages. Our employers will have more favorable conditions to invest in expansion, grow their businesses, and create more jobs right here in the United States.

So many people both in and out of Congress have worked hard to get us to this point, and I want to express my appreciation for their efforts. Of course, I can't thank everyone in a single floor speech, but I do want to thank some who may be within earshot at the moment.

First and foremost, I want to thank the members of the Senate Finance Committee, who put in countless days, weeks, and months in preparing this legislation and helping to get it passed. All of our majority members contributed greatly to this process, and I am most grateful.

I also want to thank the distinguished majority leader who also did so much to secure the details of the bill and shepherd it through the Senate.

I want to thank Chairman BRADY and Speaker RYAN over in the House of Representatives. They, too, have been great partners in this endeavor.

Of course, I need to thank Secretary Mnuchin and Director Cohn for their commitment to this effort and their help in getting it done.

I want to thank the staff of the Finance Committee, who have done so much of the heavy lifting here. I need to single out Mark Prater, my chief tax counsel, who has served the committee for decades now and whose knowledge and expertise on these matters is recognized by everyone here and pretty much everyone everywhere else. Thank you, as well, to the rest of my committee tax staff: Jennifer Acuna, Tony Coughlan, Christopher Hanna, Alex Monie, Eric Oman, Marty Pippins, Preston Rutledge, and Nick Wyatt.

I need to thank my staff director, Jay Khosla, who quarterbacked the staff through this whole ordeal and who has spent many years with me as we have laid the groundwork and started construction on this undertaking. I want to thank the other members of my senior team as well, including Matt Hoffman, Jeff Wrase, Julia Lawless, Jennifer Kuskowski, Chris Armstrong, and Bryan Hickman. I need to thank the communications staff on the committee: Katie Niederee, Nicole Hager, and Joshua Blume.

I also need to thank a couple of former staff members. Chris Campbell, my former staff director, worked for years on this effort, and while, he is now at Treasury, I am sure he is celebrating on his own today. I would also like to give a thank you to Jim Lyons, my tax counsel who, unfortunately, passed away a little over a year ago. He contributed greatly to this effort for a number of years, and his steady presence has definitely been missed.

Beyond my own staff, I want to thank the tax legislative assistants from each of the committee members who helped to craft this bill, namely, Chris Allen, Sam Beaver, Joseph Boddicker, Chris Conlin, Shay Hawkins, Randy Herndon, Bart Massey, Monica McGuire, Mike Quickel, Zacshary Rudisill, Andrew Siracuse, Robert Sneeden, Derek Theurer, and Mark Warren, all of whom did an outstanding job in helping us to produce this bill.

I also want to thank the committee's legislative directors: Charles Cogar, Ken Flanz, Chris Gillott, Brad Grantz, Amber Kirchhoefer, Kurt Kovarik, Jessica McBride, Sarah Paul, Landon Stropko, Jay Sulzmann, Stephen Tausend, Pam Thiessen, and Christopher Toppings.

I also need to thank the staff from the leader's office, including Brendan Dunn, Antonia Ferrier, Hazen Marshall, Erica Suares, Terry Van Doren, Don Stewart, and Jane Lee.

This process has been a joint effort with our friends on the Budget Committee, and I need to thank Senator ENZI, once again, for his leadership on that committee to give us the reconciliation instruction that made this possible. Additionally, I would like to thank members of his staff, including: Joe Brenckle, Jim Neill, Betsy McDonnell, Matt Giroux, Paul Vinovich, Becky Cole, Eric Ueland, Thomas Fueller, and the rest of the Budget Committee team.

Other bodies deserve our thanks as well. Tom Barthold and his team at the Joint Committee on Taxation made themselves available at all hours to help us get the bill written and ready to pass. As did the staff at the legislative counsel's office, led by Mark McGunagle and Jim Fransen and their whole team and those who work with Elizabeth McDounagh in the Parliamentarian's office.

There are too many people to thank in a single floor speech, but, I am very grateful for the countless individuals who have in this endeavor over the years. We are not there yet, but we are getting closer.

I look forward to moving this effort through the next steps and to working with my colleagues on other challenges that lie ahead.

The PRESIDING OFFICER. The Senator from Wyoming.

EXECUTIVE CALENDAR

Mr. ENZI. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Executive Calendar Nos. 510 through 522 and all nominations placed on the Secretary's desk; that the nominations be confirmed, the motions to reconsider be considered made and laid upon the table with no intervening action or debate; that no further motions be in order; that any statements related to the nominations be printed in the RECORD; that the President be immediately notified of the Senate's action and the Senate then resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

IN THE ARMY

The following named officers for appointment to the grade indicated in the United States Army under title 10, U.S.C., section 624:

To be brigadier general

Col. Douglas F. Stitt

IN THE NAVY

The following named officer for appointment in the United States Navy to the grade indicated under title 10, U.S.C., section 624:

To be rear admiral (lower half)

Capt. Michael E. Boyle

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Rear Adm. Lisa M. Franchetti

IN THE AIR FORCE

The following named officer for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., section 12203:

To be major general

Brig. Gen. Arthur E. Jackman, Jr.

The following named officer for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., section 12203:

To be major general

Brig. Gen. Josef F. Schmid, III

The following named officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., section 12203:

To be brigadier general

Col. John M. Breazeale
Col. Damon S. Feltman
Col. Anne B. Gunter
Col. Scheid P. Hodges
Col. Richard L. Kemble
Col. Tanya R. Kubinec
Col. Erich C. Novak
Col. Jeffrey T. Pennington
Col. John N. Tree
Col. Aaron G. Vangelisti
Col. William W. Whittenberger, Jr.
Col. Christopher F. Yancy

The following named Air National Guard of the United States officer for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be brigadier general

Col. Darlow G. Botha, Jr.

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be brigadier general

Col. Steven J. deMilliano
Col. Christopher E. Finerty

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be brigadier general

Col. Michele K. LaMontagne
Col. Michael J. Regan, Jr.

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be brigadier general

Col. Travis K. Acheson
Col. Barry A. Blanchard
Col. Michael A. Borkowski
Col. Michael T. Butler
Col. Michael A. Cooper
Col. Monique J. DeSpain
Col. Matthew D. Dinmore
Col. Teresa S. Edwards
Col. Emmanuel I. Haldopoulos
Col. Charles G. Jeffries
Col. Gregory W. Lair
Col. Jeffrey W. Magram
Col. James C. McEachen
Col. Maurice M. McKinney
Col. Suellen Overton
Col. Gregg A. Perez
Col. Mark D. Piper
Col. James P. Rowlett
Col. Michael D. Sproul
Col. Christan L. Stewart
Col. David W. Walter
Col. Terry L. Williams
Col. Shanna M. Woyak
Col. Frank Y. Yang
Col. Jeffrey D. Young

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be major general

Brig. Gen. Ondra L. Berry
Brig. Gen. Samuel W. Black
Brig. Gen. William D. Bunch
Brig. Gen. Joseph S. Chisolm
Brig. Gen. Thomas B. Cucchi
Brig. Gen. Gary L. Ebben
Brig. Gen. Jerry L. Fenwick
Brig. Gen. Dawn M. Ferrel

Brig. Gen. Thomas J. Kennett
Brig. Gen. Eric W. Mann
Brig. Gen. Edward A. Sauley, III
Brig. Gen. Dean A. Tremps

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be major general

Brig. Gen. George M. Degnon
Brig. Gen. Tamhra L. Hutchins-Frye
Brig. Gen. Sherrie L. McCandless
Brig. Gen. Steven Nordhaus
Brig. Gen. Kirk S. Pierce
Brig. Gen. Frank H. Stokes
Brig. Gen. Bradley A. Swanson
Brig. Gen. Thomas K. Wark

The following named Air National Guard of the United States officers for appointment in the Reserve of the Air Force to the grade indicated under title 10, U.S.C., sections 12203 and 12212:

To be major general

Brig. Gen. Douglas A. Farnham
Brig. Gen. Clay L. Garrison

NOMINATIONS PLACED ON THE SECRETARY'S DESK

IN THE AIR FORCE

PN951 AIR FORCE nominations (14) beginning DANE V. CAMPBELL, and ending RICHARD L. WOODRUFF, JR., which nominations were received by the Senate and appeared in the Congressional Record of September 5, 2017.

PN1234 AIR FORCE nominations (69) beginning JOSEPH BENJAMIN AHLERS, and ending TRENTON M. WHITE, which nominations were received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1236 AIR FORCE nomination of Erika R. Woodson, which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1237 AIR FORCE nomination of Michael S. Stroud, which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1238 AIR FORCE nominations (17) beginning LANCE A. AIUMOPAS, and ending TARA L. VILLENA, which nominations were received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1239 AIR FORCE nomination of Robert Sarlay, Jr., which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1253 AIR FORCE nominations (88) beginning RICHARD G. ADAMS, and ending JOSEPH F. ZINGARO, which nominations were received by the Senate and appeared in the Congressional Record of November 16, 2017.

IN THE ARMY

PN956 ARMY nomination of Ashley R. Sellers, which was received by the Senate and appeared in the Congressional Record of September 5, 2017.

PN958 ARMY nomination of Elias M. Chelala, which was received by the Senate and appeared in the Congressional Record of September 5, 2017.

PN1144 ARMY nomination of Cathleen A. Labate, which was received by the Senate and appeared in the Congressional Record of October 16, 2017.

PN1147 ARMY nominations (2) beginning REBECCA J, COOPER, and ending MATTHEW L. DANIELS, which nominations were received by the Senate and appeared in the Congressional Record of October 16, 2017.

PN1240 ARMY nomination of Brantley J. Combs, which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1241 ARMY nominations (2) beginning MARK E. QUERY, and ending SAMUEL H. TAHK, which nominations were received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1242 ARMY nomination of Victor A. Pachecofowler, which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1243 ARMY nomination of James M. Brumit, which was received by the Senate and appeared in the Congressional Record of November 14, 2017.

PN1254 ARMY nomination of Melvin J. Nickell, which was received by the Senate and appeared in the Congressional Record of November 16, 2017.

PN1255 ARMY nomination of Erica L. Herzog, which was received by the Senate and appeared in the Congressional Record of November 16, 2017.

PN1256 ARMY nomination of Adam W. Vanek, which was received by the Senate and appeared in the Congressional Record of November 16, 2017.

PN1257 ARMY nomination of Jason Park, which was received by the Senate and appeared in the Congressional Record of November 16, 2017.

PN1258 ARMY nomination of John T. Huckabay, which was received by the Senate and appeared in the Congressional Record of November 16, 2017.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now resume legislative session.

MORNING BUSINESS

Mr. ENZI. Mr. President, I ask unanimous consent that the Senate be in a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO DEE BRADEN

Mr. DURBIN. Mr. President, today I wish to congratulate Ms. Dee Braden on her retirement from the Coles County Council on Aging, CCCoA, after more than 41 years of service.

One of Illinois' finest advocates for older residents, Dee started with CCCoA in 1976, as the RSVP volunteer recruiter and was quickly promoted to be its first executive director in 1978.

Under Dee's leadership, CCCoA flourished and received the 2008 Governor's Award for Unique Achievement for its vision, innovation, and collaborative public and private partnerships in Illinois.

To understand Dee's tireless commitment to Illinois' older population, one need only look at her long service record. Dee developed and orchestrated the first successful passage of a county-wide property tax referendum in Illinois to fund senior services and advocated for decades to enhance the quality of life of older adults in Coles County. For 10 years, she also fundraised for the LifeSpan Center, a 25,000-square-foot multipurpose intergenerational facility in Mattoon, IL. Dee devoted herself to bettering the quality of life for our older Illinoisans.

Dee's many years of leadership and contributions to the elderly made her the deserving recipient of several awards, including the Coles County Zonta Woman of the Year Award for Community Service, the Epsilon Sigma Alpha Diana Award for her service, and the Illinois Governor's Award for Unique Achievement after she developed a countywide Elder Abuse Task Force. This year, the East Central Illinois Area Agency on Aging awarded Dee the Dr. Arthur H. Larsen Leadership Award for her outstanding leadership in advancing programs, services, and opportunities for older persons in east central Illinois.

These are just a few of Dee's many accomplishment. A full rendering of her achievements would take much longer than these few moments. I will end by saying that I visited the CCCoA several times, and I can tell you firsthand that the work Dee has done in the community is nothing short of remarkable.

Dee's generous heart is as big as Illinois. I don't know a better volunteer who has given so much to helping people. I wish Dee a happy, relaxing retirement and the best of luck in her life's next chapter. She has certainly earned it.

BUDGETARY REVISIONS

Mr. ENZI. Mr. President, section 3003 of H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018, allows the chairman of the Senate Budget Committee to revise the allocations, aggregates, and levels in the budget resolution for legislation considered under the resolution's reconciliation instructions.

I find that S. Amdt. 1855 fulfills the conditions found in section 3003 of H. Con. Res. 71. Accordingly, I am revising the allocations to the Committee on Finance, the Committee on Energy and Natural Resources, and other enforceable budgetary levels to account for the budgetary effects of the amendment.

This adjustment supersedes the adjustment I previously made for the processing of S. Amdt. 1618 on November 29, 2017. This adjustment applies while this amendment is under consideration. Should the amendment be withdrawn or fail, this adjustment will be null and void and the adjustment for S. Amdt. 1618 shall remain active.

I ask unanimous consent that the accompanying tables, which provide details about the adjustment, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BUDGET AGGREGATES—BUDGET AUTHORITY AND OUTLAYS (PURSUANT TO SECTION 311 OF THE CONGRESSIONAL BUDGET ACT OF 1974 AND SECTION 3003 OF H.CON.RES. 71, THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018)

[$s in millions]

	2018
Current Aggregates:	
Spending:	
Budget Authority	3,089,061
Outlays	3,109,221
Adjustments *:	
Spending:	
Budget Authority	*
Outlays	*
Revised Aggregates:	
Spending:	
Budget Authority	3,089,061
Outlays	3,109,221

* The Congressional Budget Office and Joint Committee on Taxation estimate that this amendment would have an effect on direct spending but are only able to provide a range between 09$50 million and $50 million. This adjustment allows for this range of budgetary change.

BUDGET AGGREGATE—REVENUES (PURSUANT TO SECTION 311 OF THE CONGRESSIONAL BUDGET ACT OF 1974 AND SECTION 3003 OF H.CON.RES. 71, THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018)

[$s in millions]

	2018	2018–2022	2018–2027
Current Aggregates:			
Revenue	2,640,939	14,509,252	32,671,567
Adjustments:			
Revenue	−31,300	−967,000	−1,694,800
Revised Aggregates:			
Revenue	2,609,639	13,542,252	30,976,767

REVISION TO ALLOCATION TO THE COMMITTEE ON FINANCE (PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT OF 1974 AND SECTION 3003 OF H.CON.RES. 71, THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018)

[$s in millions]

	2018	2018–2022	2018–2027
Current Allocation:			
Budget Authority	2,281,616	13,510,107	32,116,900
Outlays	2,280,970	13,482,300	32,069,238
Adjustments *:			
Budget Authority	*	−45,600	−220,100
Outlays	*	−45,600	−220,100
Revised Allocation:			
Budget Authority	2,281,616	13,464,507	31,896,800
Outlays	2,280,970	13,436,700	31,849,138

* The Congressional Budget Office and Joint Committee on Taxation estimate that this amendment would have an effect on direct spending but are only able to provide a range between a −$50 million and $50 million. This adjustment allows for this range of budgetary change.

REVISION TO ALLOCATION TO THE COMMITTEE ON ENERGY AND NATURAL RESOURCES (PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT OF 1974 AND SECTION 3003 OF H. CON. RES. 71, THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018)

[$s in millions]

	2018	2018–2022	2018–2027
Current Allocation:			
Budget Authority	4,703	25,212	49,342
Outlays	4,391	24,909	49,112
Adjustments:			
Budget Authority	0	−305	−1,085
Outlays	0	−305	−1,085
Revised Allocation:			
Budget Authority	4,703	24,907	48,257
Outlays	4,391	24,604	48,027

PAY-AS-YOU-GO SCORECARD FOR THE SENATE (PURSUANT TO SECTION 4106 AND SECTION 3003 OF H. CON. RES. 71, THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018)

[$s in millions]

	Balances
Starting Balances:	
Fiscal Year 2018	0
Fiscal Years 2017 through 2022	0
Fiscal Years 2017 through 2027	0
Adjustments:	
Fiscal Year 2018	31,300
Fiscal Years 2017 through 2022	921,095
Fiscal Years 2017 through 2027	1,473,615
Revised Balance:	
Fiscal Year 2018	31,300
Fiscal Years 2017 through 2022	921,095
Fiscal Years 2017 through 2027	1,473,615

UNKNOWN BUDGETARY EFFECTS

Mr. ENZI. Mr. President, section 4105 of H. Con. Res. 71, the concurrent resolution on the budget for fiscal year 2018, makes out of order any amendment to a fiscal year 2018 reconciliation measure if the amendment has an unknown budgetary effect.

As chairman of the Budget Committee, I have reviewed S. Amdt. 1846 and determined that it has an unknown budgetary effect. Therefore, section 4105 applies to S. Amdt. 1846. This amendment is susceptible to a section 4105 point of order.

RECOGNIZING MAPLE ELEMENTARY SCHOOL

Mr. DONNELLY. Mr. President, today, I wish to recognize Maple Elementary School of Avon, IN, for being named a 2017 National Blue Ribbon School by the U.S. Department of Education.

Established in 1982, the National Blue Ribbon Schools Program recognizes schools that have demonstrated a vision of educational excellence for all students, regardless of their social or economic background. Since its inception, this program has allowed schools in every State to gain recognition for educational accomplishments, particularly in closing the achievement gaps among students.

Maple Elementary School opened in 1971 and currently serves about 265 students. Maple prides itself on educating the ''whole child'' and ensuring that students are safe, healthy, supported, engaged, and challenged. These principles reflect the school's belief that, when students' basic needs are met, they are able to thrive academically.

Maple Elementary's staff, students, and families work together to teach and foster values that develop strong character including academic excellence and service to others. Teachers and staff mentor students and encourage them to take on leadership roles, including student council service. Student council members are selected by their peers and organize several service-oriented and school events each year. In addition, the school counselor trains a group of students to mediate disputes through Project Peace, a program that fosters leadership skills and promotes healthy conflict resolution.

Maple Elementary helps nurture strong relationships between students, their families, and the faculty. From the annual ''Walk-a-Thon,'' to Fall Fun Night, to Pastries with Parents, to Grandparents Day, Maple Elementary School is an example of how dedication, motivation, collaboration, and strong family engagement in education can benefit both the students and the local community.

With a diverse student body, Maple has created an atmosphere for students to learn about the various backgrounds and cultures represented at the school. From country flags displayed in the hallway representing the nationality of current students to the counselor-sponsored Diversity Club, students are able to experience and interact with different cultures.

I am proud to recognize Maple Elementary School Principal, Nicola Jo Harrison, the entire staff, the students, and their families. The effort, dedication, and value you put into these students' education has led not only to this prestigious recognition, but will benefit you and the Avon community well into the future.

On behalf of the citizens of Indiana, I congratulate Maple Elementary School, and I wish the students and staff continued success in the future.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Pate, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The messages received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 10:04 a.m., a message from the House of Representatives, delivered by Mrs. Cole, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3017. An act to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to reauthorize and improve the brownfields program, and for other purposes.

H.R. 3905. An act to require congressional approval of any mineral withdrawal or monument designation involving the National Forest System lands in the State of Minnesota, to provide for the renewal of certain mineral leases in such lands, and for other purposes.

H.R. 4182. An act to amend title 5, United States Code, to modify probationary periods with respect to positions within the competitive service and the Senior Executive Service, and for other purposes.

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicated:

H.R. 3905. An act to require congressional approval of any mineral withdrawal or monument designation involving the National Forest System lands in the State of Minnesota, to provide for the renewal of certain mineral leases in such lands, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 4182. An act to amend title 5, United States Code, to modify probationary periods with respect to positions within the competitive service and the Senior Executive Service, and for other purposes; to the Committee on Homeland Security and Governmental Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC–3588. A communication from the Acting Deputy Chief, Public Safety and Homeland Security Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Wireless Emergency Alerts; Amendments to Part 11 of the Commission's Rules Regarding the Emergency Alert System'' ((FCC 17–143) (PS Docket No. 15–91)) received in the Office of the President of the Senate on November 27, 2017; to the Committee on Commerce, Science, and Transportation.

EC–3589. A communication from the Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Magnuson-Stevens Fishery Conservation and Management Act Provisions; Fisheries of the Northeastern United States; Northeast Groundfish Fishery; Fishing Year 2017; Recreational Management Measures'' (RIN0648–BG52) received in the Office of the President of the Senate on November 27, 2017; to the Committee on Commerce, Science, and Transportation.

EC–3590. A communication from the Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Pacific Island Fisheries; 2017–18 Annual Catch Limit and Accountability Measures; Main Hawaiian Islands Deep 7 Bottomfish'' (RIN0648–XF335) received in the Office of the President of the Senate on November 27, 2017; to the Committee on Commerce, Science, and Transportation.

EC–3591. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Magnuson-Stevens Act Provisions; Fisheries Off West Coast States; Pacific Coast Groundfish Fishery; 2017–2018 Biennial Specifications and Management Measures; Amendment 27'' (RIN0648–BG17) received in the Office of the President of the Senate on November 27, 2017; to the Committee on Commerce, Science, and Transportation.

EC–3592. A communication from the Chief, International Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Section 43.62 Reporting Requirements for U.S. Providers of International Services; 2016 Biennial Review of Telecommunications Regulations'' ((FCC 17–136) (IB Docket No. 17–55)) received in the Office of the President of the Senate on November 29, 2017; to the Committee on Commerce, Science, and Transportation.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–139. A resolution adopted by the Mayor and City Commission of the City of Miami Beach, Florida, urging the United States Congress to reform the Federal Flood Insurance Program to eliminate disproportionate subsidies paid by the State of Florida to other parts of the nation and to increase the amount of subsidies, to an amount equal to at least 25% of flood insurance premiums paid in the State of Florida, for reinvestment in resilient infrastructure projects in Florida and to amend flood insurance policy renewals from annually to every four years; to the Committee on Banking, Housing, and Urban Affairs.

POM–140. A petition from a citizen of the State of Texas relative to an amendment to the United States Constitution; to the Committee on the Judiciary.

POM–141. A resolution adopted by the Lauderdale Lakes City Commission, Lauderdale Lakes, Florida recognizing and honoring all United States armed forces veterans; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSON, from the Committee on Homeland Security and Governmental Affairs, with an amendment in the nature of a substitute:

S. 1886. A bill to amend subchapter I of chapter 31 of title 5, United States Code, to authorize agencies to make noncompetitive temporary and term appointments in the competitive service (Rept. No. 115–189).

By Mr. GRASSLEY, from the Committee on the Judiciary, with an amendment:

S. 2070. A bill to amend the Violent Crime Control and Law Enforcement Act of 1994, to reauthorize the Missing Alzheimer's Disease Patient Alert Program, and to promote initiatives that will reduce the risk of injury and death relating to the wandering characteristics of some children with autism.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Ms. MURKOWSKI:

S. 2182. A bill to provide for the resettlement and relocation of the people of Bikini; to the Committee on Energy and Natural Resources.

By Mr. HELLER:

S. 2183. A bill to amend title XXI of the Social Security Act to provide for a special rule during the first quarter of fiscal year 2018 for the redistribution of certain Children's Health Insurance Program allocations for certain shortfall States; to the Committee on Finance.

By Mr. McCAIN (for himself and Mr. MORAN):

S. 2184. A bill to amend title 38, United States Code, to improve veterans' health care benefits, and for other purposes; to the Committee on Veterans' Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. JOHNSON (for himself, Ms. HEITKAMP, Mr. BOOZMAN, and Ms. BALDWIN):

S. Res. 346. A resolution recognizing the importance and effectiveness of trauma-informed care; to the Committee on Health, Education, Labor, and Pensions.

ADDITIONAL COSPONSORS

S. 264

At the request of Mr. LANKFORD, the name of the Senator from Florida (Mr. RUBIO) was added as a cosponsor of S. 264, a bill to amend the Internal Revenue Code of 1986 to allow charitable organizations to make statements relating to political campaigns if such statements are made in ordinary course of carrying out its tax exempt purpose.

S. 654

At the request of Mr. TOOMEY, the names of the Senator from Virginia (Mr. WARNER) and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. 654, a bill to revise section 48 of title 18, United States Code, and for other purposes.

S. 662

At the request of Mr. BLUMENTHAL, the name of the Senator from California (Ms. HARRIS) was added as a cosponsor of S. 662, a bill to provide incentives for hate crime reporting, grants for State-run hate crime hotlines, a Federal private right of action for victims of hate crimes, and additional penalties for individuals convicted under the Matthew Shephard and James Byrd, Jr. Hate Crimes Prevention Act.

S. 915

At the request of Mr. BROWN, the names of the Senator from Florida (Mr. NELSON), the Senator from Hawaii (Ms. HIRONO), the Senator from Rhode Island (Mr. WHITEHOUSE), the Senator from Rhode Island (Mr. REED), the Senator from Vermont (Mr. LEAHY) and the Senator from Massachusetts (Ms. WARREN) were added as cosponsors of S. 915, a bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

S. 946

At the request of Mr. FLAKE, the name of the Senator from Wisconsin (Ms. BALDWIN) was added as a cosponsor of S. 946, a bill to require the Secretary of Veterans Affairs to hire additional Veterans Justice Outreach Specialists to provide treatment court services to justice-involved veterans, and for other purposes.

S. 1425

At the request of Mr. WICKER, the name of the Senator from Massachusetts (Ms. WARREN) was added as a cosponsor of S. 1425, a bill to reauthorize the Integrated Coastal and Ocean Observation System Act of 2009, and for other purposes.

S. 1827

At the request of Mr. HATCH, the name of the Senator from Nebraska (Mrs. FISCHER) was added as a cosponsor of S. 1827, a bill to extend funding for the Children's Health Insurance Program, and for other purposes.

S. 1829

At the request of Mr. GRASSLEY, the name of the Senator from Nebraska (Mrs. FISCHER) was added as a cosponsor of S. 1829, a bill to amend title V of the Social Security Act to extend the Maternal, Infant, and Early Childhood Home Visiting Program.

S. 1830

At the request of Mr. PAUL, the name of the Senator from Iowa (Mrs. ERNST) was added as a cosponsor of S. 1830, a bill to strengthen employee cost savings suggestions programs within the Federal Government.

S. 1838

At the request of Ms. WARREN, the name of the Senator from California (Ms. HARRIS) was added as a cosponsor of S. 1838, a bill to repeal the authority under the National Labor Relations Act for States to enact laws prohibiting agreements requiring membership in a labor organization as a condition of employment, and for other purposes.

S. 1871

At the request of Mr. CASSIDY, the name of the Senator from Indiana (Mr. DONNELLY) was added as a cosponsor of S. 1871, a bill to amend title 38, United States Code, to clarify the role of podiatrists in the Department of Veterans Affairs, and for other purposes.

S. 2070

At the request of Mr. GRASSLEY, the names of the Senator from California (Mrs. FEINSTEIN) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. 2070, a bill to amend the Violent Crime Control and Law Enforcement Act of 1994, to reauthorize the Missing Alzheimer's Disease Patient Alert Program, and to promote initiatives that will reduce the risk of injury and death relating to the wandering characteristics of some children with autism.

S. 2088

At the request of Mrs. FISCHER, the name of the Senator from Hawaii (Ms. HIRONO) was added as a cosponsor of S. 2088, a bill to amend title 10, United States Code, to provide for the issuance of the Gold Star Installation Access Card to the surviving spouse, dependent children, and other next of kin of a member of the Armed Forces who dies while serving on certain active or reserve duty, to ensure that a remarried surviving spouse with dependent children of the deceased member remains eligible for installation benefits to which the surviving spouse was previously eligible, and for other purposes.

S. 2147

At the request of Mr. BROWN, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. 2147, a bill to amend the Internal Revenue Code of 1986 to create a Pension Rehabilitation Trust Fund to establish a Pension Rehabilitation Administration within the Department of the Treasury to make loans to multiemployer defined benefit plans, and for other purposes.

S. 2159

At the request of Mrs. GILLIBRAND, the names of the Senator from Minnesota (Ms. KLOBUCHAR) and the Senator from New Hampshire (Mrs. SHAHEEN) were added as cosponsors of S. 2159, a bill to require covered harassment and covered discrimination awareness and prevention training for Members, officers, employees, interns, fellows, and detailees of Congress within 30 days of employment and annually thereafter, to require a biennial climate survey of Congress, to amend the enforcement process under the Office of Congressional Workplace Rights for covered harassment and covered discrimination complaints, and for other purposes.

AMENDMENT NO. 1622

At the request of Mr. PAUL, the names of the Senator from Louisiana (Mr. CASSIDY) and the Senator from Mississippi (Mr. WICKER) were added as cosponsors of amendment No. 1622 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1623

At the request of Mr. PAUL, the name of the Senator from Texas (Mr. CRUZ) was added as a cosponsor of amendment No. 1623 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1640

At the request of Mr. GARDNER, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of amendment No. 1640 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1642

At the request of Mr. RUBIO, the names of the Senator from Nebraska (Mr. SASSE) and the Senator from Louisiana (Mr. KENNEDY) were added as cosponsors of amendment No. 1642 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1665

At the request of Ms. CANTWELL, the names of the Senator from Minnesota (Ms. KLOBUCHAR), the Senator from Illinois (Mr. DURBIN) and the Senator from New Hampshire (Mrs. SHAHEEN) were added as cosponsors of amendment No. 1665 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1675

At the request of Mr. WHITEHOUSE, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of amendment No. 1675 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1711

At the request of Mr. THUNE, the name of the Senator from Missouri (Mr. BLUNT) was added as a cosponsor of amendment No. 1711 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1717

At the request of Ms. CANTWELL, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of amendment No. 1717 proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1724

At the request of Mrs. ERNST, her name was added as a cosponsor of amendment No. 1724 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

At the request of Mr. HATCH, the names of the Senator from Georgia (Mr. ISAKSON), the Senator from Alabama (Mr. SHELBY), the Senator from Tennessee (Mr. ALEXANDER), the Senator from South Dakota (Mr. ROUNDS) and the Senator from Colorado (Mr. GARDNER) were added as cosponsors of amendment No. 1724 intended to be proposed to H.R. 1, supra.

AMENDMENT NO. 1735

At the request of Mr. ROUNDS, the names of the Senator from Missouri (Mr. BLUNT) and the Senator from Louisiana (Mr. KENNEDY) were added as cosponsors of amendment No. 1735 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1736

At the request of Mr. INHOFE, the name of the Senator from Oklahoma (Mr. LANKFORD) was added as a cosponsor of amendment No. 1736 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1738

At the request of Mr. ALEXANDER, the name of the Senator from Texas (Mr.

CRUZ) was added as a cosponsor of amendment No. 1738 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1739

At the request of Mr. UDALL, the names of the Senator from California (Mrs. FEINSTEIN) and the Senator from Minnesota (Ms. KLOBUCHAR) were added as cosponsors of amendment No. 1739 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1758

At the request of Mr. CASSIDY, the name of the Senator from Idaho (Mr. RISCH) was added as a cosponsor of amendment No. 1758 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1760

At the request of Mr. CASSIDY, the name of the Senator from Colorado (Mr. GARDNER) was added as a cosponsor of amendment No. 1760 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1765

At the request of Mr. ISAKSON, the name of the Senator from North Carolina (Mr. BURR) was added as a cosponsor of amendment No. 1765 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1774

At the request of Mr. UDALL, the name of the Senator from New Mexico (Mr. HEINRICH) was added as a cosponsor of amendment No. 1774 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

AMENDMENT NO. 1790

At the request of Mr. MENENDEZ, the name of the Senator from Massachusetts (Ms. WARREN) was added as a cosponsor of amendment No. 1790 intended to be proposed to H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 346—RECOGNIZING THE IMPORTANCE AND EFFECTIVENESS OF TRAUMA-INFORMED CARE

Mr. JOHNSON (for himself, Ms. HEITKAMP, Mr. BOOZMAN, and Ms. BALDWIN) submitted the following resolution; which was referred to the Committee on Health, Education, Labor, and Pensions:

S. RES. 346

Whereas traumatic experiences affect millions of individuals in the United States and can affect the mental, emotional, physical, spiritual, economic, and social well-being of an individual;

Whereas adverse childhood experiences (in this preamble referred to as ''ACEs'') can be traumatizing and, if not recognized, can affect health across the lifespan of an individual and, in some cases, result in a shortened lifespan;

Whereas ACEs are recognized as a proxy for toxic stress, which can affect brain development and can cause a lifetime of physical, mental, and social challenges;

Whereas ACEs and trauma are determinants of public health problems in the United States such as obesity, addiction, and serious mental illness;

Whereas trauma-informed care is an approach that can bring greater understanding and more effective ways to support and serve children, adults, families, and communities affected by trauma;

Whereas trauma-informed care is not a therapy or an intervention, but a principle-based, culture-change process aimed at recognizing strengths and resiliency as well as helping people who have experienced trauma to overcome those issues in order to lead healthy and positive lives;

Whereas adopting trauma-informed approaches in workplaces, communities, and government programs can aid in preventing mental, emotional, physical, and social issues for people impacted by toxic stress or trauma;

Whereas trauma-informed care has been promoted and established in communities across the United States, including many different uses of trauma-informed care being utilized by various types of entities, such as—

(1) the State of Wisconsin, which established Fostering Futures, a statewide initiative—

(A) under which the State partnered with Indian tribes, State agencies, county governments, and nonprofit organizations to make Wisconsin the first trauma-informed State; and

(B) the goal of which is to reduce toxic stress and improve life-long health and well-being for all Wisconsinites;

(2) the Menominee Tribe in Wisconsin, which improved educational and public health outcomes by increasing understanding of historical trauma and childhood adversity and by developing culturally relevant, trauma-informed practices;

(3) schools of medicine that provide critical trauma-informed care in Chicago, Illinois, including—

(A) the University of Illinois at Chicago Comprehensive Assessment and Response Training System, which improves the quality of psychiatric services provided to youth in foster care; and

(B) the University of Chicago Recovery and Empowerment After Community Trauma Program, which helps residents who are coping with community violence;

(4) service providers, academics, and local artists in Philadelphia, Pennsylvania, that use art to engage communities to educate and involve citizens in trauma-informed care activities;

(5) the Department of Public Health of San Francisco, California, which aligned its workforce to create a trauma-informed system;

(6) schools in Kansas City, Missouri, that—

(A) worked to become trauma-informed by encouraging teachers and children to create self-care plans to manage stress; and

(B) have implemented broad community-wide, trauma-informed culture changes;

(7) the city of Tarpon Springs, Florida, which crafted a community effort to gather city officials, professionals, and residents to coordinate multiple trauma-informed activities, including a community education day;

(8) community members in Worcester, Massachusetts, who worked with the Massachusetts Department of Mental Health to create a venue with peer-to-peer support to better engage individuals dealing with trauma and extreme emotional distress;

(9) the city of Walla Walla, Washington, which, together with community members, launched the Children's Resilience Initiative to mobilize neighborhoods and Washington State agencies to tackle ACEs;

(10) the State of Oregon, which passed the first State law in the United States to promote—

(A) trauma-informed approaches in order to decrease rates of school absenteeism and increase understanding of ACEs and trauma; and

(B) best practices to leverage community resources to support youth;

(11) the Commonwealth of Massachusetts, which passed a law to promote whole-school efforts to implement trauma-informed care approaches to support the social, emotional, and academic well-being of all students, including both preventive and intensive services and support depending on the needs of students; and

(12) the State of Washington, which implemented the ACEs Public-Private Initiative, a collaboration among private, public, and community organizations to research and inform policies to prevent childhood trauma and reduce the negative emotional, social, and health effects of childhood trauma;

Whereas the Substance Abuse and Mental Health Services Administration provides substantial resources to better engage individuals and communities across the United States to implement trauma-informed care;

Whereas numerous Federal agencies have integrated trauma-informed approaches into programs and grants that those agencies administer, and those agencies could benefit from closer collaboration; and

Whereas national recognition through a trauma-focused awareness month would help to deepen the understanding of the nature and impact of trauma, the importance of prevention, the impact that ACEs can have on brain development, and the benefits of trauma-informed care: Now, therefore, be it

Resolved, That the Senate—

(1) recognizes the importance, effectiveness, and need for trauma-informed care among existing programs and agencies at the Federal level;

(2) encourages the use and practice of trauma-informed care within the Federal Government, including within the executive branch agencies and Congress; and

(3) supports the designation of May 2018 as ''National Trauma Awareness Month'' and May 22, 2018, as ''National Trauma-Informed Awareness Day'' in order to highlight community resilience through trauma-informed change.

SENATE RESOLUTION 347—COMMEMORATING THE 62ND ANNIVERSARY OF THE DEDICATION OF WHITEMAN AIR FORCE BASE

Mrs MCCASKILL (for herself and Mr. BLUNT) submitted the following resolution; which was considered and agreed to:

S. RES. 347

Whereas, 70 years ago, the National Security Act of 1947 (50 U.S.C. 3001 et seq.), signed into law by President Harry S. Truman, established the Department of the Air Force as an executive department and established the United States Air Force under the Department of the Air Force;

Whereas, at Pearl Harbor, Hawaii, on December 7, 1941, during the attack on Bellows Field, Second Lieutenant George Allison Whiteman reached his aircraft, but while attempting take off, Second Lieutenant Whiteman's P-40 Warhawk was attacked by enemy fighters and crashed, fatally injuring Second Lieutenant Whiteman;

Whereas, in 1942, the site where Whiteman Air Force Base (in this preamble referred to as ''Whiteman AFB'') currently exists was established as Sedalia Glider Base, and Sedalia Army Air Field was later established at that site to train Waco glider pilots for combat missions during World War II;

Whereas, in 1951, that site was reopened as Sedalia Air Force Base and, beginning in 1952, housed the 340th Bombardment Wing, which was assigned the newest aircraft systems of the time, including the B-47 Stratojet, which was the first all-jet bomber, and the KC-97, which is an aerial refueling tanker;

Whereas, on December 3, 1955, Sedalia Air Force Base was dedicated as Whiteman AFB, in memory of Sedalia-native Second Lieutenant George Allison Whiteman, one of the first airmen killed in World War II;

Whereas Whiteman AFB developed and matured alongside United States Air Force capabilities and necessities, transitioning from a bomber base to the chosen location for the fourth Minuteman intercontinental ballistic missile wing and the home of the 351st Strategic Missile Wing;

Whereas Whiteman AFB assisted in paving the way for a fully integrated United States Air Force, with the 351st Strategic Missile Wing fielding the first female Minuteman crew and the first gender-integrated Minuteman crew;

Whereas the 509th Bomb Wing is stationed at Whiteman AFB, operates a B-2 Spirit stealth bomber, and is able to deploy from Missouri to engage adversaries of the United States anywhere in the world;

Whereas the 509th Bomb Wing first engaged in combat as part of Operation Allied Force over Serbia and Kosovo in 1999;

Whereas, in October 2001, the 509th Bomb Wing carried out the first military response after the attacks on New York City, New York, and Washington, District of Columbia, on September 11, 2001 by flying a B-2 Spirit stealth bomber into the airspace of Afghanistan and preceding the coalition aircraft that would engage the forces of the Taliban and al-Qaeda;

Whereas, while selectively used, the B-2 Spirit stealth bomber represents the precision capabilities and the endurance of the United States Air Force;

Whereas the 442nd Fighter Wing, an Air Force Reserve Command organization responsible for the operation, maintenance, and support of the A-10 Thunderbolt II aircraft (commonly known as the ''Warthog''), is located at Whiteman AFB and works alongside the 509th Bomb Wing;

Whereas the 442nd Citizen Airmen carry on the proud tradition, dating back to World War II, of supporting the United States Army and allied ground forces through close air support;

Whereas the 131st Bomb Wing, a unit of the Missouri Air National Guard located at Whiteman AFB, is the only Air National Guard Bomb Wing to fly the B-2 Spirit stealth bomber and to be nuclear-capable;

Whereas the 131st Air National Guardsmen carry on the proud tradition of supporting the State of Missouri and the United States, which dates back to the founding of the 131st Bomb Wing in 1923;

Whereas the 20th Attack Squadron, which has been based at Whiteman AFB since January 2011 and is assigned to the 432d Operations Group in Nevada, flies the remotely piloted aircraft MQ-9 Reaper for aerial reconnaissance and forward observation;

Whereas, though geographically separated from the 432d Operations Group, the 20th Attack Squadron provides integral intelligence and close air support and is able to conduct strikes;

Whereas the 1-135th Assault Helicopter Battalion, a unit of the Missouri National Guard, supports humanitarian and disaster relief operations as well as transportation on drug interdiction missions; and

Whereas the 1-135th Assault Helicopter Battalion has recently transitioned to using the UH-60 Blackhawk Helicopter, which allows for more effective joint force training: Now, therefore, be it

Resolved, That the Senate commemorates the 62nd anniversary of the dedication of Whiteman Air Force Base.

AMENDMENTS SUBMITTED AND PROPOSED

SA 1811. Mr. BLUNT submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table.

SA 1812. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1813. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1814. Mr. DAINES submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1815. Mr. DAINES (for himself, Mrs. ERNST, Mr. LANKFORD, Mr. MORAN, Mrs. FISCHER, Mr. INHOFE, Mr. BLUNT, Mr. LEE, Mr. RISCH, Mr. SASSE, Mr. KENNEDY, and Mr. WICKER) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1816. Mr. TOOMEY submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1817. Mr. HOEVEN (for himself, Mr. GARDNER, Mr. BOOZMAN, Mrs. ERNST, Mr. BLUNT, Mr. RISCH, Mr. ROUNDS, and Mr. MORAN) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1818. Mr. ENZI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1819. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1820. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1821. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1822. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1823. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1824. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1825. Mr. HOEVEN (for himself, Mr. GARDNER, Mr. BOOZMAN, Mrs. ERNST, Mr. BLUNT, Mr. RISCH, Mr. ROUNDS, Mr. MORAN, Mr. COTTON, and Mr. DAINES) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1826. Mr. SCOTT (for himself, Mr. BLUNT, Mr. PORTMAN, Mr. ISAKSON, Mr. GRASSLEY, Mr. CRAPO, Mr. ROBERTS, Mr. ROUNDS, Mr. STRANGE, Mr. SHELBY, Mrs. ERNST, Mr. CASSIDY, and Ms. COLLINS) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1827. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1828. Ms. COLLINS (for herself and Mr. KING) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1829. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1830. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1831. Mr. KAINE (for himself, Mr. MANCHIN, Mr. BENNET, and Mrs. MCCASKILL) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1832. Mr. JOHNSON submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1833. Mr. SCOTT (for himself and Mr. PORTMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1834. Mr. BENNET submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1835. Mr. GRASSLEY (for himself, Mr. PORTMAN, Mr. HELLER, Mr. ROBERTS, and Mr. THUNE) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1836. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1837. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1838. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1839. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1840. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1841. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1842. Mr. RUBIO (for himself and Mr. LEE) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1843. Mr. RUBIO (for himself and Mr. LEE) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1844. Mr. LANKFORD submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1845. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1846. Mr. CORNYN (for Mr. KAINE (for himself, Mr. MANCHIN, Mrs. MCCASKILL, and Mr. BENNET)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1847. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1848. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1849. Mr. BENNET submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1850. Mr. MCCONNELL (for Mr. RUBIO (for himself, Mr. LEE, Mr. SASSE, and Mr. KENNEDY)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1851. Mr. RUBIO (for himself, Mr. LEE, Mr. SASSE, and Mr. KENNEDY) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table .

SA 1852. Mr. CORNYN (for Mr. CRUZ (for himself, Mr. COTTON, Mr. KENNEDY, and Mr. SASSE)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1853. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1854. Mr. MCCONNELL (for Mr. BROWN (for himself, Mr. BENNET, Mr. DURBIN, Mr. CASEY, Mr. WYDEN, Mrs. MURRAY, and Mr. MENENDEZ)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1855. Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1856. Mr. MERKLEY proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra.

SA 1857. Mr. DAINES (for himself, Mrs. ERNST, Mr. LANKFORD, Mr. MORAN, Mrs. FISCHER, Mr. INHOFE, Mr. BLUNT, Mr. LEE, Mr. RISCH, and Mr. SASSE) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1858. Ms. BALDWIN submitted an amendment intended to be proposed by her to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1859. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1860. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1861. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

SA 1862. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 1811. Mr. BLUNT submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 381, line 1, strike ''(g) REGULATIONS.—'' and insert:

''(g) ELECTION TO BE TREATED AS A SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATION.—For purposes of this section—

''(1) IN GENERAL.—An electing insurance, banking, and financing branch shall be treated as a specified 10-percent owned foreign corporation.

''(2) ELECTING INSURANCE, BANKING, AND FINANCING BRANCH.—The term 'electing insurance, banking, and financing branch' means, with respect to any taxable year, a qualified business unit (as defined in section 989(a)) of a domestic corporation, if—

''(A) the domestic corporation is an insurance company taxable under subchapter L or is a bank taxable under subchapter H,

''(B) the qualified business unit is a qualified insurance branch or a qualified banking and financing branch, and

''(C) the election described in paragraph (5) is in effect with respect to such branch for the taxable year.

''(3) TAXABLE INCOME OF DOMESTIC CORPORATION COMPUTED WITHOUT REGARD TO QUALIFIED BUSINESS UNIT.—For purposes of this title, the taxable income of a domestic corporation described in paragraph (2)(A) shall be computed without regard to items of the qualified business unit described in paragraph (2)(B) which are separately accounted for in accordance with paragraph (6).

''(4) DEFINITIONS.—

''(A) QUALIFIED INSURANCE BRANCH.—The term 'qualified insurance branch' means a qualified business unit (within the meaning of section 989(a)) of a domestic corporation that is an insurance company taxable under subchapter L, if such unit is licensed, authorized, or regulated by the applicable insurance regulatory body for its home country to sell insurance, reinsurance, or annuity contracts to persons other than related persons (within the meaning of section 954(d)(3)) in such home country. Any term used in this subparagraph which is also used in section 953(e) shall have the meaning given to such term by section 953(e).

''(B) QUALIFIED BANKING AND FINANCING BRANCH.—The term 'qualified banking and financing branch' means a qualified business unit (within the meaning of section 989(a)) of a domestic corporation that is a bank taxable under subchapter H, if such unit is predominantly engaged in the active conduct of a banking, financing, or similar business, and conducts substantial activity with respect to such business. Any term used in this subparagraph which is also used in section 954(h) shall have the meaning given to such term by section 954(h).

''(5) ELECTION.—

''(A) IN GENERAL.—A domestic corporation may make the election described in this paragraph with respect to any qualified insurance branch or qualified banking and financing branch for any taxable year.

''(B) DURATION AND TERMINATION OF ELECTION.—Subject to subparagraph (C), an election made under this paragraph for any taxable year shall remain in effect for all subsequent taxable years, except that it may be revoked with the consent of the Secretary.

''(C) TIMING OF ELECTION.—The election provided by this paragraph shall be made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof) with respect to which such election is made, and such election and any approved revocation thereof shall be made in the manner provided by the Secretary.

''(6) SEPARATE ACCOUNTING REQUIRED.—Any domestic corporation which makes the election described in paragraph (5) with respect to a qualified business unit shall establish and maintain a separate account for the various income, exclusion, deduction, asset, reserve, liability, and surplus items properly attributable to the qualified business unit. Such separate accounting shall be made—

''(A) in accordance with the method regularly employed by such domestic company, if such method clearly reflects income derived from, and the other items attributable to, the qualified business unit, and

''(B) in all other cases, in accordance with regulations prescribed by the Secretary.

''(7) EFFECT OF ELECTION AND TERMINATION.—

''(A) IN GENERAL.—For purposes of this title, each electing insurance, banking, and financing branch shall be treated as a foreign corporation organized in its home country (as defined in section 953(e)(6)(B)).

''(B) TREATMENT OF ASSETS AND LIABILITIES.—Any domestic corporation making an election under paragraph (5) shall be treated as transferring (as of the first day of the first taxable year to which such election applies) all of the assets and liabilities separately accounted for under paragraph (6) to a foreign corporation in connection with an exchange to which section 351 applies, subject to section 367.

''(C) EFFECT OF TERMINATION OF ELECTION.—If an election is made by a domestic corporation under paragraph (5) for any taxable year, and such election ceases to apply to the electing insurance, banking, and financing branch for any subsequent taxable year, the electing insurance, banking, and financing branch treated as a foreign corporation shall be treated (as of the first day of the first taxable year following such cessation) as liquidating under section 332, subject to section 367.

''(8) TRANSACTIONS BETWEEN ELECTING INSURANCE, BANKING, AND FINANCING BRANCH AND DOMESTIC CORPORATION.—Any amount directly or indirectly transferred or credited from an electing insurance, banking, and financing branch account established pursuant to paragraph (6) to one or more other accounts of such domestic company shall be treated as a deemed distribution for purposes of this title.

''(h) REGULATIONS.—

SA 1812. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place in title I, insert the following:

SEC. 1_____. EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) IN GENERAL.—Section 119(d) of division A of the Tax Relief and Health Care Act of 2006 is amended—

(1) by striking ''January 1, 2017'' each place it appears and inserting ''January 1, 2023'',

(2) by striking ''first 11 taxable years'' in paragraph (1) and inserting ''first 17 taxable years'', and

(3) by striking ''first 5 taxable years'' in paragraph (2) and inserting ''first 11 taxable years''.

(b) TREATMENT OF CERTAIN REFERENCES.—Section 119(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by adding at the end the following: ''References in this subsection to section 199 of the Internal Revenue Code of 1986 shall be treated as references to such section as in effect before its repeal by the Tax Cuts and Jobs Act.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.

SA 1813. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place in title I, insert the following:

SEC. 1_____. EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) IN GENERAL.—Section 119(d) of division A of the Tax Relief and Health Care Act of 2006 is amended—

(1) by striking ''January 1, 2017'' each place it appears and inserting ''January 1, 2023'',

(2) by striking ''first 11 taxable years'' in paragraph (1) and inserting ''first 17 taxable years'', and

(3) by striking ''first 5 taxable years'' in paragraph (2) and inserting ''first 11 taxable years''.

(b) TREATMENT OF CERTAIN REFERENCES.—Section 119(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by adding at the end the following: ''References in this subsection to section 199 of the Internal Revenue Code of 1986 shall be treated as references to such section as in effect before its repeal by the Tax Cuts and Jobs Act.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.

SA 1814. Mr. DAINES submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 26, strike line 21 and all that follows through page 30, line 14, and insert the following:

''(6) FRANCHISE EXCEPTION.—In the case of a taxpayer utilizing business format franchising as a franchisor or franchisee under part 436 of title 16, Code of Federal Regulations, with respect to any qualified trade or business, paragraph (2) shall be applied without regard to subparagraph (B).

''(c) QUALIFIED BUSINESS INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer.

''(2) CARRYOVER OF LOSSES.—If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year.

''(3) QUALIFIED ITEMS OF INCOME, GAIN, DEDUCTION, AND LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are—

''(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting 'qualified trade or business (within the meaning of section 199A)' for 'nonresident alien individual or a foreign corporation' or for 'a foreign corporation' each place it appears), and

''(ii) included or allowed in determining taxable income for the taxable year.

''(B) EXCEPTIONS.—The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss:

''(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss.

''(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G).

''(iii) Any interest income other than interest income which is properly allocable to a trade or business.

''(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting 'qualified trade or business' for 'controlled foreign corporation').

''(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)).

''(vi) Any amount received from an annuity which is not received in connection with the trade or business.

''(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses.

''(4) TREATMENT OF REASONABLE COMPENSATION AND GUARANTEED PAYMENTS.—Qualified business income shall not include—

''(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business,

''(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and

''(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business.

''(d) QUALIFIED TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified trade or business' means any trade or business other than a specified service trade or business.

''(2) SPECIFIED SERVICE TRADE OR BUSINESS.—

''(A) IN GENERAL.—The term 'specified service trade or business' means any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)).

''(B) FRANCHISE EXCEPTION.—Such term does not include any trade or business utilizing business format franchising as a franchisor or franchisee under part 436 of title 16, Code of Federal Regulations.

SA 1815. Mr. DAINES (for himself, Mrs. ERNST, Mr. LANKFORD, Mr. MORAN, Mrs. FISCHER, Mr. INHOFE, Mr. BLUNT, Mr. LEE, Mr. RISCH, and Mr. SASSE) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 43, strike line 16 and all that follows through page 45, line 20 and insert the following:

''(4) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(5) MAXIMUM AMOUNT OF REFUNDABLE CREDIT.—

''(A) IN GENERAL.—Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (4) of this subsection.

''(B) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins.

Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100.

''(6) EARNED INCOME THRESHOLD FOR REFUNDABLE CREDIT.—Subsection (d)(1)(B)(i) shall be applied by substituting '$2,500' for '$3,000'.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.

''(8) CREDIT ALLOWED WITH RESPECT TO UNBORN CHILDREN.—

''(A) IN GENERAL.—The term 'qualifying child' includes an unborn child (as defined in section 1841(d) of title 18, United States Code) for any such taxable year if such child is born and issued a social security number (as defined in paragraph (7)) before the due date for the return of tax (without regard to extensions) for the taxable year.

''(B) DOUBLE CREDIT IN CASE OF CHILDREN UNABLE TO CLAIM CREDIT.—In the case of any child born during a taxable year described in paragraph (1) who is not taken into account under subparagraph (A) for the taxable year immediately preceding the taxable year in which the child is born, the amount of the credit determined under this section with respect to such child for the taxable year of the child's birth shall be increased by 100 percent.''.

SA 1816. Mr. TOOMEY submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 456, between lines 2 and 3, insert the following:

''(E) PHASE IN OF PERCENTAGE USED IN DETERMINING EXCESS INDEBTEDNESS.—In the case of any taxable year beginning in a calendar year before 2022, the following percentages shall be substituted for '110 percent' in applying subparagraph (B)(ii):

''(i) 130 percent for calendar year 2018.

''(ii) 125 percent for calendar year 2019.

''(iii) 120 percent for calendar year 2020.

''(iv) 115 percent for calendar year 2021.

SA 1817. Mr. HOEVEN (for himself, Mr. GARDNER, Mr. BOOZMAN, Mrs. ERNST, Mr. BLUNT, Mr. RISCH, Mr. ROUNDS, and Mr. MORAN) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike section 13305 and insert the following:

SEC. 13305. DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES FOR FARMING BUSINESSES.

(a) LIMITATION.—

(1) IN GENERAL.—Section 199 is amended—

(A) in subsection (a), by striking ''There shall be'' and inserting ''Subject to subsection (e), there shall be''; and

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

''(e) LIMITATION.—Notwithstanding any other provision of law, effective with taxable years beginning after December 31, 2018, the deduction for income attributable to domestic production activities provided under this section shall be allowed only with respect to domestic production activities incurred in any farming trade or business, including with respect to any agricultural and horticultural cooperative described in subsection (d).''.

(2) ADMINISTRATION.—Until the date on which any regulations necessary to carry out the provisions of and amendments made by this subsection are fully implemented, the Secretary shall continue to carry out section 199 of the Internal Revenue Code of 1986 in the same manner as on the day before the date of enactment of this Act, including with respect to agricultural and horticultural cooperatives, except that deductions allowed under such section shall be allowed consistent with subsection (e) of such section (as added by paragraph (1)).

(b) TAX ON CERTAIN FARMERS' COOPERATIVES.—

(1) IN GENERAL.—Section 1381(b) is amended to read as follows:

''(b) TAX ON CERTAIN FARMERS' COOPERATIVES.—An organization described in subsection (a)(1) shall be subject to the tax imposed by section 11, except that in the case of an organization eligible for a deduction under section 199 for the taxable year by reason of subsection (e) thereof, section 11(b) shall be applied by substituting '35 percent' for '20 percent'.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2018.

(c) REPEAL OF SPECIAL RULE FOR DEDUCTION FOR QUALIFIED COOPERATIVE DIVIDENDS.—

(1) IN GENERAL.—Section 199A, as added by section 11011 of this Act is amended —

(A) by striking ''and qualified cooperative dividends'' in subsection (b)(1)(B) thereof, and

(B) by striking paragraph (4) of subsection (e) thereof.

(2) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the amendments made by section 11011 of this Act.

SA 1818. Mr. ENZI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the end of subpart B of part VII of subtitle C of title I, add the following:

SEC. 1361__. MODIFICATION OF RULES GOVERNING HARDSHIP DISTRIBUTIONS.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall modify Treasury Regulation section 1.401(k)–1(d)(3)(iv)(E) to—

(1) delete the 6-month prohibition on contributions imposed by paragraph (2) thereof, and

(2) make any other modifications necessary to carry out the purposes of section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986.

(b) EFFECTIVE DATE.—The revised regulations under this section shall apply to plan years beginning after December 31, 2017.

SA 1819. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 440, strike lines 16 through 25, and insert the following:

''(i) SALES TO RELATED PARTIES.—If property is sold to a related party who is not a United States person, such sale shall not be treated as for a foreign use unless—

''(I) such property is ultimately sold by a related party, or used by a related party in connection with property which is sold or the provision of services, to another person who is an unrelated party who is not a United States person, and

''(II) the taxpayer establishes to the satisfaction of the Secretary that such property is for a foreign use.

For purposes of this clause, a sale of property shall be treated as a sale of each of the components thereof.

SA 1820. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the end of subpart D of part VII of subtitle C of title I, add the following:

SEC. 13543. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS.

(a) IN GENERAL.—Section 1371 is amended by adding at the end the following new subsection:

''(f) CASH DISTRIBUTIONS FOLLOWING POST-TERMINATION TRANSITION PERIOD.—

''(1) IN GENERAL.—In the case of a distribution of money by an eligible terminated S corporation after the post-termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits.

''(2) ELIGIBLE TERMINATED S CORPORATION.—For purposes of this subsection, the term 'eligible terminated S corporation' means any C corporation—

''(A) which—

''(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Act, and

''(ii) during the 2-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a), and

''(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''.

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

SA 1821. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. CONSOLIDATION OF EDUCATION SAVINGS RULES.

(a) NO NEW CONTRIBUTIONS TO COVERDELL EDUCATION SAVINGS ACCOUNT.—Section 530(b)(1)(A) is amended to read as follows:

''(A) Except in the case of rollover contributions, no contribution will be accepted after December 31, 2017.''.

(b) LIMITED DISTRIBUTION ALLOWED FOR ELEMENTARY AND SECONDARY TUITION AND QUALIFIED EARLY EDUCATION EXPENSES.—

(1) IN GENERAL.—Section 529(c) is amended by adding at the end the following new paragraph:

''(7) TREATMENT OF ELEMENTARY AND SECONDARY TUITION AND QUALIFIED EARLY EDUCATION EXPENSES.—Each reference in this section to the term 'qualified higher education expense' is deemed to include—

''(A) a reference to expenses for tuition in connection with enrollment at an elementary or secondary school; and

''(B) a reference to expenses for providing educational and other care to a child under age 5, as determined under the law of the State involved, provided pursuant to attendance at a school or facility licensed in the State for such purpose (referred to in this section as 'qualified early education expenses').''.

(2) LIMITATION.—Section 529(e)(3)(A) is amended by adding at the end the following: ''The amount of cash distributions from all qualified tuition pro grams described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year, shall, in the aggregate, include (as the case may be) not more than $10,000 in expenses for tuition incurred during the taxable year in connection with the enrollment or attendance of the beneficiary as an elementary or secondary school student at a public, private, or religious school; or not more than $10,000 in qualified early education expenses incurred during the taxable year.''.

(c) ROLLOVERS FROM COVERDELL EDUCATION SAVINGS ACCOUNTS TO QUALIFIED TUITION PROGRAMS.—Section 530(d)(5) is amended by inserting '', or into (by purchase or contribution) a qualified tuition program (as defined in section 529),'' after ''into another Coverdell education savings account''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made after December 31, 2017.

(2) ROLLOVERS TO QUALIFIED TUITION PROGRAMS.—The amendments made by subsection (b) shall apply to distributions after December 31, 2017.

SA 1822. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike section 13532.

SA 1823. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 187, strike line 15 and insert the following: ''body of an elective cooperative; or

''(v) manufacturers making upgrades to comply with State or Federal environmental regulations.

SA 1824. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 30, line 10, insert ''(except with respect to engineering and architecture)'' after ''1202(e)(3)(A)''.

SA 1825. Mr. HOEVEN (for himself, Mr. GARDNER, Mr. BOOZMAN, Mrs. ERNST, Mr. BLUNT, Mr. RISCH, Mr. ROUNDS, Mr. MORAN, Mr. COTTON, and Mr. DAINES) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike section 13305 and insert the following:

SEC. 13305. DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES FOR FARMING BUSINESSES.

(a) LIMITATION.—

(1) IN GENERAL.—Section 199 is amended—

(A) in subsection (a), by striking ''There shall be'' and inserting ''Subject to subsection (e), there shall be''; and

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

''(e) LIMITATION.—Effective with taxable years beginning after December 31, 2018, the deduction for income attributable to domestic production activities provided under this section shall be allowed only with respect to domestic production activities incurred in any farming trade or business, including with respect to any agricultural and horticultural cooperative described in subsection (d).''.

(2) ADMINISTRATION.—Until the date on which any regulations necessary to carry out the provisions of and amendments made by this subsection are fully implemented, the Secretary shall continue to carry out section 199 of the Internal Revenue Code of 1986 in the same manner as on the day before the date of enactment of this Act, including with respect to agricultural and horticultural cooperatives, except that deductions allowed under such section shall be allowed consistent with subsection (e) of such section (as added by paragraph (1)).

(b) TAX ON CERTAIN FARMERS' COOPERATIVES.—

(1) IN GENERAL.—Section 1381(b) is amended to read as follows:

''(b) TAX ON CERTAIN FARMERS' COOPERATIVES.—An organization described in subsection (a)(1) shall be subject to the tax imposed by section 11, except that in the case of an organization eligible for a deduction under section 199 for the taxable year by reason of subsection (e) thereof, section 11(b) shall be applied by substituting '35 percent' for '20 percent'.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2018.

(c) REPEAL OF SPECIAL RULE FOR DEDUCTION FOR QUALIFIED COOPERATIVE DIVIDENDS.—

(1) IN GENERAL.—Section 199A, as added by section 11011 of this Act is amended —

(A) by striking ''and qualified cooperative dividends'' in subsection (b)(1)(B) thereof, and

(B) by striking paragraph (4) of subsection (e) thereof.

(2) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the amendments made by section 11011 of this Act.

SA 1826. Mr. SCOTT (for himself, Mr. BLUNT, Mr. PORTMAN, Mr. ISAKSON, Mr. GRASSLEY, Mr. CRAPO, Mr. ROBERTS, Mr. ROUNDS, Mr. STRANGE, Mr. SHELBY, Mrs. ERNST, Mr. CASSIDY, and Ms. COLLINS) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 254, strike lines 10 through 25 and insert the following:

SEC. 13517. COMPUTATION OF LIFE INSURANCE TAX RESERVES.

(a) IN GENERAL.—

(1) COMPUTATION OF RESERVES.—Section 807(c) is amended to read as follows:

''(c) ITEMS TAKEN INTO ACCOUNT.—The items referred to in subsections and (b) are as follows—

''(1) The life insurance reserves (as defined in section 816(b)).

''(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2).

''(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies.

''(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts.

''(5) Premiums received in advance, and liabilities for premium deposit funds.

''(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or a combination thereof.

For purposes of paragraph (3), the appropriate rate of interest is the highest rate or rates permitted to be used to discount the obligations by the National Association of Insurance Commissioners as of the date the reserve is determined. In no case shall the amount determined under paragraph (3) for any contract be less than the net surrender value of such contract. For purposes of paragraph (2) and section 805(a)(1), the amount of the unpaid losses (other than losses on life insurance contracts) shall be the amount of the discounted unpaid losses as defined in section 846.''.

(2) Section 807(d) is amended—

(A) by striking paragraphs (1), (2), (4), and (5),

(B) by redesignating paragraph (6) as paragraph (4),

(C) by inserting before paragraph (3) the following new paragraphs:

''(1) DETERMINATION OF RESERVE.—

''(A) IN GENERAL.—For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract (other than a contract to which subparagraph (B) applies) shall be the greater of—

''(i) the net surrender value of such contract, or

''(ii) 92.87 percent of the reserve determined under paragraph (2).

''(B) VARIABLE CONTRACTS.—For purposes of this part (other than section 816), the amount of the life insurance reserves for a variable contract shall be equal to the sum of—

''(i) the greater of—

''(I) the net surrender value of such contract, or

''(II) the portion of the reserve that is separately accounted for under section 817, plus

''(ii) 92.87 percent of the excess (if any) of the reserve determined under paragraph (2) over the amount in clause (i).

''(C) STATUTORY CAP.—In no event shall the reserves determined under subparagraphs (A) or (B) for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in paragraph (4)).

''(2) AMOUNT OF RESERVE.—The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using the tax reserve method applicable to such contract.'',

(D) by striking ''(as of the date of issuance)'' in paragraph (3)(A)(iv)(I) and inserting ''(as of the date the reserve is determined)'',

(E) by striking ''as of the date of the issuance of'' in paragraph (3)(A)(iv)(II) and inserting ''as of the date the reserve is determined for'',

(F) by striking ''in effect on the date of the issuance of the contract'' in paragraph (3)(B)(i) and inserting ''applicable to the contract and in effect as of the date the reserve is determined'', and

(G) by striking ''in effect on the date of the issuance of the contract'' in paragraph (3)(B)(ii) and inserting ''applicable to the contract and in effect as of the date the reserve is determined''.

(3) Section 807(e) is amended—

(A) by striking paragraphs (2) and (5),

(B) by redesignating paragraphs (3), (4), (6), and (7) as paragraphs (2), (3), (4), and (5), respectively,

(C) by amending paragraph (2) (as so redesignated) to read as follows:

''(2) QUALIFIED SUPPLEMENTAL BENEFITS.—

''(A) QUALIFIED SUPPLEMENTAL BENEFITS TREATED SEPARATELY.—For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit shall be computed separately as though such benefit were under a separate contract.

''(B) QUALIFIED SUPPLEMENTAL BENEFIT.—For purposes of this paragraph, the term 'qualified supplemental benefit' means any supplemental benefit described in subparagraph (C) if—

''(i) there is a separately identified premium or charge for such benefit, and

''(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit.

''(C) SUPPLEMENTAL BENEFITS.—For purposes of this paragraph, the supplemental benefits described in this subparagraph are any—

''(i) guaranteed insurability,

''(ii) accidental death or disability benefit,

''(iii) convertibility,

''(iv) disability waiver benefit, or

''(v) other benefit prescribed by regulations,

which is supplemental to a contract for which there is a reserve described in subsection (c).'', and

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

''(6) REPORTING RULES.—The Secretary shall require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening balance and closing balance of reserves and with respect to the method of computing reserves for purposes of determining income.''.

(4) Section 7702 is amended—

(A) by striking clause (i) of subsection (c)(3)(B) and inserting the following:

''(i) reasonable mortality charges which meet the requirements prescribed in regulations to be promulgated by the Secretary or that do not exceed the mortality charges specified in the prevailing commissioners' standard tables as defined in subsection (f)(10),'' and

(B) by adding at the end of subsection (f) the following new paragraph:

''(10) PREVAILING COMMISSIONERS' STANDARD TABLES.—For purposes of subsection (c)(3)(B)(i), the term 'prevailing commissioners' standard tables' means the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued. If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this paragraph referred to as the 'year of change') are different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 808 is amended by adding at the end the following new subsection:

''(g) PREVAILING STATE ASSUMED INTEREST RATE.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of nonforfeiture laws of a State on interest rates for reserves shall not be taken into account.

''(2) WHEN RATE DETERMINED.—The prevailing State assumed interest rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.''.

(2) Paragraph (1) of section 811(d) is amended by striking ''the greater of the prevailing State assumed interest rate or applicable Federal interest rate in effect under section 807'' and inserting ''the interest rate in effect under section 808(g)''.

(3) Subparagraph (A) of section 846(f)(6) is amended by striking ''except that'' and all that follows and inserting ''except that the limitation of subsection (a)(3) shall apply, and''.

(4) Subparagraph (B) of section 954(i)(5) is amended by striking ''shall apply, and''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) TRANSITION RULE.—For the first taxable year beginning after December 31, 2017, the reserve with respect to any contract (as determined under section 807(d)(2) of the Internal Revenue Code of 1986) at the end of the preceding taxable year shall be determined as if the amendments made by this section had applied to such reserve in such preceding taxable year.

(3) TRANSITION RELIEF.—

(A) IN GENERAL.—If—

(i) the reserve determined under section 807(d)(2) of the Internal Revenue Code of 1986 (determined without regard to the amendments made by this section) with respect to any contract as of the close of the year preceding the first taxable year beginning after December 31, 2017, differs from

(ii) the reserve which would have been determined with respect to such contract as of the close of such taxable year under such section determined without regard to paragraph (2),

then the difference between the amount of the reserve described in clause (i) and the amount of the reserve described in clause (ii) shall be taken into account under the method provided in subparagraph (B).

(B) METHOD.—The method provided in this subparagraph is as follows:

(i) If the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), 1/8 of such excess shall be taken into account, for each of the 8 succeeding taxable years, as a deduction under section 805(a)(2) or 832(c)(4) of such Code, as applicable.

(ii) If the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), 1/8 of such excess shall be included in gross income, for each of the 8 succeeding taxable years, under section 803(a)(2) or 832(b)(1)(C) of such Code, as applicable.

SEC. 13518. MODIFICATION OF RULES FOR LIFE INSURANCE PRORATION FOR PURPOSES OF DETERMINING THE DIVIDENDS RECEIVED DEDUCTION.

(a) IN GENERAL.—Section 812 is amended to read as follows:

"SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDER'S SHARE.

''(a) COMPANY'S SHARE.—For purposes of section 805(a)(4), the term 'company's share' means, with respect to any taxable year beginning after December 31, 2017, 70 percent.

''(b) POLICYHOLDER'S SHARE.—For purposes of section 807, the term 'policyholder's share' means, with respect to any taxable year beginning after December 31, 2017, 30 percent.''.

(b) CONFORMING AMENDMENT.—Section 817A(e)(2) is amended by striking '', 807(d)(2)(B), and 812'' and inserting ''and 807(d)(2)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13519. CAPITALIZATION OF CERTAIN POLICY ACQUISITION EXPENSES.

(a) IN GENERAL.—

(1) Section 848(a)(2) is amended by striking ''120-month'' and inserting ''180-month''.

(2) Section 848(c)(1) is amended by striking ''1.75 percent'' and inserting ''2.1 percent''.

(3) Section 848(c)(2) is amended by striking ''2.05 percent'' and inserting ''2.46 percent''.

(4) Section 848(c)(3) is amended by striking ''7.7 percent'' and inserting ''9.24 percent''.

(b) CONFORMING AMENDMENTS.—Section 848(b)(1) is amended by striking ''120-month'' and inserting ''180-month''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to net premiums for taxable years beginning after December 31, 2017.

(2) TRANSITION RULE.—Specified policy acquisition expenses first required to be capitalized in a taxable year beginning before January 1, 2018, will continue to be allowed as a deduction ratably over the 120-month period beginning with the first month in the second half of such taxable year.

SA 1827. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the end of part IV of subtitle C of title I, add the following:

SEC. 13311. 7-YEAR CLASS LIFE FOR MOTORSPORTS ENTERTAINMENT COMPLEX FACILITIES MADE PERMANENT.

(a) IN GENERAL.—Section 168(i)(15) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2016.

SA 1828. Ms. COLLINS (for herself and Mr. KING) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the end of part III of subtitle A of title I, insert the following:

SEC. 11030. REFUNDABILITY OF CHILD AND DEPENDENT CARE TAX CREDIT.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended—

(1) by redesignating section 21 as section 36C, and

(2) by moving section 36C, as so redesignated, from subpart A of part IV of subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1.

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (1) of section 23(f) is amended by striking ''21(e)'' and inserting ''36C(e)''.

(2) Paragraph (6) of section 35(g) is amended by striking ''21(e)'' and inserting ''36C(e)''.

(3) Paragraph (1) of section 36C(a) (as redesignated by subsection (a)) is amended by striking ''this chapter'' and inserting ''this subtitle''.

(4) Subparagraph (C) of section 129(a)(2) is amended by striking ''section 21(e)'' and inserting ''section 36C(e)''.

(5) Paragraph (2) of section 129(b) is amended by striking ''section 21(d)(2)'' and inserting ''section 36C(d)(2)''.

(6) Paragraph (1) of section 129(e) is amended by striking ''section 21(b)(2)'' and inserting ''section 36C(b)(2)''.

(7) Subsection (e) of section 213 is amended by striking ''section 21'' and inserting ''section 36C''.

(8) Subparagraph (H) of section 6213(g)(2) is amended by striking ''section 21'' and inserting ''section 36C''.

(9) Subparagraph (L) of section 6213(g)(2) is amended by striking ''section 21, 24, or 32,'' and inserting ''section 24, 32, or 36C,''.

(10) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''36C,'' after ''36B,''.

(11) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 36B the following:

''Sec. 36C. Expenses for household and dependent care services necessary for gainful employment.''.

(12) The table of sections for subpart A of such part IV is amended by striking the item relating to section 21.

(c) OFFSET.—Section 1061, as added by section 13310, is amended—

(1) by striking ''3 years'' in subsection (a)(2) and inserting ''8 years'',

(2) by striking ''3 years'' in subsection (d)(1)(A) and inserting ''8 years'', and

(3) by striking ''three calendar years'' in subsection (d)(2)(B) and inserting ''8 calendar years''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply to taxable years beginning after December 31, 2017.

SA 1829. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 33, between lines 17 and 18, insert the following:

''(5) SPECIAL RULE FOR BDC DIVIDENDS.—

''(A) IN GENERAL.—For purposes of this section, a qualified BDC dividend shall be treated in the same manner as a qualified REIT dividend.

''(B) QUALIFIED BDC DIVIDEND.—For purposes of this paragraph, the term 'qualified BDC dividend' means any dividend received from an electing business development company during the taxable year which is not—

''(i) a capital gain dividend, as defined in section 852(b)(3), and

''(ii) qualified dividend income, as defined in section 1(h)(11).

''(C) ELECTING BUSINESS DEVELOPMENT COMPANY.—For purposes of this paragraph, the term 'electing business development company' means a business development company (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) which has an election in effect under section 851 to be treated as a regulated investment company.

SA 1830. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 33, between lines 17 and 18, insert the following:

''(5) SPECIAL RULE FOR BDC DIVIDENDS.—

''(A) IN GENERAL.—For purposes of this section, a qualified BDC dividend shall be treated in the same manner as a qualified REIT dividend.

''(B) QUALIFIED BDC DIVIDEND.—For purposes of this paragraph, the term 'qualified BDC dividend' means any dividend received from an electing business development company during the taxable year which is not—

''(i) a capital gain dividend, as defined in section 852(b)(3), and

''(ii) qualified dividend income, as defined in section 1(h)(11).

''(C) ELECTING BUSINESS DEVELOPMENT COMPANY.—For purposes of this paragraph, the term 'electing business development company' means a business development company (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a))) which has an election in effect under section 851 to be treated as a regulated investment company.

SA 1831. Mr. KAINE (for himself, Mr. MANCHIN, Mr. BENNET, and Mrs. MCCASKILL) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 104, strike line 15 and all that follows through page 112, line 12 and insert the following:

Subtitle B—Permanent Individual Income Tax Relief for Middle Class

SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS.

(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The table contained in subsection (a) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400	$1,905, plus 12% of the excess over $19,050.

If taxable income is:	The tax is:
Over $77,400 but not over $140,000	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $480,050	$91,479, plus 35% of the excess over $400,000.
Over $480,050	$119,496.50, plus 39.6% of the excess over $480,050.

(b) HEADS OF HOUSEHOLDS.—The table contained in subsection (b) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $453,350	$44,348, plus 35% of the excess over $200,000.
Over $453,350	$133,020.50, plus 39.6% of the excess over $453,350.

(c) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The table contained in subsection (c) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $426,700	$45,739.50, plus 35% of the excess over $200,000.
Over $426,700	$125,084.50, plus 39.6% of the excess over $426,700.

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The table contained in subsection (d) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $240,026	$45,739.50, plus 35% of the excess over $200,000.
Over $240,026	$59,748.60, plus 39.6% of the excess over $240,026.

(e) ESTATES AND TRUSTS.—The table contained in subsection (e) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,700	$1,839, plus 35% of the excess over $9,150.
Over $12,700	$3,081.50, plus 39.6% of the excess over $12,700.

(f) INFLATION ADJUSTMENT.—Section 1(f)(2)(A), as amended by this Act, is amended by striking ''1992'' and inserting ''2017''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 12002. CORPORATE TAX RATE.

(a) IN GENERAL.—Section 11(b), as amended by this Act, is amended by striking ''20 percent'' and inserting ''25 percent''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

SA 1832. Mr. JOHNSON submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS.

(a) ADJUSTMENTS ATTRIBUTABLE TO CONVERSION FROM S CORPORATION TO C CORPORATION.—Section 481 is amended by adding at the end the following new subsection:

''(d) ADJUSTMENTS ATTRIBUTABLE TO CONVERSION FROM S CORPORATION TO C CORPORATION.—

''(1) IN GENERAL.—In the case of an eligible terminated S corporation, any adjustment required by subsection (a)(2) which is attributable to such corporation's revocation described in paragraph (2)(A)(ii) shall be taken into account ratably during the 10-taxable year period beginning with the year of the change.

''(2) ELIGIBLE TERMINATED S CORPORATION.—For purposes of this subsection, the term 'eligible terminated S corporation' means any C corporation—

''(A) which—

''(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Ac; and

''(ii) during the 3-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a); and

''(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''.

(b) CASH DISTRIBUTIONS FOLLOWING POST-TERMINATION TRANSITION PERIOD FROM S CORPORATION STATUS.—Section 1371 is amended by adding at the end the following new subsection:

''(f) CASH DISTRIBUTIONS FOLLOWING POST-TERMINATION TRANSITION PERIOD.—In the case of a distribution of money by an eligible terminated S corporation (as defined in section 481(d)) after the post-termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits.''.

SA 1833. Mr. SCOTT (for himself and Mr. PORTMAN) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike section 13823 and insert the following:

SEC. 13823. OPPORTUNITY ZONES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following:

''Subchapter Z—Opportunity Zones

''Sec. 1400Z–1. Designation.
''Sec. 1400Z–2. Special rules for capital gains invested in opportunity zones.

''SEC. 1400Z–1. DESIGNATION.

''(a) QUALIFIED OPPORTUNITY ZONE DEFINED.—For the purposes of this subchapter, the term 'qualified opportunity zone' means a population census tract that is a low-income community that is designated as a qualified opportunity zone.

''(b) DESIGNATION.—

''(1) IN GENERAL.—For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if—

''(A) not later than the end of the determination period, the governor of the State in which the tract is located—

''(i) nominates the tract for designation as a qualified opportunity zone, and

''(ii) notifies the Secretary in writing of such nomination, and

''(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period.

''(2) EXTENSION OF PERIODS.—A governor may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph), for an additional 30 days.

''(c) OTHER DEFINITIONS.—For purposes of this subsection—

''(1) LOW-INCOME COMMUNITIES.—The term 'low-income community' has the same meaning as when used in section 45D(e).

''(2) DEFINITION OF PERIODS.—

''(A) CONSIDERATION PERIOD.—The term 'consideration period' means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2).

''(B) DETERMINATION PERIOD.—The term 'determination period' means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2).

''(3) STATE.—For purposes of this section, the term 'State' includes any possession of the United States.

''(d) NUMBER OF DESIGNATIONS.—

''(1) IN GENERAL.—Except as provided by paragraph (2), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State.

''(2) EXCEPTION.—If the number of low-income communities in a State is less than 100, then a total of 25 of such tracts may be designated as qualified opportunity zones.

''(e) DESIGNATION OF TRACTS CONTIGUOUS WITH LOW-INCOME COMMUNITIES.—

''(1) IN GENERAL.—A population census tract that is not a low-income community may be designated as a qualified opportunity zone under this section if—

''(A) the tract is contiguous with the low-income community that is designated as a qualified opportunity zone, and

''(B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous.

''(2) LIMITATION.—Not more than 5 percent of the population census tracts designated in a State as a qualified opportunity zone may be designated under paragraph (1).

''(f) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—A designation as a qualified opportunity zone shall remain in effect for the period beginning on the date of the designation and ending at the close of the 10th calendar year beginning on or after such date of designation.

"SEC. 1400Z–2. SPECIAL RULES FOR CAPITAL GAINS INVESTED IN OPPORTUNITY ZONES.

''(a) IN GENERAL.—In the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer—

''(1) gross income for the taxable year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a qualified opportunity fund during the 180-day period beginning on the date of such sale or exchange,

''(2) the amount of gain excluded by paragraph (1) shall be included in gross income as provided by subsection (b), and

''(3) subsection (c) shall apply.

No election may be made under the preceding sentence with respect to a sale or exchange if an election previously made with respect to such sale or exchange is in effect.

''(b) DEFERRAL OF GAIN INVESTED IN OPPORTUNITY ZONE PROPERTY.—

''(1) YEAR OF INCLUSION.—Gain to which subsection (a)(2) applies shall be included in income in the taxable year which includes the earlier of—

''(A) the date on which such investment is sold or exchanged, or

''(B) December 31, 2026.

''(2) AMOUNT INCLUDIBLE.—

''(A) IN GENERAL.—The amount of gain included in gross income under subsection (a)(1) shall be the excess of—

''(i) the lesser of the amount of gain excluded under paragraph (1) or the fair market value of the property as determined as of the date described in paragraph (1), over

''(ii) the taxpayer's basis in the investment.

''(B) DETERMINATION OF BASIS.—

''(i) IN GENERAL.—Except as otherwise provided in this clause or subsection (c), the taxpayer's basis in the investment shall be zero.

''(ii) INCREASE FOR GAIN RECOGNIZED UNDER SUBSECTION (a)(2).—The basis in the investment shall be increased by the amount of gain recognized by reason of subsection (a)(2) with respect to such property.

''(iii) INVESTMENTS HELD FOR 5 YEARS.—In the case of any investment held for at least 5 years, the basis of such investment shall be increased by an amount equal to 10 percent of the amount of gain deferred by reason of subsection (a)(1).

''(iv) INVESTMENTS HELD FOR 7 YEARS.—In the case of any investment held by the taxpayer for at least 7 years, in addition to any adjustment made under clause (iii), the basis of such property shall be increased by an amount equal to 5 percent of the amount of gain deferred by reason of subsection (a)(1).

''(c) SPECIAL RULE FOR INVESTMENTS HELD FOR AT LEAST 10 YEARS.—In the case of any investment held by the taxpayer for at least 10 years and with respect to which the taxpayer makes an election under this clause, the basis of such property shall be equal to the fair market value of such investment on the date that the investment is sold or exchanged.

''(d) QUALIFIED OPPORTUNITY FUND.—For purposes of this section—

''(1) QUALIFIED OPPORTUNITY FUND.—The term 'qualified opportunity fund' means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund) that holds at least 90 percent of its assets in qualified opportunity zone property, determined—

''(A) on the last day of the first 6-month period of the taxable year of the fund, and

''(B) on the last day of the taxable year of the fund.

''(2) QUALIFIED OPPORTUNITY ZONE PROPERTY.—

''(A) IN GENERAL.—The term 'qualified opportunity zone property' means property which is—

''(i) qualified opportunity zone stock,

''(ii) qualified opportunity zone partnership interest, or

''(iii) qualified opportunity zone business property.

''(B) QUALIFIED OPPORTUNITY ZONE STOCK.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'qualified opportunity zone stock' means any stock in a domestic corporation if—

''(I) such stock is acquired by the taxpayer after December 31, 2017, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash,

''(II) as of the time such stock was issued, such corporation was a qualified opportunity zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a qualified opportunity zone business), and

''(III) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a qualified opportunity zone business.

''(ii) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(C) QUALIFIED OPPORTUNITY ZONE PARTNERSHIP INTEREST.—The term 'qualified opportunity zone partnership interest' means any capital or profits interest in a domestic partnership if—

''(i) such interest is acquired by the taxpayer after December 31, 2017, from the partnership solely in exchange for cash,

''(ii) as of the time such interest was acquired, such partnership was a qualified opportunity zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a qualified opportunity zone business), and

''(iii) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a qualified opportunity zone business.

''(D) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY.—

''(i) IN GENERAL.—The term 'qualified opportunity zone business property' means tangible property used in a trade or business of the taxpayer if—

''(I) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2017,

''(II) the original use of such property in the qualified opportunity zone commences with the taxpayer or the taxpayer substantially improves the property, and

''(III) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a qualified opportunity zone.

''(ii) SUBSTANTIAL IMPROVEMENT.—For purposes of subparagraph (A)(ii), property shall be treated as substantially improved by the taxpayer only if, during any 30-month period beginning after the date of acquisition of such property, additions to basis with respect to such property in the hands of the taxpayer exceed an amount equal to the adjusted basis of such property at the beginning of such 30-month period in the hands of the taxpayer.

''(iii) RELATED PARTY.—For purposes of subparagraph (A)(i), the related person rule of section 179(d)(2) shall be applied pursuant to paragraph (8) of this subsection in lieu of the application of such rule in section 179(d)(2)(A).

''(3) QUALIFIED OPPORTUNITY ZONE BUSINESS.—

''(A) IN GENERAL.—The term 'qualified opportunity zone business' means a trade or business—

''(i) in which substantially all of the tangible property owned or leased by the taxpayer is qualified opportunity zone business property,

''(ii) which satisfies the requirements of paragraphs (2), (4), and (8) of section 1397C(b), and

''(iii) which is not described in section 144(c)(6)(B).

''(B) SPECIAL RULE.—For purposes of subparagraph (A), tangible property that ceases to be a qualified opportunity zone business property shall continue to be treated as a qualified opportunity zone business property for the lesser of—

''(i) 5 years after the date on which such tangible property ceases to be so qualified, or

''(ii) the date on which such tangible property is no longer held by the qualified opportunity zone business.

''(e) APPLICABLE RULES.—

''(1) TREATMENT OF INVESTMENTS WITH MIXED FUNDS.—In the case of any investment in a qualified opportunity fund only a portion of which consists of investments of gain to which an election under subsection (a)(1) is in effect—

''(A) such investment shall be treated as 2 separate investments, consisting of—

''(i) one investment that only includes amounts to which the election under subsection (a)(1) applies, and

''(ii) a separate investment consisting of other amounts, and

''(B) subsections (a), (b), and (c) shall only apply to the investment described in subparagraph (A)(i).

''(2) RELATED PERSONS.—For purposes of this section, persons are related to each other if such persons are described in section 267(b) or 707(b)(1), determined by substituting '20 percent' for '50 percent' each place it occurs in such sections.

''(3) DECEDENTS.—In the case of a decedent, amounts recognized under this section shall, if not properly includible in the gross income of the decedent, be includible in gross income as provided by section 691.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including—

''(A) rules for the certification of qualified opportunity funds for the purposes of this section, and

''(B) rules to prevent abuse.

''(f) FAILURE OF QUALIFIED OPPORTUNITY FUND TO MAINTAIN INVESTMENT STANDARD.—

''(1) IN GENERAL.—If a qualified opportunity fund fails to meet the 90-percent requirement of subsection (c)(1), the qualified opportunity fund shall pay a penalty for each month it fails to meet the requirement in an amount equal to the product of—

''(A) the excess of—

''(i) the amount equal to 90 percent of its aggregate assets, over

''(ii) the aggregate amount of qualified opportunity zone property held by the fund, multiplied by

''(B) the underpayment rate established under section 6621(a)(2) for such month.

''(2) SPECIAL RULE FOR PARTNERSHIPS.—In the case that the qualified opportunity fund is a partnership, the penalty imposed by paragraph (1) shall be taken into account proportionately as part of the distributive share of each partner of the partnership.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(b) BASIS ADJUSTMENTS.—Section 1016(a) is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by inserting after paragraph (37) the following:

''(38) to the extent provided in subsections (b)(2) and (c) of section 1400Z–2.''.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''SUBCHAPTER Z. OPPORTUNITY ZONES''.

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

SA 1834. Mr. BENNET submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. INVESTMENT CREDIT FOR ELECTRICITY GRID SECURITY AND MODERNIZATION PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A) is amended by striking ''or'' at the end of clause (vi), by inserting ''or'' at the end of clause (vii), and by adding at the end the following new clause:

''(viii) grid security and modernization property.''.

(b) RATE OF CREDIT.—Section 48(a)(2)(A) is amended—

(1) by striking ''and'' at the end of clause (i)(IV);

(2) by redesignating clause (ii) as clause (iii); and

(3) by inserting after clause (i) the following new clause:

''(ii) in the case of grid security and modernization property—

''(I) 4 percent for the taxable year beginning after December 31, 2019, and ending before January 1, 2021,

''(II) 8 percent for the taxable year beginning after December 31, 2020, and ending before January 1, 2022, and

''(III) 20 percent for taxable years beginning after December 31, 2021, and''.

(c) GRID SECURITY AND MODERNIZATION PROPERTY.—

(1) IN GENERAL.—Section 48(c) is amended by adding at the end the following new paragraph:

''(5) GRID SECURITY AND MODERNIZATION PROPERTY.—

''(A) IN GENERAL.—The term 'grid security and modernization property' means any qualified software, qualified automated distribution device, advanced voltage control system, advanced metering property, and advanced and secure transmission system technologies.

''(B) QUALIFIED SOFTWARE.—The term 'qualified software' means any software which—

''(i) is used to optimize efficiency or connectivity of the electrical grid, including detailed electrical models, modeling and simulation tools, distributed energy resource management systems used to control local generation and storage, and advanced distribution management systems used as the software platform to provide core system functions such as fault location, isolation, and service restoration, voltage optimization, and peak demand management,

''(ii) is developed with information assurance techniques to support encrypted communication, attributed identity, and non-repudiation, and

''(iii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).

''(C) QUALIFIED AUTOMATED DISTRIBUTION DEVICE.—The term 'qualified automated distribution device' means any automated device which—

''(i) is used for distributing electricity through the electric grid, including property integral to local or centralized control systems, such as distribution sensors, communication security equipment (including communication encryption devices), automated switches, automated threat detection and remediation devices, system protective devices, smart inverters, and other property used to coordinate and control devices across the system, and

''(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).

''(D) ADVANCED VOLTAGE CONTROL SYSTEMS.—The term 'advanced voltage control system' means any property which—

''(i) is used to provide accurate and dynamic voltage control, including voltage regulators, capacitors, inverters, sensors, and communication devices, and

''(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).

''(E) ADVANCED METERING INFRASTRUCTURE.—The term 'advanced metering infrastructure' means any property which—

''(i) provides both the capability to measure services consumed from the utility and a two-way communication pathway between the utility control center and the meter, and

''(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).

''(F) ADVANCED AND SECURE TRANSMISSION SYSTEM TECHNOLOGIES.—The term 'advanced and secure transmission system technologies' means any property which—

''(i) increases that efficiency, security, and reliability of a transmission facility, but not the main transmission property, and

''(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).''.

(2) LIST OF APPROVED PROPERTY.—

(A) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Energy, shall publish a list of property approved as grid security and modernization property under section 48(c)(5) of the Internal Revenue Code of 1986, as added by this subsection.

(B) UPDATES.—The Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Energy, shall revise the list published under subparagraph (A) not less frequently than every 3 years.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SA 1835. Mr. GRASSLEY (for himself, Mr. PORTMAN, Mr. HELLER, Mr. ROBERTS, and Mr. THUNE) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 481, strike lines 14 through 19, and insert the following:

(c) RULES RELATING TO CREDITS.—

(1) DISALLOWANCE OF CREDITS AGAINST BASE EROSION TAX.—Paragraph (2) of section 26(b) is amended by inserting after subparagraph (A) the following new subparagraph:

''(B) section 59A (relating to base erosion and anti-abuse tax),''.

(2) ALLOWANCE OF UNUSED BUSINESS CREDITS.—Section 39(a) is amended by adding at the end the following new paragraph:

''(5) INCREASE IN CURRENT YEAR CREDIT FOR UNUSED CREDITS ARISING FROM BASE EROSION TAX.—

''(A) IN GENERAL.—If a taxpayer—

''(i) is not an applicable taxpayer for the taxable year, but

''(ii) was an applicable taxpayer during any of the 5 preceding taxable years,

then the taxpayer's current year business credit for the taxable year shall be increased by the unused base erosion credit amount for the taxable year.

''(B) UNUSED BASE EROSION CREDIT AMOUNT.—For purposes of this paragraph, the term 'unused base erosion credit amount' means, with respect to any taxable year, the excess (if any) of—

''(i) the sum of the amounts determined under subparagraph (C) for any of the 5 preceding years in which the taxpayer was an applicable taxpayer, over

''(ii) any portion of the amount described in clause (i) taken into account under subparagraph (A) for any preceding taxable year.

''(C) DETERMINATION OF UNUSED AMOUNT.—The amount determined under this subparagraph for any taxable year described in subparagraph (B)(i) shall be the excess (if any) of—

''(i) the taxpayer's base erosion minimum tax amount for the taxable year without regard to this section, over

''(ii) the taxpayer's base erosion minimum tax amount for the taxable year which would have been determined if section 59A(b)(1)(B) had been applied by taking into account under clause (ii) thereof the total credit allowed under section 38 for the taxable year rather than only the portion properly allocable to the research credit determined under section 41(a).

''(D) APPLICABLE TAXPAYER.—For purposes of this paragraph, the term 'applicable taxpayer' has the meaning given such term by section 59A(e).''.

SA 1836. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 480, between lines 11 and 12, insert the following:

''(3) INCREASED RATE FOR CERTAIN BANKS AND SECURITIES DEALERS.—

''(A) IN GENERAL.—In the case of an applicable taxpayer described in subparagraph (B) for any taxable year—

''(i) paragraphs (1)(A) and (2)(A) shall each be applied by substituting '11 percent' for '10 percent', and

''(ii) paragraph (2)(A) shall be applied by substituting '13.5 percent' for '12.5 percent'.

''(B) TAXPAYER DESCRIBED.—An applicable taxpayer is described in this subparagraph if such taxpayer is a member of an affiliated group (as defined in section 1504(a)(1)) which includes—

''(i) a bank (as defined in section 581), or

''(ii) a registered securities dealer under section 15(a) of the Securities Exchange Act of 1934.

On page 489, strike lines 3 through 19, and insert:

''(g) EXCEPTION FOR CERTAIN PAYMENTS MADE IN THE ORDINARY COURSE OF TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (3), any qualified derivative payment shall not be treated as a base erosion payment.

''(2) QUALIFIED DERIVATIVE PAYMENT.—

''(A) IN GENERAL.—The term 'qualified derivative payment' means any payment made by a taxpayer pursuant to a derivative with respect to which the taxpayer—

''(i) recognizes gain or loss as if such derivative were sold for its fair market value on the last business day of the taxable year (and such additional times as required by this title or the taxpayer's method of accounting),

''(ii) treats any gain or loss so recognized as ordinary, and

''(iii) treats the character of all items of income, deduction, gain, or loss with respect to a payment pursuant to the derivative as ordinary.

''(B) REPORTING REQUIREMENT.—No payments shall be treated as qualified derivative payments under subparagraph (A) for any taxable year unless the taxpayer includes in the information required to be reported under section 6038B(b)(2) with respect to such taxable year such information as is necessary to identify the payments to be so treated and such other information as the Secretary determines necessary to carry out the provisions of this subsection.

''(3) EXCEPTIONS FOR PAYMENTS OTHERWISE TREATED AS BASE EROSION PAYMENTS.—This subsection shall not apply to any qualified derivative payment if—

''(A) the payment would be treated as a base erosion payment if it were not made pursuant to a derivative, including any interest, royalty, or service payment, or

''(B) in the case of a contract which has derivative and nonderivative components, the payment is properly allocable to the nonderivative component.

''(4) DERIVATIVE DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'derivative' means any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to one or more of the following:

''(i) Any share of stock in a corporation.

''(ii) Any evidence of indebtedness.

''(iii) Any commodity which is actively traded.

''(iv) Any currency.

''(v) Any rate, price, amount, index, formula, or algorithm.

''(B) TREATMENT OF AMERICAN DEPOSITORY RECEIPTS AND SIMILAR INSTRUMENTS.—Except as otherwise provided by the Secretary, for purposes of this part, American depository receipts (and similar instruments) with respect to shares of stock in foreign corporations shall be treated as shares of stock in such foreign corporations.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations—

''(1) providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including through—

''(A) the use of unrelated persons, conduit transactions, or other intermediaries, or

''(B) transactions or arrangements designed, in whole or in part—

''(i) to characterize payments otherwise subject to this section as payments not subject to this section, or

''(ii) to substitute payments not subject to this section for payments otherwise subject to this section and

''(2) for the application of subsection (g), including rules to prevent the avoidance of the exceptions under subsection (g)(3).

SA 1837. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. ONE-TIME WITHDRAWAL OF PENSION SAVINGS AT A 10-PERCENT TAX RATE.

(a) IN GENERAL.—Section 72 is amended by redesignating subsection (x) as subsection (y) and by inserting after subsection (w) the following new subsection:

''(x) SPECIAL RATE FOR DISTRIBUTIONS FROM APPLICABLE PLANS DURING 2018.—

''(1) IN GENERAL.—If a taxpayer receives 1 or more qualified distributions from 1 or more applicable retirement plans during the taxpayer's first taxable year beginning after December 31, 2017, then, notwithstanding any other provision of this title—

''(A) the tax imposed by this chapter for such taxable year shall, in lieu of the tax otherwise imposed by this chapter, be equal to the sum of—

''(i) a tax computed at the rates and in the same manner as if this subsection had not been enacted on taxable income reduced by the aggregate qualified distributions of the taxpayer, plus

''(ii) a tax of 10 percent of such qualified distributions (or, if less, taxable income), and

''(B) no penalty or addition to tax shall be imposed with respect to such qualified distributions.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' means, with respect to any applicable retirement plan, any applicable distribution received by a taxpayer from the plan to the extent that such distribution, when added to all other applicable distributions received by the taxpayer from the plan during such taxable year, does not exceed 25 percent of the aggregate balance to the credit of the individual (whether as a participant, owner, or beneficiary) in the plan (determined as of the close of the calendar year preceding the calendar year in which the taxable year begins).

''(B) APPLICABLE DISTRIBUTION.—

''(i) IN GENERAL.—The term 'applicable distribution' means any distribution received by a taxpayer from an applicable retirement plan which is includible in gross income of the taxpayer.

''(ii) EXCEPTION FOR REQUIRED DISTRIBUTIONS.—Such term shall not include any minimum required distribution (as defined in section 4974(b)) from an applicable retirement plan for any taxable year and the 25-percent amount under subparagraph (A) shall be reduced by the amount of such distributions.

''(C) AGGREGATION.—A taxpayer may elect to treat all applicable retirement plans as 1 plan for purposes of applying this section and may allocate qualified distributions among such plans in such manner as specified in the election.

''(3) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) a defined contribution plan to which section 401(a) or 403(a) applies,

''(B) an annuity contract under section 403(b),

''(C) an eligible deferred compensation plan described in section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A), or

''(D) an individual retirement plan.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SA 1838. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAVINGS ACCOUNT INCREASED TO 150 PERCENT OF THE AMOUNT OF DEDUCTIBLE AND OUT-OF-POCKET LIMITATION.

(a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A) is amended by striking ''$2,250'' and inserting ''150 percent of the amount in effect under subsection (c)(2)(A)(ii)(I)''.

(b) FAMILY COVERAGE.—Section 223(b)(2)(B) is amended by striking ''$4,500'' and inserting ''150 percent of the amount in effect under subsection (c)(2)(A)(ii)(II)''.

(c) COST-OF-LIVING ADJUSTMENT.—Section 223(g)(1) is amended—

(1) by striking ''subsections (b)(2) and'' both places it appears and inserting ''subsection'', and

(2) in subparagraph (B), by striking ''determined by'' and all that follows through '''calendar year 2003'.'' and inserting ''determined by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) thereof.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SA 1839. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the end of part III of subtitle A of title I, insert the following:

SEC. 11030. EXTENSION OF CARRYOVER PERIOD FOR ADOPTION TAX CREDIT.

(a) IN GENERAL.—Section 23(c)(2) is amended by striking ''fifth'' and inserting ''tenth''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SA 1840. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr.

MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 34, line 23, strike ‘‘trust or’’ and insert ‘‘trust (except for calendar year 2018) or’’

SA 1841. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place in title I, insert the following:

SEC. ______. BASE EROSION AND ANTI-ABUSE TAX IMPROVEMENTS.

(a) IN GENERAL.—Section 59A(b), as added by section 14401 of this Act, is amended—

(1) in paragraph (1)(B), by striking clause (ii) and inserting the following:

‘‘(ii) the sum of—

‘‘(I) the credit allowed under section 38 for the taxable year which are properly allocable to the research credit determined under section 41(a);

‘‘(II) the credits determined under section 45 (including the refined coal credit); and

‘‘(III) the energy credit determined under section 48(a) with respect to a facility or property the construction of which begins on or before January 1, 2020.’’; and

(2) in paragraph (2)(B), by inserting ‘‘(other than a credit described in subclause (II) or (III) of paragraph (1)(B)(ii))’’ after ‘‘allowed under this chapter’’.

(b) REVENUE DEPENDENT PROPOSAL.—Section 59A(b), as amended by section 15004, if amended, is further amended by striking paragraph (2)(B) and inserting the following:

‘‘(B) the sum of—

‘‘(i) the credit allowed under section 38 for the taxable year which are properly allocable to the research credit determined under section 41(a);

‘‘(ii) the credits determined under section 45 (including the refined coal credit); and

‘‘(iii) the energy credit determined under section 48(a) with respect to a facility or property the construction of which begins on or before January 1, 2020.’’.

SA 1842. Mr. RUBIO (for himself and Mr. LEE) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 1, strike line 1 and all that follows through page 123, line 22, and insert the following:

TITLE I

SEC. 11000. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ‘‘Tax Cuts and Jobs Act’’.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 11001. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

‘‘(j) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

‘‘(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

‘‘(A) subsection (i) shall not apply, and

‘‘(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7).

‘‘(2) RATE TABLES.—

‘‘(A) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The following table shall be applied in lieu of the table contained in subsection (a):

“If taxable income is:	The tax is:
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400.	$1,905, plus 12% of the excess over $19,050.
Over $77,400 but not over $140,000.	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000.	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000.	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $1,000,000.	$91,479, plus 35% of the excess over $400,000.
Over $1,000,000	$301,479 plus 38.5% of the excess over $1,000,000.

‘‘(B) HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (b):

“If taxable income is:	The tax is:
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800.	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000.	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000.	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$44,348, plus 35% of the excess over $200,000.
Over $500,000	$149,348, plus 38.5% of the excess over $500,000.

‘‘(C) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (c):

“If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700.	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000.	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000.	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

‘‘(D) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The following table shall be applied in lieu of the table contained in subsection (d):

“If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700.	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000.	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000.	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

‘‘(E) ESTATES AND TRUSTS.—The following table shall be applied in lieu of the table contained in subsection (e):

“If taxable income is:	The tax is:
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150.	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,500.	$1,839, plus 35% of the excess over $9,150.
Over $12,500	$3,011.50, plus 38.5% of the excess over $12,500.

‘‘(F) REFERENCES TO RATE TABLES.—Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C).

‘‘(3) ADJUSTMENTS, ELIMINATION OF MARRIAGE PENALTY; ETC.—

‘‘(A) NO ADJUSTMENT IN 2018.—The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019.

‘‘(B) SUBSEQUENT YEARS.—For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables—

‘‘(i) subsection (f)(3) shall be applied by substituting ‘calendar year 2017’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof, and

‘‘(ii) subsection (f)(7) shall not apply and—

‘‘(I) the maximum taxable income in each of the rate brackets in the table contained in paragraph (2)(A) (and the minimum taxable income in the next higher taxable income bracket with respect to each such bracket in such table) shall be 200 percent of the maximum taxable income in the corresponding rate bracket in the table contained in paragraph (2)(C) (after any other adjustment under paragraph (3)), and

‘‘(II) the comparable taxable income amounts in the table contained in paragraph (2)(D) shall be ½ of the amounts determined under subparagraph (A).

‘‘(4) SPECIAL RULES FOR CERTAIN CHILDREN WITH UNEARNED INCOME.—

‘‘(A) IN GENERAL.—In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1).

‘‘(B) MODIFICATIONS TO APPLICABLE RATE BRACKETS.—In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications:

‘‘(i) 24-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child.

‘‘(ii) 35-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of—

‘‘(I) the earned taxable income of such child, plus

‘‘(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

‘‘(iii) 38.5-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of—

‘‘(I) the earned taxable income of such child, plus

‘‘(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

''(C) COORDINATION WITH CAPITAL GAINS RATES.—For purposes of applying section 1(h) (after the modifications under paragraph (5))—

''(i) the maximum zero rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and

''(ii) the maximum 15-percent rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year.

''(D) EARNED TAXABLE INCOME.—For purposes of this paragraph, the term 'earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child.

''(5) APPLICATION OF CURRENT INCOME TAX BRACKETS TO CAPITAL GAINS BRACKETS.—

''(A) IN GENERAL.—Section 1(h)(1) shall be applied—

''(i) by substituting 'below the maximum zero rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and

''(ii) by substituting 'below the maximum 15-percent rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I).

''(B) MAXIMUM AMOUNTS DEFINED.—For purposes of applying section 1(h) with the modifications described in subparagraph (A)—

''(i) MAXIMUM ZERO RATE AMOUNT.—The maximum zero rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $77,200 (½ such amount in the case of a married individual filing a separate return),

''(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700,

''(III) in the case of any other individual (other than an estate or trust), an amount equal to ½ of the amount in effect for the taxable year under clause (i), and

''(IV) in the case of an estate or trust, $2,600.

''(ii) MAXIMUM 15-PERCENT RATE AMOUNT.—The maximum 15-percent rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $479,000 (½ such amount in the case of a married individual filing a separate return),

''(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400,

''(III) in the case of any other individual (other than an estate or trust), $425,800, and

''(IV) in the case of an estate or trust, $12,700.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

''(6) SECTION 15 NOT TO APPLY.—Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''.

(b) DUE DILIGENCE TAX PREPARER REQUIREMENT WITH RESPECT TO HEAD OF HOUSEHOLD FILING STATUS.—Subsection (g) of section 6695 is amended to read as follows:

''(g) FAILURE TO BE DILIGENT IN DETERMINING ELIGIBILITY FOR CERTAIN TAX BENEFITS.—Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining—

''(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or

''(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32,

shall pay a penalty of $500 for each such failure.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI.

(a) IN GENERAL.—Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph:

''(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

''(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—

''(i) the C-CPI-U for the preceding calendar year, exceeds

''(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B).

''(B) AMOUNT DETERMINED.—The amount determined under this clause is the amount obtained by dividing—

''(i) the C-CPI-U for calendar year 2016, by

''(ii) the CPI for calendar year 2016.

''(C) SPECIAL RULE FOR ADJUSTMENTS WITH A BASE YEAR AFTER 2016.—For purposes of any provision of this title which provides for the substitution of a year after 2016 for '2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting 'the C-CPI-U for calendar year 2016' for 'the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''.

(b) C-CPI-U.—Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph:

''(6) C-CPI-U.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year.

''(B) DETERMINATION FOR CALENDAR YEAR.—The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''.

(c) APPLICATION TO PERMANENT TAX TABLES.—Section 1(f)(2)(A) is amended by inserting '', determined by substituting '1992' for '2016' in paragraph (3)(A)(ii)''.

(d) APPLICATION TO OTHER INTERNAL REVENUE CODE OF 1986 PROVISIONS.—

(1) The following sections are each amended by striking ''for 'calendar year 1992' in subparagraph (B)'' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii)'':

(A) Section 23(h)(2).

(B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h).

(C) Section 25B(b)(3)(B).

(D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32.

(E) Section 36B(f)(2)(B)(ii)(II).

(F) Section 41(e)(5)(C)(i).

(G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42.

(H) Section 45R(d)(3)(B)(ii).

(I) Section 62(d)(3)(B).

(J) Section 125(i)(2)(B).

(K) Section 135(b)(2)(B)(ii).

(L) Section 137(f)(2).

(M) Section 146(d)(2)(B).

(N) Section 147(c)(2)(H)(ii).

(O) Section 179(b)(6)(A)(ii).

(P) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219.

(Q) Section 220(g)(2).

(R) Section 221(f)(1)(B).

(S) Section 223(g)(1)(B).

(T) Section 408A(c)(3)(D)(ii).

(U) Section 430(c)(7)(D)(vii)(II).

(V) Section 512(d)(2)(B).

(W) Section 513(h)(2)(C)(ii).

(X) Section 831(b)(2)(D)(ii).

(Y) Section 877A(a)(3)(B)(i)(II).

(Z) Section 2010(c)(3)(B)(ii).

(AA) Section 2032A(a)(3)(B).

(BB) Section 2503(b)(2)(B).

(CC) Section 4261(e)(4)(A)(ii).

(DD) Section 5000A(c)(3)(D)(ii).

(EE) Section 6323(i)(4)(B).

(FF) Section 6334(g)(1)(B).

(GG) Section 6601(j)(3)(B).

(HH) Section 6651(i)(1).

(II) Section 6652(c)(7)(A).

(JJ) Section 6695(h)(1).

(KK) Section 6698(e)(1).

(LL) Section 6699(e)(1).

(MM) Section 6721(f)(1).

(NN) Section 6722(f)(1).

(OO) Section 7345(f)(2).

(PP) Section 7430(c)(1).

(QQ) Section 9831(d)(2)(D)(ii)(II).

(2) Section 41(e)(5)(C)(ii) is amended—

(A) by striking ''1(f)(3)(B)'' and inserting ''1(f)(3)(A)(ii)'', and

(B) by striking ''1992'' and inserting ''2016''.

(3) Section 42(h)(6)(G) is amended—

(A) by striking ''for 'calendar year 1987' '' in clause (i)(II) and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof'', and

(B) by striking ''if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ''if the C-CPI-U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''.

(4) Section 132(f)(6)(A)(ii) is amended by striking ''for 'calendar year 1992' '' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(5) Section 162(o)(3) is amended by striking ''adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ''adjusted by increasing any such amount under the 1991 agreement by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1990' for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(6) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows:

''(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which—

''(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds

''(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''.

(7) Section 877(a)(2) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(8) Section 911(b)(2)(D)(ii)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(9) Paragraph (2) of section 1274A(d) is amended to read as follows:

''(2) ADJUSTMENT FOR INFLATION.—In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1988' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(10) Section 4161(b)(2)(C)(i)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(11) Section 4980I(b)(3)(C)(v)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(12) Section 6039F(d) is amended by striking ''subparagraph (B) thereof shall be applied by substituting '1995' for '1992' '' and inserting ''subparagraph (A)(ii) thereof shall be applied by substituting '1995' for '2016' ''.

(13) Section 7872(g)(5) is amended to read as follows:

''(5) ADJUSTMENT OF LIMIT FOR INFLATION.—In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1985' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART II—DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES

SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME.

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

''SEC. 199A. QUALIFIED BUSINESS INCOME.

''(a) IN GENERAL.—In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of—

''(1) the combined qualified business income amount of the taxpayer, or

''(2) an amount equal to 17.4 percent of the excess (if any) of—

''(A) the taxable income of the taxpayer for the taxable year, over

''(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year.

''(b) COMBINED QUALIFIED BUSINESS INCOME AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'combined qualified business income amount' means, with respect to any taxable year, an amount equal to—

''(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus

''(B) 17.4 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year.

''(2) DETERMINATION OF DEDUCTIBLE AMOUNT FOR EACH TRADE OR BUSINESS.—The amount determined under this paragraph with respect to any qualified trade or business is the lesser of—

''(A) 17.4 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or

''(B) 50 percent of the W-2 wages with respect to the qualified trade or business.

''(3) MODIFICATIONS TO THE WAGE LIMIT BASED ON TAXABLE INCOME.—

''(A) EXCEPTION FROM WAGE LIMIT.—In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B).

''(B) PHASE-IN OF LIMIT FOR CERTAIN TAXPAYERS.—

''(i) IN GENERAL.—If—

''(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and

''(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business,

then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii).

''(ii) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as—

''(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to

''(II) $50,000 ($100,000 in the case of a joint return).

''(iii) EXCESS AMOUNT.—For purposes of clause (ii), the excess amount is the excess of—

''(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over

''(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph).

''(4) WAGES, ETC.—

''(A) IN GENERAL.—The term 'W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year.

''(B) LIMITATION TO WAGES ATTRIBUTABLE TO QUALIFIED BUSINESS INCOME.—Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1).

''(C) RETURN REQUIREMENT.—Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return.

''(5) ACQUISITIONS, DISPOSITIONS, AND SHORT TAXABLE YEARS.—The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year.

''(c) QUALIFIED BUSINESS INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer.

''(2) CARRYOVER OF LOSSES.—If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year.

''(3) QUALIFIED ITEMS OF INCOME, GAIN, DEDUCTION, AND LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are—

''(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting 'qualified trade or business (within the meaning of section 199A)' for 'nonresident alien individual or a foreign corporation' or for 'a foreign corporation' each place it appears), and

''(ii) included or allowed in determining taxable income for the taxable year.

''(B) EXCEPTIONS.—The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss:

''(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss.

''(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G).

''(iii) Any interest income other than interest income which is properly allocable to a trade or business.

''(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting 'qualified trade or business' for 'controlled foreign corporation').

''(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)).

''(vi) Any amount received from an annuity which is not received in connection with the trade or business.

''(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses.

''(4) TREATMENT OF REASONABLE COMPENSATION AND GUARANTEED PAYMENTS.—Qualified business income shall not include—

''(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business,

''(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and

''(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business.

''(d) QUALIFIED TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified trade or business' means any trade or business other than a specified service trade or business.

''(2) SPECIFIED SERVICE TRADE OR BUSINESS.—

''(A) IN GENERAL.—The term 'specified service trade or business' means—

''(i) any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)).

''(3) EXCEPTION FOR SPECIFIED SERVICE BUSINESSES BASED ON TAXPAYER'S INCOME.—

''(A) IN GENERAL.—If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then—

''(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but

''(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term 'applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of—

''(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to

''(ii) $50,000 ($100,000 in the case of a joint return).

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) TAXABLE INCOME.—Taxable income shall be computed without regard to the deduction allowable under this section.

''(2) THRESHOLD AMOUNT.—

''(A) IN GENERAL.—The term 'threshold amount' means $250,000 (200 percent of such amount in the case of a joint return).

''(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) 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 the calendar year in which the taxable year begins.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(3) QUALIFIED REIT DIVIDEND.—The term 'qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which—

''(A) is not a capital gain dividend, as defined in section 857(b)(3), and

''(B) is not qualified dividend income, as defined in section 1(h)(11).

''(4) QUALIFIED COOPERATIVE DIVIDEND.—The term 'qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which—

''(A) is includible in gross income, and

''(B) is received from—

''(i) an organization or corporation described in section 501(c)(12) or 1381(a), or

''(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T.

''(f) SPECIAL RULES.—

''(1) APPLICATION TO PARTNERSHIPS AND S CORPORATIONS.—

''(A) IN GENERAL.—In the case of a partnership or S corporation—

''(i) this section shall be applied at the partner or shareholder level,

''(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and

''(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary).

For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(B) APPLICATION TO TRUSTS AND ESTATES.—This section shall not apply to any trust or estate.

''(C) TREATMENT OF TRADES OR BUSINESS IN PUERTO RICO.—

''(i) IN GENERAL.—In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term 'United States' shall include the Commonwealth of Puerto Rico.

''(ii) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico.

''(2) COORDINATION WITH MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59.

''(3) DEDUCTION LIMITED TO INCOME TAXES.—The deduction under subsection (a) shall only be allowed for purposes of this chapter.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations—

''(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and

''(B) for the application of this section in the case of tiered entities.

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2025.''.

(b) ACCURACY-RELATED PENALTY ON DETERMINATION OF APPLICABLE PERCENTAGE.—Section 6662(d)(1) is amended by inserting at the end the following new subparagraph:

''(C) SPECIAL RULE FOR TAXPAYERS CLAIMING SECTION 199A DEDUCTION.—In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting '5 percent' for '10 percent'.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 170(b)(2)(D) is amended by striking '', and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

''(v) section 199A, and''.

(2) Section 172(d) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED BUSINESS INCOME DEDUCTION.—The deduction under section 199A shall not be allowed.''.

(3) Section 246(b)(1) is amended by inserting ''199A,'' before ''243(a)(1)''.

(4) Section 613(a) is amended by inserting ''and without the deduction under section 199A'' after ''and without the deduction under section 199''.

(5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph:

''(C) any deduction allowable under section 199A,''.

(6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item:

''Sec. 199A. Qualified business income.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS.

(a) IN GENERAL.—Section 461 is amended by adding at the end the following new subsection:

''(l) LIMITATION ON EXCESS BUSINESS LOSSES OF NONCORPORATE TAXPAYERS.—

''(1) LIMITATION.—In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026—

''(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and

''(B) any excess business loss of the taxpayer for the taxable year shall not be allowed.

''(2) DISALLOWED LOSS CARRYOVER.—Any loss which is disallowed under paragraph (1) shall be treated as a net operating loss carryover to the following taxable year under section 172.

''(3) EXCESS BUSINESS LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'excess business loss' means the excess (if any) of—

''(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over

''(ii) the sum of—

''(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus

''(II) $250,000 (200 percent of such amount in the case of a joint return).

''(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) 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 the calendar year in which the taxable year begins.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(4) APPLICATION OF SUBSECTION IN CASE OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation—

''(A) this subsection shall be applied at the partner or shareholder level, and

''(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends.

For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(5) ADDITIONAL REPORTING.—The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection.

''(6) COORDINATION WITH SECTION 469.—This subsection shall be applied after the application of section 469.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART III—TAX BENEFITS FOR FAMILIES AND INDIVIDUALS

SEC. 11021. INCREASE IN STANDARD DEDUCTION.

(a) IN GENERAL.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) INCREASE IN STANDARD DEDUCTION.—Paragraph (2) shall be applied—

''(i) by substituting '$18,000' for '$4,400' in subparagraph (B), and

''(ii) by substituting '$12,000' for '$3,000' in subparagraph (C).

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C).

''(ii) ADJUSTMENT OF INCREASED AMOUNTS.—In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be—

''(A) in the case of a joint return, $500,000, and

''(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) PORTION OF CREDIT REFUNDABLE.—In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section:

''(A) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

''(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or

''(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year.

''(B) PAYROLL TAXES.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the term 'payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by—

''(I) section 1401 on the self-employment income of the taxpayer for the taxable year,

''(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins,

''(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins,

''(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and

''(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins.

''(ii) COORDINATION WITH SPECIAL REFUND OF PAYROLL TAXES.—The term 'payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

''(iii) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause.

''(C) EXCEPTION FOR TAXPAYERS EXCLUDING FOREIGN EARNED INCOME.—Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph:

''(G) INCREASED LIMITATION FOR CASH CONTRIBUTIONS.—

''(i) IN GENERAL.—In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year.

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time.

''(iii) COORDINATION WITH SUBPARAGRAPHS (A) AND (B).—

''(I) IN GENERAL.—Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A).

''(II) LIMITATION REDUCTION.—Subparagraphs (A) and (B) shall be applied for each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), by reducing (but not below zero) the aggregate contribution limitation allowed for the taxable year under each such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017.

SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.

(a) INCREASE IN LIMITATION FOR CONTRIBUTIONS FROM COMPENSATION OF INDIVIDUALS WITH DISABILITIES.—

(1) IN GENERAL.—Section 529A(b)(2)(B) is amended to read as follows:

''(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of—

''(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus

''(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of—

''(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the preceding taxable year, or

''(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''.

(2) ELIGIBLE DESIGNATED BENEFICIARY.—Section 529A(b) is amended by adding at the end the following:

''(7) SPECIAL RULES RELATED TO CONTRIBUTION LIMIT.—For purposes of paragraph (2)(B)(ii)—

''(A) DESIGNATED BENEFICIARY.—A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom—

''(i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met,

''(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and

''(iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b).

''(B) POVERTY LINE.—The term 'poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C. 9902).''.

(b) ALLOWANCE OF SAVER'S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.—Section 25B(d)(1) is amended by striking ''and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting at the end the following:

''(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''.

(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. 11025. ROLLOVERS TO ABLE PROGRAMS FROM 529 PROGRAMS.

(a) IN GENERAL.—Clause (i) of section 529(c)(3)(C) is amended by striking ''or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting '', or'', and by adding at the end the following:

''(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.

Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B).''.

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

SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT.

(a) IN GENERAL.—For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code):

(1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status).

(2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces).

(3) Section 692 (relating to income taxes of members of Armed Forces on death).

(4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.).

(5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces).

(6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces).

(7) Section 6013(f)(1) (relating to joint return where individual is in missing status).

(8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone).

(b) QUALIFIED HAZARDOUS DUTY AREA.—For purposes of this section, the term ''qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect.

(c) APPLICABLE PERIOD.—

(1) IN GENERAL.—Except as provided in paragraph (2), the applicable period is—

(A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(2) WITHHOLDING.—In the case of subsection (a)(5), the applicable period is—

(A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015.

(2) WITHHOLDING.—Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act.

SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS.

(a) IN GENERAL.—Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C. 139F note) is amended by striking ''1-year'' and inserting ''2-year''.

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

SEC. 11028. UNBORN CHILDREN ALLOWED AS 529 ACCOUNT BENEFICIARIES.

(a) IN GENERAL.—Section 529(e) is amended by adding at the end the following new paragraph:

''(6) TREATMENT OF UNBORN CHILDREN.—

''(A) IN GENERAL.—Nothing shall prevent an unborn child from being treated as a designated beneficiary or an individual under this section.

''(B) UNBORN CHILD.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'unborn child' means a child in utero.

''(ii) CHILD IN UTERO.—The term 'child in utero' means a member of the species homo sapiens, at any stage of development, who is carried in the womb.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2017.

SEC. 11029. RELIEF FOR MISSISSIPPI RIVER DELTA FLOOD DISASTER AREA.

(a) IN GENERAL.—For purposes of this section, the term ''Mississippi River Delta flood disaster area'' means any area—

(1) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before September 3, 2016, by reason of severe storms and flooding occurring in Louisiana during August of 2016, or

(2) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before March 31, 2016, by reason of severe storms and flooding occurring in Louisiana, Texas, and Mississippi during March of 2016.

(b) SPECIAL RULES FOR USE OF RETIREMENT FUNDS WITH RESPECT TO MISSISSIPPI DELTA AREAS DAMAGED BY 2016 FLOODING.—

(1) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

(A) IN GENERAL.—Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified Mississippi River Delta flooding distribution.

(B) AGGREGATE DOLLAR LIMITATION.—

(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified Mississippi River Delta flooding distributions for any taxable year shall not exceed the excess (if any) of—

(I) $100,000, over

(II) the aggregate amounts treated as qualified Mississippi River Delta flooding distributions received by such individual for all prior taxable years.

(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (i)) be a qualified Mississippi River Delta flooding distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified Mississippi River Delta flooding distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000.

(iii) CONTROLLED GROUP.—For purposes of clause (ii), the term ''controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.

(C) AMOUNT DISTRIBUTED MAY BE REPAID.—

(i) IN GENERAL.—Any individual who receives a qualified Mississippi River Delta flooding distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be.

(ii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified Mississippi River Delta flooding distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(iii) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an individual retirement plan (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified Mississippi River Delta flooding distribution shall be treated as a distribution described in section

408(d)(3) of such Code and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(D) DEFINITIONS.—For purposes of this paragraph—

(i) QUALIFIED MISSISSIPPI RIVER DELTA FLOODING DISTRIBUTION.—Except as provided in subparagraph (B), the term ''qualified Mississippi River Delta flooding distribution'' means—

(I) any distribution from an eligible retirement plan made on or after August 11, 2016, and before January 1, 2018, to an individual whose principal place of abode on August 11, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(1) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or

(II) any distribution from an eligible retirement plan made on or after March 1, 2016, and before January 1, 2018, to an individual whose principal place of abode on March 1, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(2) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2).

(ii) ELIGIBLE RETIREMENT PLAN.—The term ''eligible retirement plan'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(E) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

(i) IN GENERAL.—In the case of any qualified Mississippi River Delta flooding distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply.

(F) SPECIAL RULES.—

(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified Mississippi River Delta flooding distributions shall not be treated as eligible rollover distributions.

(ii) QUALIFIED MISSISSIPPI RIVER DELTA FLOODING DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of the Internal Revenue Code of 1986, a qualified Mississippi River Delta flooding distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986.

(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(A) IN GENERAL.—If this paragraph applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(ii)(I).

(B) AMENDMENTS TO WHICH SUBSECTION APPLIES.—

(i) IN GENERAL.—This paragraph shall apply to any amendment to any plan or annuity contract which is made—

(I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and

(II) on or before the last day of the first plan year beginning on or after January 1, 2018, or such later date as the Secretary prescribes.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II).

(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—

(I) during the period—

(aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan); and

(bb) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(II) such plan or contract amendment applies retroactively for such period.

(c) SPECIAL RULES FOR PERSONAL CASUALTY LOSSES RELATED TO LOUISIANA SEVERE STORMS AND FLOODING.—

(1) IN GENERAL.—If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026—

(A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of—

(i) such net disaster loss, and

(ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual,

(B) section 165(h)(1) of such Code shall be applied by substituting ''$500'' for ''$500 ($100 for taxable years beginning after December 31, 2009)'',

(C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and

(D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph.

(2) NET DISASTER LOSS.—For purposes of this subsection, the term ''net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986).

(3) QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.—For purposes of this paragraph, the term ''qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise—

(A) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(1) on or after August 11, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or

(B) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(2) on or after March 1, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2).

PART IV—EDUCATION

SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY.

(a) IN GENERAL.—Section 108(f) is amended by adding at the end the following new paragraph:

''(5) DISCHARGES ON ACCOUNT OF DEATH OR DISABILITY.—

''(A) IN GENERAL.—In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was—

''(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability),

''(ii) pursuant to section 464(c)(1)(F) of such Act, or

''(iii) otherwise discharged on account of the death or total and permanent disability of the student.

''(B) LOANS DESCRIBED.—A loan is described in this subparagraph if such loan is—

''(i) a student loan (as defined in paragraph (2)), or

''(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C. 1650(7))).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017.

SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''$250'' and inserting ''$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART V—DEDUCTIONS AND EXCLUSIONS

SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subsection (d) of section 151 is amended—

(1) by striking ''In the case of'' in paragraph (4) and inserting ''Except as provided in paragraph (5), in the case of'', and

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

''(5) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) EXEMPTION AMOUNT.—The term 'exemption amount' means zero.

''(B) REFERENCES.—For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''.

(b) APPLICATION TO ESTATES AND TRUSTS.—Section 642(b)(2)(C) is amended by adding at the end the following new clause:

''(iii) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(I) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting '$4,150' for 'the exemption amount under section 151(d)'.

''(II) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to—

''(aa) such dollar amount, multiplied by

''(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(c) EXCEPTION FOR WAGE WITHHOLDING RULES.—Section 3402(a) is amended by adding at the end the following new paragraph:

''(3) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting '$4,150' for 'the amount of one personal exemption provided in section 151(b)'.

''(B) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(d) EXCEPTION FOR DETERMINING PROPERTY EXEMPT FROM LEVY.—Section 6334(d) is amended by adding at the end the following new paragraph:

''(4) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term 'exempt amount' means an amount equal to—

''(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by

''(ii) 52.

''(B) AMOUNT DETERMINED.—For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.

''(D) VERIFIED STATEMENT.—Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''.

(e) PERSONS REQUIRED TO MAKE RETURNS OF INCOME.—Section 6012 is amended by adding at the end the following new subsection:

''(f) SPECIAL RULE FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of—

''(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

''(2) an individual entitled to make a joint return if—

''(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return,

''(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year,

''(C) such individual's spouse does not make a separate return, and

''(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A).

The amount specified in paragraph (1) or (2)(A) shall be increased by the amount of 1 additional standard deduction (within the meaning of section 63(c)(3)) in the case of an individual entitled to such deduction by reason of section 63(f)(1)(A) (relating to individuals age 65 or more), and by the amount of each additional standard deduction to which the individual or the individual's spouse is entitled by reason of section 63(f)(1).''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES.

(a) IN GENERAL.—Subsection (b) of section 164 is amended by adding at the end the following new paragraph:

''(6) SUSPENSION OF INDIVIDUAL DEDUCTIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) paragraphs (1) and (2) of subsection (a) shall not apply to any real property or personal property taxes, other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212, and

''(B) subsection (a)(3) shall not apply to any State or local taxes.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST.

(a) IN GENERAL.—Section 163(h)(3)(A)(ii) is amended by inserting ''in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ''home equity indebtedness''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2017.

SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES.

(a) IN GENERAL.—Subsection (h) of section 165 is amended by adding at the end the following new paragraph:

''(5) LIMITATION FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of any loss of an individual described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026 (without regard to any election under subsection (i), such loss shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017.

SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 67 is amended by adding at the end the following new subsection:

''(g) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 68 is amended by adding at the end the following new subsection:

''(f) SECTION NOT TO APPLY.—This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Section 121 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR SALES OR EXCHANGES IN TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026—

''(A) '8-year' shall be substituted for '5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d),

''(B) '5 years' shall be substituted for '2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and

''(C) '5-year' shall be substituted for '2-year' in subsection (b)(3).

''(2) EXCEPTION FOR BINDING CONTRACTS.—Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after December 31, 2017.

SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.

(a) IN GENERAL.—Section 132(f) is amended by adding at the end the following new paragraph:

''(8) SUSPENSION OF QUALIFIED BICYCLE COMMUTING REIMBURSEMENT EXCLUSION.—Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT.

(a) IN GENERAL.—Section 132(g) is amended—

(1) by striking ''For purposes of this section, the term'' and inserting ''For purposes of this section—

''(1) IN GENERAL.—The term'', and

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

''(2) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES.

(a) IN GENERAL.—Section 217 is amended by adding at the end the following new subsection:

''(k) SUSPENSION OF DEDUCTION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11051. LIMITATION ON WAGERING LOSSES.

(a) IN GENERAL.—Section 165(d) is amended by adding at the end the following: ''For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term 'losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART VI—INCREASE IN ESTATE AND GIFT TAX EXEMPTION

SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.

(a) IN GENERAL.—Section 2010(c)(3) is amended by adding at the end the following new subparagraph:

''(C) INCREASE IN BASIC EXCLUSION AMOUNT.—In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting '$10,000,000' for '$5,000,000'.''.

(b) CONFORMING AMENDMENT.—Subsection (g) of section 2001 is amended to read as follows:

''(g) MODIFICATIONS TO TAX PAYABLE.—

''(1) 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 at 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—

''(A) the tax imposed by chapter 12 with respect to such gifts, and

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

''(i) the applicable credit amount under section 2505(a)(1), and

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

''(2) MODIFICATIONS TO ESTATE TAX PAYABLE TO REFLECT DIFFERENT BASIC EXCLUSION AMOUNTS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between—

''(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and

''(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017.

PART VII—TAXPAYER RIGHTS AND TAX ADMINISTRATION

SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 is amended by striking ''9 months'' and inserting ''2 years''.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 is amended—

(1) by striking ''9 months'' in paragraph (1) and inserting ''2 years'', and

(2) by striking ''9-month'' in paragraph (2) and inserting ''2-year''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 11072. INDIVIDUALS HELD HARMLESS ON IMPROPER LEVY ON RETIREMENT PLANS.

(a) IN GENERAL.—Section 6343 is amended by adding at the end the following new subsection:

''(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON RETIREMENT PLAN.—

''(1) IN GENERAL.—If the Secretary determines that an individual's account or benefit under an eligible retirement plan (as defined in section 402(c)(8)(B)) has been levied upon in a case to which subsection (b) or (d)(2)(A) applies and property or an amount of money is returned to the individual—

''(A) the individual may contribute such property or an amount equal to the sum of—

''(i) the amount of money so returned by the Secretary, and

''(ii) interest paid under subsection (c) on such amount of money,

into such eligible retirement plan if such contribution is permitted by the plan, or into an individual retirement plan (other than an endowment contract) to which a rollover contribution of a distribution from such eligible retirement plan is permitted, but only if such contribution is made not later than the due date (not including extensions) for filing the return of tax for the taxable year in which such property or amount of money is returned, and

''(B) the Secretary shall, at the time such property or amount of money is returned, notify such individual that a contribution described in subparagraph (A) may be made.

''(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any contribution under paragraph (1) with respect to the return of such distribution shall be treated for purposes of this title as if such distribution and contribution were described in section 402(c), 402A(c)(3), 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3), or 457(e)(16), whichever is applicable; except that—

''(A) the contribution shall be treated as having been made for the taxable year in which the distribution on account of the levy occurred, and the interest paid under subsection (c) shall be treated as earnings within the plan after the contribution and shall not be included in gross income, and

''(B) such contribution shall not be taken into account under section 408(d)(3)(B).

''(3) REFUND, ETC., OF INCOME TAX ON LEVY.—

''(A) IN GENERAL.—If any amount is includible in gross income for a taxable year by reason of a distribution on account of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover contribution under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a rollover contribution under this subsection which is made from an eligible retirement plan which is not a Roth IRA or a designated Roth account (within the meaning of section 402A) to a Roth IRA or a designated Roth account under an eligible retirement plan.

''(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.

''(5) TREATMENT OF INHERITED ACCOUNTS.—For purposes of paragraph (1)(A), section 408(d)(3)(C) shall be disregarded in determining whether an individual retirement plan is a plan to which a rollover contribution of a distribution from the plan levied upon is permitted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2017.

SEC. 11073. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) INSTALLMENT AGREEMENT FEES.—

''(1) LIMITATION ON FEE AMOUNT.—The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection.

''(2) WAIVER OR REIMBURSEMENT.—In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)—

''(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and

''(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act.

SEC. 11074. FORM 1040SR FOR SENIORS.

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall make available a form, to be known as ''Form 1040SR'', for use by individuals to file the return of tax imposed by chapter 1 of the Internal Revenue Code of 1986. Such form shall be as similar as practicable to Form 1040EZ, except that—

(1) the form shall be available only to individuals who have attained age 65 as of the close of the taxable year,

(2) the form may be used even if income for the taxable year includes—

(A) social security benefits (as defined in section 86(d) of the Internal Revenue Code of 1986),

(B) distributions from qualified retirement plans (as defined in section 4974(c) of such

Code), annuities or other such deferred payment arrangements,

(C) interest and dividends, or

(D) capital gains and losses taken into account in determining adjusted net capital gain (as defined in section 1(h)(3) of such Code), and

(3) the form shall be available without regard to the amount of any item of taxable income or the total amount of taxable income for the taxable year.

(b) EFFECTIVE DATE.—The form required by subsection (a) shall be made available for taxable years beginning after the date of the enactment of this Act and ending before January 1, 2026.

SEC. 11075. SENSE OF THE SENATE ON IMPROVING CUSTOMER SERVICE AND PROTECTIONS FOR TAXPAYERS BY REINSTATING APPROPRIATE FUNDING LEVELS.

It is the sense of the Senate that politically motivated budget cuts—

(1) are counterproductive to deficit reduction,

(2) diminish the ability of the Internal Revenue Service to adequately serve taxpayers and protect taxpayer information, and

(3) reduce the ability of the Internal Revenue Service to enforce the law.

SEC. 11076. RETURN PREPARATION PROGRAMS FOR LOW-INCOME TAXPAYERS.

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7526 the following new section:

"SEC. 7526A. RETURN PREPARATION PROGRAMS FOR LOW-INCOME TAXPAYERS.

"(a) VOLUNTEER INCOME TAX ASSISTANCE MATCHING GRANT PROGRAM.—

"(1) ESTABLISHMENT OF PROGRAM.—The Secretary, through the Internal Revenue Service, shall establish a Community Volunteer Income Tax Assistance Matching Grant Program (hereinafter in this section referred to as the 'VITA grant program'). Except as otherwise provided in this section, the VITA grant program shall be administered in a manner which is substantially similar to the Community Volunteer Income Tax Assistance matching grants demonstration program established under title I of division D of the Consolidated Appropriations Act, 2008.

"(2) MATCHING GRANTS.—

"(A) IN GENERAL.—The Secretary shall, subject to the availability of appropriated funds, make available grants under the VITA grant program to provide matching funds for the development, expansion, or continuation of qualified return preparation programs assisting low-income taxpayers and members of underserved populations.

"(B) APPLICATION.—

"(i) IN GENERAL.—Subject to clause (ii), in order to be eligible for a grant under this section, a qualified return preparation program shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary reasonably requires.

"(ii) ACCURACY REVIEW.—In the case of any qualified return preparation program which was awarded a grant under this section and was subsequently subject to a field site visit by the Internal Revenue Service (including through the Stakeholder Partnerships, Education, and Communication office) in which it was determined that the average accuracy rate for preparation of tax returns through such program was less than 90 percent, such program shall not be eligible for any additional grants under this section unless such program provides, as part of their application, sufficient documentation regarding the corrective measures established by such program to address the deficiencies identified following the field site visit.

"(C) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications—

"(i) demonstrating assistance to low-income taxpayers, with emphasis on outreach to and services for such taxpayers,

"(ii) demonstrating taxpayer outreach and educational activities relating to eligibility and availability of income supports available through the Internal Revenue Code of 1986, such as the earned income tax credit, and

"(iii) demonstrating specific outreach and focus on one or more underserved populations.

"(D) DURATION OF GRANTS.—Upon application of a qualified return preparation program, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

"(3) AGGREGATE LIMITATION.—Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $30,000,000 per fiscal year (exclusive of costs of administering the program) to carry out the purposes of this section.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Qualified return preparation programs receiving a grant under this section may use the grant for—

"(A) ordinary and necessary costs associated with program operation in accordance with Cost Principles Circulars as set forth by the Office of Management and Budget, including—

"(i) for wages or salaries of persons coordinating the activities of the program,

"(ii) to develop training materials, conduct training, and perform quality reviews of the returns for which assistance has been provided under the program, and

"(iii) for equipment purchases and vehicle-related expenses associated with remote or rural tax preparation services,

"(B) outreach and educational activities described in subsection (a)(2)(C)(ii), and

"(C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation.

"(2) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.—No grant made under this section may be used for overhead expenses that are not directly related to any qualified return preparation program.

"(c) PROMOTION AND REFERRAL.—

"(1) PROMOTION.—The Secretary shall promote the benefits of, and encourage the use of, tax preparation through qualified return preparation programs through the use of mass communications, referrals, and other means.

"(2) INTERNAL REVENUE SERVICE REFERRALS.—The Secretary shall refer taxpayers to qualified return preparation programs receiving funding under this section.

"(3) VITA GRANTEE REFERRAL.—Qualified return preparation programs receiving a grant under this section are encouraged to refer, as appropriate, to local or regional Low Income Taxpayer Clinics individuals who are eligible to receive services at such clinics.

"(d) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED RETURN PREPARATION PROGRAM.—The term 'qualified return preparation program' means any program—

"(A) which provides assistance to individuals, not less than 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns,

"(B) which is administered by a qualified entity,

"(C) in which all of the volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and

"(D) which uses a quality review process which reviews 100 percent of all returns.

"(2) QUALIFIED ENTITY.—

"(A) IN GENERAL.—The term 'qualified entity' means any entity which—

"(i) is an eligible organization (as described in subparagraph (B)),

"(ii) is in compliance with Federal tax filing and payment requirements,

"(iii) is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and

"(iv) agrees to provide documentation to substantiate any matching funds provided under the VITA grant program.

"(B) ELIGIBLE ORGANIZATION.—

"(i) IN GENERAL.—Subject to clause (ii), the term 'eligible organization' means—

"(I) an institution of higher education which is described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and which has not been disqualified from participating in a program under title IV of such Act,

"(II) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code,

"(III) a local government agency, including—

"(aa) a county or municipal government agency, and

"(bb) an Indian tribe, as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)), including any tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C. 4103(22))), tribal subsidiary, subdivision, or other wholly owned tribal entity, or

"(IV) a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements of subclause (I), (II), or (III) acting as the applicant organization).

"(ii) ALTERNATIVE ELIGIBLE ORGANIZATION.—If no eligible organization described in clause (i) is available to assist the targeted population or community, the term 'eligible organization' shall include—

"(I) a State government agency, and

"(II) a Cooperative Extension Service office.

"(3) LOW-INCOME TAXPAYERS.—The term 'low-income taxpayer' means a taxpayer who has income for the taxable year which does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with three or more qualifying children, as determined in a revenue procedure or other published guidance.

"(4) UNDERSERVED POPULATION.—The term 'underserved population' includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.".

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item:

"7526A. Return preparation programs for low-income taxpayers.".

SEC. 11077. FREE FILE PROGRAM.

(a) The Secretary of the Treasury, or the Secretary's delegate, shall continue to operate the IRS Free File Program as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto.

(b) The IRS Free File Program shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent of taxpayers by income. The number of taxpayers eligible to receive such services each year shall be calculated by the Internal Revenue Service annually based on prior year aggregate taxpayer adjusted gross income data.

(c) In addition to the services described in subsection (b), and in the same manner, the IRS Free File Program shall continue to make available to all taxpayers (without regard to income) a basic, online electronic fillable forms utility.

(d) The IRS Free File Program shall continue to work cooperatively with the private sector to provide the free individual income tax preparation and the electronic filing services described in subsections (b) and (c).

(e) The IRS Free File Program shall work cooperatively with State government agencies to enhance and expand the use of the program to provide needed benefits to the taxpayer while reducing the cost of processing returns.

(f) Nothing in this section is intended to impact the continuity of services provided under Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance programs.

SEC. 11078. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.

(a) IN GENERAL.—Paragraph (21) of section 62(a) is amended to read as follows:

''(21) ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—

''(A) IN GENERAL.—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—

''(i) section 7623(b), or

''(ii) in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, any action brought under—

''(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C. 78u-6),

''(II) a State law relating to false or fraudulent claims that meets the requirements described in section 1909(b) of the Social Security Act (42 U.S.C. 1396h(b)), or

''(III) section 23 of the Commodity Exchange Act (7 U.S.C. 26).

''(B) MAY NOT EXCEED AWARD.—Subparagraph (A) 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) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11079. CLARIFICATION OF WHISTLEBLOWER AWARDS.

(a) DEFINITION OF PROCEEDS.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsection:

''(c) PROCEEDS.—For purposes of this section, the term 'proceeds' includes—

''(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and

''(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including—

''(A) criminal fines and civil forfeitures, and

''(B) violations of reporting requirements.''.

(2) CONFORMING AMENDMENTS.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ''collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action'' and inserting ''proceeds collected as a result of the action''.

(b) AMOUNT OF PROCEEDS DETERMINED WITHOUT REGARD TO AVAILABILITY.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ''(determined without regard to whether such proceeds are available to the Secretary)'' after ''in response to such action''.

(c) DISPUTED AMOUNT THRESHOLD.—Section 7623(b)(5)(B) is amended by striking ''tax, penalties, interest, additions to tax, and additional amounts'' and inserting ''proceeds''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment.

PART VIII—INDIVIDUAL MANDATE

SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.

(a) IN GENERAL.—Section 5000A(c) is amended—

(1) in paragraph (2)(B)(iii), by striking ''2.5 percent'' and inserting ''Zero percent'', and

(2) in paragraph (3)—

(A) by striking ''$695'' in subparagraph (A) and inserting ''$0'', and

(B) by striking subparagraph (D).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to months beginning after December 31, 2018.

Subtitle B—Alternative Minimum Tax

SEC. 12001. REPEAL OF TAX FOR CORPORATIONS.

(a) IN GENERAL.—Section 55(a) is amended by striking ''There'' and inserting ''In the case of a taxpayer other than a corporation, there''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(c)(6) is amended by adding at the end the following new subparagraph:

''(E) CORPORATIONS.—In the case of a corporation, this subsection shall be applied by treating the corporation as having a tentative minimum tax of zero.''.

(2)(A) Section 55(b)(1) is amended to read as follows:

''(1) AMOUNT OF TENTATIVE TAX.—

''(A) IN GENERAL.—The tentative minimum tax for the taxable year is the sum of—

''(i) 26 percent of so much of the taxable excess as does not exceed $175,000, plus

''(ii) 28 percent of so much of the taxable excess as exceeds $175,000.

The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year.

''(B) TAXABLE EXCESS.—For purposes of this subsection, the term 'taxable excess' means so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount.

''(C) MARRIED INDIVIDUAL FILING SEPARATE RETURN.—In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting 50 percent of the dollar amount otherwise applicable under clause (i) and cause (ii) thereof. For purposes of the preceding sentence, marital status shall be determined under section 7703.''.

(B) Section 59(a) is amended—

(i) by striking ''subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies) in lieu of the highest rate of tax specified in section 1 or 11 (whichever applies)'' in paragraph (1)(C) and inserting ''section 55(b)(1) in lieu of the highest rate of tax specified in section 1'', and

(ii) in paragraph (2), by striking ''means'' and all that follows and inserting ''means the amount determined under the first sentence of section 55(b)(1).''.

(C) Section 897(a)(2)(A) is amended by striking ''section 55(b)(1)(A)'' and inserting ''section 55(b)(1)''.

(D) Section 911(f) is amended—

(i) in paragraph (1)(B)—

(I) by striking ''section 55(b)(1)(A)(ii)'' and inserting ''section 55(b)(1)(B)'', and

(II) by striking ''section 55(b)(1)(A)(i)'' and inserting ''section 55(b)(1)(A)'', and

(ii) in paragraph (2)(B), by striking ''section 55(b)(1)(A)(ii)'' each place it appears and inserting ''section 55(b)(1)(B)''.

(3) Section 55(c)(1) is amended by striking '', the section 936 credit allowable under section 27(b), and the Puerto Rico economic activity credit under section 30A''.

(4) Section 55(d) is amended—

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

(B) in paragraph (2) (as so redesignated), by inserting ''and'' at the end of subparagraph (B), by striking '', and'' at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D), and

(C) in paragraph (3) (as so redesignated)—

(i) by striking ''(b)(1)(A)(i)'' in subparagraph (B)(i) and inserting ''(b)(1)(A)'', and

(ii) by striking ''paragraph (3)'' in subparagraph (B)(iii) and inserting ''paragraph (2)''.

(5) Section 55 is amended by striking subsection (e).

(6)(A) Section 56 is amended by striking subsections (c) and (g).

(B) Section 847 is amended by striking the last sentence of paragraph (9).

(C) Section 848 is amended by striking subsection (i).

(7) Section 58(a) is amended by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(8) Section 59 is amended by striking subsections (b) and (f).

(9) Section 11(d) is amended by striking ''the taxes imposed by subsection (a) and section 55'' and inserting ''the tax imposed by subsection (a)''.

(10) Section 12 is amended by striking paragraph (7).

(11) Section 168(k) is amended by striking paragraph (4).

(12) Section 882(a)(1) is amended by striking '', 55,''.

(13) Section 962(a)(1) is amended by striking ''sections 11 and 55'' and inserting ''section 11''.

(14) Section 1561(a) is amended—

(A) by inserting ''and'' at the end of paragraph (1), by striking '', and'' at the end of paragraph (2) and inserting a period, and by striking paragraph (3), and

(B) by striking the last sentence.

(15) Section 6425(c)(1)(A) is amended to read as follows:

''(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over''.

(16) Section 6655(e)(2) is amended by striking ''and alternative minimum taxable income'' each place it appears in subparagraphs (A) and (B)(i).

(17) Section 6655(g)(1)(A) is amended by inserting ''plus'' at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 12002. SUSPENSION OF TAX ON INDIVIDUALS.

(a) IN GENERAL.—Section 55(a) is amended by adding at the end the following new flush sentence:

''No tax shall be imposed by this section for any taxable year beginning after December 31, 2017, and before January 1, 2026, and the tentative minimum tax of any taxpayer for any such taxable year shall be zero for purposes of this title.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 12003. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.

(a) CREDITS TREATED AS REFUNDABLE.—Section 53 is amended by adding at the end the following new subsection:

''(e) PORTION OF CREDIT TREATED AS REFUNDABLE.—

''(1) IN GENERAL.—In the case of any taxable year beginning in 2018, 2019, 2020, or 2021, the limitation under subsection (c) shall be increased by the AMT refundable credit amount for such year.

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the AMT refundable credit amount is an amount equal to 50 percent (100 percent in the case of a taxable year beginning in 2021) of the excess (if any) of—

''(A) the minimum tax credit determined under subsection (b) for the taxable year, over

''(B) the minimum tax credit allowed under subsection (a) for such year (before the application of this subsection for such year).

''(3) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as a credit allowed under subpart C (and not this subpart).

''(4) SHORT TAXABLE YEARS.—In the case of any taxable year of less than 365 days, the AMT refundable credit amount determined under paragraph (2) with respect to such taxable year shall be the amount which bears the same ratio to such amount determined without regard to this paragraph as the number of days in such taxable year bears to 365.''.

(b) TREATMENT OF REFERENCES.—Section 53(d) is amended by adding at the end the following new paragraph:

''(3) AMT TERM REFERENCES.—In the case of a corporation, any references in this subsection to section 55, 56, or 57 shall be treated as a reference to such section as in effect before the amendments made by Tax Cuts and Jobs Act.''.

(c) CONFORMING AMENDMENT.—Section 1374(b)(3)(B) is amended by striking the last sentence thereof.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) CONFORMING AMENDMENT.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2021.

Subtitle C—Business-related Provisions

PART I—CORPORATE PROVISIONS

Subpart A—20.94-percent Tax Rate

SEC. 13001. 20.94-PERCENT CORPORATE TAX RATE.

(a) IN GENERAL.—Subsection (b) of section 11 is amended to read as follows:

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) shall be 20.94 percent of taxable income.''.

(b) CONFORMING AMENDMENTS.—

(1) The following sections are each amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)'':

(A) Section 280C(c)(3)(B)(ii)(II).

(B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e).

(C) Section 7874(e)(1)(B)

(2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4).

(C) Section 453A(c)(3) is amended by striking ''or 1201 (whichever is appropriate)''.

(D) Section 527(b) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(b) TAX IMPOSED.—A tax''.

(E) Sections 594(a) is amended by striking ''taxes imposed by section 11 or 1201(a)'' and inserting ''tax imposed by section 11''.

(F) Section 691(c)(4) is amended by striking ''1201,''.

(G) Section 801(a) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(a) TAX IMPOSED.—A tax''.

(H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ''sec. 1201 and following,''.

(J) Section 852(b)(3)(A) is amended by striking ''section 1201(a)'' and inserting ''section 11(b)''.

(K) Section 857(b)(3) is amended—

(i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively,

(ii) in subparagraph (C), as so redesignated—

(I) by striking ''subparagraph (A)(ii)'' in clause (i) thereof and inserting ''paragraph (1)'',

(II) by striking ''the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ''the tax imposed by paragraph (1) on undistributed capital gain'',

(iii) in subparagraph (E), as so redesignated, by striking ''subparagraph (B) or (D)'' and inserting ''subparagraph (A) or (C)'', and

(iv) by adding at the end the following new subparagraph:

''(F) UNDISTRIBUTED CAPITAL GAIN.—For purposes of this paragraph, the term 'undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''.

(L) Section 882(a)(1), as amended by section 12001, is amended by striking ''or 1201(a)''.

(M) Section 904(b) is amended—

(i) by striking ''or 1201(a)'' in paragraph (2)(C),

(ii) by striking paragraph (3)(D) and inserting the following:

''(D) CAPITAL GAIN RATE DIFFERENTIAL.—There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and

(iii) by striking paragraph (3)(E) and inserting the following:

''(E) RATE DIFFERENTIAL PORTION.—The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as—

''(i) the excess of—

''(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over

''(II) the alternative rate of tax determined under section 1(h), bears to

''(ii) that rate referred to in subclause (I).''.

(N) Section 1374(b) is amended by striking paragraph (4).

(O) Section 1381(b) is amended by striking ''taxes imposed by section 11 or 1201'' and inserting ''tax imposed by section 11''.

(P) Sections 6425(c)(1)(A), as amended by section 12001, and 6655(g)(1)(A)(i) are each amended by striking ''or 1201(a),''.

(Q) Section 7518(g)(6)(A) is amended by striking ''or 1201(a)''.

(3)(A) Section 1445(e)(1) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the gain'' and inserting ''multiplied by the gain''.

(B) Section 1445(e)(2) is amended by striking ''35 percent of the amount'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''.

(C) Section 1445(e)(6) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the amount'' and inserting ''multiplied by the amount''.

(D) Section 1446(b)(2)(B) is amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)''.

(4) Section 852(b)(1) is amended by striking the last sentence.

(5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 535(c)(5) is amended to read as follows:

''(5) CROSS REFERENCE.—For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''.

(6)(A) Section 1561, as amended by section 12001, is amended to read as follows:

''SEC. 1561. LIMITATION ON ACCUMULATED EARNINGS CREDIT IN THE CASE OF CERTAIN CONTROLLED CORPORATIONS.

''(a) IN GENERAL.—The component members of a controlled group of corporations on a December 31 shall, for their taxable years which include such December 31, be limited for purposes of this subtitle to one $250,000 ($150,000 if any component member is a corporation described in section 535(c)(2)(B)) amount for purposes of computing the accumulated earnings credit under section 535(c)(2) and (3). Such amount shall be divided equally among the component members of such group on such December 31 unless the Secretary prescribes regulations permitting an unequal allocation of such amount.

''(b) CERTAIN SHORT TAXABLE YEARS.—If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle, the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a) with respect to such group, divided by the number of corporations which are component members of such group on the last day of such taxable year. For purposes of the preceding sentence, section 1563(b) shall be applied as if such last day were substituted for December 31.''.

(B) The table of sections for part II of subchapter B of chapter 5 is amended by striking the item relating to section 1561 and inserting the following new item:

''Sec. 1561. Limitation on accumulated earnings credit in the case of certain controlled corporations.''.

(7) Section 7518(g)(6)(A) is amended—

(A) by striking ''With respect to the portion'' and inserting ''In the case of a taxpayer other than a corporation, with respect to the portion'', and

(B) by striking ''(34 percent in the case of a corporation)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018.

(2) WITHHOLDING.—The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018.

(3) CERTAIN TRANSFERS.—The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018.

(d) NORMALIZATION REQUIREMENTS.—

(1) IN GENERAL.—A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method.

(2) ALTERNATIVE METHOD FOR CERTAIN TAXPAYERS.—If, as of the first day of the taxable year that includes the date of enactment of this Act—

(A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and

(B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method,

the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction.

(3) DEFINITIONS.—For purposes of this subsection—

(A) EXCESS TAX RESERVE.—The term ''excess tax reserve'' means the excess of—

(i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over

(ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods.

(B) AVERAGE RATE ASSUMPTION METHOD.—The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying—

(i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by

(ii) the amount of the timing differences which reverse during such period.

(C) ALTERNATIVE METHOD.—The ''alternative method'' is the method in which the taxpayer—

(i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and

(ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property.

(4) TAX INCREASED FOR NORMALIZATION VIOLATION.—If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting.

SA 1843. Mr. RUBIO (for himself and Mr. LEE) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 1, strike line 1 and all that follows through page 123, line 22, and insert the following:

TITLE I

SEC. 11000. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ''Tax Cuts and Jobs Act''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 11001. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

''(j) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) subsection (i) shall not apply, and

''(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7).

''(2) RATE TABLES.—

''(A) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The following table shall be applied in lieu of the table contained in subsection (a):

''If taxable income is:	**The tax is:**
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400.	$1,905, plus 12% of the excess over $19,050.
Over $77,400 but not over $140,000.	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000.	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000.	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $1,000,000.	$91,479, plus 35% of the excess over $400,000.
Over $1,000,000	$301,479 plus 38.5% of the excess over $1,000,000.

''(B) HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (b):

''If taxable income is:	**The tax is:**
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800.	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000.	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000.	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$44,348, plus 35% of the excess over $200,000.
Over $500,000	$149,348, plus 38.5% of the excess over $500,000.

''(C) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (c):

''If taxable income is:	**The tax is:**
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700.	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000.	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000.	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

''(D) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The following table shall be applied in lieu of the table contained in subsection (d):

''If taxable income is:	**The tax is:**
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700.	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000.	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000.	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000.	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000.	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

''(E) ESTATES AND TRUSTS.—The following table shall be applied in lieu of the table contained in subsection (e):

''If taxable income is:	**The tax is:**
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150.	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,500.	$1,839, plus 35% of the excess over $9,150.
Over $12,500	$3,011.50, plus 38.5% of the excess over $12,500.

''(F) REFERENCES TO RATE TABLES.—Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C).

''(3) ADJUSTMENTS, ELIMINATION OF MARRIAGE PENALTY; ETC.—

''(A) NO ADJUSTMENT IN 2018.—The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019.

''(B) SUBSEQUENT YEARS.—For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables—

''(i) subsection (f)(3) shall be applied by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof, and

''(ii) subsection (f)(7) shall not apply and—

''(I) the maximum taxable income in each of the rate brackets in the table contained in paragraph (2)(A) (and the minimum taxable income in the next higher taxable income bracket with respect to each such bracket in such table) shall be 200 percent of the maximum taxable income in the corresponding rate bracket in the table contained in paragraph (2)(C) (after any other adjustment under paragraph (3)), and

''(II) the comparable taxable income amounts in the table contained in paragraph (2)(D) shall be ½ of the amounts determined under subparagraph (A).

''(4) SPECIAL RULES FOR CERTAIN CHILDREN WITH UNEARNED INCOME.—

''(A) IN GENERAL.—In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1).

''(B) MODIFICATIONS TO APPLICABLE RATE BRACKETS.—In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications:

''(i) 24-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child.

''(ii) 35-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

''(iii) 38.5-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

''(C) COORDINATION WITH CAPITAL GAINS RATES.—For purposes of applying section 1(h) (after the modifications under paragraph (5))—

''(i) the maximum zero rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and

''(ii) the maximum 15-percent rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year.

''(D) EARNED TAXABLE INCOME.—For purposes of this paragraph, the term 'earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child.

''(5) APPLICATION OF CURRENT INCOME TAX BRACKETS TO CAPITAL GAINS BRACKETS.—

''(A) IN GENERAL.—Section 1(h)(1) shall be applied—

''(i) by substituting 'below the maximum zero rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and

''(ii) by substituting 'below the maximum 15-percent rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I).

''(B) MAXIMUM AMOUNTS DEFINED.—For purposes of applying section 1(h) with the modifications described in subparagraph (A)—

''(i) MAXIMUM ZERO RATE AMOUNT.—The maximum zero rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $77,200 (½ such amount in the case of a married individual filing a separate return),

''(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700,

''(III) in the case of any other individual (other than an estate or trust), an amount equal to ½ of the amount in effect for the taxable year under clause (i), and

''(IV) in the case of an estate or trust, $2,600.

''(ii) MAXIMUM 15-PERCENT RATE AMOUNT.—The maximum 15-percent rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $479,000 (½ such amount in the case of a married individual filing a separate return),

''(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400,

''(III) in the case of any other individual (other than an estate or trust), $425,800, and

''(IV) in the case of an estate or trust, $12,700.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

''(6) SECTION 15 NOT TO APPLY.—Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''.

(b) DUE DILIGENCE TAX PREPARER REQUIREMENT WITH RESPECT TO HEAD OF HOUSEHOLD FILING STATUS.—Subsection (g) of section 6695 is amended to read as follows:

''(g) FAILURE TO BE DILIGENT IN DETERMINING ELIGIBILITY FOR CERTAIN TAX BENEFITS.—Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining—

''(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or

''(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32,

shall pay a penalty of $500 for each such failure.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI.

(a) IN GENERAL.—Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph:

''(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

''(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—

''(i) the C-CPI-U for the preceding calendar year, exceeds

''(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B).

''(B) AMOUNT DETERMINED.—The amount determined under this clause is the amount obtained by dividing—

''(i) the C-CPI-U for calendar year 2016, by

''(ii) the CPI for calendar year 2016.

''(C) SPECIAL RULE FOR ADJUSTMENTS WITH A BASE YEAR AFTER 2016.—For purposes of any provision of this title which provides for the substitution of a year after 2016 for '2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting 'the C-CPI-U for calendar year 2016' for 'the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''.

(b) C-CPI-U.—Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph:

''(6) C-CPI-U.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year.

''(B) DETERMINATION FOR CALENDAR YEAR.—The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''.

(c) APPLICATION TO PERMANENT TAX TABLES.—Section 1(f)(2)(A) is amended by inserting '', determined by substituting '1992' for '2016' in paragraph (3)(A)(ii)''.

(d) APPLICATION TO OTHER INTERNAL REVENUE CODE OF 1986 PROVISIONS.—

(1) The following sections are each amended by striking ''for 'calendar year 1992' in subparagraph (B)'' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii)'':

(A) Section 23(h)(2).

(B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h).

(C) Section 25B(b)(3)(B).

(D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32.

(E) Section 36B(f)(2)(B)(ii)(II).

(F) Section 41(e)(5)(C)(i).

(G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42.

(H) Section 45R(d)(3)(B)(ii).

(I) Section 62(d)(3)(B).

(J) Section 125(i)(2)(B).

(K) Section 135(b)(2)(B)(ii).

(L) Section 137(f)(2).

(M) Section 146(d)(2)(B).

(N) Section 147(c)(2)(H)(ii).

(O) Section 179(b)(6)(A)(ii).

(P) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219.

(Q) Section 220(g)(2).

(R) Section 221(f)(1)(B).

(S) Section 223(g)(1)(B).

(T) Section 408A(c)(3)(D)(ii).

(U) Section 430(c)(7)(D)(vii)(II).

(V) Section 512(d)(2)(B).

(W) Section 513(h)(2)(C)(ii).

(X) Section 831(b)(2)(D)(ii).

(Y) Section 877A(a)(3)(B)(i)(II).

(Z) Section 2010(c)(3)(B)(ii).

(AA) Section 2032A(a)(3)(B).

(BB) Section 2503(b)(2)(B).

(CC) Section 4261(e)(4)(A)(ii).

(DD) Section 5000A(c)(3)(D)(ii).

(EE) Section 6323(i)(4)(B).

(FF) Section 6334(g)(1)(B).

(GG) Section 6601(j)(3)(B).

(HH) Section 6651(i)(1).

(II) Section 6652(c)(7)(A).

(JJ) Section 6695(h)(1).

(KK) Section 6698(e)(1).

(LL) Section 6699(e)(1).

(MM) Section 6721(f)(1).

(NN) Section 6722(f)(1).

(OO) Section 7345(f)(2).

(PP) Section 7430(c)(1).

(QQ) Section 9831(d)(2)(D)(ii)(II).

(2) Section 41(e)(5)(C)(ii) is amended—

(A) by striking ''1(f)(3)(B)'' and inserting ''1(f)(3)(A)(ii)'', and

(B) by striking ''1992'' and inserting ''2016''.

(3) Section 42(h)(6)(G) is amended—

(A) by striking ''for 'calendar year 1987' '' in clause (i)(II) and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof'', and

(B) by striking ''if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ''if the C-CPI-U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''.

(4) Section 132(f)(6)(A)(ii) is amended by striking ''for 'calendar year 1992' '' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(5) Section 162(o)(3) is amended by striking ''adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ''adjusted by increasing any such amount under the 1991 agreement by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1990' for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(6) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows:

''(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which—

''(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds

''(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''.

(7) Section 877(a)(2) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(8) Section 911(b)(2)(D)(ii)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(9) Paragraph (2) of section 1274A(d) is amended to read as follows:

''(2) ADJUSTMENT FOR INFLATION.—In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1988' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(10) Section 4161(b)(2)(C)(i)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(11) Section 4980I(b)(3)(C)(v)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(12) Section 6039F(d) is amended by striking ''subparagraph (B) thereof shall be applied by substituting '1995' for '1992' '' and inserting ''subparagraph (A)(ii) thereof shall be applied by substituting '1995' for '2016' ''.

(13) Section 7872(g)(5) is amended to read as follows:

''(5) ADJUSTMENT OF LIMIT FOR INFLATION.—In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1985' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART II—DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES

SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME.

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

''SEC. 199A. QUALIFIED BUSINESS INCOME.

''(a) IN GENERAL.—In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of—

''(1) the combined qualified business income amount of the taxpayer, or

''(2) an amount equal to 17.4 percent of the excess (if any) of—

''(A) the taxable income of the taxpayer for the taxable year, over

''(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year.

''(b) COMBINED QUALIFIED BUSINESS INCOME AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'combined qualified business income amount' means, with respect to any taxable year, an amount equal to—

''(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus

''(B) 17.4 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year.

''(2) DETERMINATION OF DEDUCTIBLE AMOUNT FOR EACH TRADE OR BUSINESS.—The amount determined under this paragraph with respect to any qualified trade or business is the lesser of—

''(A) 17.4 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or

''(B) 50 percent of the W-2 wages with respect to the qualified trade or business.

''(3) MODIFICATIONS TO THE WAGE LIMIT BASED ON TAXABLE INCOME.—

''(A) EXCEPTION FROM WAGE LIMIT.—In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B).

''(B) PHASE-IN OF LIMIT FOR CERTAIN TAXPAYERS.—

''(i) IN GENERAL.—If—

''(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and

''(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business,

then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii).

''(ii) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as—

''(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to

''(II) $50,000 ($100,000 in the case of a joint return).

''(iii) EXCESS AMOUNT.—For purposes of clause (ii), the excess amount is the excess of—

''(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over

''(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph).

''(4) WAGES, ETC.—

''(A) IN GENERAL.—The term 'W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year.

''(B) LIMITATION TO WAGES ATTRIBUTABLE TO QUALIFIED BUSINESS INCOME.—Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1).

''(C) RETURN REQUIREMENT.—Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return.

''(5) ACQUISITIONS, DISPOSITIONS, AND SHORT TAXABLE YEARS.—The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year.

''(c) QUALIFIED BUSINESS INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer.

''(2) CARRYOVER OF LOSSES.—If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year.

''(3) QUALIFIED ITEMS OF INCOME, GAIN, DEDUCTION, AND LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are—

''(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting 'qualified trade or business (within the meaning of section 199A)' for 'nonresident alien individual or a foreign corporation' or for 'a foreign corporation' each place it appears), and

''(ii) included or allowed in determining taxable income for the taxable year.

''(B) EXCEPTIONS.—The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss:

''(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss.

''(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G).

''(iii) Any interest income other than interest income which is properly allocable to a trade or business.

''(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting 'qualified trade or business' for 'controlled foreign corporation').

''(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)).

''(vi) Any amount received from an annuity which is not received in connection with the trade or business.

''(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses.

''(4) TREATMENT OF REASONABLE COMPENSATION AND GUARANTEED PAYMENTS.—Qualified business income shall not include—

''(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business,

''(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and

''(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business.

''(d) QUALIFIED TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified trade or business' means any trade or business other than a specified service trade or business.

''(2) SPECIFIED SERVICE TRADE OR BUSINESS.—

''(A) IN GENERAL.—The term 'specified service trade or business' means—

''(i) any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)).

''(3) EXCEPTION FOR SPECIFIED SERVICE BUSINESSES BASED ON TAXPAYER'S INCOME.—

''(A) IN GENERAL.—If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then—

''(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but

''(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term 'applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of—

''(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to

''(ii) $50,000 ($100,000 in the case of a joint return).

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) TAXABLE INCOME.—Taxable income shall be computed without regard to the deduction allowable under this section.

''(2) THRESHOLD AMOUNT.—

''(A) IN GENERAL.—The term 'threshold amount' means $250,000 (200 percent of such amount in the case of a joint return).

''(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) 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 the calendar year in which the taxable year begins.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(3) QUALIFIED REIT DIVIDEND.—The term 'qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which—

''(A) is not a capital gain dividend, as defined in section 857(b)(3), and

''(B) is not qualified dividend income, as defined in section 1(h)(11).

''(4) QUALIFIED COOPERATIVE DIVIDEND.—The term 'qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which—

''(A) is includible in gross income, and

''(B) is received from—

''(i) an organization or corporation described in section 501(c)(12) or 1381(a), or

''(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T.

''(f) SPECIAL RULES.—

''(1) APPLICATION TO PARTNERSHIPS AND S CORPORATIONS.—

''(A) IN GENERAL.—In the case of a partnership or S corporation—

''(i) this section shall be applied at the partner or shareholder level,

''(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and

''(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary).

For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(B) APPLICATION TO TRUSTS AND ESTATES.—This section shall not apply to any trust or estate.

''(C) TREATMENT OF TRADES OR BUSINESS IN PUERTO RICO.—

''(i) IN GENERAL.—In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term 'United States' shall include the Commonwealth of Puerto Rico.

''(ii) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico.

''(2) COORDINATION WITH MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59.

''(3) DEDUCTION LIMITED TO INCOME TAXES.—The deduction under subsection (a) shall only be allowed for purposes of this chapter.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations—

''(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and

''(B) for the application of this section in the case of tiered entities.

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2025.''.

(b) ACCURACY-RELATED PENALTY ON DETERMINATION OF APPLICABLE PERCENTAGE.—Section 6662(d)(1) is amended by inserting at the end the following new subparagraph:

''(C) SPECIAL RULE FOR TAXPAYERS CLAIMING SECTION 199A DEDUCTION.—In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting '5 percent' for '10 percent'.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 170(b)(2)(D) is amended by striking '', and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

''(v) section 199A, and''.

(2) Section 172(d) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED BUSINESS INCOME DEDUCTION.—The deduction under section 199A shall not be allowed.''.

(3) Section 246(b)(1) is amended by inserting ''199A,'' before ''243(a)(1)''.

(4) Section 613(a) is amended by inserting ''and without the deduction under section 199A'' after ''and without the deduction under section 199''.

(5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph:

''(C) any deduction allowable under section 199A,''.

(6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item:

''Sec. 199A. Qualified business income.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS.

(a) IN GENERAL.—Section 461 is amended by adding at the end the following new subsection:

''(l) LIMITATION ON EXCESS BUSINESS LOSSES OF NONCORPORATE TAXPAYERS.—

''(1) LIMITATION.—In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026—

''(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and

''(B) any excess business loss of the taxpayer for the taxable year shall not be allowed.

''(2) DISALLOWED LOSS CARRYOVER.—Any loss which is disallowed under paragraph (1) shall be treated as a net operating loss carryover to the following taxable year under section 172.

''(3) EXCESS BUSINESS LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'excess business loss' means the excess (if any) of—

''(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over

''(ii) the sum of—

''(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus

''(II) $250,000 (200 percent of such amount in the case of a joint return).

''(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) 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 the calendar year in which the taxable year begins.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(4) APPLICATION OF SUBSECTION IN CASE OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation—

''(A) this subsection shall be applied at the partner or shareholder level, and

''(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends.

For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(5) ADDITIONAL REPORTING.—The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection.

''(6) COORDINATION WITH SECTION 469.—This subsection shall be applied after the application of section 469.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART III—TAX BENEFITS FOR FAMILIES AND INDIVIDUALS

SEC. 11021. INCREASE IN STANDARD DEDUCTION.

(a) IN GENERAL.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) INCREASE IN STANDARD DEDUCTION.—Paragraph (2) shall be applied—

''(i) by substituting '$18,000' for '$4,400' in subparagraph (B), and

''(ii) by substituting '$12,000' for '$3,000' in subparagraph (C).

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C).

''(ii) ADJUSTMENT OF INCREASED AMOUNTS.—In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be—

''(A) in the case of a joint return, $500,000, and

''(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) PORTION OF CREDIT REFUNDABLE.—Subsection (d)(1)(B)(i) shall be applied by substituting—

''(A) '15.3 percent' for '15 percent', and

''(B) '$0' for '$3,000'.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph:

''(G) INCREASED LIMITATION FOR CASH CONTRIBUTIONS.—

''(i) IN GENERAL.—In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year.

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time.

''(iii) COORDINATION WITH SUBPARAGRAPHS (A) AND (B).—

''(I) IN GENERAL.—Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A).

''(II) LIMITATION REDUCTION.—Subparagraphs (A) and (B) shall be applied for each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), by reducing (but not below zero) the aggregate contribution limitation allowed for the taxable year under each such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017.

SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.

(a) INCREASE IN LIMITATION FOR CONTRIBUTIONS FROM COMPENSATION OF INDIVIDUALS WITH DISABILITIES.—

(1) IN GENERAL.—Section 529A(b)(2)(B) is amended to read as follows:

''(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of—

''(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus

''(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of—

''(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the preceding taxable year, or

''(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''.

(2) ELIGIBLE DESIGNATED BENEFICIARY.—Section 529A(b) is amended by adding at the end the following:

''(7) SPECIAL RULES RELATED TO CONTRIBUTION LIMIT.—For purposes of paragraph (2)(B)(ii)—

''(A) DESIGNATED BENEFICIARY.—A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom—

''(i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met,

''(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and

''(iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b).

''(B) POVERTY LINE.—The term 'poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C. 9902).''.

(b) ALLOWANCE OF SAVER'S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.—Section 25B(d)(1) is amended by striking ''and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting at the end the following:

''(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''.

(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. 11025. ROLLOVERS TO ABLE PROGRAMS FROM 529 PROGRAMS.

(a) IN GENERAL.—Clause (i) of section 529(c)(3)(C) is amended by striking ''or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting '', or'', and by adding at the end the following:

''(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.

Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B).''.

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

SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT.

(a) IN GENERAL.—For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code):

(1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status).

(2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces).

(3) Section 692 (relating to income taxes of members of Armed Forces on death).

(4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.).

(5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces).

(6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces).

(7) Section 6013(f)(1) (relating to joint return where individual is in missing status).

(8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone).

(b) QUALIFIED HAZARDOUS DUTY AREA.—For purposes of this section, the term ''qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect.

(c) APPLICABLE PERIOD.—

(1) IN GENERAL.—Except as provided in paragraph (2), the applicable period is—

(A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(2) WITHHOLDING.—In the case of subsection (a)(5), the applicable period is—

(A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015.

(2) WITHHOLDING.—Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act.

SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS.

(a) IN GENERAL.—Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C. 139F note) is amended by striking ''1-year'' and inserting ''2-year''.

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

SEC. 11028. UNBORN CHILDREN ALLOWED AS 529 ACCOUNT BENEFICIARIES.

(a) IN GENERAL.—Section 529(e) is amended by adding at the end the following new paragraph:

''(6) TREATMENT OF UNBORN CHILDREN.—

''(A) IN GENERAL.—Nothing shall prevent an unborn child from being treated as a designated beneficiary or an individual under this section.

''(B) UNBORN CHILD.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'unborn child' means a child in utero.

''(ii) CHILD IN UTERO.—The term 'child in utero' means a member of the species homo sapiens, at any stage of development, who is carried in the womb.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2017.

SEC. 11029. RELIEF FOR MISSISSIPPI RIVER DELTA FLOOD DISASTER AREA.

(a) IN GENERAL.—For purposes of this section, the term ''Mississippi River Delta flood disaster area'' means any area—

(1) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before September 3, 2016, by reason of severe storms and flooding occurring in Louisiana during August of 2016, or

(2) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before March 31, 2016, by reason of severe storms and flooding occurring in Louisiana, Texas, and Mississippi during March of 2016.

(b) SPECIAL RULES FOR USE OF RETIREMENT FUNDS WITH RESPECT TO MISSISSIPPI DELTA AREAS DAMAGED BY 2016 FLOODING.—

(1) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

(A) IN GENERAL.—Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified Mississippi River Delta flooding distribution.

(B) AGGREGATE DOLLAR LIMITATION.—

(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified Mississippi River Delta flooding distributions for any taxable year shall not exceed the excess (if any) of—

(I) $100,000, over

(II) the aggregate amounts treated as qualified Mississippi River Delta flooding distributions received by such individual for all prior taxable years.

(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (i)) be a qualified Mississippi River Delta flooding distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified Mississippi River Delta flooding distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000.

(iii) CONTROLLED GROUP.—For purposes of clause (ii), the term ''controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.

(C) AMOUNT DISTRIBUTED MAY BE REPAID.—

(i) IN GENERAL.—Any individual who receives a qualified Mississippi River Delta flooding distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be.

(ii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified Mississippi River Delta flooding distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(iii) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an individual retirement plan (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified Mississippi River Delta flooding distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(D) DEFINITIONS.—For purposes of this paragraph—

(i) QUALIFIED MISSISSIPPI RIVER DELTA FLOODING DISTRIBUTION.—Except as provided in subparagraph (B), the term ''qualified Mississippi River Delta flooding distribution'' means—

(I) any distribution from an eligible retirement plan made on or after August 11, 2016, and before January 1, 2018, to an individual whose principal place of abode on August 11, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(1) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or

(II) any distribution from an eligible retirement plan made on or after March 1, 2016, and before January 1, 2018, to an individual whose principal place of abode on March 1, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(2) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2).

(ii) ELIGIBLE RETIREMENT PLAN.—The term ''eligible retirement plan'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(E) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

(i) IN GENERAL.—In the case of any qualified Mississippi River Delta flooding distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply.

(F) SPECIAL RULES.—

(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified Mississippi River Delta flooding distributions shall not be treated as eligible rollover distributions.

(ii) QUALIFIED MISSISSIPPI RIVER DELTA FLOODING DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of the Internal Revenue Code of 1986, a qualified Mississippi River Delta flooding distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986.

(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(A) IN GENERAL.—If this paragraph applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(ii)(I).

(B) AMENDMENTS TO WHICH SUBSECTION APPLIES.—

(i) IN GENERAL.—This paragraph shall apply to any amendment to any plan or annuity contract which is made—

(I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and

(II) on or before the last day of the first plan year beginning on or after January 1, 2018, or such later date as the Secretary prescribes.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II).

(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—

(I) during the period—

(aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan); and

(bb) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(II) such plan or contract amendment applies retroactively for such period.

(c) SPECIAL RULES FOR PERSONAL CASUALTY LOSSES RELATED TO LOUISIANA SEVERE STORMS AND FLOODING.—

(1) IN GENERAL.—If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026—

(A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of—

(i) such net disaster loss, and

(ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual,

(B) section 165(h)(1) of such Code shall be applied by substituting ''$500'' for ''$500 ($100 for taxable years beginning after December 31, 2009)'',

(C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and

(D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph.

(2) NET DISASTER LOSS.—For purposes of this subsection, the term ''net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986).

(3) QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.—For purposes of this paragraph, the term ''qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise—

(A) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(1) on or after August 11, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or

(B) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(2) on or after March 1, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2).

PART IV—EDUCATION

SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY.

(a) IN GENERAL.—Section 108(f) is amended by adding at the end the following new paragraph:

''(5) DISCHARGES ON ACCOUNT OF DEATH OR DISABILITY.—

''(A) IN GENERAL.—In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was—

''(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability),

''(ii) pursuant to section 464(c)(1)(F) of such Act, or

''(iii) otherwise discharged on account of the death or total and permanent disability of the student.

''(B) LOANS DESCRIBED.—A loan is described in this subparagraph if such loan is—

''(i) a student loan (as defined in paragraph (2)), or

''(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C. 1650(7))).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017.

SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''$250'' and inserting ''$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART V—DEDUCTIONS AND EXCLUSIONS

SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subsection (d) of section 151 is amended—

(1) by striking ''In the case of'' in paragraph (4) and inserting ''Except as provided in paragraph (5), in the case of'', and

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

''(5) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) EXEMPTION AMOUNT.—The term 'exemption amount' means zero.

''(B) REFERENCES.—For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''.

(b) APPLICATION TO ESTATES AND TRUSTS.—Section 642(b)(2)(C) is amended by adding at the end the following new clause:

''(iii) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(I) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting '$4,150' for 'the exemption amount under section 151(d)'.

''(II) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to—

''(aa) such dollar amount, multiplied by

''(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(c) EXCEPTION FOR WAGE WITHHOLDING RULES.—Section 3402(a) is amended by adding at the end the following new paragraph:

''(3) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting '$4,150' for 'the amount of one personal exemption provided in section 151(b)'.

''(B) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(d) EXCEPTION FOR DETERMINING PROPERTY EXEMPT FROM LEVY.—Section 6334(d) is amended by adding at the end the following new paragraph:

''(4) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term 'exempt amount' means an amount equal to—

''(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by

''(ii) 52.

''(B) AMOUNT DETERMINED.—For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.

''(D) VERIFIED STATEMENT.—Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''.

(e) PERSONS REQUIRED TO MAKE RETURNS OF INCOME.—Section 6012 is amended by adding at the end the following new subsection:

''(f) SPECIAL RULE FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of—

''(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

''(2) an individual entitled to make a joint return if—

''(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return,

''(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year,

''(C) such individual's spouse does not make a separate return, and

''(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A).

The amount specified in paragraph (1) or (2)(A) shall be increased by the amount of 1 additional standard deduction (within the meaning of section 63(c)(3)) in the case of an individual entitled to such deduction by reason of section 63(f)(1)(A) (relating to individuals age 65 or more), and by the amount of each additional standard deduction to which the individual or the individual's spouse is entitled by reason of section 63(f)(1).''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES.

(a) IN GENERAL.—Subsection (b) of section 164 is amended by adding at the end the following new paragraph:

''(6) SUSPENSION OF INDIVIDUAL DEDUCTIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) paragraphs (1) and (2) of subsection (a) shall not apply to any real property or personal property taxes, other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212, and

''(B) subsection (a)(3) shall not apply to any State or local taxes.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST.

(a) IN GENERAL.—Section 163(h)(3)(A)(ii) is amended by inserting ''in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ''home equity indebtedness''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2017.

SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES.

(a) IN GENERAL.—Subsection (h) of section 165 is amended by adding at the end the following new paragraph:

''(5) LIMITATION FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of any loss of an individual described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026 (without regard to any election under subsection (i), such loss shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017.

SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 67 is amended by adding at the end the following new subsection:

''(g) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 68 is amended by adding at the end the following new subsection:

''(f) SECTION NOT TO APPLY.—This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Section 121 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR SALES OR EXCHANGES IN TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026—

''(A) '8-year' shall be substituted for '5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d),

''(B) '5 years' shall be substituted for '2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and

''(C) '5-year' shall be substituted for '2-year' in subsection (b)(3).

''(2) EXCEPTION FOR BINDING CONTRACTS.—Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after December 31, 2017.

SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.

(a) IN GENERAL.—Section 132(f) is amended by adding at the end the following new paragraph:

''(8) SUSPENSION OF QUALIFIED BICYCLE COMMUTING REIMBURSEMENT EXCLUSION.—Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT.

(a) IN GENERAL.—Section 132(g) is amended—

(1) by striking ''For purposes of this section, the term'' and inserting ''For purposes of this section—

''(1) IN GENERAL.—The term'', and

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

''(2) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES.

(a) IN GENERAL.—Section 217 is amended by adding at the end the following new subsection:

''(k) SUSPENSION OF DEDUCTION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11051. LIMITATION ON WAGERING LOSSES.

(a) IN GENERAL.—Section 165(d) is amended by adding at the end the following: ''For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term 'losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART VI—INCREASE IN ESTATE AND GIFT TAX EXEMPTION

SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.

(a) IN GENERAL.—Section 2010(c)(3) is amended by adding at the end the following new subparagraph:

''(C) INCREASE IN BASIC EXCLUSION AMOUNT.—In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting '$10,000,000' for '$5,000,000'.''.

(b) CONFORMING AMENDMENT.—Subsection (g) of section 2001 is amended to read as follows:

''(g) MODIFICATIONS TO TAX PAYABLE.—

''(1) 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 at 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—

''(A) the tax imposed by chapter 12 with respect to such gifts, and

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

''(i) the applicable credit amount under section 2505(a)(1), and

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

''(2) MODIFICATIONS TO ESTATE TAX PAYABLE TO REFLECT DIFFERENT BASIC EXCLUSION AMOUNTS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between—

''(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and

''(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017.

PART VII—TAXPAYER RIGHTS AND TAX ADMINISTRATION

SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 is amended by striking ''9 months'' and inserting ''2 years''.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 is amended—

(1) by striking ''9 months'' in paragraph (1) and inserting ''2 years'', and

(2) by striking ''9-month'' in paragraph (2) and inserting ''2-year''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 11072. INDIVIDUALS HELD HARMLESS ON IMPROPER LEVY ON RETIREMENT PLANS.

(a) IN GENERAL.—Section 6343 is amended by adding at the end the following new subsection:

''(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON RETIREMENT PLAN.—

''(1) IN GENERAL.—If the Secretary determines that an individual's account or benefit under an eligible retirement plan (as defined in section 402(c)(8)(B)) has been levied upon in a case to which subsection (b) or (d)(2)(A) applies and property or an amount of money is returned to the individual—

''(A) the individual may contribute such property or an amount equal to the sum of—

''(i) the amount of money so returned by the Secretary, and

''(ii) interest paid under subsection (c) on such amount of money,

into such eligible retirement plan if such contribution is permitted by the plan, or into an individual retirement plan (other than an endowment contract) to which a rollover contribution of a distribution from such eligible retirement plan is permitted, but only if such contribution is made not later than the due date (not including extensions) for filing the return of tax for the taxable year in which such property or amount of money is returned, and

''(B) the Secretary shall, at the time such property or amount of money is returned, notify such individual that a contribution described in subparagraph (A) may be made.

''(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any contribution under paragraph (1) with respect to the return of such distribution shall be treated for purposes of this title as if such distribution and contribution were described in section 402(c), 402A(c)(3), 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3), or 457(e)(16), whichever is applicable; except that—

''(A) the contribution shall be treated as having been made for the taxable year in which the distribution on account of the levy occurred, and the interest paid under subsection (c) shall be treated as earnings within the plan after the contribution and shall not be included in gross income, and

''(B) such contribution shall not be taken into account under section 408(d)(3)(B).

''(3) REFUND, ETC., OF INCOME TAX ON LEVY.—

''(A) IN GENERAL.—If any amount is includible in gross income for a taxable year by reason of a distribution on account of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover contribution under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a rollover contribution under this subsection which is made from an eligible retirement plan which is not a Roth IRA or a designated Roth account (within the meaning of section 402A) to a Roth IRA or a designated Roth account under an eligible retirement plan.

''(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.

''(5) TREATMENT OF INHERITED ACCOUNTS.—For purposes of paragraph (1)(A), section 408(d)(3)(C) shall be disregarded in determining whether an individual retirement plan is a plan to which a rollover contribution of a distribution from the plan levied upon is permitted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2017.

SEC. 11073. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) INSTALLMENT AGREEMENT FEES.—

''(1) LIMITATION ON FEE AMOUNT.—The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection.

''(2) WAIVER OR REIMBURSEMENT.—In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)—

''(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and

''(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act.

SEC. 11074. FORM 1040SR FOR SENIORS.

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall make available a form, to be known as ''Form 1040SR'', for use by individuals to file the return of tax imposed by chapter 1 of the Internal Revenue Code of 1986. Such form shall be as similar as practicable to Form 1040EZ, except that—

(1) the form shall be available only to individuals who have attained age 65 as of the close of the taxable year,

(2) the form may be used even if income for the taxable year includes—

(A) social security benefits (as defined in section 86(d) of the Internal Revenue Code of 1986),

(B) distributions from qualified retirement plans (as defined in section 4974(c) of such Code), annuities or other such deferred payment arrangements,

(C) interest and dividends, or

(D) capital gains and losses taken into account in determining adjusted net capital gain (as defined in section 1(h)(3) of such Code), and

(3) the form shall be available without regard to the amount of any item of taxable income or the total amount of taxable income for the taxable year.

(b) EFFECTIVE DATE.—The form required by subsection (a) shall be made available for taxable years beginning after the date of the enactment of this Act and ending before January 1, 2026.

SEC. 11075. SENSE OF THE SENATE ON IMPROVING CUSTOMER SERVICE AND PROTECTIONS FOR TAXPAYERS BY REINSTATING APPROPRIATE FUNDING LEVELS.

It is the sense of the Senate that politically motivated budget cuts—

(1) are counterproductive to deficit reduction,

(2) diminish the ability of the Internal Revenue Service to adequately serve taxpayers and protect taxpayer information, and

(3) reduce the ability of the Internal Revenue Service to enforce the law.

SEC. 11076. RETURN PREPARATION PROGRAMS FOR LOW-INCOME TAXPAYERS.

(a) IN GENERAL.—Chapter 77 is amended by inserting after section 7526 the following new section:

"SEC. 7526A. RETURN PREPARATION PROGRAMS FOR LOW-INCOME TAXPAYERS.

"(a) VOLUNTEER INCOME TAX ASSISTANCE MATCHING GRANT PROGRAM.—

"(1) ESTABLISHMENT OF PROGRAM.—The Secretary, through the Internal Revenue Service, shall establish a Community Volunteer Income Tax Assistance Matching Grant Program (hereinafter in this section referred to as the 'VITA grant program'). Except as otherwise provided in this section, the VITA grant program shall be administered in a manner which is substantially similar to the Community Volunteer Income Tax Assistance matching grants demonstration program established under title I of division D of the Consolidated Appropriations Act, 2008.

"(2) MATCHING GRANTS.—

"(A) IN GENERAL.—The Secretary shall, subject to the availability of appropriated funds, make available grants under the VITA grant program to provide matching funds for the development, expansion, or continuation of qualified return preparation programs assisting low-income taxpayers and members of underserved populations.

"(B) APPLICATION.—

"(i) IN GENERAL.—Subject to clause (ii), in order to be eligible for a grant under this section, a qualified return preparation program shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary reasonably requires.

"(ii) ACCURACY REVIEW.—In the case of any qualified return preparation program which was awarded a grant under this section and was subsequently subject to a field site visit by the Internal Revenue Service (including through the Stakeholder Partnerships, Education, and Communication office) in which it was determined that the average accuracy rate for preparation of tax returns through such program was less than 90 percent, such program shall not be eligible for any additional grants under this section unless such program provides, as part of their application, sufficient documentation regarding the corrective measures established by such program to address the deficiencies identified following the field site visit.

"(C) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications—

"(i) demonstrating assistance to low-income taxpayers, with emphasis on outreach to and services for such taxpayers,

"(ii) demonstrating taxpayer outreach and educational activities relating to eligibility and availability of income supports available through the Internal Revenue Code of 1986, such as the earned income tax credit, and

"(iii) demonstrating specific outreach and focus on one or more underserved populations.

"(D) DURATION OF GRANTS.—Upon application of a qualified return preparation program, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

"(3) AGGREGATE LIMITATION.—Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $30,000,000 per fiscal year (exclusive of costs of administering the program) to carry out the purposes of this section.

"(b) USE OF FUNDS.—

"(1) IN GENERAL.—Qualified return preparation programs receiving a grant under this section may use the grant for—

"(A) ordinary and necessary costs associated with program operation in accordance with Cost Principles Circulars as set forth by the Office of Management and Budget, including—

"(i) for wages or salaries of persons coordinating the activities of the program,

"(ii) to develop training materials, conduct training, and perform quality reviews of the returns for which assistance has been provided under the program, and

"(iii) for equipment purchases and vehicle-related expenses associated with remote or rural tax preparation services,

"(B) outreach and educational activities described in subsection (a)(2)(C)(ii), and

"(C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation.

"(2) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.—No grant made under this section may be used for overhead expenses that are not directly related to any qualified return preparation program.

"(c) PROMOTION AND REFERRAL.—

"(1) PROMOTION.—The Secretary shall promote the benefits of, and encourage the use of, tax preparation through qualified return preparation programs through the use of mass communications, referrals, and other means.

"(2) INTERNAL REVENUE SERVICE REFERRALS.—The Secretary shall refer taxpayers to qualified return preparation programs receiving funding under this section.

"(3) VITA GRANTEE REFERRAL.—Qualified return preparation programs receiving a grant under this section are encouraged to refer, as appropriate, to local or regional Low Income Taxpayer Clinics individuals who are eligible to receive services at such clinics.

"(d) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED RETURN PREPARATION PROGRAM.—The term 'qualified return preparation program' means any program—

"(A) which provides assistance to individuals, not less than 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns,

"(B) which is administered by a qualified entity,

"(C) in which all of the volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and

"(D) which uses a quality review process which reviews 100 percent of all returns.

"(2) QUALIFIED ENTITY.—

"(A) IN GENERAL.—The term 'qualified entity' means any entity which—

"(i) is an eligible organization (as described in subparagraph (B)),

"(ii) is in compliance with Federal tax filing and payment requirements,

"(iii) is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and

"(iv) agrees to provide documentation to substantiate any matching funds provided under the VITA grant program.

"(B) ELIGIBLE ORGANIZATION.—

"(i) IN GENERAL.—Subject to clause (ii), the term 'eligible organization' means—

"(I) an institution of higher education which is described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and which has not been disqualified from participating in a program under title IV of such Act,

"(II) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code,

"(III) a local government agency, including—

"(aa) a county or municipal government agency, and

"(bb) an Indian tribe, as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)), including any tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C. 4103(22))), tribal subsidiary, subdivision, or other wholly owned tribal entity, or

"(IV) a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements of subclause (I), (II), or (III) acting as the applicant organization).

"(ii) ALTERNATIVE ELIGIBLE ORGANIZATION.—If no eligible organization described in clause (i) is available to assist the targeted population or community, the term 'eligible organization' shall include—

"(I) a State government agency, and

"(II) a Cooperative Extension Service office.

"(3) LOW-INCOME TAXPAYERS.—The term 'low-income taxpayer' means a taxpayer who has income for the taxable year which does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with three or more qualifying children, as determined in a revenue procedure or other published guidance.

"(4) UNDERSERVED POPULATION.—The term 'underserved population' includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.".

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item:

"7526A. Return preparation programs for low-income taxpayers.".

SEC. 11077. FREE FILE PROGRAM.

(a) The Secretary of the Treasury, or the Secretary's delegate, shall continue to operate the IRS Free File Program as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto.

(b) The IRS Free File Program shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent of taxpayers by income. The number of taxpayers eligible to receive such services each year shall be calculated by the Internal Revenue Service annually based on prior year aggregate taxpayer adjusted gross income data.

(c) In addition to the services described in subsection (b), and in the same manner, the IRS Free File Program shall continue to make available to all taxpayers (without regard to income) a basic, online electronic fillable forms utility.

(d) The IRS Free File Program shall continue to work cooperatively with the private sector to provide the free individual income tax preparation and the electronic filing services described in subsections (b) and (c).

(e) The IRS Free File Program shall work cooperatively with State government agencies to enhance and expand the use of the program to provide needed benefits to the taxpayer while reducing the cost of processing returns.

(f) Nothing in this section is intended to impact the continuity of services provided under Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance programs.

SEC. 11078. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.

(a) IN GENERAL.—Paragraph (21) of section 62(a) is amended to read as follows:

''(21) ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—

''(A) IN GENERAL.—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—

''(i) section 7623(b), or

''(ii) in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, any action brought under—

''(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C. 78u-6),

''(II) a State law relating to false or fraudulent claims that meets the requirements described in section 1909(b) of the Social Security Act (42 U.S.C. 1396h(b)), or

''(III) section 23 of the Commodity Exchange Act (7 U.S.C. 26).

''(B) MAY NOT EXCEED AWARD.—Subparagraph (A) 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) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11079. CLARIFICATION OF WHISTLEBLOWER AWARDS.

(a) DEFINITION OF PROCEEDS.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsection:

''(c) PROCEEDS.—For purposes of this section, the term 'proceeds' includes—

''(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and

''(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including—

''(A) criminal fines and civil forfeitures, and

''(B) violations of reporting requirements.''.

(2) CONFORMING AMENDMENTS.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ''collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action'' and inserting ''proceeds collected as a result of the action''.

(b) AMOUNT OF PROCEEDS DETERMINED WITHOUT REGARD TO AVAILABILITY.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ''(determined without regard to whether such proceeds are available to the Secretary)'' after ''in response to such action''.

(c) DISPUTED AMOUNT THRESHOLD.—Section 7623(b)(5)(B) is amended by striking ''tax, penalties, interest, additions to tax, and additional amounts'' and inserting ''proceeds''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment.

PART VIII—INDIVIDUAL MANDATE

SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.

(a) IN GENERAL.—Section 5000A(c) is amended—

(1) in paragraph (2)(B)(iii), by striking ''2.5 percent'' and inserting ''Zero percent'', and

(2) in paragraph (3)—

(A) by striking ''$695'' in subparagraph (A) and inserting ''$0'', and

(B) by striking subparagraph (D).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to months beginning after December 31, 2018.

Subtitle B—Alternative Minimum Tax

SEC. 12001. REPEAL OF TAX FOR CORPORATIONS.

(a) IN GENERAL.—Section 55(a) is amended by striking ''There'' and inserting ''In the case of a taxpayer other than a corporation, there''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(c)(6) is amended by adding at the end the following new subparagraph:

''(E) CORPORATIONS.—In the case of a corporation, this subsection shall be applied by treating the corporation as having a tentative minimum tax of zero.''.

(2)(A) Section 55(b)(1) is amended to read as follows:

''(1) AMOUNT OF TENTATIVE TAX.—

''(A) IN GENERAL.—The tentative minimum tax for the taxable year is the sum of—

''(i) 26 percent of so much of the taxable excess as does not exceed $175,000, plus

''(ii) 28 percent of so much of the taxable excess as exceeds $175,000.

The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year.

''(B) TAXABLE EXCESS.—For purposes of this subsection, the term 'taxable excess' means so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount.

''(C) MARRIED INDIVIDUAL FILING SEPARATE RETURN.—In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting 50 percent of the dollar amount otherwise applicable under clause (i) and cause (ii) thereof. For purposes of the preceding sentence, marital status shall be determined under section 7703.''.

(B) Section 59(a) is amended—

(i) by striking ''subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies) in lieu of the highest rate of tax specified in section 1 or 11 (whichever applies)'' in paragraph (1)(C) and inserting ''section 55(b)(1) in lieu of the highest rate of tax specified in section 1'', and

(ii) in paragraph (2), by striking ''means'' and all that follows and inserting ''means the amount determined under the first sentence of section 55(b)(1).''.

(C) Section 897(a)(2)(A) is amended by striking ''section 55(b)(1)(A)'' and inserting ''section 55(b)(1)''.

(D) Section 911(f) is amended—

(i) in paragraph (1)(B)—

(I) by striking ''section 55(b)(1)(A)(ii)'' and inserting ''section 55(b)(1)(B)'', and

(II) by striking ''section 55(b)(1)(A)(i)'' and inserting ''section 55(b)(1)(A)'', and

(ii) in paragraph (2)(B), by striking ''section 55(b)(1)(A)(ii)'' each place it appears and inserting ''section 55(b)(1)(B)''.

(3) Section 55(c)(1) is amended by striking '', the section 936 credit allowable under section 27(b), and the Puerto Rico economic activity credit under section 30A''.

(4) Section 55(d) is amended—

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

(B) in paragraph (2) (as so redesignated), by inserting ''and'' at the end of subparagraph (B), by striking '', and'' at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D), and

(C) in paragraph (3) (as so redesignated)—

(i) by striking ''(b)(1)(A)(i)'' in subparagraph (B)(i) and inserting ''(b)(1)(A)'', and

(ii) by striking ''paragraph (3)'' in subparagraph (B)(iii) and inserting ''paragraph (2)''.

(5) Section 55 is amended by striking subsection (e).

(6)(A) Section 56 is amended by striking subsections (c) and (g).

(B) Section 847 is amended by striking the last sentence of paragraph (9).

(C) Section 848 is amended by striking subsection (i).

(7) Section 58(a) is amended by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(8) Section 59 is amended by striking subsections (b) and (f).

(9) Section 11(d) is amended by striking ''the taxes imposed by subsection (a) and section 55'' and inserting ''the tax imposed by subsection (a)''.

(10) Section 12 is amended by striking paragraph (7).

(11) Section 168(k) is amended by striking paragraph (4).

(12) Section 882(a)(1) is amended by striking '', 55,''.

(13) Section 962(a)(1) is amended by striking ''sections 11 and 55'' and inserting ''section 11''.

(14) Section 1561(a) is amended—

(A) by inserting ''and'' at the end of paragraph (1), by striking '', and'' at the end of paragraph (2) and inserting a period, and by striking paragraph (3), and

(B) by striking the last sentence.

(15) Section 6425(c)(1)(A) is amended to read as follows:

''(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over''.

(16) Section 6655(e)(2) is amended by striking ''and alternative minimum taxable income'' each place it appears in subparagraphs (A) and (B)(i).

(17) Section 6655(g)(1)(A) is amended by inserting ''plus'' at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 12002. SUSPENSION OF TAX ON INDIVIDUALS.

(a) IN GENERAL.—Section 55(a) is amended by adding at the end the following new flush sentence:

''No tax shall be imposed by this section for any taxable year beginning after December 31, 2017, and before January 1, 2026, and the tentative minimum tax of any taxpayer for any such taxable year shall be zero for purposes of this title.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 12003. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.

(a) CREDITS TREATED AS REFUNDABLE.—Section 53 is amended by adding at the end the following new subsection:

''(e) PORTION OF CREDIT TREATED AS REFUNDABLE.—

''(1) IN GENERAL.—In the case of any taxable year beginning in 2018, 2019, 2020, or 2021, the limitation under subsection (c) shall be increased by the AMT refundable credit amount for such year.

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the AMT refundable credit amount is an amount equal to 50 percent (100 percent in the case of a taxable year beginning in 2021) of the excess (if any) of—

''(A) the minimum tax credit determined under subsection (b) for the taxable year, over

''(B) the minimum tax credit allowed under subsection (a) for such year (before the application of this subsection for such year).

''(3) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as a credit allowed under subpart C (and not this subpart).

''(4) SHORT TAXABLE YEARS.—In the case of any taxable year of less than 365 days, the AMT refundable credit amount determined under paragraph (2) with respect to such taxable year shall be the amount which bears the same ratio to such amount determined without regard to this paragraph as the number of days in such taxable year bears to 365.''.

(b) TREATMENT OF REFERENCES.—Section 53(d) is amended by adding at the end the following new paragraph:

''(3) AMT TERM REFERENCES.—In the case of a corporation, any references in this subsection to section 55, 56, or 57 shall be treated as a reference to such section as in effect before the amendments made by Tax Cuts and Jobs Act.''.

(c) CONFORMING AMENDMENT.—Section 1374(b)(3)(B) is amended by striking the last sentence thereof.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) CONFORMING AMENDMENT.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2021.

Subtitle C—Business-related Provisions

PART I—CORPORATE PROVISIONS

Subpart A—20.94-percent Tax Rate

SEC. 13001. 20.94-PERCENT CORPORATE TAX RATE.

(a) IN GENERAL.—Subsection (b) of section 11 is amended to read as follows:

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) shall be 20.94 percent of taxable income.''.

(b) CONFORMING AMENDMENTS.—

(1) The following sections are each amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)'':

(A) Section 280C(c)(3)(B)(ii)(II).

(B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e).

(C) Section 7874(e)(1)(B)

(2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4).

(C) Section 453A(c)(3) is amended by striking ''or 1201 (whichever is appropriate)''.

(D) Section 527(b) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(b) TAX IMPOSED.—A tax''.

(E) Sections 594(a) is amended by striking ''taxes imposed by section 11 or 1201(a)'' and inserting ''tax imposed by section 11''.

(F) Section 691(c)(4) is amended by striking ''1201,''.

(G) Section 801(a) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(a) TAX IMPOSED.—A tax''.

(H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ''sec. 1201 and following,''.

(J) Section 852(b)(3)(A) is amended by striking ''section 1201(a)'' and inserting ''section 11(b)''.

(K) Section 857(b)(3) is amended—

(i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively,

(ii) in subparagraph (C), as so redesignated—

(I) by striking ''subparagraph (A)(ii)'' in clause (i) thereof and inserting ''paragraph (1)'',

(II) by striking ''the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ''the tax imposed by paragraph (1) on undistributed capital gain'',

(iii) in subparagraph (E), as so redesignated, by striking ''subparagraph (B) or (D)'' and inserting ''subparagraph (A) or (C)'', and

(iv) by adding at the end the following new subparagraph:

''(F) UNDISTRIBUTED CAPITAL GAIN.—For purposes of this paragraph, the term 'undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''.

(L) Section 882(a)(1), as amended by section 12001, is amended by striking ''or 1201(a)''.

(M) Section 904(b) is amended—

(i) by striking ''or 1201(a)'' in paragraph (2)(C),

(ii) by striking paragraph (3)(D) and inserting the following:

''(D) CAPITAL GAIN RATE DIFFERENTIAL.—There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and

(iii) by striking paragraph (3)(E) and inserting the following:

''(E) RATE DIFFERENTIAL PORTION.—The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as—

''(i) the excess of—

''(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over

''(II) the alternative rate of tax determined under section 1(h), bears to

''(ii) that rate referred to in subclause (I).''.

(N) Section 1374(b) is amended by striking paragraph (4).

(O) Section 1381(b) is amended by striking ''taxes imposed by section 11 or 1201'' and inserting ''tax imposed by section 11''.

(P) Sections 6425(c)(1)(A), as amended by section 12001, and 6655(g)(1)(A)(i) are each amended by striking ''or 1201(a),''.

(Q) Section 7518(g)(6)(A) is amended by striking ''or 1201(a)''.

(3)(A) Section 1445(e)(1) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the gain'' and inserting ''multiplied by the gain''.

(B) Section 1445(e)(2) is amended by striking ''35 percent of the amount'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''.

(C) Section 1445(e)(6) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the amount'' and inserting ''multiplied by the amount''.

(D) Section 1446(b)(2)(B) is amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)''.

(4) Section 852(b)(1) is amended by striking the last sentence.

(5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 535(c)(5) is amended to read as follows:

''(5) CROSS REFERENCE.—For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''.

(6)(A) Section 1561, as amended by section 12001, is amended to read as follows:

''SEC. 1561. LIMITATION ON ACCUMULATED EARNINGS CREDIT IN THE CASE OF CERTAIN CONTROLLED CORPORATIONS.

''(a) IN GENERAL.—The component members of a controlled group of corporations on a December 31 shall, for their taxable years which include such December 31, be limited for purposes of this subtitle to one $250,000 ($150,000 if any component member is a corporation described in section 535(c)(2)(B)) amount for purposes of computing the accumulated earnings credit under section 535(c)(2) and (3). Such amount shall be divided equally among the component members of such group on such December 31 unless the Secretary prescribes regulations permitting an unequal allocation of such amount.

''(b) CERTAIN SHORT TAXABLE YEARS.—If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle, the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a) with respect to such group, divided by the number of corporations which are component members of such group on the last day of such taxable year. For purposes of the preceding sentence, section 1563(b) shall be applied as if such last day were substituted for December 31.''.

(B) The table of sections for part II of subchapter B of chapter 5 is amended by striking the item relating to section 1561 and inserting the following new item:

''Sec. 1561. Limitation on accumulated earnings credit in the case of certain controlled corporations.''.

(7) Section 7518(g)(6)(A) is amended—

(A) by striking ''With respect to the portion'' and inserting ''In the case of a taxpayer other than a corporation, with respect to the portion'', and

(B) by striking ''(34 percent in the case of a corporation)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018.

(2) WITHHOLDING.—The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018.

(3) CERTAIN TRANSFERS.—The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018.

(d) NORMALIZATION REQUIREMENTS.—

(1) IN GENERAL.—A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method.

(2) ALTERNATIVE METHOD FOR CERTAIN TAXPAYERS.—If, as of the first day of the taxable year that includes the date of enactment of this Act—

(A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and

(B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method,

the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction.

(3) DEFINITIONS.—For purposes of this subsection—

(A) EXCESS TAX RESERVE.—The term ''excess tax reserve'' means the excess of—

(i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over

(ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods.

(B) AVERAGE RATE ASSUMPTION METHOD.—The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying—

(i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by

(ii) the amount of the timing differences which reverse during such period.

(C) ALTERNATIVE METHOD.—The ''alternative method'' is the method in which the taxpayer—

(i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and

(ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property.

(4) TAX INCREASED FOR NORMALIZATION VIOLATION.—If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting.

SA 1844. Mr. LANKFORD submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. NO TAX EXEMPT BONDS FOR PROFESSIONAL STADIUMS.

(a) IN GENERAL.—Section 103(b), as amended by this Act, is further amended by adding at the end the following new paragraph:

''(4) PROFESSIONAL STADIUM BOND.—Any professional stadium bond.''.

(b) PROFESSIONAL STADIUM BOND DEFINED.—Subsection (c) of section 103 is amended by adding at the end the following new paragraph:

''(3) PROFESSIONAL STADIUM BOND.—The term 'professional stadium bond' means any bond issued as part of an issue any proceeds of which are used to finance or refinance capital expenditures allocable to a facility (or appurtenant real property) which, during at least 5 days during any calendar year, is used as a stadium or arena for professional sports exhibitions, games, or training.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after November 2, 2017.

SA 1845. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 34, line 23, insert ''In the case of any taxable year beginning after December 31, 2017, and before January 1, 2019, the preceding sentence shall not apply to any trust.'' after ''estate.''.

SA 1846. Mr. KAINE (for himself, Mr. MANCHIN, Mrs. MCCASKILL, and Mr. BENNET) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 95, strike line 7 and all that follows through page 97, line 14 and insert the following:

Subtitle B—Permanent Individual Income Tax Relief for Middle Class

SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS.

(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The table contained in subsection (a) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400	$1,905, plus 12% of the excess over $19,050.
Over $77,400 but not over $140,000	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $480,050	$91,479, plus 35% of the excess over $400,000.
Over $480,050	$119,496.50, plus 39.6% of the excess over $480,050.

(b) HEADS OF HOUSEHOLDS.—The table contained in subsection (b) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $453,350	$44,348, plus 35% of the excess over $200,000.
Over $453,350	$133,020.50, plus 39.6% of the excess over $453,350.

(c) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The table contained in subsection (c) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $426,700	$45,739.50, plus 35% of the excess over $200,000.
Over $426,700	$125,084.50, plus 39.6% of the excess over $426,700.

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The table contained in subsection (d) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $240,026	$45,739.50, plus 35% of the excess over $200,000.
Over $240,026	$59,748.60, plus 39.6% of the excess over $240,026.

(e) ESTATES AND TRUSTS.—The table contained in subsection (e) of section 1 is amended to read as follows:

If taxable income is:	The tax is:
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,700	$1,839, plus 35% of the excess over $9,150.
Over $12,700	$3,081.50, plus 39.6% of the excess over $12,700.

(f) INFLATION ADJUSTMENT.—Section 1(f)(2)(A), as amended by this Act, is amended by striking ''1992'' and inserting ''2017''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 12002. CORPORATE TAX RATE.

(a) IN GENERAL.—Section 11(b), as amended by this Act, is amended by striking ''20 percent'' and inserting ''25 percent''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

SA 1847. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

In section 20001(b)(2), strike subparagraph (B).

SA 1848. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike title II and insert the following:

TITLE II

SEC. 20001. STRATEGIC PETROLEUM RESERVE DRAWDOWN AND SALE.

(a) DRAWDOWN AND SALE.—

(1) IN GENERAL.—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), except as provided in subsection (b), the Secretary of Energy shall draw down and sell from the Strategic Petroleum Reserve 25,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027.

(2) DISPOSITION OF AMOUNTS RECEIVED FROM SALE.—The Secretary of the Treasury shall, in the year in which the sale occurs, deposit the amounts received from a sale under paragraph (1) in the general fund of the Treasury.

(b) LIMITATION.—The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $1,000,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection.

SA 1849. Mr. BENNET submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike title II and insert the following:

TITLE II

SEC. 20001. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES.

Section 105(f)(1) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432) is amended by striking ''exceed $500,000,000 for each of fiscal years 2016 through 2055.'' and inserting the following: ''exceed—

''(A) $500,000,000 for each of fiscal years 2016 through 2019;

''(B) $650,000,000 for each of fiscal years 2020 and 2021; and

''(C) $500,000,000 for each of fiscal years 2022 through 2055.''.

SEC. 20002. STRATEGIC PETROLEUM RESERVE DRAWDOWN AND SALE.

(a) DRAWDOWN AND SALE.—

(1) IN GENERAL.—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), except as provided in subsections (b) and (c), the Secretary of Energy shall draw down and sell from the Strategic Petroleum Reserve 25,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027.

(2) DEPOSIT OF AMOUNTS RECEIVED FROM SALE.—Amounts received from a sale under paragraph (1) shall be deposited in the general fund of the Treasury during the fiscal year in which the sale occurs.

(b) EMERGENCY PROTECTION.—The Secretary of Energy shall not draw down and sell crude oil under subsection (a) in a quantity that would limit the authority to sell petroleum products under subsection (h) of section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) in the full quantity authorized by that subsection.

(c) LIMITATION.—The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $1,325,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection.

SEC. 20003. AUTHORIZED USES OF ENERGY SECURITY AND INFRASTRUCTURE MODERNIZATION FUND.

(a) PURPOSE.—The purpose of this section is to amend the Bipartisan Budget Act of 2015 (Public Law 114–74; 129 Stat. 584)—

(1) to increase national security; and

(2) to increase the ability of the United States to respond to disasters.

(b) USE OF FUND.—Section 404(d)(2)(B) of the Bipartisan Budget Act of 2015 (42 U.S.C. 6239 note; Public Law 114–74) is amended—

(1) in clause (ii), by striking ''and'';

(2) in clause (iii), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(iv) the conduct of activities to modernize Strategic Petroleum Reserve facilities, including each of the Strategic Petroleum Reserve storage sites in the States of Louisiana and Texas.''.

SA 1850. Mr. MCCONNELL (for Mr. RUBIO (for himself, Mr. LEE, Mr. SASSE, and Mr. KENNEDY)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows:

Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be—

''(A) in the case of a joint return, $500,000, and

''(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) PORTION OF CREDIT REFUNDABLE.—In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section:

''(A) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

''(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or

''(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year.

''(B) PAYROLL TAXES.—

''(i) IN GENERAL.—For purposes of subparagraph (A), the term 'payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by—

''(I) section 1401 on the self-employment income of the taxpayer for the taxable year,

''(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins,

''(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins,

''(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and

''(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins.

''(ii) COORDINATION WITH SPECIAL REFUND OF PAYROLL TAXES.—The term 'payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

''(iii) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause.

''(C) EXCEPTION FOR TAXPAYERS EXCLUDING FOREIGN EARNED INCOME.—Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) INCREASE IN CORPORATE TAX RATE.—Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ''20 percent'' and inserting ''20.94 percent''.

(c) EFFECTIVE DATE.—The amendments made by

SA 1851. Mr. RUBIO (for himself, Mr. LEE, Mr. SASSE, and Mr. KENNEDY) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be—

''(A) in the case of a joint return, $500,000, and

''(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) PORTION OF CREDIT REFUNDABLE.—Subsection (d)(1)(B)(i) shall be applied by substituting—

''(A) '15.3 percent' for '15 percent', and

''(B) '$0' for '$3,000'.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) INCREASE IN CORPORATE TAX RATE.—Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ''20 percent'' and inserting ''20.94 percent''.

(c) EFFECTIVE DATE.—The amendments made by

SA 1852. Mr. CORNYN (for Mr. CRUZ (for himself, Mr. COTTON, Mr. KENNEDY, and Mr. SASSE)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows:

At the end of part IV of subtitle A of title I, insert the following:

SEC. 11033. 529 ACCOUNT FUNDING FOR ELEMENTARY AND SECONDARY EDUCATION.

(a) IN GENERAL.—

(1) IN GENERAL.—Section 529(c) is amended by adding at the end the following new paragraph:

''(7) TREATMENT OF ELEMENTARY AND SECONDARY TUITION.—Any reference in this subsection to the term 'qualified higher education expense' shall include a reference to—

''(A) expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, and

''(B) expenses for—

''(i) curriculum and curricular materials,

''(ii) books or other instructional materials,

''(iii) online educational materials,

''(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or instructor is not related to the student),

''(v) dual enrollment in an institution of higher education, and

''(vi) educational therapies for students with disabilities,

in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).''.

(2) LIMITATION.—Section 529(e)(3)(A) is amended by adding at the end the following: ''The amount of cash distributions from all qualified tuition programs described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year shall, in the aggregate, include not more than $10,000 in expenses described in subsection (c)(7) incurred during the taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to contributions made after December 31, 2017.

(c) OFFSET.—

(1) MODIFICATION OF RULES RELATING TO HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.—Section 401(k) is amended by adding at the end the following:

''(14) SPECIAL RULES RELATING TO HARDSHIP WITHDRAWALS.—For purposes of paragraph (2)(B)(i)(IV)—

''(A) AMOUNTS WHICH MAY BE WITHDRAWN.—The following amounts may be distributed upon hardship of the employee:

''(i) Contributions to a profit-sharing or stock bonus plan to which section 402(e)(3) applies.

''(ii) Qualified nonelective contributions (as defined in subsection (m)(4)(C)).

''(iii) Qualified matching contributions described in paragraph (3)(D)(ii)(I).

''(iv) Earnings on any contributions described in clause (i), (ii), or (iii).

''(B) NO REQUIREMENT TO TAKE AVAILABLE LOAN.—A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the plan.".''.

(2) CONFORMING AMENDMENT.—Section 401(k)(2)(B)(i)(IV) is amended to read as follows:

''(IV) subject to the provisions of paragraph (14), upon hardship of the employee, or".''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 2017.

SA 1853. Mr. INHOFE (for himself and Mr. LANKFORD) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 35, line 9, insert ''In the case of any taxable year beginning after December 31, 2017, and before January 1, 2019, the preceding sentence shall not apply to any trust.'' after ''estate.''.

SA 1854. Mr. BROWN (for himself, Mr. BENNET, Mr. DURBIN, Mr. CASEY, Mr. WYDEN, Mrs. MURRAY, and Mr. MENENDEZ) submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Strike section 11022 and insert the following:

SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24 is amended—

(1) by striking subsections (a) and (b) and inserting the following:

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,000, and

''(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,500.

''(b) LIMITATION.—

''(1) IN GENERAL.—The amount of the credit allowable under subsection (a) (including any increase pursuant to subsection (h)) shall be reduced (but not below zero) by an amount equal to 5 percent of the taxpayer's adjusted gross income which is in excess of the threshold amount.

''(2) THRESHOLD AMOUNT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the term 'threshold amount' means—

''(i) $250,000 in the case of a joint return,

''(ii) $200,000 in the case of an individual who is not married, and

''(iii) $125,000 in the case of a married individual filing a separate return.

''(B) MARITAL STATUS.—For purposes of this paragraph, marital status shall be determined under section 7703.'',

(2) in subsection (d)(1)—

(A) in subparagraph (A), by inserting '', subsection (h),'' after ''this subsection'', and

(B) in subparagraph (B)(i)—

(i) by striking ''15 percent'' and inserting ''45 percent'', and

(ii) by striking ''as exceeds $3,000'', and

(3) by adding at the end the following new subsections:

''(h) ADDITIONAL CREDIT FOR CERTAIN OTHER DEPENDENTS.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, the credit determined under subsection (a) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c).

''(2) EXCEPTION FOR CERTAIN NON-CITIZENS.—Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(i) DEFINITION OF QUALIFYING CHILD.—In the case of a taxable year beginning before January 1, 2025, paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(j) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning after 2018, each of the dollar amounts in subsection (a) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

''(2) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

(c) OFFSETS.—

(1) ADJUSTMENT AND TERMINATION OF CORPORATE RATE.—Section 11, as amended by section 13001 of this Act, is amended—

(A) in subsection (b), by striking ''20 percent'' and inserting ''25 percent''

(B) by adding at the end the following:

''(e) TERMINATION OF 25 PERCENT RATE.—In the case of any taxable year beginning after December 31, 2027—

''(1) the tax computed under subsection (a) shall be computed in the same manner as such tax was computed under subsection (b) (as in effect on the day before the date of the enactment of the Tax Cuts and Jobs Act), and

''(2) this title shall be applied and administered as if the amendments made by section 13002 of such Act had not been enacted.''.

(2) ADJUSTMENT OF HIGHEST RATE BRACKET.—

(A) JOINT RETURNS.—The last row of the table contained in section 1(j)(2)(A), as added by section 11001(a), is amended to read as follows:

''Over $1,000,000	$301,479, plus 39.6% of the excess over $1,000,000.''.

(B) HEADS OF HOUSEHOLDS.—The last row of the table contained in section 1(j)(2)(B), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$149,348, plus 39.6% of the excess over $500,000.''.

(C) UNMARRIED INDIVIDUALS.—The last row of the table contained in section 1(j)(2)(C), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$150,739.50, plus 39.6% of the excess over $500,000.''.

(D) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The last row of the table contained in section 1(j)(2)(D), as added by section 11001(a), is amended to read as follows:

''Over $500,000	$150,739.50, plus 39.6% of the excess over $500,000.''.

(E) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to taxable years beginning after December 31, 2017.

(3) GLOBAL INTANGIBLE LOW-TAXED INCOME ON A COUNTRY-BY-COUNTRY BASIS.—

(A) IN GENERAL.—Section 951(a), as added by section 14201 of this Act, is amended by adding at the end the following:

''(g) DETERMINATION OF GLOBAL INTANGIBLE LOW-TAXED INCOME ON A COUNTRY-BY-COUNTRY RATHER THAN AGGREGATE BASIS.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section, the global intangible low-taxed income of any United States shareholder for any taxable year shall be determined separately with respect to each foreign country by taking into account such shareholder's pro rata share of net CFC tested income and net deemed tangible income return which is properly allocable to such foreign country.

''(2) APPLICATION.—The Secretary shall take such actions as are necessary to provide for the application of this section, and any provision of this title to which this section relates, on a country-by-country rather than an aggregate basis.''.

(B) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the amendments made by section 14201 of this Act.

SA 1855. Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows:

Strike all after the first word and insert the following:

TITLE I

SEC. 11000. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the ''Tax Cuts and Jobs Act''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 11001. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

''(j) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) subsection (i) shall not apply, and

''(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7).

''(2) RATE TABLES.—

''(A) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The following table shall be applied in lieu of the table contained in subsection (a):

''If taxable income is:	The tax is:
Not over $19,050	10% of taxable income.
Over $19,050 but not over $77,400	$1,905, plus 12% of the excess over $19,050.
Over $77,400 but not over $140,000	$8,907, plus 22% of the excess over $77,400.
Over $140,000 but not over $320,000	$22,679, plus 24% of the excess over $140,000.
Over $320,000 but not over $400,000	$65,879, plus 32% of the excess over $320,000.
Over $400,000 but not over $1,000,000	$91,479, plus 35% of the excess over $400,000.
Over $1,000,000	$301,479, plus 38.5% of the excess over $1,000,000.

''(B) HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (b):

''If taxable income is:	The tax is:
Not over $13,600	10% of taxable income.
Over $13,600 but not over $51,800	$1,360, plus 12% of the excess over $13,600.
Over $51,800 but not over $70,000	$5,944, plus 22% of the excess over $51,800.
Over $70,000 but not over $160,000	$9,948, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$31,548, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000	$44,348, plus 35% of the excess over $200,000.
Over $500,000	$149,348, plus 38.5% of the excess over $500,000.

''(C) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The following table shall be applied in lieu of the table contained in subsection (c):

''If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

''(D) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The following table shall be applied in lieu of the table contained in subsection (d):

''If taxable income is:	The tax is:
Not over $9,525	10% of taxable income.
Over $9,525 but not over $38,700	$952.50, plus 12% of the excess over $9,525.
Over $38,700 but not over $70,000	$4,453.50, plus 22% of the excess over $38,700.
Over $70,000 but not over $160,000	$11,339.50, plus 24% of the excess over $70,000.
Over $160,000 but not over $200,000	$32,939.50, plus 32% of the excess over $160,000.
Over $200,000 but not over $500,000	$45,739.50, plus 35% of the excess over $200,000.
Over $500,000	$150,739.50, plus 38.5% of the excess over $500,000.

''(E) ESTATES AND TRUSTS.—The following table shall be applied in lieu of the table contained in subsection (e):

''If taxable income is:	The tax is:
Not over $2,550	10% of taxable income.
Over $2,550 but not over $9,150	$255, plus 24% of the excess over $2,550.
Over $9,150 but not over $12,500	$1,839, plus 35% of the excess over $9,150.
Over $12,500	$3,011.50, plus 38.5% of the excess over $12,500.

''(F) REFERENCES TO RATE TABLES.—Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C).

''(3) ADJUSTMENTS.—

''(A) NO ADJUSTMENT IN 2018.—The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019.

''(B) SUBSEQUENT YEARS.—For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables—

''(i) subsection (f)(3) shall be applied by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof,

''(ii) subsection (f)(7)(B) shall apply to any unmarried individual other than a surviving spouse or head of household, and

''(iii) subsection (f)(8) shall not apply.

''(4) SPECIAL RULES FOR CERTAIN CHILDREN WITH UNEARNED INCOME.—

''(A) IN GENERAL.—In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1).

''(B) MODIFICATIONS TO APPLICABLE RATE BRACKETS.—In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications:

''(i) 24-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child.

''(ii) 35-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

''(iii) 38.5-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year.

''(C) COORDINATION WITH CAPITAL GAINS RATES.—For purposes of applying section 1(h) (after the modifications under paragraph (5))—

''(i) the maximum zero rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and

''(ii) the maximum 15-percent rate amount shall not be more than the sum of—

''(I) the earned taxable income of such child, plus

''(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year.

''(D) EARNED TAXABLE INCOME.—For purposes of this paragraph, the term 'earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child.

''(5) APPLICATION OF CURRENT INCOME TAX BRACKETS TO CAPITAL GAINS BRACKETS.—

''(A) IN GENERAL.—Section 1(h)(1) shall be applied—

''(i) by substituting 'below the maximum zero rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and

''(ii) by substituting 'below the maximum 15-percent rate amount' for 'which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I).

''(B) MAXIMUM AMOUNTS DEFINED.—For purposes of applying section 1(h) with the modifications described in subparagraph (A)—

''(i) MAXIMUM ZERO RATE AMOUNT.—The maximum zero rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $77,200,

''(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700,

''(III) in the case of any other individual (other than an estate or trust), an amount equal to ½ of the amount in effect for the taxable year under subclause (I), and

''(IV) in the case of an estate or trust, $2,600.

''(ii) MAXIMUM 15-PERCENT RATE AMOUNT.—The maximum 15-percent rate amount shall be—

''(I) in the case of a joint return or surviving spouse, $479,000 (½ such amount in the case of a married individual filing a separate return),

''(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400,

''(III) in the case of any other individual (other than an estate or trust), $425,800, and

''(IV) in the case of an estate or trust, $12,700.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

''(6) SECTION 15 NOT TO APPLY.—Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''.

(b) DUE DILIGENCE TAX PREPARER REQUIREMENT WITH RESPECT TO HEAD OF HOUSEHOLD FILING STATUS.—Subsection (g) of section 6695 is amended to read as follows:

''(g) FAILURE TO BE DILIGENT IN DETERMINING ELIGIBILITY FOR CERTAIN TAX BENEFITS.—Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining—

''(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or

''(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32,

shall pay a penalty of $500 for each such failure.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI.

(a) IN GENERAL.—Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph:

''(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

''(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—

''(i) the C-CPI-U for the preceding calendar year, exceeds

''(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B).

''(B) AMOUNT DETERMINED.—The amount determined under this clause is the amount obtained by dividing—

''(i) the C-CPI-U for calendar year 2016, by

''(ii) the CPI for calendar year 2016.

''(C) SPECIAL RULE FOR ADJUSTMENTS WITH A BASE YEAR AFTER 2016.—For purposes of any provision of this title which provides for the substitution of a year after 2016 for '2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting 'the C-CPI-U for calendar year 2016' for 'the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''.

(b) C-CPI-U.—Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph:

''(6) C-CPI-U.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year.

''(B) DETERMINATION FOR CALENDAR YEAR.—The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''.

(c) APPLICATION TO PERMANENT TAX TABLES.—Section 1(f)(2)(A) is amended by inserting '', determined by substituting '1992' for '2016' in paragraph (3)(A)(ii)''.

(d) APPLICATION TO OTHER INTERNAL REVENUE CODE OF 1986 PROVISIONS.—

(1) The following sections are each amended by striking ''for 'calendar year 1992' in subparagraph (B)'' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii)'':

(A) Section 23(h)(2).

(B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h).

(C) Section 25B(b)(3)(B).

(D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32.

(E) Section 36B(f)(2)(B)(ii)(II).

(F) Section 41(e)(5)(C)(i).

(G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42.

(H) Section 45R(d)(3)(B)(ii).

(I) Section 55(d)(4)(A)(ii).

(J) Section 62(d)(3)(B).

(K) Section 63(c)(4)(B).

(L) Section 125(i)(2)(B).

(M) Section 135(b)(2)(B)(ii).

(N) Section 137(f)(2).

(O) Section 146(d)(2)(B).

(P) Section 147(c)(2)(H)(ii).

(Q) Section 151(d)(4)(B).

(R) Section 179(b)(6)(A)(ii).

(S) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219.

(T) Section 220(g)(2).

(U) Section 221(f)(1)(B).

(V) Section 223(g)(1)(B).

(W) Section 408A(c)(3)(D)(ii).

(X) Section 430(c)(7)(D)(vii)(II).

(Y) Section 512(d)(2)(B).

(Z) Section 513(h)(2)(C)(ii).

(AA) Section 831(b)(2)(D)(ii).

(BB) Section 877A(a)(3)(B)(i)(II).

(CC) Section 2010(c)(3)(B)(ii).

(DD) Section 2032A(a)(3)(B).

(EE) Section 2503(b)(2)(B).

(FF) Section 4261(e)(4)(A)(ii).

(GG) Section 5000A(c)(3)(D)(ii).

(HH) Section 6323(i)(4)(B).

(II) Section 6334(g)(1)(B).

(JJ) Section 6601(j)(3)(B).

(KK) Section 6651(i)(1).

(LL) Section 6652(c)(7)(A).

(MM) Section 6695(h)(1).

(NN) Section 6698(e)(1).

(OO) Section 6699(e)(1).

(PP) Section 6721(f)(1).

(QQ) Section 6722(f)(1).

(RR) Section 7345(f)(2).

(SS) Section 7430(c)(1).

(TT) Section 9831(d)(2)(D)(ii)(II).

(2) Sections 41(e)(5)(C)(ii) and 68(b)(2)(B) are each amended—

(A) by striking ''1(f)(3)(B)'' and inserting ''1(f)(3)(A)(ii)'', and

(B) by striking ''1992'' and inserting ''2016''.

(3) Section 42(h)(6)(G) is amended—

(A) by striking ''for 'calendar year 1987' '' in clause (i)(II) and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof'', and

(B) by striking ''if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ''if the C-CPI-U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''.

(4) Section 59(j)(2)(B) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(5) Section 132(f)(6)(A)(ii) is amended by striking ''for 'calendar year 1992' '' and inserting ''for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(6) Section 162(o)(3) is amended by striking ''adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ''adjusted by increasing any such amount under the 1991 agreement by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1990' for 'calendar year 2016' in subparagraph (A)(ii) thereof''.

(7) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows:

''(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which—

''(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds

''(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''.

(8) Subparagraph (B) of section 280F(d)(7) is amended to read as follows:

''(B) AUTOMOBILE PRICE INFLATION ADJUSTMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The automobile price inflation adjustment for any calendar year is the percentage (if any) by which—

''(I) the C-CPI-U automobile component for October of the preceding calendar year, exceeds

''(II) the automobile component of the CPI (as defined in section 1(f)(4)) for October of 1987, multiplied by the amount determined under 1(f)(3)(B).

''(ii) C-CPI-U AUTOMOBILE COMPONENT.—The term 'C-CPI-U automobile component' means the automobile component of the Chained Consumer Price Index for All Urban Consumers (as described in section 1(f)(6)).''.

(9) Section 911(b)(2)(D)(ii)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(10) Paragraph (2) of section 1274A(d) is amended to read as follows:

''(2) ADJUSTMENT FOR INFLATION.—In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1988' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(11) Section 4161(b)(2)(C)(i)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(12) Section 4980I(b)(3)(C)(v)(II) is amended by striking ''for '1992' in subparagraph (B)'' and inserting ''for '2016' in subparagraph (A)(ii)''.

(13) Section 6039F(d) is amended by striking ''subparagraph (B) thereof shall be applied by substituting '1995' for '1992' '' and inserting ''subparagraph (A)(ii) thereof shall be applied by substituting '1995' for '2016' ''.

(14) Section 7872(g)(5) is amended to read as follows:

''(5) ADJUSTMENT OF LIMIT FOR INFLATION.—In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to—

''(A) such amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1985' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART II—DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES

SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME.

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

''SEC. 199A. QUALIFIED BUSINESS INCOME.

''(a) IN GENERAL.—In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of—

''(1) the combined qualified business income amount of the taxpayer, or

''(2) an amount equal to 23 percent of the excess (if any) of—

''(A) the taxable income of the taxpayer for the taxable year, over

''(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year.

''(b) COMBINED QUALIFIED BUSINESS INCOME AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'combined qualified business income amount' means, with respect to any taxable year, an amount equal to—

''(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus

''(B) 23 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year.

''(2) DETERMINATION OF DEDUCTIBLE AMOUNT FOR EACH TRADE OR BUSINESS.—The amount determined under this paragraph with respect to any qualified trade or business is the lesser of—

''(A) 23 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or

''(B) 50 percent of the W-2 wages with respect to the qualified trade or business.

''(3) MODIFICATIONS TO THE WAGE LIMIT BASED ON TAXABLE INCOME.—

''(A) EXCEPTION FROM WAGE LIMIT.—In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B).

''(B) PHASE-IN OF LIMIT FOR CERTAIN TAXPAYERS.—

''(i) IN GENERAL.—If—

''(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and

''(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business,

then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii).

''(ii) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as—

''(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to

''(II) $50,000 ($100,000 in the case of a joint return).

''(iii) EXCESS AMOUNT.—For purposes of clause (ii), the excess amount is the excess of—

''(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over

''(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph).

''(4) WAGES, ETC.—

''(A) IN GENERAL.—The term 'W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year.

''(B) LIMITATION TO WAGES ATTRIBUTABLE TO QUALIFIED BUSINESS INCOME.—Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1).

''(C) RETURN REQUIREMENT.—Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return.

''(5) ACQUISITIONS, DISPOSITIONS, AND SHORT TAXABLE YEARS.—The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year.

''(c) QUALIFIED BUSINESS INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer.

''(2) CARRYOVER OF LOSSES.—If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year.

''(3) QUALIFIED ITEMS OF INCOME, GAIN, DEDUCTION, AND LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are—

''(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting 'qualified trade or business (within the meaning of section 199A)' for 'nonresident alien individual or a foreign corporation' or for 'a foreign corporation' each place it appears), and

''(ii) included or allowed in determining taxable income for the taxable year.

''(B) EXCEPTIONS.—The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss:

''(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss.

''(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G).

''(iii) Any interest income other than interest income which is properly allocable to a trade or business.

''(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting 'qualified trade or business' for 'controlled foreign corporation').

''(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)).

''(vi) Any amount received from an annuity which is not received in connection with the trade or business.

''(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses.

''(4) TREATMENT OF REASONABLE COMPENSATION AND GUARANTEED PAYMENTS.—Qualified business income shall not include—

''(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business,

''(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and

''(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business.

''(d) QUALIFIED TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified trade or business' means any trade or business other than a specified service trade or business or the trade or business of performing services as an employee.

''(2) SPECIFIED SERVICE TRADE OR BUSINESS.—The term 'specified service trade or business' means any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)).

''(3) EXCEPTION FOR SPECIFIED SERVICE BUSINESSES BASED ON TAXPAYER'S INCOME.—

''(A) IN GENERAL.—If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then—

''(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but

''(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the term 'applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of—

''(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to

''(ii) $50,000 ($100,000 in the case of a joint return).

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) TAXABLE INCOME.—Taxable income shall be computed without regard to the deduction allowable under this section.

''(2) THRESHOLD AMOUNT.—

''(A) IN GENERAL.—The term 'threshold amount' means $250,000 (200 percent of such amount in the case of a joint return).

''(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(3) QUALIFIED REIT DIVIDEND.—The term 'qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which—

''(A) is not a capital gain dividend, as defined in section 857(b)(3), and

''(B) is not qualified dividend income, as defined in section 1(h)(11).

''(4) QUALIFIED COOPERATIVE DIVIDEND.—The term 'qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which—

''(A) is includible in gross income, and

''(B) is received from—

''(i) an organization or corporation described in section 501(c)(12) or 1381(a), or

''(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T.

''(f) SPECIAL RULES.—

''(1) APPLICATION TO PARTNERSHIPS AND S CORPORATIONS.—

''(A) IN GENERAL.—In the case of a partnership or S corporation—

''(i) this section shall be applied at the partner or shareholder level,

''(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and

''(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary).

For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(B) APPLICATION TO TRUSTS AND ESTATES.—This section shall not apply to any trust or estate.

''(C) TREATMENT OF TRADES OR BUSINESS IN PUERTO RICO.—

''(i) IN GENERAL.—In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term 'United States' shall include the Commonwealth of Puerto Rico.

''(ii) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico.

''(2) COORDINATION WITH MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59.

''(3) DEDUCTION LIMITED TO INCOME TAXES.—The deduction under subsection (a) shall only be allowed for purposes of this chapter.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations—

''(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and

''(B) for the application of this section in the case of tiered entities.

''(g) DEDUCTION ALLOWED TO SPECIFIED AGRICULTURAL OR HORTICULTURAL COOPERATIVES.—

''(1) IN GENERAL.—In the case of any taxable year of a specified agricultural or horticultural cooperative beginning after December 31, 2018, there shall be allowed a deduction in an amount equal to the lesser of—

''(A) 23 percent of the cooperative's taxable income for the taxable year, or

''(B) 50 percent of the W-2 wages of the cooperative with respect to its trade or business.

''(2) SPECIFIED AGRICULTURAL OR HORTICULTURAL COOPERATIVE.—For purposes of this subsection, the term 'specified agricultural or horticultural cooperative' means an organization to which part I of subchapter T applies which is engaged in—

''(A) the manufacturing, production, growth, or extraction in whole or significant part of any agricultural or horticultural product,

''(B) the marketing of agricultural or horticultural products which its patrons have so manufactured, produced, grown, or extracted, or

''(C) the provision of supplies, equipment, or services to farmers or to organizations described in subparagraph (A) or (B).

''(h) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2025.''.

(b) APPLICATION TO PUBLICLY TRADED PARTNERSHIPS.—

(1) IN GENERAL.—Section 199A(b)(1)(B), as added by subsection (a), is amended by striking ''and qualified cooperative dividends''

and inserting '', qualified cooperative dividends, and qualified publicly traded partnership income''.

(2) QUALIFIED PUBLICLY TRADED PARTNERSHIP INCOME.—Section 199A(e), as added by subsection (a), is amended by adding at the end the following new paragraph:

''(5) QUALIFIED PUBLICLY TRADED PARTNERSHIP INCOME.—The term 'qualified publicly traded partnership income' means, with respect to any qualified trade or business of a taxpayer, the sum of—

''(A) the net amount of such taxpayer's allocable share of each qualified item of income, gain, deduction, and loss (as defined in subsection (c)(3) and determined after the application of subsection (c)(4)) from a publicly traded partnership (as defined in section 7704(a)) which is not treated as a corporation under section 7704(c), plus

''(B) any gain recognized by such taxpayer upon disposition of its interest in such partnership to the extent such gain is treated as an amount realized from the sale or exchange of property other than a capital asset under section 751(a).''.

(3) CONFORMING AMENDMENT.—Section 199A(c)(1), as added by subsection (a), is amended by adding at the end the following new sentence: ''Such term shall not include any qualified publicly traded partnership income.''.

(c) ACCURACY-RELATED PENALTY ON DETERMINATION OF APPLICABLE PERCENTAGE.—Section 6662(d)(1) is amended by inserting at the end the following new subparagraph:

''(C) SPECIAL RULE FOR TAXPAYERS CLAIMING SECTION 199A DEDUCTION.—In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting '5 percent' for '10 percent'.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 170(b)(2)(D) is amended by striking '', and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

''(v) section 199A, and''.

(2) Section 172(d) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED BUSINESS INCOME DEDUCTION.—The deduction under section 199A shall not be allowed.''.

(3) Section 246(b)(1) is amended by inserting ''199A,'' before ''243(a)(1)''.

(4) Section 613(a) is amended by inserting ''and without the deduction under section 199A'' after ''and without the deduction under section 199''.

(5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph:

''(C) any deduction allowable under section 199A,''.

(6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item:

''Sec. 199A. Qualified business income.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS.

(a) IN GENERAL.—Section 461 is amended by adding at the end the following new subsection:

''(l) LIMITATION ON EXCESS BUSINESS LOSSES OF NONCORPORATE TAXPAYERS.—

''(1) LIMITATION.—In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026—

''(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and

''(B) any excess business loss of the taxpayer for the taxable year shall not be allowed.

''(2) DISALLOWED LOSS CARRYOVER.—Any loss which is disallowed under paragraph (1) shall be treated as a net operating loss carryover to the following taxable year under section 172.

''(3) EXCESS BUSINESS LOSS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'excess business loss' means the excess (if any) of—

''(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over

''(ii) the sum of—

''(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus

''(II) $250,000 (200 percent of such amount in the case of a joint return).

''(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.

''(4) APPLICATION OF SUBSECTION IN CASE OF PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation—

''(A) this subsection shall be applied at the partner or shareholder level, and

''(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends.

For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

''(5) ADDITIONAL REPORTING.—The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection.

''(6) COORDINATION WITH SECTION 469.—This subsection shall be applied after the application of section 469.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

PART III—TAX BENEFITS FOR FAMILIES AND INDIVIDUALS

SEC. 11021. INCREASE IN STANDARD DEDUCTION.

(a) IN GENERAL.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) INCREASE IN STANDARD DEDUCTION.—Paragraph (2) shall be applied—

''(i) by substituting '$18,000' for '$4,400' in subparagraph (B), and

''(ii) by substituting '$12,000' for '$3,000' in subparagraph (C).

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C).

''(ii) ADJUSTMENT OF INCREASED AMOUNTS.—In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2), (3), (5), (6), (7) and (8). In the case of taxable year beginning after 12/31/17 and before 1/1/2025, this section shall be applied as provided in paragraph (4).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be $500,000.

''(4) DEFINITION OF QUALIFYING CHILD.—Paragraph (1) of subsection (c) shall be applied by substituting '18' for '17'.

''(5) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(6) MAXIMUM AMOUNT OF REFUNDABLE CREDIT.—

''(A) IN GENERAL.—Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (5) of this subsection.

''(B) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins.

Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100.

''(7) EARNED INCOME THRESHOLD FOR REFUNDABLE CREDIT.—Subsection (d)(1)(B)(i) shall be applied by substituting '$2,500' for '$3,000'.

''(8) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph:

''(G) INCREASED LIMITATION FOR CASH CONTRIBUTIONS.—

''(i) IN GENERAL.—In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year.

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time.

''(iii) COORDINATION WITH SUBPARAGRAPHS (A) AND (B).—

''(I) IN GENERAL.—Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A).

''(II) LIMITATION REDUCTION.—For each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), subparagraph (A) shall be applied by reducing (but not below zero) the contribution limitation allowed for the taxable year under such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year, and subparagraph (B) shall be applied by treating any reference to subparagraph (A) as a reference to both subparagraph (A) and this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017.

SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.

(a) INCREASE IN LIMITATION FOR CONTRIBUTIONS FROM COMPENSATION OF INDIVIDUALS WITH DISABILITIES.—

(1) IN GENERAL.—Section 529A(b)(2)(B) is amended to read as follows:

''(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of—

''(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus

''(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of—

''(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the taxable year, or

''(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''.

(2) RESPONSIBILITY FOR CONTRIBUTION LIMITATION.—Paragraph (2) of section 529A(b) is amended by adding at the end the following: ''A designated beneficiary (or a person acting on behalf of such beneficiary) shall maintain adequate records for purposes of ensuring, and shall be responsible for ensuring, that the requirements of subparagraph (B)(ii) are met.''

(3) ELIGIBLE DESIGNATED BENEFICIARY.—Section 529A(b) is amended by adding at the end the following:

''(7) SPECIAL RULES RELATED TO CONTRIBUTION LIMIT.—For purposes of paragraph (2)(B)(ii)—

''(A) DESIGNATED BENEFICIARY.—A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom—

''(i) no contribution is made for the taxable year to a defined contribution plan (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met,

''(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and

''(iii) no contribution is made for the taxable year to an eligible deferred compensation plan described in section 457(b).

''(B) POVERTY LINE.—The term 'poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C. 9902).''.

(b) ALLOWANCE OF SAVER'S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.—Section 25B(d)(1) is amended by striking ''and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting at the end the following:

''(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''.

(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. 11025. ROLLOVERS TO ABLE PROGRAMS FROM 529 PROGRAMS.

(a) IN GENERAL.—Clause (i) of section 529(c)(3)(C) is amended by striking ''or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting '', or'', and by adding at the end the following:

''(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.

Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B)(i).''.

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

SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT.

(a) IN GENERAL.—For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code):

(1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status).

(2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces).

(3) Section 692 (relating to income taxes of members of Armed Forces on death).

(4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.).

(5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces).

(6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces).

(7) Section 6013(f)(1) (relating to joint return where individual is in missing status).

(8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone).

(b) QUALIFIED HAZARDOUS DUTY AREA.—For purposes of this section, the term ''qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect.

(c) APPLICABLE PERIOD.—

(1) IN GENERAL.—Except as provided in paragraph (2), the applicable period is—

(A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(2) WITHHOLDING.—In the case of subsection (a)(5), the applicable period is—

(A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and

(B) any subsequent taxable year beginning before January 1, 2026.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015.

(2) WITHHOLDING.—Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act.

SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS.

(a) IN GENERAL.—Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C. 139F note) is amended by striking ''1-year'' and inserting ''2-year''.

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

SEC. 11028. TEMPORARY REDUCTION IN MEDICAL EXPENSE DEDUCTION FLOOR.

(a) IN GENERAL.—Subsection (f) of section 213 is amended to read as follows:

''(f) SPECIAL RULES FOR 2013 THROUGH 2018.—In the case of any taxable year—

''(1) beginning after December 31, 2012, and ending before January 1, 2017, in the case of a taxpayer if such taxpayer or such taxpayer's spouse has attained age 65 before the close of such taxable year, and

''(2) beginning after December 31, 2016, and ending before January 1, 2019, in the case of any taxpayer,

subsection (a) shall be applied with respect to a taxpayer by substituting '7.5 percent' for '10 percent'.''.

(b) MINIMUM TAX PREFERENCE NOT TO APPLY.—Section 56(b)(1)(B) is amended by adding at the end the following new sentence:''This subparagraph shall not apply to taxable years beginning after December 31, 2016, and ending before January 1, 2019''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2016.

SEC. 11029. RELIEF FOR 2016 DISASTER AREAS.

(a) IN GENERAL.—For purposes of this section, the term ''2016 disaster area'' means any area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act during calendar year 2016.

(b) SPECIAL RULES FOR USE OF RETIREMENT FUNDS WITH RESPECT TO AREAS DAMAGED BY 2016 DISASTERS.—

(1) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

(A) IN GENERAL.—Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified 2016 disaster distribution.

(B) AGGREGATE DOLLAR LIMITATION.—

(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified 2016 disaster distributions for any taxable year shall not exceed the excess (if any) of—

(I) $100,000, over

(II) the aggregate amounts treated as qualified 2016 disaster distributions received by such individual for all prior taxable years.

(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (i)) be a qualified 2016 disaster distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified 2016 disaster distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000.

(iii) CONTROLLED GROUP.—For purposes of clause (ii), the term ''controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.

(C) AMOUNT DISTRIBUTED MAY BE REPAID.—

(i) IN GENERAL.—Any individual who receives a qualified 2016 disaster distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be.

(ii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified 2016 disaster distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified 2016 disaster distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(iii) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified 2016 disaster distribution from an individual retirement plan (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified 2016 disaster distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(D) DEFINITIONS.—For purposes of this paragraph—

(i) QUALIFIED 2016 DISASTER DISTRIBUTION.—Except as provided in subparagraph (B), the term ''qualified 2016 disaster distribution'' means any distribution from an eligible retirement plan made on or after January 1, 2016, and before January 1, 2018, to an individual whose principal place of abode at any time during calendar year 2016 was located in a disaster area described in subsection (a) and who has sustained an economic loss by reason of the events giving rise to the Presidential declaration described in subsection (a) which was applicable to such area.

(ii) ELIGIBLE RETIREMENT PLAN.—The term ''eligible retirement plan'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(E) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

(i) IN GENERAL.—In the case of any qualified 2016 disaster distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply.

(F) SPECIAL RULES.—

(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified 2016 disaster distribution shall not be treated as eligible rollover distributions.

(ii) QUALIFIED 2016 DISASTER DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of the Internal Revenue Code of 1986, a qualified 2016 disaster distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986.

(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(A) IN GENERAL.—If this paragraph applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(ii)(I).

(B) AMENDMENTS TO WHICH SUBSECTION APPLIES.—

(i) IN GENERAL.—This paragraph shall apply to any amendment to any plan or annuity contract which is made—

(I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and

(II) on or before the last day of the first plan year beginning on or after January 1, 2018, or such later date as the Secretary prescribes.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II).

(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—

(I) during the period—

(aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan); and

(bb) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(II) such plan or contract amendment applies retroactively for such period.

(c) SPECIAL RULES FOR PERSONAL CASUALTY LOSSES RELATED TO 2016 MAJOR DISASTER.—

(1) IN GENERAL.—If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026—

(A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of—

(i) such net disaster loss, and

(ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual,

(B) section 165(h)(1) of such Code shall be applied by substituting ''$500'' for ''$500 ($100 for taxable years beginning after December 31, 2009)'',

(C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and

(D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph.

(2) NET DISASTER LOSS.—For purposes of this subsection, the term ''net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986).

(3) QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.—For purposes of this paragraph, the term ''qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise in a disaster area described in subsection (a) on or after January 1, 2016, and which are attributable to the events giving rise to the Presidential declaration described in subsection (a) which was applicable to such area.

PART IV—EDUCATION

SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY.

(a) IN GENERAL.—Section 108(f) is amended by adding at the end the following new paragraph:

''(5) DISCHARGES ON ACCOUNT OF DEATH OR DISABILITY.—

''(A) IN GENERAL.—In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was—

''(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability),

''(ii) pursuant to section 464(c)(1)(F) of such Act, or

''(iii) otherwise discharged on account of the death or total and permanent disability of the student.

''(B) LOANS DESCRIBED.—A loan is described in this subparagraph if such loan is—

''(i) a student loan (as defined in paragraph (2)), or

''(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C. 1650(7))).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017.

SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''$250'' and inserting ''$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART V—DEDUCTIONS AND EXCLUSIONS

SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subsection (d) of section 151 is amended—

(1) by striking ''In the case of'' in paragraph (4) and inserting ''Except as provided in paragraph (5), in the case of'', and

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

''(5) SPECIAL RULES FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) EXEMPTION AMOUNT.—The term 'exemption amount' means zero.

''(B) REFERENCES.—For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''.

(b) APPLICATION TO ESTATES AND TRUSTS.—Section 642(b)(2)(C) is amended by adding at the end the following new clause:

''(iii) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(I) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting '$4,150' for 'the exemption amount under section 151(d)'.

''(II) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to—

''(aa) such dollar amount, multiplied by

''(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(c) EXCEPTION FOR WAGE WITHHOLDING RULES.—Section 3402(a) is amended by adding at the end the following new paragraph:

''(3) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting '$4,150' for 'the amount of one personal exemption provided in section 151(b)'.

''(B) INFLATION ADJUSTMENT.—In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''.

(d) EXCEPTION FOR DETERMINING PROPERTY EXEMPT FROM LEVY.—Section 6334(d) is amended by adding at the end the following new paragraph:

''(4) YEARS WHEN PERSONAL EXEMPTION AMOUNT IS ZERO.—

''(A) IN GENERAL.—In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term 'exempt amount' means an amount equal to—

''(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by

''(ii) 52.

''(B) AMOUNT DETERMINED.—For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) 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 the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.

''(D) VERIFIED STATEMENT.—Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''.

(e) PERSONS REQUIRED TO MAKE RETURNS OF INCOME.—Section 6012 is amended by adding at the end the following new subsection:

''(f) SPECIAL RULE FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of—

''(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

''(2) an individual entitled to make a joint return if—

''(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return,

''(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year,

''(C) such individual's spouse does not make a separate return, and

''(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A).''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES.

(a) IN GENERAL.—Subsection (b) of section 164 is amended by adding at the end the following new paragraph:

''(6) SUSPENSION OF INDIVIDUAL DEDUCTIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026—

''(A) foreign real property taxes (other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212) shall not be taken into account under subsection (a)(1),

''(B) the aggregate amount of taxes (other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212) taken into account under subsection (a)(1) for any taxable year shall not exceed $10,000 ($5,000 in the case of a married individual filing a separate return),

''(C) subsection (a)(2) shall only apply to taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212,

''(D) subsection (a)(3) shall not apply to State and local taxes, and

''(E) paragraph (5) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST.

(a) IN GENERAL.—Section 163(h)(3)(A)(ii) is amended by inserting ''in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ''home equity indebtedness''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 2017.

SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES.

(a) IN GENERAL.—Subsection (h) of section 165 is amended by adding at the end the following new paragraph:

''(5) LIMITATION FOR TAXABLE YEARS 2018 THROUGH 2025.—In the case of an individual, any loss described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026, shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017.

SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 67 is amended by adding at the end the following new subsection:

''(g) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 68 is amended by adding at the end the following new subsection:

''(f) SECTION NOT TO APPLY.—This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Section 121 is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR SALES OR EXCHANGES IN TAXABLE YEARS 2018 THROUGH 2025.—

''(1) IN GENERAL.—In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026—

''(A) '8-year' shall be substituted for '5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d),

''(B) '5 years' shall be substituted for '2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and

''(C) '5-year' shall be substituted for '2-year' in subsection (b)(3).

''(2) EXCEPTION FOR BINDING CONTRACTS.—Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after December 31, 2017.

SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.

(a) IN GENERAL.—Section 132(f) is amended by adding at the end the following new paragraph:

''(8) SUSPENSION OF QUALIFIED BICYCLE COMMUTING REIMBURSEMENT EXCLUSION.—Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT.

(a) IN GENERAL.—Section 132(g) is amended—

(1) by striking ''For purposes of this section, the term'' and inserting ''For purposes of this section—

''(1) IN GENERAL.—The term'', and

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

''(2) SUSPENSION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES.

(a) IN GENERAL.—Section 217 is amended by adding at the end the following new subsection:

''(k) SUSPENSION OF DEDUCTION FOR TAXABLE YEARS 2018 THROUGH 2025.—Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11051. LIMITATION ON WAGERING LOSSES.

(a) IN GENERAL.—Section 165(d) is amended by adding at the end the following: ''For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term 'losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART VI—INCREASE IN ESTATE AND GIFT TAX EXEMPTION

SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.

(a) IN GENERAL.—Section 2010(c)(3) is amended by adding at the end the following new subparagraph:

''(C) INCREASE IN BASIC EXCLUSION AMOUNT.—In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting '$10,000,000' for '$5,000,000'.''.

(b) CONFORMING AMENDMENT.—Subsection (g) of section 2001 is amended to read as follows:

''(g) MODIFICATIONS TO TAX PAYABLE.—

''(1) 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 at 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—

''(A) the tax imposed by chapter 12 with respect to such gifts, and

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

''(i) the applicable credit amount under section 2505(a)(1), and

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

''(2) MODIFICATIONS TO ESTATE TAX PAYABLE TO REFLECT DIFFERENT BASIC EXCLUSION AMOUNTS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between—

''(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and

''(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017.

PART VII—TAXPAYER RIGHTS AND TAX ADMINISTRATION

SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 is amended by striking ''9 months'' and inserting ''2 years''.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 is amended—

(1) by striking ''9 months'' in paragraph (1) and inserting ''2 years'', and

(2) by striking ''9-month'' in paragraph (2) and inserting ''2-year''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 11072. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) INSTALLMENT AGREEMENT FEES.—

''(1) LIMITATION ON FEE AMOUNT.—The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection.

''(2) WAIVER OR REIMBURSEMENT.—In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)—

''(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and

''(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act.

SEC. 11073. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.

(a) IN GENERAL.—Paragraph (21) of section 62(a) is amended to read as follows:

''(21) ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—

''(A) IN GENERAL.—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—

''(i) section 7623(b), or

''(ii) any action brought under—

''(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C. 78u-6),

''(II) a State false claims act, including a State false claims act with qui tam provisions, or

''(III) section 23 of the Commodity Exchange Act (7 U.S.C. 26).

''(B) MAY NOT EXCEED AWARD.—Subparagraph (A) 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) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 11074. CLARIFICATION OF WHISTLEBLOWER AWARDS.

(a) DEFINITION OF PROCEEDS.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsection:

''(c) PROCEEDS.—For purposes of this section, the term 'proceeds' includes—

''(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and

''(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including—

''(A) criminal fines and civil forfeitures, and

''(B) violations of reporting requirements.''.

(2) CONFORMING AMENDMENTS.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ''collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the

action'' and inserting ''proceeds collected as a result of the action''.

(b) AMOUNT OF PROCEEDS DETERMINED WITHOUT REGARD TO AVAILABILITY.—Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ''(determined without regard to whether such proceeds are available to the Secretary)'' after ''in response to such action''.

(c) DISPUTED AMOUNT THRESHOLD.—Section 7623(b)(5)(B) is amended by striking ''tax, penalties, interest, additions to tax, and additional amounts'' and inserting ''proceeds''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment.

PART VIII—INDIVIDUAL MANDATE

SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.

(a) IN GENERAL.—Section 5000A(c) is amended—

(1) in paragraph (2)(B)(iii), by striking ''2.5 percent'' and inserting ''Zero percent'', and

(2) in paragraph (3)—

(A) by striking ''$695'' in subparagraph (A) and inserting ''$0'', and

(B) by striking subparagraph (D).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 31, 2018.

Subtitle B—Alternative Minimum Tax

SEC. 12001. INCREASED EXEMPTION FOR INDIVIDUALS.

(a) INCREASED EXEMPTION.—Section 55(d) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR TAXABLE YEARS BEGINNING AFTER 2017 AND BEFORE 2026.—

''(A) IN GENERAL.—In the case of any taxable year beginning after December 31, 2017, and before January 1, 2026—

''(i) paragraph (1) shall be applied—

''(I) by substituting '$109,400' for '$78,750' in subparagraph (A), and

''(II) by substituting '$70,300' for '$50,600' in subparagraph (B), and

''(ii) paragraph (3) shall be applied—

''(I) by substituting '$208,400' for '$150,000' in subparagraph (A),

''(II) by substituting '$156,300' for '$112,500' in subparagraph (B), and

''(III) in the case of a taxpayer described in paragraph (1)(D), without regard to the substitution under subclause (I).

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2018, the amounts described in clause (ii) shall each 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 the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

''(ii) AMOUNTS DESCRIBED.—The amounts described in this clause are the $109,400 amount in subparagraph (A)(i)(I), the $70,300 amount in subparagraph (A)(i)(II), the $208,400 amount in subparagraph (A)(ii)(I), and the $156,300 amount in subparagraph (A)(ii)(II).

''(iii) ROUNDING.—Any increased amount determined under clause (i) shall be rounded to the nearest multiple of $100.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

Subtitle C—Business-related Provisions

PART I—CORPORATE PROVISIONS

SEC. 13001. 20-PERCENT CORPORATE TAX RATE.

(a) IN GENERAL.—Subsection (b) of section 11 is amended to read as follows:

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) shall be 20 percent of taxable income.''.

(b) CONFORMING AMENDMENTS.—

(1) The following sections are each amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)'':

(A) Section 280C(c)(3)(B)(ii)(II).

(B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e).

(C) Section 7874(e)(1)(B).

(2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4).

(C) Section 453A(c)(3) is amended by striking ''or 1201 (whichever is appropriate)''.

(D) Section 527(b) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(b) TAX IMPOSED.—A tax''.

(E) Sections 594(a) is amended by striking ''taxes imposed by section 11 or 1201(a)'' and inserting ''tax imposed by section 11''.

(F) Section 691(c)(4) is amended by striking ''1201,''.

(G) Section 801(a) is amended—

(i) by striking paragraph (2), and

(ii) by striking all that precedes ''is hereby imposed'' and inserting:

''(a) TAX IMPOSED.—A tax''.

(H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ''sec. 1201 and following,''.

(J) Section 852(b)(3)(A) is amended by striking ''section 1201(a)'' and inserting ''section 11(b)''.

(K) Section 857(b)(3) is amended—

(i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively,

(ii) in subparagraph (C), as so redesignated—

(I) by striking ''subparagraph (A)(ii)'' in clause (i) thereof and inserting ''paragraph (1)'',

(II) by striking ''the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ''the tax imposed by paragraph (1) on undistributed capital gain'',

(iii) in subparagraph (E), as so redesignated, by striking ''subparagraph (B) or (D)'' and inserting ''subparagraph (A) or (C)'', and

(iv) by adding at the end the following new subparagraph:

''(F) UNDISTRIBUTED CAPITAL GAIN.—For purposes of this paragraph, the term 'undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''.

(L) Section 882(a)(1) is amended by striking '', 55, or 1201(a)'' and inserting ''or 55''.

(M) Section 904(b) is amended—

(i) by striking ''or 1201(a)'' in paragraph (2)(C),

(ii) by striking paragraph (3)(D) and inserting the following:

''(D) CAPITAL GAIN RATE DIFFERENTIAL.—There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and

(iii) by striking paragraph (3)(E) and inserting the following:

''(E) RATE DIFFERENTIAL PORTION.—The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as—

''(i) the excess of—

''(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over

''(II) the alternative rate of tax determined under section 1(h), bears to

''(ii) that rate referred to in subclause (I).''.

(N) Section 1374(b) is amended by striking paragraph (4).

(O) Section 1381(b) is amended by striking ''taxes imposed by section 11 or 1201'' and inserting ''tax imposed by section 11''.

(P) Sections 6425(c)(1)(A) and 6655(g)(1)(A)(i) are each amended by striking ''or 1201(a),''.

(Q) Section 7518(g)(6)(A) is amended by striking ''or 1201(a)''.

(3)(A) Section 1445(e)(1) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the gain'' and inserting ''multiplied by the gain''.

(B) Section 1445(e)(2) is amended by striking ''35 percent of the amount'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''.

(C) Section 1445(e)(6) is amended—

(i) by striking ''35 percent'' and inserting ''the highest rate of tax in effect for the taxable year under section 11(b)'', and

(ii) by striking ''of the amount'' and inserting ''multiplied by the amount''.

(D) Section 1446(b)(2)(B) is amended by striking ''section 11(b)(1)'' and inserting ''section 11(b)''.

(4) Section 852(b)(1) is amended by striking the last sentence.

(5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 535(c)(5) is amended to read as follows:

''(5) CROSS REFERENCE.—For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''.

(6)(A) Section 1561(a) is amended—

(i) by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively,

(ii) by striking ''amounts specified in paragraph (1) and the amount specified in paragraph (3)'' and inserting ''the amount specified in paragraph (2)'',

(iii) by striking ''The amounts specified in paragraph (2)'' and inserting ''The amounts specified in paragraph (1)'',

(iv) by striking the third sentence in the flush language, and

(v) by striking ''under paragraph (3)'' and inserting ''under paragraph (2)''.

(B) The first sentence of section 1561(b) is amended to read as follows: ''If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a)(1) divided by the number of corporations which are component members of such group on the last day of such taxable year.''

(7) Section 7518(g)(6)(A) is amended—

(A) by striking ''With respect to the portion'' and inserting ''In the case of a taxpayer other than a corporation, with respect to the portion'', and

(B) by striking ''(34 percent in the case of a corporation)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018.

(2) WITHHOLDING.—The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018.

(3) CERTAIN TRANSFERS.—The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018.

(d) NORMALIZATION REQUIREMENTS.—

(1) IN GENERAL.—A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method.

(2) ALTERNATIVE METHOD FOR CERTAIN TAXPAYERS.—If, as of the first day of the taxable year that includes the date of enactment of this Act—

(A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and

(B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method,

the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction.

(3) DEFINITIONS.—For purposes of this subsection—

(A) EXCESS TAX RESERVE.—The term ''excess tax reserve'' means the excess of—

(i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over

(ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods.

(B) AVERAGE RATE ASSUMPTION METHOD.—The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying—

(i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by

(ii) the amount of the timing differences which reverse during such period.

(C) ALTERNATIVE METHOD.—The ''alternative method'' is the method in which the taxpayer—

(i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and

(ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property.

(4) TAX INCREASED FOR NORMALIZATION VIOLATION.—If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting.

SEC. 13002. REDUCTION IN DIVIDEND RECEIVED DEDUCTIONS TO REFLECT LOWER CORPORATE INCOME TAX RATES.

(a) DIVIDENDS RECEIVED BY CORPORATIONS.—

(1) IN GENERAL.—Section 243(a)(1) is amended by striking ''70 percent'' and inserting ''50 percent''.

(2) DIVIDENDS FROM 20-PERCENT OWNED CORPORATIONS.—Section 243(c)(1) is amended—

(A) by striking ''80 percent'' and inserting ''65 percent'', and

(B) by striking ''70 percent'' and inserting ''50 percent''.

(3) CONFORMING AMENDMENT.—The heading for section 243(c) is amended by striking ''RETENTION OF 80-PERCENT DIVIDEND RECEIVED DEDUCTION'' and inserting ''INCREASED PERCENTAGE''.

(b) DIVIDENDS RECEIVED FROM FSC.—Section 245(c)(1)(B) is amended—

(1) by striking ''70 percent'' and inserting ''50 percent'', and

(2) by striking ''80 percent'' and inserting ''65 percent''.

(c) LIMITATION ON AGGREGATE AMOUNT OF DEDUCTIONS.—Section 246(b)(3) is amended—

(1) by striking ''80 percent'' in subparagraph (A) and inserting ''65 percent'', and

(2) by striking ''70 percent'' in subparagraph (B) and inserting ''50 percent''.

(d) REDUCTION IN DEDUCTION WHERE PORTFOLIO STOCK IS DEBT-FINANCED.—Section 246A(a)(1) is amended—

(1) by striking ''70 percent'' and inserting ''50 percent'', and

(2) by striking ''80 percent'' and inserting ''65 percent''.

(e) INCOME FROM SOURCES WITHIN THE UNITED STATES.—Section 861(a)(2) is amended—

(1) by striking ''100/70th'' and inserting ''100/50th'' in subparagraph (B), and

(2) in the flush sentence at the end—

(A) by striking ''100/80th'' and inserting ''100/65th'', and

(B) by striking ''100/70th'' and inserting ''100/50th''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

PART II—SMALL BUSINESS REFORMS

SEC. 13101. MODIFICATIONS OF RULES FOR EXPENSING DEPRECIABLE BUSINESS ASSETS.

(a) INCREASE IN LIMITATION.—

(1) DOLLAR LIMITATION.—Section 179(b)(1) is amended by striking ''$500,000'' and inserting ''$1,000,000''.

(2) REDUCTION IN LIMITATION.—Section 179(b)(2) is amended by striking ''$2,000,000'' and inserting ''$2,500,000''.

(3) INFLATION ADJUSTMENTS.—

(A) IN GENERAL.—Subparagraph (A) of section 179(b)(6), as amended by section 11002(d), is amended—

(i) by striking ''2015'' and inserting ''2018'', and

(ii) in clause (ii), by striking ''calendar year 2014'' and inserting ''calendar year 2017''.

(B) SPORT UTILITY VEHICLES.—Section 179(b)(6) is amended—

(i) in subparagraph (A), by striking ''paragraphs (1) and (2)'' and inserting ''paragraphs (1), (2), and (5)(A)'', and

(ii) in subparagraph (B), by inserting ''($100 in the case of any increase in the amount under paragraph (5)(A))'' after ''$10,000''.

(b) SECTION 179 PROPERTY TO INCLUDE QUALIFIED REAL PROPERTY.—

(1) IN GENERAL.—Subparagraph (B) of section 179(d)(1) is amended to read as follows:

''(B) which is—

''(i) section 1245 property (as defined in section 1245(a)(3)), or

''(ii) at the election of the taxpayer, qualified real property (as defined in subsection (f)), and''.

(2) QUALIFIED REAL PROPERTY DEFINED.—Subsection (f) of section 179 is amended to read as follows:

''(f) QUALIFIED REAL PROPERTY.—For purposes of this section, the term 'qualified real property' means—

''(1) any qualified improvement property described in section 168(e)(6), and

''(2) any of the following improvements to nonresidential real property placed in service after the date such property was first placed in service:

''(A) Roofs.

''(B) Heating, ventilation, and air-conditioning property.

''(C) Fire protection and alarm systems.

''(D) Security systems.''.

(c) REPEAL OF EXCLUSION FOR CERTAIN PROPERTY.—The last sentence of section 179(d)(1) is amended by inserting ''(other than paragraph (2) thereof)'' after ''section 50(b)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 2017.

SEC. 13102. MODIFICATIONS OF GROSS RECEIPTS TEST FOR USE OF CASH METHOD OF ACCOUNTING BY CORPORATIONS AND PARTNERSHIPS.

(a) MODIFICATIONS OF GROSS RECEIPTS TEST.—

(1) IN GENERAL.—So much of section 448(c) as precedes paragraph (2) is amended to read as follows:

''(c) GROSS RECEIPTS TEST.—

''(1) IN GENERAL.—A corporation or partnership meets the gross receipts test of this subsection for any taxable year if the average annual gross receipts of such entity for the 3-taxable-year period ending with the taxable year which precedes such taxable year does not exceed the applicable dollar limit.''.

(2) APPLICABLE DOLLAR LIMIT.—Subsection (c) of section 448 is amended by adding at the end the following new paragraph:

''(4) APPLICABLE DOLLAR LIMIT.—

''(A) IN GENERAL.—The applicable dollar limit is $15,000,000.

''(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $15,000,000 amount under subparagraph (A) 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 the calendar year in which the taxable year begins, by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.''.

(3) CHANGE IN METHOD OF ACCOUNTING.—Paragraph (7) of section 448(d) is amended—

(A) by striking ''In the case of'' and all that follows up to subparagraph (A) and inserting: ''If a taxpayer changes its method of accounting because the taxpayer is prohibited from using the cash receipts and disbursement method of accounting by reason of subsection (a) or is no longer prohibited from using such method by reason of such subsection—'', and

(B) by inserting ''and'' at the end of subparagraph (A), by striking '', and'' at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(4) CONFORMING AMENDMENT.—Paragraph (3) of section 448(b) is amended to read as follows:

''(3) ENTITIES SATISFYING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if such entity meets the gross receipts test of subsection (c) for the taxable year.''.

(b) APPLICATION OF MODIFICATIONS TO FARMING CORPORATIONS.—

(1) IN GENERAL.—Paragraph (1) of section 447(d) is amended to read as follows:

''(1) IN GENERAL.—A corporation meets the requirements of this subsection for any taxable year with respect to its gross receipts if the corporation meets the gross receipts test of section 448(c) for the taxable year.''.

(2) FAMILY CORPORATIONS.—Paragraph (2) of section 447(d) is amended—

(A) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—In the case of a family corporation, in applying section 448(c) for purposes of paragraph (1)—

''(i) paragraph (1) of section 448(c) shall be applied by substituting the applicable family corporation limit for the applicable dollar limit, and

''(ii) the rules of subparagraph (B) shall apply in computing gross receipts.'',

(B) in subparagraph (B)(i), by striking ''the last sentence of paragraph (1)'' and inserting ''paragraph (2) of section 448(c)'', and

(C) by adding at the end the following new subparagraph:

''(D) APPLICABLE FAMILY CORPORATION LIMIT.—

''(i) IN GENERAL.—The applicable family corporation limit is $25,000,000.

''(ii) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning after December 31, 2018, the $25,000,000 amount under clause (i) 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 the calendar year in which the taxable year begins, by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.''.

(3) EXCEPTION FOR CERTAIN CORPORATIONS.—Subsection (c) of section 447 is amended by inserting ''for any taxable year'' after ''not being a corporation''.

(4) CHANGE IN METHOD OF ACCOUNTING.—Section 447(f) is amended—

(A) by striking ''In the case of'' and all that follows up to paragraph (1) and inserting the following: ''If a taxpayer changes its method of accounting because the taxpayer is required to use an accrual method of accounting by reason of subsection (a) or is no longer required to use such method by reason of such subsection—'', and

(B) by striking paragraph (2) and inserting the following:

''(2) such change shall be treated as initiated by the taxpayer, and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13103. CLARIFICATION OF INVENTORY ACCOUNTING RULES FOR SMALL BUSINESSES.

(a) CLARIFICATION OF INVENTORY RULES.—

(1) IN GENERAL.—Section 471 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

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

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—A qualified taxpayer who is not required under this subsection to use inventories with respect to any property for a taxable year beginning after December 31, 2017, may treat such property—

''(A) as a non-incidental material or supply, or

''(B) in a manner which conforms to the taxpayer's method for accounting for such property in—

''(i) an applicable financial statement (as defined in section 451(b)(3)), or

''(ii) in the case of a taxpayer that does not have an applicable financial statement, their books and records used for purposes of determining tax imposed by this title.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means, with respect to any taxable year, a taxpayer who meets the gross receipts test of section 448(c) for the taxable year (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation). Such term shall not include a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3).

''(4) COORDINATION WITH SECTION 481.—If a taxpayer changes its method of accounting because the taxpayer is not required to use inventories by reason of paragraph (1) or is required to use inventories because such paragraph no longer applies to the taxpayer—

''(A) such change shall be treated as initiated by the taxpayer, and

''(B) such change shall be treated as made with the consent of the Secretary.''.

(2) CONFORMING AMENDMENT.—Subsection (c) of section 263A is amended by adding at the end the following new paragraph:

''(8) EXCLUSION FROM INVENTORY RULES.—Nothing in this section shall require the use of inventories for any taxable year by a qualified taxpayer (within the meaning of section 471(c)(3)) who is not required to use inventories under section 471 for such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13104. MODIFICATION OF RULES FOR UNIFORM CAPITALIZATION OF CERTAIN EXPENSES.

(a) IN GENERAL.—Section 263A(b) is amended by striking all that follows paragraph (1) and inserting the following new paragraphs:

''(2) PROPERTY ACQUIRED FOR RESALE.—Real or personal property described in section 1221(a)(1) which is acquired by the taxpayer for resale.

''(3) EXCEPTION FOR SMALL BUSINESSES.—This section shall not apply to any taxpayer who meets the gross receipts test under section 448(c) for the taxable year (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation), other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3).

''(4) FILMS, SOUND RECORDINGS, BOOKS, ETC.—For purposes of this subsection, the term 'tangible personal property' shall include a film, sound recording, video tape, book, or similar property.

''(5) COORDINATION WITH SECTION 481.—If a taxpayer changes its method of accounting because this section does not apply to the taxpayer by reason of the exception under paragraph (3) or this section applies to the taxpayer because such exception no longer applies to the taxpayer—

''(A) such change shall be treated as initiated by the taxpayer, and

''(B) such change shall be treated as made with the consent of the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13105. INCREASE IN GROSS RECEIPTS TEST FOR CONSTRUCTION CONTRACT EXCEPTION TO PERCENTAGE OF COMPLETION METHOD.

(a) INCREASE.—

(1) IN GENERAL.—Section 460(e)(1)(B) is amended—

(A) in the matter preceding clause (i), by inserting ''(other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3))'' after ''taxpayer'', and

(B) by striking clause (ii) and inserting the following:

''(ii) who meets the gross receipts test of section 448(c) for the taxable year in which such contract is entered into (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 460(e) is amended by striking paragraphs (2) and (3) and by redesignating paragraphs (4) through (6) as paragraphs (2) through (4), respectively.

(B) The last sentence of section 56(a)(3) is amended by striking ''section 460(e)(6)'' and inserting ''section 460(e)(4)''.

(b) COORDINATION WITH SECTION 481.—Section 460(e), as amended by subsection (a), is amended by adding at the end the following:

''(5) COORDINATION WITH SECTION 481.—If a taxpayer changes its method of accounting because subsections (a), (b), (c)(1), and (c)(2) do not apply by reason of the exception under paragraph (1)(B) or such subsections apply to the taxpayer because such exception no longer applies to the taxpayer—

''(A) such change shall be treated as initiated by the taxpayer,

''(B) such change shall be treated as made with the consent of the Secretary, and

''(C) such change shall be permitted only on a cut-off basis for all similarly classified contracts entered into on or after the year of change and no adjustments under section 481(a) shall be made.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contracts entered into after December 31, 2017, in taxable years ending after such date.

PART III—COST RECOVERY AND ACCOUNTING METHODS

Subpart A—Cost Recovery

SEC. 13201. TEMPORARY 100-PERCENT EXPENSING FOR CERTAIN BUSINESS ASSETS.

(a) INCREASED EXPENSING.—

(1) IN GENERAL.—Section 168(k) is amended—

(A) in paragraph (1)(A), by striking ''50 percent'' and inserting ''the applicable percentage'', and

(B) in paragraph (5)(A)(i), by striking ''50 percent'' and inserting ''the applicable percentage''.

(2) APPLICABLE PERCENTAGE.—Paragraph (6) of section 168(k) is amended to read as follows:

''(6) APPLICABLE PERCENTAGE.—For purposes of this subsection—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the term 'applicable percentage' means—

''(i) in the case of property placed in service after September 27, 2017, and before January 1, 2023, 100 percent,

''(ii) in the case of property placed in service after December 31, 2022, and before January 1, 2024, 80 percent,

''(iii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 60 percent,

''(iv) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 40 percent, and

''(v) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 20 percent.

''(B) RULE FOR PROPERTY WITH LONGER PRODUCTION PERIODS.—In the case of property described in paragraph (2)(B) or (C), the term 'applicable percentage' means—

''(i) in the case of property placed in service after September 27, 2017, and before January 1, 2024, 100 percent,

''(ii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 80 percent,

''(iii) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 60 percent,

''(iv) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 40 percent, and

''(v) in the case of property placed in service after December 31, 2026, and before January 1, 2028, 20 percent.

''(C) RULE FOR PLANTS BEARING FRUITS AND NUTS.—In the case of a specified plant described in paragraph (5), the term 'applicable percentage' means—

''(i) in the case of a plant which is planted or grafted after September 27, 2017, and before January 1, 2023, 100 percent,

''(ii) in the case of a plant which is planted or grafted after December 31, 2022, and before January 1, 2024, 80 percent,

''(iii) in the case of a plant which is planted or grafted after December 31, 2023, and before January 1, 2025, 60 percent,

''(iv) in the case of a plant which is planted or grafted after December 31, 2024, and before January 1, 2026, 40 percent, and

''(v) in the case of a plant which is planted or grafted after December 31, 2025, and before January 1, 2027, 20 percent.''.

(3) CONFORMING AMENDMENT.—Paragraph (5) of section 168(k) is amended by striking subparagraph (F).

(b) EXTENSION.—

(1) IN GENERAL.—Section 168(k) is amended—

(A) in paragraph (2)—

(i) in subparagraph (A)(iii), clauses (i)(III) and (ii) of subparagraph (B), and subparagraph (E)(i), by striking ''January 1, 2020'' each place it appears and inserting ''January 1, 2027'', and

(ii) in subparagraph (B)—

(I) in clause (i)(II), by striking ''January 1, 2021'' and inserting ''January 1, 2028'', and

(II) in the heading of clause (ii), by striking ''PRE-JANUARY 1, 2020'' and inserting ''PRE-JANUARY 1, 2027'', and

(B) in paragraph (5)(A), by striking ''January 1, 2020'' and inserting ''January 1, 2027''.

(2) CONFORMING AMENDMENTS.—

(A) Clause (ii) of section 460(c)(6)(B) is amended by striking ''January 1, 2020 (January 1, 2021'' and inserting ''January 1, 2027 (January 1, 2028''.

(B) The heading of section 168(k) is amended by striking ''ACQUIRED AFTER DECEMBER 31, 2007, AND BEFORE JANUARY 1, 2020''.

(c) EXCEPTION FOR PUBLIC UTILITIES.—Section 168(k) is amended by adding at the end the following new paragraph:

''(8) EXCEPTION FOR CERTAIN PROPERTY.—The term 'qualified property' shall not include any property which is primarily used in a trade or business described in clause (iv) of section 163(j)(7)(A).''.

(d) SPECIAL RULE.—Section 168(k), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR PROPERTY PLACED IN SERVICE DURING CERTAIN PERIODS.—

''(A) IN GENERAL.—In the case of qualified property placed in service by the taxpayer during the first taxable year ending after September 27, 2017, if the taxpayer elects to have this paragraph apply for such taxable year, paragraphs (1)(A) and (5)(A)(i) shall be applied by substituting '50 percent' for 'the applicable percentage'.

''(B) FORM OF ELECTION.—Any election under this paragraph shall be made at such time and in such form and manner as the Secretary may prescribe.''.

(e) COORDINATION WITH SECTION 280F.—Section 168(k)(2)(F) is amended by striking clause (iii).

(f) QUALIFIED FILM AND TELEVISION AND LIVE THEATRICAL PRODUCTIONS.—

(1) IN GENERAL.—Clause (i) of section 168(k)(2)(A), as amended by section 13204, is amended—

(A) in subclause (II), by striking ''or'',

(B) in subclause (III), by adding ''or'' after the comma, and

(C) by adding at the end the following:

''(IV) which is a qualified film or television production (as defined in subsection (d) of section 181) for which a deduction would have been allowable under section 181 without regard to subsections (a)(2) and (g) of such section or this subsection, or

''(V) which is a qualified live theatrical production (as defined in subsection (e) of section 181) for which a deduction would have been allowable under section 181 without regard to subsections (a)(2) and (g) of such section or this subsection,''.

(2) PRODUCTION PLACED IN SERVICE.—Paragraph (2) of section 168(k) is amended by adding at the end the following:

''(H) PRODUCTION PLACED IN SERVICE.—For purposes of subparagraph (A)—

''(i) a qualified film or television production shall be considered to be placed in service at the time of initial release or broadcast, and

''(ii) a qualified live theatrical production shall be considered to be placed in service at the time of the initial live staged performance.''.

(g) EFFECTIVE DATES.—The amendments made by this section shall apply to property placed in service, and specified plants planted or grafted after, after September 27, 2017, in taxable years ending after such date.

SEC. 13202. MODIFICATIONS TO DEPRECIATION LIMITATIONS ON LUXURY AUTOMOBILES AND PERSONAL USE PROPERTY.

(a) LUXURY AUTOMOBILES.—

(1) IN GENERAL.—280F(a)(1)(A) is amended—

(A) in clause (i), by striking ''$2,560'' and inserting ''$10,000'',

(B) in clause (ii), by striking ''$4,100'' and inserting ''$16,000'',

(C) in clause (iii), by striking ''$2,450'' and inserting ''$9,600'', and

(D) in clause (iv), by striking ''$1,475'' and inserting ''$5,760''.

(2) CONFORMING AMENDMENTS.—

(A) Clause (ii) of section 280F(a)(1)(B) is amended by striking ''$1,475'' in the text and heading and inserting ''$5,760''.

(B) Paragraph (7) of section 280F(d) is amended—

(i) in subparagraph (A), by striking ''1988'' and inserting ''2018'', and

(ii) in subparagraph (B)(i)(II), by striking ''1987'' and inserting ''2017''.

(b) REMOVAL OF COMPUTER EQUIPMENT FROM LISTED PROPERTY.—

(1) IN GENERAL.—Section 280F(d)(4)(A) is amended—

(A) by inserting ''and'' at the end of clause (iii),

(B) by striking clause (iv), and

(C) by redesignating clause (v) as clause (iv).

(2) CONFORMING AMENDMENT.—Section 280F(d)(4) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date.

SEC. 13203. MODIFICATIONS OF TREATMENT OF CERTAIN FARM PROPERTY.

(a) TREATMENT OF CERTAIN FARM PROPERTY AS 5-YEAR PROPERTY.—Clause (vii) of section 168(e)(3)(B) is amended by striking ''after December 31, 2008, and which is placed in service before January 1, 2010'' and inserting ''after December 31, 2017''.

(b) REPEAL OF REQUIRED USE OF 150-PERCENT DECLINING BALANCE METHOD.—Section 168(b)(2) is amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date.

SEC. 13204. APPLICABLE RECOVERY PERIOD FOR REAL PROPERTY.

(a) RESIDENTIAL RENTAL PROPERTY AND NONRESIDENTIAL REAL PROPERTY.—

(1) REDUCTION OF RECOVERY PERIOD.—The table contained in section 168(c) is amended—

(A) by striking ''27.5 years'' and inserting ''25 years'', and

(B) by striking ''39 years'' and inserting ''25 years''.

(2) STATUTORY RECOVERY PERIOD.—The table contained in section 467(e)(3)(A) is amended—

(A) by inserting ''(other than residential rental property and nonresidential real property)'' after ''15-year and 20-year property'', and

(B) by striking ''19 years'' and inserting ''25 years''.

(3) CONFORMING AMENDMENT.—Clause (ii) of section 168(e)(2)(B) is amended by striking ''27.5 years'' and inserting ''25 years''.

(b) IMPROVEMENTS TO REAL PROPERTY.—

(1) CLASSIFICATION OF QUALIFIED IMPROVEMENT PROPERTY AS 10-YEAR PROPERTY.—Subparagraph (D) of section 168(e)(3) is amended—

(A) in clause (iii), by striking ''and'',

(B) in clause (iv), by striking the period and inserting '', and'', and

(C) by adding at the end the following new clause:

''(v) any qualified improvement property described in subsection (e)(6).''.

(2) ELIMINATION OF QUALIFIED LEASEHOLD IMPROVEMENT, QUALIFIED RESTAURANT, AND QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Subsection (e) of section 168 is amended—

(A) in subparagraph (E) of paragraph (3)—

(i) by striking clauses (iv), (v), and (ix),

(ii) in clause (vii), by inserting ''and'' at the end,

(iii) in clause (viii), by striking '', and'' and inserting a period, and

(iv) by redesignating clauses (vi), (vii), and (viii), as so amended, as clauses (iv), (v), and (vi), respectively, and

(B) by striking paragraphs (6), (7), and (8).

(3) APPLICATION OF STRAIGHT LINE METHOD TO QUALIFIED IMPROVEMENT PROPERTY.—Paragraph (3) of section 168(b) is amended—

(A) by striking subparagraphs (G), (H), and (I), and

(B) by inserting after subparagraph (F) the following new subparagraph:

''(G) Qualified improvement property described in subsection (e)(6).''.

(4) ALTERNATIVE DEPRECIATION SYSTEM.—

(A) ELECTING REAL PROPERTY TRADE OR BUSINESS.—Subsection (g) of section 168 is amended—

(i) in paragraph (1)—

(I) in subparagraph (D), by striking ''and'' at the end,

(II) in subparagraph (E), by inserting ''and'' at the end, and

(III) by inserting after subparagraph (E) the following new subparagraph:

''(F) any property described in paragraph (8),'', and

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

''(8) ELECTING REAL PROPERTY TRADE OR BUSINESS.—The property described in this paragraph shall consist of any nonresidential real property, residential rental property, and qualified improvement property held by an electing real property trade or business (as defined in 163(j)(7)(B)).''.

(B) QUALIFIED IMPROVEMENT PROPERTY.—The table contained in subparagraph (B) of section 168(g)(3) is amended—

(i) by inserting after the item relating to subparagraph (D)(ii) the following new item:

''(D)(v)	20''.

, and

(ii) by striking the item relating to subparagraph (E)(iv) and all that follows through the item relating to subparagraph (E)(ix) and inserting the following:

''(E)(iv)	20
(E)(v)	30
(E)(vi)	35''.

(C) APPLICABLE RECOVERY PERIOD FOR RESIDENTIAL RENTAL PROPERTY.—The table contained in subparagraph (C) of section 168(g)(2) is amended by striking clauses (iii) and (iv) and inserting the following:

''(iii) Residential rental property	30 years
(iv) Nonresidential real property	40 years
(v) Any railroad grading or tunnel bore or water utility property	50 years''.

(5) CONFORMING AMENDMENTS.—

(A) Clause (i) of section 168(k)(2)(A) is amended—

(i) in subclause (II), by inserting ''or'' after the comma,

(ii) in subclause (III), by striking ''or'' at the end, and

(iii) by striking subclause (IV).

(B) Section 168 is amended—

(i) in subsection (e), as amended by paragraph (2)(B), by adding at the end the following:

''(6) QUALIFIED IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified improvement property' means any improvement to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator, or

''(iii) the internal structural framework of the building.''.

(ii) in subsection (k), by striking paragraph (3).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2017.

(2) AMENDMENTS RELATED TO ELECTING REAL PROPERTY TRADE OR BUSINESS.—The amendments made by subsection (b)(4)(A) shall apply to taxable years beginning after December 31, 2017.

SEC. 13205. USE OF ALTERNATIVE DEPRECIATION SYSTEM FOR ELECTING FARMING BUSINESSES.

(a) IN GENERAL.—Section 168(g)(1), as amended by section 13204, is amended by striking ''and'' at the end of subparagraph (E), by inserting ''and'' at the end of subparagraph (F), and by inserting after subparagraph (F) the following new subparagraph:

''(G) any property with a recovery period of 10 years or more which is held by an electing farming business (as defined in section 163(j)(7(C)),''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13206. AMORTIZATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

(a) IN GENERAL.—Section 174 is amended to read as follows:

''SEC. 174. AMORTIZATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

''(a) IN GENERAL.—In the case of a taxpayer's specified research or experimental expenditures for any taxable year—

''(1) except as provided in paragraph (2), no deduction shall be allowed for such expenditures, and

''(2) the taxpayer shall—

''(A) charge such expenditures to capital account, and

''(B) be allowed an amortization deduction of such expenditures ratably over the 5-year period (15-year period in the case of any specified research or experimental expenditures which are attributable to foreign research (within the meaning of section 41(d)(4)(F))) beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.

''(b) SPECIFIED RESEARCH OR EXPERIMENTAL EXPENDITURES.—For purposes of this section, the term 'specified research or experimental expenditures' means, with respect to any taxable year, research or experimental expenditures which are paid or incurred by the taxpayer during such taxable year in connection with the taxpayer's trade or business.

''(c) SPECIAL RULES.—

''(1) LAND AND OTHER PROPERTY.—This section shall not apply to any expenditure for the acquisition or improvement of land, or for the acquisition or improvement of property to be used in connection with the research or experimentation and of a character which is subject to the allowance under section 167 (relating to allowance for depreciation, etc.) or section 611 (relating to allowance for depletion); but for purposes of this section allowances under section 167, and allowances under section 611, shall be considered as expenditures.

''(2) EXPLORATION EXPENDITURES.—This section shall not apply to any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral (including oil and gas).

''(3) SOFTWARE DEVELOPMENT.—For purposes of this section, any amount paid or incurred in connection with the development of any software shall be treated as a research or experimental expenditure.

''(d) TREATMENT UPON DISPOSITION, RETIREMENT, OR ABANDONMENT.—If any property with respect to which specified research or experimental expenditures are paid or incurred is disposed, retired, or abandoned during the period during which such expenditures are allowed as an amortization deduction under this section, no deduction shall be allowed with respect to such expenditures on account of such disposition, retirement, or abandonment and such amortization deduction shall continue with respect to such expenditures.''.

(b) CHANGE IN METHOD OF ACCOUNTING.—The amendments made by subsection (a) shall be treated as a change in method of accounting for purposes of section 481 of the Internal Revenue Code of 1986 and—

(1) such change shall be treated as initiated by the taxpayer,

(2) such change shall be treated as made with the consent of the Secretary, and

(3) such change shall be applied only on a cut-off basis for any research or experimental expenditures paid or incurred in taxable years beginning after December 31, 2025, and no adjustments under section 481(a) shall be made.

(c) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by striking the item relating to section 174 and inserting the following new item:

''Sec. 174. Amortization of research and experimental expenditures.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 41(d)(1)(A) is amended by striking ''expenses under section 174'' and inserting ''specified research or experimental expenditures under section 174''.

(2) Subsection (c) of section 280C is amended—

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

''(1) IN GENERAL.—If—

''(A) the amount of the credit determined for the taxable year under section 41(a)(1), exceeds

''(B) the amount allowable as a deduction for such taxable year for qualified research expenses or basic research expenses,

the amount chargeable to capital account for the taxable year for such expenses shall be reduced by the amount of such excess.'',

(B) by striking paragraph (2),

(C) by redesignating paragraphs (3) (as amended by this Act) and (4) as paragraphs (2) and (3), respectively, and

(D) in paragraph (2), as redesignated by subparagraph (C), by striking ''paragraphs (1) and (2)'' and inserting ''paragraph (1)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2025.

SEC. 13207. EXPENSING OF CERTAIN COSTS OF REPLANTING CITRUS PLANTS LOST BY REASON OF CASUALTY.

(a) IN GENERAL.—Section 263A(d)(2) is amended by adding at the end the following new subparagraph:

''(C) SPECIAL TEMPORARY RULE FOR CITRUS PLANTS LOST BY REASON OF CASUALTY.—

''(i) IN GENERAL.—In the case of the replanting of citrus plants, subparagraph (A) shall apply to amounts paid or incurred by a person (other than the taxpayer described in subparagraph (A)) if—

''(I) the taxpayer described in subparagraph (A) has an equity interest of not less than 50 percent in the replanted citrus plants at all times during the taxable year in which such amounts were paid or incurred and such other person holds any part of the remaining equity interest, or

''(II) such other person acquired the entirety of such taxpayer's equity interest in the land on which the lost or damaged citrus plants were located at the time of such loss or damage, and the replanting is on such land.

''(ii) TERMINATION.—Clause (i) shall not apply to any cost paid or incurred after the date which is 10 years after the date of the enactment of the Tax Cuts and Jobs Act.''.

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

Subpart B—Accounting Methods

SEC. 13221. CERTAIN SPECIAL RULES FOR TAXABLE YEAR OF INCLUSION.

(a) INCLUSION NOT LATER THAN FOR FINANCIAL ACCOUNTING PURPOSES.—Section 451 is amended by redesignating subsections (b) through (i) as subsections (c) through (j), respectively, and by inserting after subsection (a) the following new subsection:

''(b) INCLUSION NOT LATER THAN FOR FINANCIAL ACCOUNTING PURPOSES.—

''(1) INCOME TAKEN INTO ACCOUNT IN FINANCIAL STATEMENT.—

''(A) IN GENERAL.—In the case of a taxpayer the taxable income of which is computed under an accrual method of accounting, the all events test with respect to any item of gross income (or portion thereof) shall not be treated as met any later than when such item (or portion thereof) is taken into account as revenue in—

''(i) an applicable financial statement of the taxpayer, or

''(ii) such other financial statement as the Secretary may specify for purposes of this subsection.

''(B) EXCEPTION.—This paragraph shall not apply to—

''(i) a taxpayer which does not have a financial statement described in clause (i) or (ii) of subparagraph (A) for a taxable year, or

''(ii) any item of gross income in connection with a mortgage servicing contract.

''(C) ALL EVENTS TEST.—For purposes of this section, the all events test is met with respect to any item of gross income if all the events have occurred which fix the right to receive such income and the amount of such income can be determined with reasonable accuracy.

''(2) COORDINATION WITH SPECIAL METHODS OF ACCOUNTING.—Paragraph (1) shall not apply with respect to any item of gross income for which the taxpayer uses a special method of accounting provided under any other provision of this chapter, other than any provision of part V of subchapter P (except as provided in clause (ii) of paragraph (1)(B)).

''(3) APPLICABLE FINANCIAL STATEMENT.—For purposes of this subsection, the term 'applicable financial statement' means—

''(A) a financial statement which is certified as being prepared in accordance with generally accepted accounting principles and which is—

''(i) a 10–K (or successor form), or annual statement to shareholders, required to be filed by the taxpayer with the United States Securities and Exchange Commission,

''(ii) an audited financial statement of the taxpayer which is used for—

''(I) credit purposes,

''(II) reporting to shareholders, partners, or other proprietors, or to beneficiaries, or

''(III) any other substantial nontax purpose,

but only if there is no statement of the taxpayer described in clause (i), or

''(iii) filed by the taxpayer with any other Federal agency for purposes other than Federal tax purposes, but only if there is no statement of the taxpayer described in clause (i) or (ii),

''(B) a financial statement which is made on the basis of international financial reporting standards and is filed by the taxpayer with an agency of a foreign government which is equivalent to the United States Securities and Exchange Commission and which has reporting standards not less stringent than the standards required by such Commission, but only if there is no statement of the taxpayer described in subparagraph (A), or

''(C) a financial statement filed by the taxpayer with any other regulatory or governmental body specified by the Secretary, but only if there is no statement of the taxpayer described in subparagraph (A) or (B).

''(4) ALLOCATION OF TRANSACTION PRICE.—For purposes of this subsection, in the case of a contract which contains multiple performance obligations, the allocation of the transaction price to each performance obligation shall be equal to the amount allocated to each performance obligation for purposes of including such item in revenue in the applicable financial statement of the taxpayer.

''(5) GROUP OF ENTITIES.—For purposes of paragraph (1), if the financial results of a taxpayer are reported on the applicable financial statement (as defined in paragraph (3)) for a group of entities, such statement may be treated as the applicable financial statement of the taxpayer.''.

(b) TREATMENT OF ADVANCE PAYMENTS.—Section 451, as amended by subsection (a), is amended by redesignating subsections (c) through (j) as subsections (d) through (k), respectively, and by inserting after subsection (b) the following new subsection:

''(c) TREATMENT OF ADVANCE PAYMENTS.—

''(1) IN GENERAL.—A taxpayer which computes taxable income under the accrual method of accounting, and receives any advance payment during the taxable year, shall—

''(A) except as provided in subparagraph (B), include such advance payment in gross income for such taxable year, or

''(B) if the taxpayer elects the application of this subparagraph with respect to the category of advance payments to which such advance payment belongs, the taxpayer shall—

''(i) to the extent that any portion of such advance payment is required under subsection (b) to be included in gross income in the taxable year in which such payment is received, so include such portion, and

''(ii) include the remaining portion of such advance payment in gross income in the taxable year following the taxable year in which such payment is received.

''(2) ELECTION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the election under paragraph (1)(B) shall be made at such time, in such form and manner, and with respect to such categories of advance payments, as the Secretary may provide.

''(B) PERIOD TO WHICH ELECTION APPLIES.—An election under paragraph (1)(B) shall be effective for the taxable year with respect to which it is first made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to revoke such election. For purposes of this title, the computation of taxable income under an election made under paragraph (1)(B) shall be treated as a method of accounting.

''(3) TAXPAYERS CEASING TO EXIST.—Except as otherwise provided by the Secretary, the election under paragraph (1)(B) shall not apply with respect to advance payments received by the taxpayer during a taxable year if such taxpayer ceases to exist during (or with the close of) such taxable year.

''(4) ADVANCE PAYMENT.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'advance payment' means any payment—

''(i) the full inclusion of which in the gross income of the taxpayer for the taxable year of receipt is a permissible method of accounting under this section (determined without regard to this subsection),

''(ii) any portion of which is included in revenue by the taxpayer in a financial statement described in clause (i) or (ii) of subsection (b)(1)(A) for a subsequent taxable year, and

''(iii) which is for goods, services, or such other items as may be identified by the Secretary for purposes of this clause.

''(B) EXCLUSIONS.—Except as otherwise provided by the Secretary, such term shall not include—

''(i) rent,

''(ii) insurance premiums governed by subchapter L,

''(iii) payments with respect to financial instruments,

''(iv) payments with respect to warranty or guarantee contracts under which a third party is the primary obligor,

''(v) payments subject to section 871(a), 881, 1441, or 1442,

''(vi) payments in property to which section 83 applies, and

''(vii) any other payment identified by the Secretary for purposes of this subparagraph.

''(C) RECEIPT.—For purposes of this subsection, an item of gross income is received by the taxpayer if it is actually or constructively received, or if it is due and payable to the taxpayer.

''(D) ALLOCATION OF TRANSACTION PRICE.—For purposes of this subsection, rules similar to subsection (b)(4) shall apply.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(d) COORDINATION WITH SECTION 481.—

(1) IN GENERAL.—In the case of any qualified change in method of accounting for the taxpayer's first taxable year beginning after December 31, 2017—

(A) such change shall be treated as initiated by the taxpayer, and

(B) such change shall be treated as made with the consent of the Secretary of the Treasury.

(2) QUALIFIED CHANGE IN METHOD OF ACCOUNTING.—For purposes of this subsection, the term ''qualified change in method of accounting'' means any change in method of accounting which—

(A) is required by the amendments made by this section, or

(B) was prohibited under the Internal Revenue Code of 1986 prior to such amendments and is permitted under such Code after such amendments.

(e) SPECIAL RULES FOR ORIGINAL ISSUE DISCOUNT.—Notwithstanding subsection (c), in the case of income from a debt instrument having original issue discount—

(1) the amendments made by this section shall apply to taxable years beginning after December 31, 2018, and

(2) the period for taking into account any adjustments under section 481 by reason of a qualified change in method of accounting (as defined in subsection (d)) shall be 6 years.

PART IV—BUSINESS-RELATED EXCLUSIONS AND DEDUCTIONS

SEC. 13301. LIMITATION ON DEDUCTION FOR INTEREST.

(a) IN GENERAL.—Section 163(j) is amended to read as follows:

''(j) LIMITATION ON BUSINESS INTEREST.—

''(1) IN GENERAL.—The amount allowed as a deduction under this chapter for any taxable year for business interest shall not exceed the sum of—

''(A) the business interest income of such taxpayer for such taxable year, plus

''(B) 30 percent of the adjusted taxable income of such taxpayer for such taxable year.

The amount determined under subparagraph (B) shall not be less than zero.

''(2) CARRYFORWARD OF DISALLOWED BUSINESS INTEREST.—The amount of any business interest not allowed as a deduction for any taxable year by reason of paragraph (1) shall be treated as business interest paid or accrued in the succeeding taxable year.

''(3) EXEMPTION FOR CERTAIN SMALL BUSINESSES.—In the case of any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3)) which meets the gross receipts test of section 448(c) for any taxable year, paragraph (1) shall not apply to such taxpayer for such taxable year. In the case of any taxpayer which is not a corporation or a partnership, the gross receipts test of section 448(c) shall be applied in the same manner as if such taxpayer were a corporation or partnership.

''(4) APPLICATION TO PARTNERSHIPS, ETC.—

''(A) IN GENERAL.—In the case of any partnership—

''(i) this subsection shall be applied at the partnership level and any deduction for business interest shall be taken into account in determining the non-separately stated taxable income or loss of the partnership, and

''(ii) the adjusted taxable income of each partner of such partnership—

''(I) shall be determined without regard to such partner's distributive share of any items of income, gain, deduction, or loss of such partnership, and

''(II) shall be increased by such partner's distributive share of such partnership's excess taxable income.

For purposes of clause (ii)(II), a partner's distributive share of partnership excess taxable income shall be determined in the same manner as the partner's distributive share of nonseparately stated taxable income or loss of the partnership.

''(B) SPECIAL RULES FOR CARRYFORWARDS.—

''(i) IN GENERAL.—The amount of any business interest not allowed as a deduction to a partnership for any taxable year by reason of paragraph (1) for any taxable year—

''(I) shall not be treated under paragraph (2) as business interest paid or accrued by the partnership in the succeeding taxable year, and

''(II) shall, subject to clause (ii), be treated as excess business interest which is allocated to each partner in the same manner as the non-separately stated taxable income or loss of the partnership.

''(ii) TREATMENT OF EXCESS BUSINESS INTEREST ALLOCATED TO PARTNERS.—If a partner is allocated any excess business interest from a partnership under clause (i) for any taxable year—

''(I) such excess business interest shall be treated as business interest paid or accrued by the partner in the next succeeding taxable year in which the partner is allocated excess taxable income from such partnership, but only to the extent of such excess taxable income, and

''(II) any portion of such excess business interest remaining after the application of subclause (I) shall, subject to the limitations of subclause (I), be treated as business interest paid or accrued in succeeding taxable years.

For purposes of applying this paragraph, excess taxable income allocated to a partner from a partnership for any taxable year shall not be taken into account under paragraph (1)(A) with respect to any business interest other than excess business interest from the partnership until all such excess business interest for such taxable year and all preceding taxable years has been treated as paid or accrued under clause (ii).

''(iii) BASIS ADJUSTMENTS.—

''(I) IN GENERAL.—The adjusted basis of a partner in a partnership interest shall be reduced (but not below zero) by the amount of excess business interest allocated to the partner under clause (i)(II).

''(II) SPECIAL RULE FOR DISPOSITIONS.—If a partner disposes of a partnership interest, the adjusted basis of the partner in the partnership interest shall be increased immediately before the disposition by the amount of the excess (if any) of the amount of the basis reduction under subclause (I) over the portion of any excess business interest allocated to the partner under clause (i)(II) which has previously been treated under clause (ii) as business interest paid or accrued by the partner. The preceding sentence shall also apply to transfers of the partnership interest (including by reason of death) in a transaction in which gain is not recognized in whole or in part. No deduction shall be allowed to the transferor or transferee under this chapter for any excess business interest resulting in a basis increase under this subclause.

''(C) EXCESS TAXABLE INCOME.—The term 'excess taxable income' means, with respect to any partnership, the amount which bears the same ratio to the partnership's adjusted taxable income as—

''(i) the excess (if any) of—

''(I) the amount determined for the partnership under paragraph (1)(B), over

''(II) the amount (if any) by which the business interest of the partnership exceeds the business interest income of the partnership, bears to

''(ii) the amount determined for the partnership under paragraph (1)(B).

''(D) APPLICATION TO S CORPORATIONS.—Rules similar to the rules of subparagraphs (A) and (C) shall apply with respect to any S corporation and its shareholders.

''(5) BUSINESS INTEREST.—For purposes of this subsection, the term 'business interest' means any interest paid or accrued on indebtedness properly allocable to a trade or business. Such term shall not include investment interest (within the meaning of subsection (d)).

''(6) BUSINESS INTEREST INCOME.—For purposes of this subsection, the term 'business interest income' means the amount of interest includible in the gross income of the taxpayer for the taxable year which is properly allocable to a trade or business. Such term shall not include investment income (within the meaning of subsection (d)).

''(7) TRADE OR BUSINESS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'trade or business' shall not include—

''(i) the trade or business of performing services as an employee,

''(ii) any electing real property trade or business,

''(iii) any electing farming business, or

''(iv) the trade or business of the furnishing or sale of—

''(I) electrical energy, water, or sewage disposal services,

''(II) gas or steam through a local distribution system, or

''(III) transportation of gas or steam by pipeline,

if the rates for such furnishing or sale, as the case may be, have been established or approved by a State or political subdivision thereof, by any agency or instrumentality of the United States, by a public service or public utility commission or other similar body of any State or political subdivision thereof, or by the governing or ratemaking body of an electric cooperative.

''(B) ELECTING REAL PROPERTY TRADE OR BUSINESS.—For purposes of this paragraph, the term 'electing real property trade or business' means any trade or business which is described in section 469(c)(7)(C) and which makes an election under this subparagraph. Any such election shall be made at such time and in such manner as the Secretary shall prescribe, and, once made, shall be irrevocable.

''(C) ELECTING FARMING BUSINESS.—For purposes of this paragraph, the term 'electing farming business' means—

''(i) a farming business (as defined in section 263A(e)(4)) which makes an election under this subparagraph, or

''(ii) any trade or business of a specified agricultural or horticultural cooperative (as defined in section 199A(g)(2)) with respect to which the cooperative makes an election under this subparagraph.

Any such election shall be made at such time and in such manner as the Secretary shall prescribe, and, once made, shall be irrevocable.

''(8) ADJUSTED TAXABLE INCOME.—For purposes of this subsection, the term 'adjusted taxable income' means the taxable income of the taxpayer—

''(A) computed without regard to—

''(i) any item of income, gain, deduction, or loss which is not properly allocable to a trade or business,

''(ii) any business interest or business interest income,

''(iii) the amount of any net operating loss deduction under section 172, and

''(iv) the amount of any deduction allowed under section 199 or 199A, and

''(B) computed with such other adjustments as provided by the Secretary.

''(9) CROSS REFERENCES.—

''(A) For requirement that an electing real property trade or business use the alternative depreciation system, see section 168(g)(1)(F).

''(B) For requirement that an electing farming business use the alternative depreciation system, see section 168(g)(1)(G).''.

(b) TREATMENT OF CARRYFORWARD OF DISALLOWED BUSINESS INTEREST IN CERTAIN CORPORATE ACQUISITIONS.—

(1) IN GENERAL.—Section 381(c) is amended by inserting after paragraph (19) the following new paragraph:

''(20) CARRYFORWARD OF DISALLOWED BUSINESS INTEREST.—The carryover of disallowed business interest described in section 163(j)(2) to taxable years ending after the date of distribution or transfer.''.

(2) APPLICATION OF LIMITATION.—Section 382(d) is amended by adding at the end the following new paragraph:

''(3) APPLICATION TO CARRYFORWARD OF DISALLOWED INTEREST.—The term 'pre-change loss' shall include any carryover of disallowed interest described in section 163(n) under rules similar to the rules of paragraph (1).''.

(3) CONFORMING AMENDMENT.—Section 382(k)(1) is amended by inserting after the first sentence the following: ''Such term shall include any corporation entitled to use a carryforward of disallowed interest described in section 381(c)(20).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13302. MODIFICATION OF NET OPERATING LOSS DEDUCTION.

(a) LIMITATION ON DEDUCTION.—

(1) IN GENERAL.—Section 172(a) is amended to read as follows:

''(a) DEDUCTION ALLOWED.—There shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

''(1) the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, or

''(2) 90 percent (80 percent in the case of taxable years beginning after December 31, 2022) of taxable income computed without regard to the deduction allowable under this section.

For purposes of this subtitle, the term 'net operating loss deduction' means the deduction allowed by this subsection.''.

(2) COORDINATION OF LIMITATION WITH CARRYBACKS AND CARRYOVERS.—Section 172(b)(2) is amended by striking ''shall be

computed—'' and all that follows and inserting ''shall—

''(A) be computed with the modifications specified in subsection (d) other than paragraphs (1), (4), and (5) thereof, and by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss year or for any taxable year thereafter,

''(B) not be considered to be less than zero, and

''(C) not exceed the amount determined under subsection (a)(2) for such prior taxable year.''.

(3) CONFORMING AMENDMENT.—Section 172(d)(6) 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) subsection (a)(2) shall be applied by substituting 'real estate investment trust taxable income (as defined in section 857(b)(2) but without regard to the deduction for dividends paid (as defined in section 561))' for 'taxable income'.''.

(b) REPEAL OF NET OPERATING LOSS CARRYBACK; INDEFINITE CARRYFORWARD.—

(1) IN GENERAL.—Section 172(b)(1)(A) is amended—

(A) by striking ''shall be a net operating loss carryback to each of the 2 taxable years'' in clause (i) and inserting ''except as otherwise provided in this paragraph, shall not be a net operating loss carryback to any taxable year'', and

(B) by striking ''to each of the 20 taxable years'' in clause (ii) and inserting ''to each taxable year''.

(2) CONFORMING AMENDMENT.—Section 172(b)(1) is amended by striking subparagraphs (B) through (F).

(c) TREATMENT OF FARMING LOSSES.—

(1) ALLOWANCE OF CARRYBACKS.—Section 172(b)(1), as amended by subsection (b)(2), is amended by adding at the end the following new subparagraph:

''(B) FARMING LOSSES.—

''(i) IN GENERAL.—In the case of any portion of a net operating loss for the taxable year which is a farming loss with respect to the taxpayer, such loss shall be a net operating loss carryback to each of the 2 taxable years preceding the taxable year of such loss.

''(ii) FARMING LOSS.—For purposes of this section, the term 'farming loss' means the lesser of—

''(I) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to farming businesses (as defined in section 263A(e)(4)) are taken into account, or

''(II) the amount of the net operating loss for such taxable year.

''(iii) COORDINATION WITH PARAGRAPH (2).—For purposes of applying paragraph (2), a farming loss for any taxable year shall be treated as a separate net operating loss for such taxable year to be taken into account after the remaining portion of the net operating loss for such taxable year.

''(iv) ELECTION.—Any taxpayer entitled to a 2-year carryback under clause (i) from any loss year may elect not to have such clause apply to such loss year. Such election shall be made in such manner as prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 172 is amended by striking subsections (f), (g), and (h), and by redesignating subsection (i) as subsection (f).

(B) Section 537(b)(4) is amended by inserting ''(as in effect before the date of enactment of the Tax Cuts and Jobs Act)'' after ''as defined in section 172(f)''.

(d) TREATMENT OF CERTAIN INSURANCE LOSSES.—

(1) TREATMENT OF CARRYFORWARDS AND CARRYBACKS.—Section 172(b)(1), as amended by subsections (b)(2) and (c)(1), is amended by adding at the end the following new subparagraph:

''(C) INSURANCE COMPANIES.—In the case of an insurance company (as defined in section 816(a)) other than a life insurance company, the net operating loss for any taxable year—

''(i) shall be a net operating loss carryback to each of the 2 taxable years preceding the taxable year of such loss, and

''(ii) shall be a net operating loss carryover to each of the 20 taxable years following the taxable year of the loss.''.

(2) EXEMPTION FROM LIMITATION.—Section 172, as amended by subsection (c)(2)(A), is amended by redesignating subsection (f) as subsection (g) and inserting after subsection (e) the following new subsection:

''(f) SPECIAL RULE FOR INSURANCE COMPANIES.—In the case of an insurance company (as defined in section 816(a)) other than a life insurance company—

''(1) the amount of the deduction allowed under subsection (a) shall be the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, and

''(2) subparagraph (C) of subsection (b)(2) shall not apply.''.

(e) EFFECTIVE DATE.—

(1) NET OPERATING LOSS LIMITATION.—The amendments made by subsections (a) and (d)(2) shall apply to losses arising in taxable years beginning after December 31, 2017.

(2) CARRYFORWARDS AND CARRYBACKS.—The amendments made by subsections (b), (c), and (d)(1) shall apply to net operating losses arising in taxable years ending after December 31, 2017.

SEC. 13303. LIKE-KIND EXCHANGES OF REAL PROPERTY.

(a) IN GENERAL.—Section 1031(a)(1) is amended by striking ''property'' each place it appears and inserting ''real property''.

(b) CONFORMING AMENDMENTS.—

(1)(A) Paragraph (2) of section 1031(a) is amended to read as follows:

''(2) EXCEPTION FOR REAL PROPERTY HELD FOR SALE.—This subsection shall not apply to any exchange of real property held primarily for sale.''.

(B) Section 1031 is amended by striking subsection (i).

(2) Section 1031 is amended by striking subsection (e).

(3) Section 1031, as amended by paragraph (2), is amended by inserting after subsection (d) the following new subsection:

''(e) APPLICATION TO CERTAIN PARTNERSHIPS.—For purposes of this section, an interest in a partnership which has in effect a valid election under section 761(a) to be excluded from the application of all of subchapter K shall be treated as an interest in each of the assets of such partnership and not as an interest in a partnership.''.

(4) Section 1031(h) is amended to read as follows:

''(h) SPECIAL RULES FOR FOREIGN REAL PROPERTY.—Real property located in the United States and real property located outside the United States are not property of a like kind.''.

(5) The heading of section 1031 is amended by striking ''**PROPERTY**'' and inserting ''**REAL PROPERTY**''.

(6) The table of sections for part III of subchapter O of chapter 1 is amended by striking the item relating to section 1031 and inserting the following new item:

''Sec. 1031. Exchange of real property held for productive use or investment.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to exchanges completed after December 31, 2017.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any exchange if—

(A) the property disposed of by the taxpayer in the exchange is disposed of on or before December 31 2017, or

(B) the property received by the taxpayer in the exchange is received on or before December 31, 2017.

SEC. 13304. LIMITATION ON DEDUCTION BY EMPLOYERS OF EXPENSES FOR FRINGE BENEFITS.

(a) NO DEDUCTION ALLOWED FOR ENTERTAINMENT EXPENSES.—

(1) IN GENERAL.—Section 274(a) is amended—

(A) in paragraph (1)(A), by striking ''unless'' and all that follows through ''trade or business,'',

(B) by striking the flush sentence at the end of paragraph (1), and

(C) by striking paragraph (2)(C).

(2) CONFORMING AMENDMENTS.—

(A) Section 274(d) is amended—

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

(ii) in the flush text following paragraph (3) (as so redesignated)—

(I) by striking '', entertainment, amusement, recreation, or use of the facility or property,'' in item (B), and

(II) by striking ''(D) the business relationship to the taxpayer of persons entertained, using the facility or property, or receiving the gift'' and inserting ''(D) the business relationship to the taxpayer of the person receiving the benefit'',

(B) Section 274 is amended by striking subsection (l).

(C) Section 274(n) is amended by striking ''AND ENTERTAINMENT'' in the heading.

(D) Section 274(n)(1) is amended to read as follows:

''(1) IN GENERAL.—The amount allowable as a deduction under this chapter for any expense for food or beverages shall not exceed 50 percent of the amount of such expense which would (but for this paragraph) be allowable as a deduction under this chapter.''.

(E) Section 274(n)(2) is amended—

(i) in subparagraph (B), by striking ''in the case of an expense for food or beverages,'',

(ii) by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively,

(iii) by striking ''of subparagraph (E)'' the last sentence and inserting ''of subparagraph (D)'', and

(iv) by striking ''in subparagraph (D)'' in the last sentence and inserting ''in subparagraph (C)''.

(F) Clause (iv) of section 7701(b)(5)(A) is amended to read as follows:

''(iv) a professional athlete who is temporarily in the United States to compete in a sports event—

''(I) which is organized for the primary purpose of benefiting an organization which is described in section 501(c)(3) and exempt from tax under section 501(a),

''(II) all of the net proceeds of which are contributed to such organization, and,

''(III) which utilizes volunteers for substantially all of the work performed in carrying out such event.''.

(b) ONLY 50 PERCENT OF EXPENSES FOR MEALS PROVIDED ON OR NEAR BUSINESS

PREMISES ALLOWED AS DEDUCTION.—Paragraph (2) of section 274(n), as amended by subsection (a), is amended—

(1) by striking subparagraph (B),

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

(3) by striking ''of subparagraph (D)'' in the last sentence and inserting ''of subparagraph (C)'', and

(4) by striking ''in subparagraph (C)'' in the last sentence and inserting ''in subparagraph (B)''.

(c) TREATMENT OF TRANSPORTATION BENEFITS.—Section 274, as amended by subsection (a), is amended—

(1) in subsection (a)—

(A) in the heading, by striking ''OR RECREATION'' and inserting ''RECREATION, OR QUALIFIED TRANSPORTATION FRINGES'', and

(B) by adding at the end the following new paragraph:

''(4) QUALIFIED TRANSPORTATION FRINGES.—No deduction shall be allowed under this chapter for the expense of any qualified transportation fringe (as defined in section 132(f)) provided to an employee of the taxpayer.'', and

(2) by inserting after subsection (k) the following new subsection:

''(l) TRANSPORTATION AND COMMUTING BENEFITS.—No deduction shall be allowed under this chapter for any expense incurred for providing any transportation, or any payment or reimbursement, to an employee of the taxpayer in connection with travel between the employee's residence and place of employment, except as necessary for ensuring the safety of the employee.''.

(d) ELIMINATION OF DEDUCTION FOR MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.—Section 274, as amended by subsection (c), is amended—

(1) by redesignating subsection (o) as subsection (p), and

(2) by inserting after subsection (n) the following new subsection:

''(o) MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.—No deduction shall be allowed under this chapter for—

''(1) any expense for the operation of a facility described in section 132(e)(2), and any expense for food or beverages, including under section 132(e)(1), associated with such facility, or

''(2) any expense for meals described in section 119(a).''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts incurred or paid after December 31, 2017.

(2) EFFECTIVE DATE FOR ELIMINATION OF DEDUCTION FOR MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.—The amendments made by subsection (d) shall apply to amounts incurred or paid after December 31, 2025.

SEC. 13305. REPEAL OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES.

(a) REPEAL.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Section 199 is amended by adding at the end the following new subsection:

''(e) PARTIAL TERMINATION FOR TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a C corporation, this section shall not apply to any taxable year beginning after December 31, 2017.''.

(2) CERTAIN SPECIAL RULES FOR COOPERATIVES.—Section 199(d)(3) is amended by adding at the end the following new subparagraph:

''(G) PARTIAL TERMINATION.—Subparagraphs (A) and (B) shall not apply to any taxable year beginning after December 31, 2017.''.

(3) TOTAL REPEAL.—Part VI of subchapter B of chapter 1, as amended by paragraphs (1) and (2), is amended by striking section 199 (and by striking the item relating to such section in the table of sections for such part).

(b) CONFORMING AMENDMENTS.—

(1) Sections 74(d)(2)(B), 86(b)(2)(A), 135(c)(4)(A), 137(b)(3)(A), 219(g)(3)(A)(ii), 221(b)(2)(C), 222(b)(2)(C), 246(b)(1), and 469(i)(3)(F)(iii) are each amended by striking ''199,''.

(2) Section 170(b)(2)(D), as amended by section 11011, is amended by striking clause (iv) and by redesignating clauses (v) and (vi) as redesignating clauses (iv) as clause (v), respectively.

(3) Section 172(d) is amended by striking paragraph (7).

(4) Section 613(a) is amended by striking ''and without the deduction under section 199''.

(5) Section 613A(d)(1) is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2018.

(2) EARLIER TERMINATION FOR CERTAIN TAXPAYERS.—The amendment made by paragraphs (1) and (2) of subsection (a) shall apply to taxable years beginning after December 31, 2017.

SEC. 13306. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) DENIAL OF DEDUCTION.—

(1) IN GENERAL.—Subsection (f) of section 162 is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in the following paragraphs of this subsection, no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or governmental entity in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to any amount that—

''(i) the taxpayer establishes—

''(I) constitutes restitution (including remediation of property) for damage or harm which was or may be caused by the violation of any law or the potential violation of any law, or

''(II) is paid to come into compliance with any law which was violated or otherwise involved in the investigation or inquiry described in paragraph (1),

''(ii) is identified as restitution or as an amount paid to come into compliance with such law, as the case may be, in the court order or settlement agreement, and

''(iii) in the case of any amount of restitution for failure to pay any tax imposed under this title in the same manner as if such amount were such tax, would have been allowed as a deduction under this chapter if it had been timely paid.

The identification under clause (ii) alone shall not be sufficient to make the establishment required under clause (i).

''(B) LIMITATION.—Subparagraph (A) shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by reason of any order of a court in a suit in which no government or governmental entity is a party.

''(4) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.

''(5) TREATMENT OF CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—For purposes of this subsection, the following nongovernmental entities shall be treated as governmental entities:

''(A) Any nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)).

''(B) To the extent provided in regulations, any nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

(b) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050W the following new section:

''SEC. 6050X. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or any entity described in section 162(f)(5) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary shall adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed at the time the agreement is entered into, as determined by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050W the following new item:

''Sec. 6050X. Information with respect to certain fines, penalties, and other amounts.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 13307. DENIAL OF DEDUCTION FOR SETTLEMENTS SUBJECT TO NONDISCLOSURE AGREEMENTS PAID IN CONNECTION WITH SEXUAL HARASSMENT OR SEXUAL ABUSE.

(a) DENIAL OF DEDUCTION.—Section 162 is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) PAYMENTS RELATED TO SEXUAL HARASSMENT AND SEXUAL ABUSE.—No deduction shall be allowed under this chapter for—

''(1) any settlement or payment related to sexual harassment or sexual abuse if such settlement or payment is subject to a nondisclosure agreement, or

''(2) attorney's fees related to such a settlement or payment.''.

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

SEC. 13309. REPEAL OF DEDUCTION FOR LOCAL LOBBYING EXPENSES.

(a) IN GENERAL.—Section 162(e) is amended by striking paragraphs (2) and (7) and by redesignating paragraphs (3), (4), (5), (6), and (8) as paragraphs (2), (3), (4), (5), and (6), respectively.

(b) CONFORMING AMENDMENT.—Section 6033(e)(1)(B)(ii) is amended by striking ''section 162(e)(5)(B)(ii)'' and inserting ''section 162(e)(4)(B)(ii)''.

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

SEC. 13310. RECHARACTERIZATION OF CERTAIN GAINS IN THE CASE OF PARTNERSHIP PROFITS INTERESTS HELD IN CONNECTION WITH PERFORMANCE OF INVESTMENT SERVICES.

(a) IN GENERAL.—Part IV of subchapter O of chapter 1 is amended—

(1) by redesignating section 1061 as section 1062, and

(2) by inserting after section 1060 the following new section:

''SEC. 1061. PARTNERSHIP INTERESTS HELD IN CONNECTION WITH PERFORMANCE OF SERVICES.

''(a) IN GENERAL.—If one or more applicable partnership interests are held by a taxpayer at any time during the taxable year, the excess (if any) of—

''(1) the taxpayer's net long-term capital gain with respect to such interests for such taxable year, over

''(2) the taxpayer's net long-term capital gain with respect to such interests for such taxable year computed by applying paragraphs (3) and (4) of sections 1222 by substituting '3 years' for '1 year',

shall be treated as short-term capital gain, notwithstanding section 83 or any election in effect under section 83(b).

''(b) SPECIAL RULE.—To the extent provided by the Secretary, subsection (a) shall not apply to income or gain attributable to any asset not held for portfolio investment on behalf of third party investors.

''(c) APPLICABLE PARTNERSHIP INTEREST.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in this paragraph or paragraph (4), the term 'applicable partnership interest' means any interest in a partnership which, directly or indirectly, is transferred to (or is held by) the taxpayer in connection with the performance of substantial services by the taxpayer, or any other related person, in any applicable trade or business. The previous sentence shall not apply to an interest held by a person who is employed by another entity that is conducting a trade or business (other than an applicable trade or business) and only provides services to such other entity.

''(2) APPLICABLE TRADE OR BUSINESS.—The term 'applicable trade or business' means any activity conducted on a regular, continuous, and substantial basis which, regardless of whether the activity is conducted in one or more entities, consists, in whole or in part, of—

''(A) raising or returning capital, and

''(B) either—

''(i) investing in (or disposing of) specified assets (or identifying specified assets for such investing or disposition), or

''(ii) developing specified assets.

''(3) SPECIFIED ASSET.—The term 'specified asset' means securities (as defined in section 475(c)(2) without regard to the last sentence thereof), commodities (as defined in section 475(e)(2)), real estate held for rental or investment, cash or cash equivalents, options or derivative contracts with respect to any of the foregoing, and an interest in a partnership to the extent of the partnership's proportionate interest in any of the foregoing.

''(4) EXCEPTIONS.—The term 'applicable partnership interest' shall not include—

''(A) any interest in a partnership directly or indirectly held by a corporation, or

''(B) any capital interest in the partnership which provides the taxpayer with a right to share in partnership capital commensurate with—

''(i) the amount of capital contributed (determined at the time of receipt of such partnership interest), or

''(ii) the value of such interest subject to tax under section 83 upon the receipt or vesting of such interest.

''(5) THIRD PARTY INVESTOR.—The term 'third party investor' means a person who—

''(A) holds an interest in the partnership which does not constitute property held in connection with an applicable trade or business; and

''(B) is not (and has not been) actively engaged, and is (and was) not related to a person so engaged, in (directly or indirectly) providing substantial services described in paragraph (1) for such partnership or any applicable trade or business.

''(d) TRANSFER OF APPLICABLE PARTNERSHIP INTEREST TO RELATED PERSON.—

''(1) IN GENERAL.—If a taxpayer transfers any applicable partnership interest, directly or indirectly, to a person related to the taxpayer, the taxpayer shall include in gross income (as short term capital gain) the excess (if any) of—

''(A) so much of the taxpayer's long-term capital gains with respect to such interest for such taxable year attributable to the sale or exchange of any asset held for not more than 3 years as is allocable to such interest, over

''(B) any amount treated as short term capital gain under subsection (a) with respect to the transfer of such interest.

''(2) RELATED PERSON.—For purposes of this paragraph, a person is related to the taxpayer if—

''(A) the person is a member of the taxpayer's family within the meaning of section 318(a)(1), or

''(B) the person performed a service within the current calendar year or the preceding three calendar years in any applicable trade or business in which or for which the taxpayer performed a service.

''(e) REPORTING.—The Secretary shall require such reporting (at the time and in the manner prescribed by the Secretary) as is necessary to carry out the purposes of this section.

''(f) REGULATIONS.—The Secretary shall issue such regulations or other guidance as is necessary or appropriate to carry out the purposes of this section''.

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter O of chapter 1 is amended by striking the item relating to 1061 and inserting the following new items:

''Sec. 1061. Partnership interests held in connection with performance of services.

''Sec. 1062. Cross references.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13311. PROHIBITION ON CASH, GIFT CARDS, AND OTHER NON-TANGIBLE PERSONAL PROPERTY AS EMPLOYEE ACHIEVEMENT AWARDS.

(a) IN GENERAL.—Subparagraph (A) of section 274(j)(3) is amended—

(1) by striking ''The term'' and inserting the following:

''(i) IN GENERAL.—The term''.

(2) by redesignating clauses (i), (ii), and (iii) as subclauses (I), (II), and (III), respectively, and conforming the margins accordingly, and

(3) by adding at the end the following new clause:

''(ii) TANGIBLE PERSONAL PROPERTY.—For purposes of clause (i), the term 'tangible personal property' shall not include—

''(I) cash, cash equivalents, gift cards, gift coupons, or gift certificates (other than arrangements conferring only the right to select and receive tangible personal property from a limited array of such items pre-selected or pre-approved by the employer), or

''(II) vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and other similar items.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2017.

SEC. 13312. FLOOR PLAN FINANCING.

(a) APPLICATION OF INTEREST LIMITATION.—

(1) IN GENERAL.—Section 163(j), as amended by section 13301, is amended—

(A) in paragraph (1), by striking ''plus'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', plus'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the floor plan financing interest of such taxpayer for such taxable year.'', and

(B) in paragraph (4)(C)(i)(II), by inserting '', reduced by the floor plan financing interest,'' after ''business interest of the partnership'', and

(C) by redesignating paragraph (9) as paragraph (10) and inserting after paragraph (8) the following new paragraph:

''(9) FLOOR PLAN FINANCING INTEREST DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'floor plan financing interest' means interest paid or accrued on floor plan financing indebtedness.

''(B) FLOOR PLAN FINANCING INDEBTEDNESS.—The term 'floor plan financing indebtedness' means indebtedness—

''(i) used to finance the acquisition of motor vehicles held for sale or lease, and

''(ii) secured by the inventory so acquired.

''(C) MOTOR VEHICLE.—The term 'motor vehicle' means a motor vehicle that is any of the following:

''(i) An automobile.

''(ii) A truck.

''(iii) A recreational vehicle.

''(iv) A motorcycle.

''(v) Any self-propelled vehicle designed for transporting persons or property on a public street, highway, or road.

''(vi) A boat.

''(vii) Farm machinery or equipment.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2017.

(b) EXCEPTION FROM 100 PERCENT EXPENSING.—

(1) IN GENERAL.—Paragraph (6) of section 168(k), as added by section 13201(a)(4), is amended—

(A) by striking ''shall not include any property'' and inserting ''shall not include—

''(A) any property'', and

(B) by adding at the end the following new subparagraph:

''(B) any property used in a trade or business that has had floor plan financing indebtedness (as defined in paragraph (9) of section 163(j)), if the floor plan financing interest related to such indebtedness was taken into account under paragraph (1)(C) of such section.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after September 27, 2017, in taxable years ending after such date.

SEC. 13313. ELIMINATION OF DEDUCTION FOR LIVING EXPENSES INCURRED BY MEMBERS OF CONGRESS.

(a) IN GENERAL.—Subsection (a) of section 162 is amended in the matter following paragraph (3) by striking ''in excess of $3,000''.

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

PART V—BUSINESS CREDITS

Subpart A—General Provisions

SEC. 13401. MODIFICATION OF ORPHAN DRUG CREDIT.

(a) CREDIT RATE.—Subsection (a) of section 45C is amended by striking ''50 percent'' and inserting ''27.5 percent''.

(b) ELECTION OF REDUCED CREDIT.—Subsection (b) of section 280C is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) ELECTION OF REDUCED CREDIT.—

''(A) IN GENERAL.—In the case of any taxable year for which an election is made under this paragraph—

''(i) paragraphs (1) and (2) shall not apply, and

''(ii) the amount of the credit under section 45C(a) shall be the amount determined under subparagraph (B).

''(B) AMOUNT OF REDUCED CREDIT.—The amount of credit determined under this subparagraph for any taxable year shall be the amount equal to the excess of—

''(i) the amount of credit determined under section 45C(a) without regard to this paragraph, over

''(ii) the product of—

''(I) the amount described in clause (i), and

''(II) the maximum rate of tax under section 11(b).

''(C) ELECTION.—An election under this paragraph for any taxable year shall be made not later than the time for filing the return of tax for such year (including extensions), shall be made on such return, and shall be made in such manner as the Secretary shall prescribe. Such an election, once made, shall be irrevocable.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13402. REHABILITATION CREDIT LIMITED TO CERTIFIED HISTORIC STRUCTURES.

(a) IN GENERAL.—Subsection (a) of section 47 is amended to read as follows:

''(a) GENERAL RULE.—

''(1) IN GENERAL.—For purposes of section 46, for any taxable year during the 5-year period beginning in the taxable year in which a qualified rehabilitated building is placed in service, the rehabilitation credit for such year is an amount equal to the ratable share for such year.

''(2) RATABLE SHARE.—For purposes of paragraph (1), the ratable share for any taxable year during the period described in such paragraph is the amount equal to 20 percent of the qualified rehabilitation expenditures with respect to the qualified rehabilitated building, as allocated ratably to each year during such period.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 47(c) is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by amending clause (iii) to read as follows:

''(iii) such building is a certified historic structure, and'',

(ii) by striking subparagraph (B), and

(iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively, and

(B) in paragraph (2)(B), by amending clause (iv) to read as follows:

''(iv) CERTIFIED HISTORIC STRUCTURE.—Any expenditure attributable to the rehabilitation of a qualified rehabilitated building unless the rehabilitation is a certified rehabilitation (within the meaning of subparagraph (C)).''.

(2) Paragraph (4) of section 145(d) is amended—

(A) by striking ''of section 47(c)(1)(C)'' each place it appears and inserting ''of section 47(c)(1)(B)'', and

(B) by striking ''section 47(c)(1)(C)(i)'' and inserting ''section 47(c)(1)(B)(i)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts paid or incurred after December 31, 2017.

(2) TRANSITION RULE.—In the case of qualified rehabilitation expenditures with respect to any building—

(A) owned or leased by the taxpayer during the entirety of the period after December 31, 2017, and

(B) with respect to which the 24-month period selected by the taxpayer under section 47(c)(1)(B) of the Internal Revenue Code of 1986 (as amended by subsection (b)) begins not later than 180 days after the date of the enactment of this Act,

the amendments made by this section shall apply to such expenditures paid or incurred after the end of the taxable year in which the 24-month period referred to in subparagraph (B) ends.

SEC. 13403. EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE.

(a) IN GENERAL.—

(1) ALLOWANCE OF CREDIT.—Subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

''SEC. 45S. EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE.

''(a) ESTABLISHMENT OF CREDIT.—

''(1) IN GENERAL.—For purposes of section 38, in the case of an eligible employer, the paid family and medical leave credit is an amount equal to the applicable percentage of the amount of wages paid to qualifying employees during any period in which such employees are on family and medical leave.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means 12.5 percent increased (but not above 25 percent) by 0.25 percentage points for each percentage point by which the rate of payment (as described under subsection (c)(1)(B)) exceeds 50 percent.

''(b) LIMITATION.—

''(1) IN GENERAL.—The credit allowed under subsection (a) with respect to any employee for any taxable year shall not exceed an amount equal to the product of the normal hourly wage rate of such employee for each hour (or fraction thereof) of actual services performed for the employer and the number of hours (or fraction thereof) for which family and medical leave is taken.

''(2) NON-HOURLY WAGE RATE.—For purposes of paragraph (1), in the case of any employee who is not paid on an hourly wage rate, the wages of such employee shall be prorated to an hourly wage rate under regulations established by the Secretary.

''(3) MAXIMUM AMOUNT OF LEAVE SUBJECT TO CREDIT.—The amount of family and medical leave that may be taken into account with respect to any employee under subsection (a) for any taxable year shall not exceed 12 weeks.

''(c) ELIGIBLE EMPLOYER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible employer' means any employer who has in place a policy that meets the following requirements:

''(A) The policy provides—

''(i) in the case of a qualifying employee who is not a part-time employee (as defined in section 4980E(d)(4)(B)), not less than 2 weeks of annual paid family and medical leave, and

''(ii) in the case of a qualifying employee who is a part-time employee, an amount of annual paid family and medical leave that is not less than an amount which bears the same ratio to the amount of annual paid family and medical leave that is provided to a qualifying employee described in clause (i) as—

''(I) the number of hours the employee is expected to work during any week, bears to

''(II) the number of hours an equivalent qualifying employee described in clause (i) is expected to work during the week.

''(B) The policy requires that the rate of payment under the program is not less than 50 percent of the wages normally paid to such employee for services performed for the employer.

''(2) SPECIAL RULE FOR CERTAIN EMPLOYERS.—

''(A) IN GENERAL.—An added employer shall not be treated as an eligible employer unless such employer provides paid family and medical leave in compliance with a policy which ensures that the employer—

''(i) will not interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided under the policy, and

''(ii) will not discharge or in any other manner discriminate against any individual for opposing any practice prohibited by the policy.

''(B) ADDED EMPLOYER; ADDED EMPLOYEE.—For purposes of this paragraph—

''(i) ADDED EMPLOYEE.—The term 'added employee' means a qualifying employee who is not covered by title I of the Family and Medical Leave Act of 1993, as amended.

''(ii) ADDED EMPLOYER.—The term 'added employer' means an eligible employer (determined without regard to this paragraph), whether or not covered by that title I, who offers paid family and medical leave to added employees.

''(3) AGGREGATION RULE.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(4) TREATMENT OF BENEFITS MANDATED OR PAID FOR BY STATE OR LOCAL GOVERNMENTS.—For purposes of this section, any leave which is paid by a State or local government or required by State or local law shall not be taken into account in determining the amount of paid family and medical leave provided by the employer.

''(5) NO INFERENCE.—Nothing in this subsection shall be construed as subjecting an employer to any penalty, liability, or other consequence (other than ineligibility for the credit allowed by reason of subsection (a) or recapturing the benefit of such credit) for failure to comply with the requirements of this subsection.

''(d) QUALIFYING EMPLOYEES.—For purposes of this section, the term 'qualifying employee' means any employee (as defined in section 3(e) of the Fair Labor Standards Act of 1938, as amended) who—

''(1) has been employed by the employer for 1 year or more, and

''(2) for the preceding year, had compensation not in excess of an amount equal to 60 percent of the amount applicable for such year under clause (i) of section 414(q)(1)(B).

''(e) FAMILY AND MEDICAL LEAVE.—

''(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this section, the term 'family and medical leave' means leave for any 1 or more of the purposes described under subparagraph (A), (B), (C), (D), or (E) of paragraph (1), or paragraph (3), of section 102(a) of the Family and Medical Leave Act of 1993, as amended, whether the leave is provided under that Act or by a policy of the employer.

''(2) EXCLUSION.—If an employer provides paid leave as vacation leave, personal leave, or medical or sick leave (other than leave specifically for 1 or more of the purposes referred to in paragraph (1)), that paid leave shall not be considered to be family and medical leave under paragraph (1).

''(3) DEFINITIONS.—In this subsection, the terms 'vacation leave', 'personal leave', and 'medical or sick leave' mean those 3 types of leave, within the meaning of section 102(d)(2) of that Act.

''(f) DETERMINATIONS MADE BY SECRETARY OF TREASURY.—For purposes of this section, any determination as to whether an employer or an employee satisfies the applicable requirements for an eligible employer (as described in subsection (c)) or qualifying employee (as described in subsection (d)), respectively, shall be made by the Secretary based on such information, to be provided by the employer, as the Secretary determines to be necessary or appropriate.

''(g) WAGES.—For purposes of this section, the term 'wages' has the meaning given such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section). Such term shall not include any amount taken into account for purposes of determining any other credit allowed under this subpart.

''(h) ELECTION TO HAVE CREDIT NOT APPLY.—

''(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

''(2) OTHER RULES.—Rules similar to the rules of paragraphs (2) and (3) of section 51(j) shall apply for purposes of this subsection.

''(i) TERMINATION.—This section shall not apply to wages paid in taxable years beginning after December 31, 2019.''.

(b) CREDIT PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking ''plus'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', plus'', and by adding at the end the following new paragraph:

''(37) in the case of an eligible employer (as defined in section 45S(c)), the paid family and medical leave credit determined under section 45S(a).''.

(c) CREDIT ALLOWED AGAINST AMT.—Subparagraph (B) of section 38(c)(4) is amended by redesignating clauses (ix) through (xi) as clauses (x) through (xii), respectively, and by inserting after clause (viii) the following new clause:

''(ix) the credit determined under section 45S,''.

(d) CONFORMING AMENDMENTS.—

(1) DENIAL OF DOUBLE BENEFIT.—Section 280C(a) is amended by inserting ''45S(a),'' after ''45P(a),''.

(2) ELECTION TO HAVE CREDIT NOT APPLY.—Section 6501(m) is amended by inserting ''45S(h),'' after ''45H(g),''.

(3) 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. 45S. Employer credit for paid family and medical leave.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid in taxable years beginning after December 31, 2017.

Subpart B—Provisions Relating to Low-income Housing Credit

SEC. 13411. TREATMENT OF VETERANS' PREFERENCE AS NOT VIOLATING GENERAL PUBLIC USE REQUIREMENTS.

(a) IN GENERAL.—Subparagraph (C) of section 42(g)(9) is amended to read as follows:

''(C) who are veterans of the Armed Forces.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to buildings placed in service before, on, or after the date of the enactment of this Act.

SEC. 13412. INCREASE IN CREDIT FOR CERTAIN RURAL HOUSING.

(a) IN GENERAL.—Section 42(d)(5)(B) is amended by adding at the end the following new clause:

''(vi) CERTAIN NEW BUILDINGS IN RURAL AREAS.—For purposes of clause (i), a building described in subsection (b)(1)(B)(i) which is located in a rural area (as defined in section 520 of the Housing Act of 1949) shall be treated in the same manner as a new building located in a difficult development area which is designated for purposes of this subparagraph.''.

(b) OFFSET.—Section 42(d)(5)(B)(i) is amended by striking ''130 percent'' both places it appears in subclauses (I) and (II) and inserting ''125 percent''.

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

PART VI—PROVISIONS RELATED TO SPECIFIC ENTITIES AND INDUSTRIES

Subpart A—Partnership Provisions

SEC. 13501. TREATMENT OF GAIN OR LOSS OF FOREIGN PERSONS FROM SALE OR EXCHANGE OF INTERESTS IN PARTNERSHIPS ENGAGED IN TRADE OR BUSINESS WITHIN THE UNITED STATES.

(a) IN GENERAL.—Section 864(c) is amended by adding at the end the following:

''(8) GAIN OR LOSS OF FOREIGN PERSONS FROM SALE OR EXCHANGE OF CERTAIN PARTNERSHIP INTERESTS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subtitle, if a nonresident alien individual or foreign corporation owns, directly or indirectly, an interest in a partnership which is engaged in any trade or business within the United States, gain or loss on the sale or exchange of all (or any portion of) such interest shall be treated as effectively connected with the conduct of such trade or business to the extent such gain or loss does not exceed the amount determined under subparagraph (B).

''(B) AMOUNT TREATED AS EFFECTIVELY CONNECTED.—The amount determined under this subparagraph with respect to any partnership interest sold or exchanged—

''(i) in the case of any gain on the sale or exchange of the partnership interest, is—

''(I) the portion of the partner's distributive share of the amount of gain which would have been effectively connected with the conduct of a trade or business within the United States if the partnership had sold all of its assets at their fair market value as of the date of the sale or exchange of such interest, or

''(II) zero if no gain on such deemed sale would have been so effectively connected, and

''(ii) in the case of any loss on the sale or exchange of the partnership interest, is—

''(I) the portion of the partner's distributive share of the amount of loss on the deemed sale described in clause (i)(I) which would have been so effectively connected, or

''(II) zero if no loss on such deemed sale would be have been so effectively connected.

For purposes of this subparagraph, a partner's distributive share of gain or loss on the deemed sale shall be determined in the same manner as such partner's distributive share of the non-separately stated taxable income or loss of such partnership.

''(C) COORDINATION WITH UNITED STATES REAL PROPERTY INTERESTS.—If a partnership described in subparagraph (A) holds any United States real property interest (as defined in section 897(c)) at the time of the sale or exchange of the partnership interest, then the gain or loss treated as effectively connected income under subparagraph (A) shall be reduced by the amount so treated with respect to such United States real property interest under section 897.

''(D) SALE OR EXCHANGE.—For purposes of this paragraph, an individual or corporation shall be treated as having sold or exchanged any interest in a partnership if, under any provision of this subtitle, gain or loss is realized from the sale or exchange of such interest.

''(E) SECRETARIAL AUTHORITY.—The Secretary shall prescribe such regulations as the Secretary determines appropriate for the application of this paragraph, including regulations which provide that, notwithstanding subparagraph (D), this paragraph applies in a case even if gain or loss from a sale or exchange would not be realized under any other provision of this subtitle.''.

(b) WITHHOLDING REQUIREMENTS.—Section 1446 is amended by redesignating subsection

(f) as subsection (g) and by inserting after subsection (e) the following:

''(f) SPECIAL RULES FOR WITHHOLDING ON SALES OF PARTNERSHIP INTERESTS.—

''(1) IN GENERAL.—Except as provided in this subsection, if any portion of the gain (if any) on any disposition of an interest in a partnership would be treated under section 864(c)(8) as effectively connected with the conduct of a trade or business within the United States, the transferee shall be required to deduct and withhold a tax equal to 10 percent of the amount realized on the disposition.

''(2) EXCEPTION IF NONFOREIGN AFFIDAVIT FURNISHED.—

''(A) IN GENERAL.—No person shall be required to deduct and withhold any amount under paragraph (1) with respect to any disposition if the transferor furnishes to the transferee an affidavit by the transferor stating, under penalty of perjury, the transferor's United States taxpayer identification number and that the transferor is not a foreign person.

''(B) FALSE AFFIDAVIT.—Subparagraph (A) shall not apply to any disposition if—

''(i) the transferee has actual knowledge that the affidavit is false, or the transferee receives a notice (as described in section 1445(d)) from a transferor's agent or transferee's agent that such affidavit or statement is false, or

''(ii) the Secretary by regulations requires the transferee to furnish a copy of such affidavit or statement to the Secretary and the transferee fails to furnish a copy of such affidavit or statement to the Secretary at such time and in such manner as required by such regulations.

''(C) RULES FOR AGENTS.—The rules of section 1445(d) shall apply to a transferor's agent or transferee's agent with respect to any affidavit described in subparagraph (A) in the same manner as such rules apply with respect to the disposition of a United States real property interest under such section.

''(3) AUTHORITY OF SECRETARY TO PRESCRIBE REDUCED AMOUNT.—At the request of the transferor or transferee, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed under this title with respect to gain treated under section 864(c)(8) as effectively connected with the conduct of a trade or business with in the United States.

''(4) PARTNERSHIP TO WITHHOLD AMOUNTS NOT WITHHELD BY THE TRANSFEREE.—If a transferee fails to withhold any amount required to be withheld under paragraph (1), the partnership shall be required to deduct and withhold from distributions to the transferee a tax in an amount equal to the amount the transferee failed to withhold (plus interest under this title on such amount).

''(5) DEFINITIONS.—Any term used in this subsection which is also used under section 1445 shall have the same meaning as when used in such section.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for exceptions from the provisions of this subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges on or after November 27, 2017.

SEC. 13502. MODIFY DEFINITION OF SUBSTANTIAL BUILT-IN LOSS IN THE CASE OF TRANSFER OF PARTNERSHIP INTEREST.

(a) IN GENERAL.—Paragraph (1) of section 743(d) is to read as follows:

''(1) IN GENERAL.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in the partnership if—

''(A) the partnership's adjusted basis in the partnership property exceeds by more than $250,000 the fair market value of such property, or

''(B) the transferee partner would be allocated a loss of more than $250,000 if the partnership assets were sold for cash equal to their fair market value immediately after such transfer.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers of partnership interests after December 31, 2017.

SEC. 13503. CHARITABLE CONTRIBUTIONS AND FOREIGN TAXES TAKEN INTO ACCOUNT IN DETERMINING LIMITATION ON ALLOWANCE OF PARTNER'S SHARE OF LOSS.

(a) IN GENERAL.—Subsection (d) of section 704 is amended—

(1) by striking ''A partner's distributive share'' and inserting the following:

''(1) IN GENERAL.—A partner's distributive share'',

(2) by striking ''Any excess of such loss'' and inserting the following:

''(2) CARRYOVER.—Any excess of such loss'', and

(3) by adding at the end the following new paragraph:

''(3) SPECIAL RULES.—

''(A) IN GENERAL.—In determining the amount of any loss under paragraph (1), there shall be taken into account the partner's distributive share of amounts described in paragraphs (4) and (6) of section 702(a).

''(B) EXCEPTION.—In the case of a charitable contribution of property whose fair market value exceeds its adjusted basis, subparagraph (A) shall not apply to the extent of the partner's distributive share of such excess.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 2017.

Subpart B—Insurance Reforms

SEC. 13511. NET OPERATING LOSSES OF LIFE INSURANCE COMPANIES.

(a) IN GENERAL.—Section 805(b) is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(b) CONFORMING AMENDMENTS.—

(1) Part I of subchapter L of chapter 1 is amended by striking section 810 (and by striking the item relating to such section in the table of sections for such part).

(2)(A) Part III of subchapter L of chapter 1 is amended by striking section 844 (and by striking the item relating to such section in the table of sections for such part).

(B) Section 831(b)(3) is amended by striking ''except as provided in section 844,''

(3) Section 381 is amended by striking subsection (d).

(4) Section 805(a)(4)(B)(ii) is amended to read as follows:

''(ii) the deduction allowed under section 172,''.

(5) Section 805(a) is amended by striking paragraph (5).

(6) Section 805(b)(2)(A)(iv) is amended to read as follows:

''(iv) any net operating loss carryback to the taxable year under section 172, and''.

(7) Section 953(b)(1)(B) is amended to read as follows:

''(B) So much of section 805(a)(8) as relates to the deduction allowed under section 172.''.

(8) Section 1351(i)(3) is amended by striking ''or the operations loss deduction under section 810,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to losses arising in taxable years beginning after December 31, 2017.

SEC. 13512. REPEAL OF SMALL LIFE INSURANCE COMPANY DEDUCTION.

(a) IN GENERAL.—Part I of subchapter L of chapter 1 is amended by striking section 806 (and by striking the item relating to such section in the table of sections for such part).

(b) CONFORMING AMENDMENTS.—

(1) Section 453B(e) is amended—

(A) by striking ''(as defined in section 806(b)(3))'' in paragraph (2)(B), and

(B) by adding at the end the following new paragraph:

''(3) NONINSURANCE BUSINESS.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'noninsurance business' means any activity which is not an insurance business.

''(B) CERTAIN ACTIVITIES TREATED AS INSURANCE BUSINESSES.—For purposes of subparagraph (A), any activity which is not an insurance business shall be treated as an insurance business if—

''(i) it is of a type traditionally carried on by life insurance companies for investment purposes, but only if the carrying on of such activity (other than in the case of real estate) does not constitute the active conduct of a trade or business, or

''(ii) it involves the performance of administrative services in connection with plans providing life insurance, pension, or accident and health benefits.''.

(2) Section 465(c)(7)(D)(v)(II) is amended by striking ''section 806(b)(3)'' and inserting ''section 453B(e)(3)''.

(3) Section 801(a)(2) is amended by striking subparagraph (C).

(4) Section 804 is amended by striking ''means—'' and all that follows and inserting ''means the general deductions provided in section 805.''.

(5) Section 805(a)(4)(B), as amended by this Act, is amended by striking clause (i) and by redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(6) Section 805(b)(2)(A), as amended by this Act, is amended by striking clause (iii) and by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(7) Section 842(c) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(8) Section 953(b)(1), as amended by section 13511, is amended by striking subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13513. ADJUSTMENT FOR CHANGE IN COMPUTING RESERVES.

(a) IN GENERAL.—Paragraph (1) of section 807(f) is amended to read as follows:

''(1) TREATMENT AS CHANGE IN METHOD OF ACCOUNTING.—If the basis for determining any item referred to in subsection (c) as of the close of any taxable year differs from the basis for such determination as of the close of the preceding taxable year, then so much of the difference between—

''(A) the amount of the item at the close of the taxable year, computed on the new basis, and

''(B) the amount of the item at the close of the taxable year, computed on the old basis, as is attributable to contracts issued before the taxable year shall be taken into account under section 481 as adjustments attributable to a change in method of accounting initiated by the taxpayer and made with the consent of the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13514. REPEAL OF SPECIAL RULE FOR DISTRIBUTIONS TO SHAREHOLDERS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.

(a) IN GENERAL.—Subpart D of part I of subchapter L is amended by striking section 815 (and by striking the item relating to such section in the table of sections for such subpart).

(b) CONFORMING AMENDMENT.—Section 801 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(d) PHASED INCLUSION OF REMAINING BALANCE OF POLICYHOLDERS SURPLUS ACCOUNTS.—In the case of any stock life insurance company which has a balance (determined as of the close of such company's last taxable year beginning before January 1, 2018) in an existing policyholders surplus account (as defined in section 815 of the Internal Revenue Code of 1986, as in effect before its repeal), the tax imposed by section 801 of such Code for the first 8 taxable years beginning after December 31, 2017, shall be the amount which would be imposed by such section for such year on the sum of—

(1) life insurance company taxable income for such year (within the meaning of such section 801 but not less than zero), plus

(2) ⅛ of such balance.

SEC. 13515. MODIFICATION OF PRORATION RULES FOR PROPERTY AND CASUALTY INSURANCE COMPANIES.

(a) IN GENERAL.—Section 832(b)(5)(B) is amended—

(1) by striking ''15 percent'' and inserting ''the applicable percentage'', and

(2) by inserting at the end the following new sentence: ''For purposes of this subparagraph, the applicable percentage is 5.25 percent divided by the highest rate in effect under section 11(b).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13516. REPEAL OF SPECIAL ESTIMATED TAX PAYMENTS.

(a) IN GENERAL.—Part III of subchapter L of chapter 1 is amended by striking section 847 (and by striking the item relating to such section in the table of sections for such part).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13517. COMPUTATION OF LIFE INSURANCE TAX RESERVES.

(a) IN GENERAL.—

(1) COMPUTATION OF RESERVES.—Section 807(c) is amended to read as follows:

''(c) ITEMS TAKEN INTO ACCOUNT.—The items referred to in subsections (a) and (b) are as follows—

''(1) The life insurance reserves (as defined in section 816(b)).

''(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2).

''(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies.

''(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts.

''(5) Premiums received in advance, and liabilities for premium deposit funds.

''(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or a combination thereof.

For purposes of paragraph (3), the appropriate rate of interest is the highest rate or rates permitted to be used to discount the obligations by the National Association of Insurance Commissioners as of the date the reserve is determined. In no case shall the amount determined under paragraph (3) for any contract be less than the net surrender value of such contract. For purposes of paragraph (2) and section 805(a)(1), the amount of the unpaid losses (other than losses on life insurance contracts) shall be the amount of the discounted unpaid losses as defined in section 846.''.

(2) Section 807(d) is amended—

(A) by striking paragraphs (1), (2), (4), and (5),

(B) by redesignating paragraph (6) as paragraph (4),

(C) by inserting before paragraph (3) the following new paragraphs:

''(1) DETERMINATION OF RESERVE.—

''(A) IN GENERAL.—For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract (other than a contract to which subparagraph (B) applies) shall be the greater of—

''(i) the net surrender value of such contract, or

''(ii) 92.87 percent of the reserve determined under paragraph (2).

''(B) VARIABLE CONTRACTS.—For purposes of this part (other than section 816), the amount of the life insurance reserves for a variable contract shall be equal to the sum of—

''(i) the greater of—

''(I) the net surrender value of such contract, or

''(II) the portion of the reserve that is separately accounted for under section 817, plus

''(ii) 92.87 percent of the excess (if any) of the reserve determined under paragraph (2) over the amount in clause (i).

''(C) STATUTORY CAP.—In no event shall the reserves determined under subparagraphs (A) or (B) for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in paragraph (4)).

''(2) AMOUNT OF RESERVE.—The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using the tax reserve method applicable to such contract.'',

(D) by striking ''(as of the date of issuance)'' in paragraph (3)(A)(iv)(I) and inserting ''(as of the date the reserve is determined)'',

(E) by striking ''as of the date of the issuance of'' in paragraph (3)(A)(iv)(II) and inserting ''as of the date the reserve is determined for'',

(F) by striking ''in effect on the date of the issuance of the contract'' in paragraph (3)(B)(i) and inserting ''applicable to the contract and in effect as of the date the reserve is determined'', and

(G) by striking ''in effect on the date of the issuance of the contract'' in paragraph (3)(B)(ii) and inserting ''applicable to the contract and in effect as of the date the reserve is determined''.

(3) Section 807(e) is amended—

(A) by striking paragraphs (2) and (5),

(B) by redesignating paragraphs (3), (4), (6), and (7) as paragraphs (2), (3), (4), and (5), respectively,

(C) by amending paragraph (2) (as so redesignated) to read as follows:

''(2) QUALIFIED SUPPLEMENTAL BENEFITS.—

''(A) QUALIFIED SUPPLEMENTAL BENEFITS TREATED SEPARATELY.—For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit shall be computed separately as though such benefit were under a separate contract.

''(B) QUALIFIED SUPPLEMENTAL BENEFIT.—For purposes of this paragraph, the term 'qualified supplemental benefit' means any supplemental benefit described in subparagraph (C) if—

''(i) there is a separately identified premium or charge for such benefit, and

''(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit.

''(C) SUPPLEMENTAL BENEFITS.—For purposes of this paragraph, the supplemental benefits described in this subparagraph are any—

''(i) guaranteed insurability,

''(ii) accidental death or disability benefit,

''(iii) convertibility,

''(iv) disability waiver benefit, or

''(v) other benefit prescribed by regulations,

which is supplemental to a contract for which there is a reserve described in subsection (c).'', and

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

''(6) REPORTING RULES.—The Secretary shall require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening balance and closing balance of reserves and with respect to the method of computing reserves for purposes of determining income.''.

(4) Section 7702 is amended—

(A) by striking clause (i) of subsection (c)(3)(B) and inserting the following:

''(i) reasonable mortality charges which meet the requirements prescribed in regulations to be promulgated by the Secretary or that do not exceed the mortality charges specified in the prevailing commissioners' standard tables as defined in subsection (f)(10),'' and

(B) by adding at the end of subsection (f) the following new paragraph:

''(10) PREVAILING COMMISSIONERS' STANDARD TABLES.—For purposes of subsection (c)(3)(B)(i), the term 'prevailing commissioners' standard tables' means the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued. If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this paragraph referred to as the 'year of change') are different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 808 is amended by adding at the end the following new subsection:

''(g) PREVAILING STATE ASSUMED INTEREST RATE.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of nonforfeiture laws of a

State on interest rates for reserves shall not be taken into account.

''(2) WHEN RATE DETERMINED.—The prevailing State assumed interest rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.''.

(2) Paragraph (1) of section 811(d) is amended by striking ''the greater of the prevailing State assumed interest rate or applicable Federal interest rate in effect under section 807'' and inserting ''the interest rate in effect under section 808(g)''.

(3) Subparagraph (A) of section 846(f)(6) is amended by striking ''except that'' and all that follows and inserting ''except that the limitation of subsection (a)(3) shall apply, and''.

(4) Subparagraph (B) of section 954(i)(5) is amended by striking ''shall apply, and''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) TRANSITION RULE.—For the first taxable year beginning after December 31, 2017, the reserve with respect to any contract (as determined under section 807(d)(2) of the Internal Revenue Code of 1986) at the end of the preceding taxable year shall be determined as if the amendments made by this section had applied to such reserve in such preceding taxable year.

(3) TRANSITION RELIEF.—

(A) IN GENERAL.—If—

(i) the reserve determined under section 807(d)(2) of the Internal Revenue Code of 1986 (determined without regard to the amendments made by this section) with respect to any contract as of the close of the year preceding the first taxable year beginning after December 31, 2017, differs from

(ii) the reserve which would have been determined with respect to such contract as of the close of such taxable year under such section determined without regard to paragraph (2),

then the difference between the amount of the reserve described in clause (i) and the amount of the reserve described in clause (ii) shall be taken into account under the method provided in subparagraph (B).

(B) METHOD.—The method provided in this subparagraph is as follows:

(i) If the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), 1/8 of such excess shall be taken into account, for each of the 8 succeeding taxable years, as a deduction under section 805(a)(2) or 832(c)(4) of such Code, as applicable.

(ii) If the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), 1/8 of such excess shall be included in gross income, for each of the 8 succeeding taxable years, under section 803(a)(2) or 832(b)(1)(C) of such Code, as applicable.

SEC. 13518. MODIFICATION OF RULES FOR LIFE INSURANCE PRORATION FOR PURPOSES OF DETERMINING THE DIVIDENDS RECEIVED DEDUCTION.

(a) IN GENERAL.—Section 812 is amended to read as follows:

''SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDER'S SHARE.

''(a) COMPANY'S SHARE.—For purposes of section 805(a)(4), the term 'company's share' means, with respect to any taxable year beginning after December 31, 2017, 70 percent.

''(b) POLICYHOLDER'S SHARE.—For purposes of section 807, the term 'policyholder's share' means, with respect to any taxable year beginning after December 31, 2017, 30 percent.''.

(b) CONFORMING AMENDMENT.—Section 817A(e)(2) is amended by striking '', 807(d)(2)(B), and 812'' and inserting ''and 807(d)(2)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13519. CAPITALIZATION OF CERTAIN POLICY ACQUISITION EXPENSES.

(a) IN GENERAL.—

(1) Section 848(a)(2) is amended by striking ''120-month'' and inserting ''180-month''.

(2) Section 848(c)(1) is amended by striking ''1.75 percent'' and inserting ''2.1 percent''.

(3) Section 848(c)(2) is amended by striking ''2.05 percent'' and inserting ''2.46 percent''.

(4) Section 848(c)(3) is amended by striking ''7.7 percent'' and inserting ''9.24 percent''.

(b) CONFORMING AMENDMENTS.—Section 848(b)(1) is amended by striking ''120-month'' and inserting ''180-month''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to net premiums for taxable years beginning after December 31, 2017.

(2) TRANSITION RULE.—Specified policy acquisition expenses first required to be capitalized in a taxable year beginning before January 1, 2018, will continue to be allowed as a deduction ratably over the 120-month period beginning with the first month in the second half of such taxable year.

SEC. 13520. TAX REPORTING FOR LIFE SETTLEMENT TRANSACTIONS.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61, as amended by section 13306, is amended by adding at the end the following new section:

''SEC. 6050Y. RETURNS RELATING TO CERTAIN LIFE INSURANCE CONTRACT TRANSACTIONS.

''(a) REQUIREMENT OF REPORTING OF CERTAIN PAYMENTS.—

''(1) IN GENERAL.—Every person who acquires a life insurance contract or any interest in a life insurance contract in a reportable policy sale during any taxable year shall make a return for such taxable year (at such time and in such manner as the Secretary shall prescribe) setting forth—

''(A) the name, address, and TIN of such person,

''(B) the name, address, and TIN of each recipient of payment in the reportable policy sale,

''(C) the date of such sale,

''(D) the name of the issuer of the life insurance contract sold and the policy number of such contract, and

''(E) the amount of each payment.

''(2) STATEMENT TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing—

''(A) the name, address, and phone number of the information contact of the person required to make such return, and

''(B) the information required to be shown on such return with respect to such person, except that in the case of an issuer of a life insurance contract, such statement is not required to include the information specified in paragraph (1)(E).

''(b) REQUIREMENT OF REPORTING OF SELLER'S BASIS IN LIFE INSURANCE CONTRACTS.—

''(1) IN GENERAL.—Upon receipt of the statement required under subsection (a)(2) or upon notice of a transfer of a life insurance contract to a foreign person, each issuer of a life insurance contract shall make a return (at such time and in such manner as the Secretary shall prescribe) setting forth—

''(A) the name, address, and TIN of the seller who transfers any interest in such contract in such sale,

''(B) the investment in the contract (as defined in section 72(e)(6)) with respect to such seller, and

''(C) the policy number of such contract.

''(2) STATEMENT TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing—

''(A) the name, address, and phone number of the information contact of the person required to make such return, and

''(B) the information required to be shown on such return with respect to each seller whose name is required to be set forth in such return.

''(c) REQUIREMENT OF REPORTING WITH RESPECT TO REPORTABLE DEATH BENEFITS.—

''(1) IN GENERAL.—Every person who makes a payment of reportable death benefits during any taxable year shall make a return for such taxable year (at such time and in such manner as the Secretary shall prescribe) setting forth—

''(A) the name, address, and TIN of the person making such payment,

''(B) the name, address, and TIN of each recipient of such payment,

''(C) the date of each such payment,

''(D) the gross amount of each such payment, and

''(E) such person's estimate of the investment in the contract (as defined in section 72(e)(6)) with respect to the buyer.

''(2) STATEMENT TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing—

''(A) the name, address, and phone number of the information contact of the person required to make such return, and

''(B) the information required to be shown on such return with respect to each recipient of payment whose name is required to be set forth in such return.

''(d) DEFINITIONS.—For purposes of this section:

''(1) PAYMENT.—The term 'payment' means, with respect to any reportable policy sale, the amount of cash and the fair market value of any consideration transferred in the sale.

''(2) REPORTABLE POLICY SALE.—The term 'reportable policy sale' has the meaning given such term in section 101(a)(3)(B).

''(3) ISSUER.—The term 'issuer' means any life insurance company that bears the risk with respect to a life insurance contract on the date any return or statement is required to be made under this section.

''(4) REPORTABLE DEATH BENEFITS.—The term 'reportable death benefits' means amounts paid by reason of the death of the insured under a life insurance contract that has been transferred in a reportable policy sale.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61, as amended by section 13306, is amended by inserting after the item relating to section 6050X the following new item:

''Sec. 6050Y. Returns relating to certain life insurance contract transactions.''.

(c) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 6724 is amended—

(A) by striking ''or'' at the end of clause (xxiv) of paragraph (1)(B), by striking ''and'' at the end of clause (xxv) of such paragraph and inserting ''or'', and by inserting after such clause (xxv) the following new clause:

''(xxvi) section 6050Y (relating to returns relating to certain life insurance contract transactions), and'', and

(B) by striking ''or'' at the end of subparagraph (HH) of paragraph (2), by striking the period at the end of subparagraph (II) of such paragraph and inserting '', or'', and by inserting after such subparagraph (II) the following new subparagraph:

''(JJ) subsection (a)(2), (b)(2), or (c)(2) of section 6050Y (relating to returns relating to certain life insurance contract transactions).''.

(2) Section 6047 is amended—

(A) by redesignating subsection (g) as subsection (h),

(B) by inserting after subsection (f) the following new subsection:

''(g) INFORMATION RELATING TO LIFE INSURANCE CONTRACT TRANSACTIONS.—This section shall not apply to any information which is required to be reported under section 6050Y.'', and

(C) by adding at the end of subsection (h), as so redesignated, the following new paragraph:

''(4) For provisions requiring reporting of information relating to certain life insurance contract transactions, see section 6050Y.''.

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

(1) reportable policy sales (as defined in section 6050Y(d)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)) after December 31, 2017, and

(2) reportable death benefits (as defined in section 6050Y(d)(4) of such Code (as added by subsection (a)) paid after December 31, 2017.

SEC. 13521. CLARIFICATION OF TAX BASIS OF LIFE INSURANCE CONTRACTS.

(a) CLARIFICATION WITH RESPECT TO ADJUSTMENTS.—Paragraph (1) of section 1016(a) is amended by striking subparagraph (A) and all that follows and inserting the following:

''(A) for—

''(i) taxes or other carrying charges described in section 266; or

''(ii) expenditures described in section 173 (relating to circulation expenditures),

for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior taxable years; or

''(B) for mortality, expense, or other reasonable charges incurred under an annuity or life insurance contract;''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions entered into after August 25, 2009.

SEC. 13522. EXCEPTION TO TRANSFER FOR VALUABLE CONSIDERATION RULES.

(a) IN GENERAL.—Subsection (a) of section 101 is amended by inserting after paragraph (2) the following new paragraph:

''(3) EXCEPTION TO VALUABLE CONSIDERATION RULES FOR COMMERCIAL TRANSFERS.—

''(A) IN GENERAL.—The second sentence of paragraph (2) shall not apply in the case of a transfer of a life insurance contract, or any interest therein, which is a reportable policy sale.

''(B) REPORTABLE POLICY SALE.—For purposes of this paragraph, the term 'reportable policy sale' means the acquisition of an interest in a life insurance contract, directly or indirectly, if the acquirer has no substantial family, business, or financial relationship with the insured apart from the acquirer's interest in such life insurance contract. For purposes of the preceding sentence, the term 'indirectly' applies to the acquisition of an interest in a partnership, trust, or other entity that holds an interest in the life insurance contract.''.

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 101(a) is amended by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after December 31, 2017.

Subpart C—Banks and Financial Instruments

SEC. 13531. LIMITATION ON DEDUCTION FOR FDIC PREMIUMS.

(a) IN GENERAL.—Section 162, as amended by sections 13307 and 13308, is amended by redesignating subsection (s) as subsection (t) and by inserting after subsection (r) the following new subsection:

''(s) DISALLOWANCE OF FDIC PREMIUMS PAID BY CERTAIN LARGE FINANCIAL INSTITUTIONS.—

''(1) IN GENERAL.—No deduction shall be allowed for the applicable percentage of any FDIC premium paid or incurred by the taxpayer.

''(2) EXCEPTION FOR SMALL INSTITUTIONS.—Paragraph (1) shall not apply to any taxpayer for any taxable year if the total consolidated assets of such taxpayer (determined as of the close of such taxable year) do not exceed $10,000,000,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of this subsection, the term 'applicable percentage' means, with respect to any taxpayer for any taxable year, the ratio (expressed as a percentage but not greater than 100 percent) which—

''(A) the excess of—

''(i) the total consolidated assets of such taxpayer (determined as of the close of such taxable year), over

''(ii) $10,000,000,000, bears to

''(B) $40,000,000,000.

''(4) FDIC PREMIUMS.—For purposes of this subsection, the term 'FDIC premium' means any assessment imposed under section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)).

''(5) TOTAL CONSOLIDATED ASSETS.—For purposes of this subsection, the term 'total consolidated assets' has the meaning given such term under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365).

''(6) AGGREGATION RULE.—

''(A) IN GENERAL.—Members of an expanded affiliated group shall be treated as a single taxpayer for purposes of applying this subsection.

''(B) EXPANDED AFFILIATED GROUP.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'expanded affiliated group' means an affiliated group as defined in section 1504(a), determined—

''(I) by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears, and

''(II) without regard to paragraphs (2) and (3) of section 1504(b).

''(ii) CONTROL OF NON-CORPORATE ENTITIES.—A partnership or any other entity (other than a corporation) shall be treated as a member of an expanded affiliated group if such entity is controlled (within the meaning of section 954(d)(3)) by members of such group (including any entity treated as a member of such group by reason of this clause).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13532. REPEAL OF ADVANCE REFUNDING BONDS.

(a) IN GENERAL.—Paragraph (1) of section 149(d) is amended by striking ''as part of an issue described in paragraph (2), (3), or (4).'' and inserting ''to advance refund another bond.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 149(d) is amended by striking paragraphs (2), (3), (4), and (6) and by redesignating paragraphs (5) and (7) as paragraphs (2) and (3).

(2) Section 148(f)(4)(C) is amended by striking clause (xiv) and by redesignating clauses (xv) to (xvii) as clauses (xiv) to (xvi).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to advance refunding bonds issued after December 31, 2017.

SEC. 13533. COST BASIS OF SPECIFIED SECURITIES DETERMINED WITHOUT REGARD TO IDENTIFICATION.

(a) IN GENERAL.—Section 1012 is amended by adding at the end the following new subsection:

''(e) COST BASIS OF SPECIFIED SECURITIES DETERMINED WITHOUT REGARD TO IDENTIFICATION.—

''(1) IN GENERAL.—Unless the Secretary permits the use of an average basis method for determining cost, in the case of the sale, exchange, or other disposition of a specified security (within the meaning of section 6045(g)(3)(B)), the basis (and holding period) of such security shall be determined on a first-in first-out basis.

''(2) EXCEPTION.—In the case of a sale, exchange, or other disposition of a specified security by a regulated investment company (as defined in section 851(a)), paragraph (1) shall not apply.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1012(c)(1) is amended by striking ''the conventions prescribed by regulations under this section'' and inserting ''the method applicable for determining the cost of such security''.

(2) Section 1012(c)(2)(A) is amended by inserting ''(as in effect prior to the enactment of the Tax Cuts and Jobs Act)'' after ''this section''.

(3) Section 6045(g)(2)(B)(i)(I) is amended by striking ''unless the customer notifies the broker by means of making an adequate identification of the stock sold or transferred''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales, exchanges, and other dispositions after December 31, 2017.

Subpart D—S Corporations

SEC. 13541. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK-THROUGH FOR ELIGIBILITY PURPOSES.—Section 1361(c)(2)(B)(v) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2018.

SEC. 13542. CHARITABLE CONTRIBUTION DEDUCTION FOR ELECTING SMALL BUSINESS TRUSTS.

(a) IN GENERAL.—Section 641(c)(2) is amended by inserting after subparagraph (D) the following new subparagraph:

''(E)(i) Section 642(c) shall not apply.

''(ii) For purposes of section 170(b)(1)(G), adjusted gross income shall be computed in the same manner as in the case of an individual, except that the deductions for costs which are paid or incurred in connection with the administration of the trust and which would not have been incurred if the property were not held in such trust shall be treated as allowable in arriving at adjusted gross income.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13543. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS.

(a) ADJUSTMENTS ATTRIBUTABLE TO CONVERSION FROM S CORPORATION TO C CORPORATION.—Section 481 is amended by adding at the end the following new sub-section:

''(d) ADJUSTMENTS ATTRIBUTABLE TO CONVERSION FROM S CORPORATION TO C CORPORATION.—(1) IN GENERAL.—In the case of an eligible terminated S corporation, any increase in tax under this chapter by reason of an adjustment required by subsection (a)(2), and which is attributable to such corporation's revocation described in paragraph (2)(A)(ii), shall be taken into account ratably during the 6-taxable year period beginning with the year of change.''

(b) IN GENERAL.—Section 1371 is amended by adding at the end the following new subsection:

''(f) CASH DISTRIBUTIONS FOLLOWING POST-TERMINATION TRANSITION PERIOD.—

''(1) IN GENERAL.—In the case of a distribution of money by an eligible terminated S corporation after the post-termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits.

''(2) ELIGIBLE TERMINATED S CORPORATION.—For purposes of this subsection, the term 'eligible terminated S corporation' means any C corporation—

''(A) which—

''(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Act, and

''(ii) during the 2-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a), and

''(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''.

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

PART VII—EMPLOYMENT

Subpart A—Compensation

SEC. 13601. MODIFICATION OF LIMITATION ON EXCESSIVE EMPLOYEE REMUNERATION.

(a) REPEAL OF PERFORMANCE-BASED COMPENSATION AND COMMISSION EXCEPTIONS FOR LIMITATION ON EXCESSIVE EMPLOYEE REMUNERATION.—

(1) IN GENERAL.—Paragraph (4) of section 162(m) is amended by striking subparagraphs (B) and (C) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (B), (C), (D), and (E), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Paragraphs (5)(E) and (6)(D) of section 162(m) are each amended by striking ''subparagraphs (B), (C), and (D)'' and inserting ''subparagraph (B)''.

(B) Paragraphs (5)(G) and (6)(G) of section 162(m) are each amended by striking ''(F) and (G)'' and inserting ''(D) and (E)''.

(b) MODIFICATION OF DEFINITION OF COVERED EMPLOYEES.—Paragraph (3) of section 162(m) is amended—

(1) in subparagraph (A), by striking ''as of the close of the taxable year, such employee is the chief executive officer of the taxpayer or is'' and inserting ''such employee is the principal executive officer or principal financial officer of the taxpayer at any time during the taxable year, or was'',

(2) in subparagraph (B)—

(A) by striking ''4'' and inserting ''3'', and

(B) by striking ''(other than the chief executive officer)'' and inserting ''(other than any individual described in subparagraph (A))'', and

(3) by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by adding at the end the following:

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2016.''.

(c) EXPANSION OF APPLICABLE EMPLOYER.—

(1) IN GENERAL.—Section 162(m)(2) is amended to read as follows:

''(2) PUBLICLY HELD CORPORATION.—For purposes of this subsection, the term 'publicly held corporation' means any corporation which is an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c))—

''(A) the securities of which are required to be registered under section 12 of such Act (15 U.S.C. 78l), or

''(B) that is required to file reports under section 15(d) of such Act (15 U.S.C. 78o(d)).''.

(2) CONFORMING AMENDMENT.—Section 162(m)(3), as amended by subsection (b), is amended by adding at the end the following flush sentence:

''Such term shall include any employee who would be described in subparagraph (B) if the reporting described in such subparagraph were required as so described.''.

(d) SPECIAL RULE FOR REMUNERATION PAID TO BENEFICIARIES, ETC.—Paragraph (4) of section 162(m), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

''(F) SPECIAL RULE FOR REMUNERATION PAID TO BENEFICIARIES, ETC.—Remuneration shall not fail to be applicable employee remuneration merely because it is includible in the income of, or paid to, a person other than the covered employee, including after the death of the covered employee.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2017.

(2) EXCEPTION FOR BINDING CONTRACTS.—The amendments made by this section shall not apply to remuneration which is pursuant to a written binding contract which was in effect on November 2, 2017, and which was not modified in any material respect on or after such date.

SEC. 13602. EXCISE TAX ON EXCESS TAX-EXEMPT ORGANIZATION EXECUTIVE COMPENSATION.

(a) IN GENERAL.—Subchapter D of chapter 42 is amended by adding at the end the following new section:

''SEC. 4960. TAX ON EXCESS TAX-EXEMPT ORGANIZATION EXECUTIVE COMPENSATION.

''(a) TAX IMPOSED.—There is hereby imposed a tax equal to 20 percent of the sum of—

''(1) so much of the remuneration paid (other than any excess parachute payment) by an applicable tax-exempt organization for the taxable year with respect to employment of any covered employee in excess of $1,000,000, plus

''(2) any excess parachute payment paid by such an organization to any covered employee.

For purposes of the preceding sentence, remuneration shall be treated as paid when there is no substantial risk of forfeiture of the rights to such remuneration.

''(b) LIABILITY FOR TAX.—The employer shall be liable for the tax imposed under subsection (a).

''(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE TAX-EXEMPT ORGANIZATION.—The term 'applicable tax-exempt organization' means any organization which for the taxable year—

''(A) is exempt from taxation under section 501(a),

''(B) is a farmers' cooperative organization described in section 521(b)(1),

''(C) has income excluded from taxation under section 115(1), or

''(D) is a political organization described in section 527(e)(1).

''(2) COVERED EMPLOYEE.—For purposes of this section, the term 'covered employee' means any employee (including any former employee) of an applicable tax-exempt organization if the employee—

''(A) is one of the 5 highest compensated employees of the organization for the taxable year, or

''(B) was a covered employee of the organization (or any predecessor) for any preceding taxable year beginning after December 31, 2016.

''(3) REMUNERATION.—For purposes of this section, the term 'remuneration' means wages (as defined in section 3401(a)), except that such term shall not include any designated Roth contribution (as defined in section 402A(c)) and shall include amounts required to be included in gross income under section 457(f).

''(4) REMUNERATION FROM RELATED ORGANIZATIONS.—

''(A) IN GENERAL.—Remuneration of a covered employee by an applicable tax-exempt organization shall include any remuneration paid with respect to employment of such employee by any related person or governmental entity.

''(B) RELATED ORGANIZATIONS.—A person or governmental entity shall be treated as related to an applicable tax-exempt organization if such person or governmental entity—

''(i) controls, or is controlled by, the organization,

''(ii) is controlled by one or more persons which control the organization,

''(iii) is a supported organization (as defined in section 509(f)(3)) during the taxable year with respect to the organization,

''(iv) is a supporting organization described in section 509(a)(3) during the taxable year with respect to the organization, or

''(v) in the case of an organization which is a voluntary employees' beneficiary association described in section 501(c)(9), establishes, maintains, or makes contributions to such voluntary employees' beneficiary association.

''(C) LIABILITY FOR TAX.—In any case in which remuneration from more than one employer is taken into account under this paragraph in determining the tax imposed by subsection (a), each such employer shall be liable for such tax in an amount which bears the same ratio to the total tax determined under subsection (a) with respect to such remuneration as—

''(i) the amount of remuneration paid by such employer with respect to such employee, bears to

''(ii) the amount of remuneration paid by all such employers to such employee.

''(5) EXCESS PARACHUTE PAYMENT.—For purposes of determining the tax imposed by subsection (a)(2)—

''(A) IN GENERAL.—The term 'excess parachute payment' means an amount equal to the excess of any parachute payment over the portion of the base amount allocated to such payment.

''(B) PARACHUTE PAYMENT.—The term 'parachute payment' means any payment in the nature of compensation to (or for the benefit of) a covered employee if—

''(i) such payment is contingent on such employee's separation from employment with the employer, and

''(ii) the aggregate present value of the payments in the nature of compensation to (or for the benefit of) such individual which are contingent on such separation equals or exceeds an amount equal to 3 times the base amount.

Such term does not include any payment described in section 280G(b)(6) (relating to exemption for payments under qualified plans) or any payment made under or to an annuity contract described in section 403(b) or a plan described in section 457(b).

''(C) BASE AMOUNT.—Rules similar to the rules of 280G(b)(3) shall apply for purposes of determining the base amount.

''(D) PROPERTY TRANSFERS; PRESENT VALUE.—Rules similar to the rules of paragraphs (3) and (4) of section 280G(d) shall apply.

''(6) COORDINATION WITH DEDUCTION LIMITATION.—Remuneration the deduction for which is not allowed by reason of section 162(m) shall not be taken into account for purposes of this section.

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to prevent avoidance of the tax under this section, including regulations preventing employees from being misclassified as contractors or from being compensated through a pass-through or other entity to avoid such tax.''.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter D of chapter 42 is amended by adding at the end the following new item:

''Sec. 4960. Tax on excess tax-exempt organization executive compensation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13603. TREATMENT OF QUALIFIED EQUITY GRANTS.

(a) IN GENERAL.—Section 83 is amended by adding at the end the following new subsection:

''(i) QUALIFIED EQUITY GRANTS.—

''(1) IN GENERAL.—For purposes of this subtitle—

''(A) TIMING OF INCLUSION.—If qualified stock is transferred to a qualified employee who makes an election with respect to such stock under this subsection, subsection (a) shall be applied by including the amount determined under such subsection with respect to such stock in income of the employee in the taxable year determined under subparagraph (B) in lieu of the taxable year described in subsection (a).

''(B) TAXABLE YEAR DETERMINED.—The taxable year determined under this subparagraph is the taxable year of the employee which includes the earliest of—

''(i) the first date such qualified stock becomes transferable (including, solely for purposes of this clause, becoming transferable to the employer),

''(ii) the date the employee first becomes an excluded employee,

''(iii) the first date on which any stock of the corporation which issued the qualified stock becomes readily tradable on an established securities market (as determined by the Secretary, but not including any market unless such market is recognized as an established securities market by the Secretary for purposes of a provision of this title other than this subsection),

''(iv) the date that is 5 years after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier, or

''(v) the date on which the employee revokes (at such time and in such manner as the Secretary provides) the election under this subsection with respect to such stock.

''(2) QUALIFIED STOCK.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified stock' means, with respect to any qualified employee, any stock in a corporation which is the employer of such employee, if—

''(i) such stock is received—

''(I) in connection with the exercise of an option, or

''(II) in settlement of a restricted stock unit, and

''(ii) such option or restricted stock unit was granted by the corporation—

''(I) in connection with the performance of services as an employee, and

''(II) during a calendar year in which such corporation was an eligible corporation.

''(B) LIMITATION.—The term 'qualified stock' shall not include any stock if the employee may sell such stock to, or otherwise receive cash in lieu of stock from, the corporation at the time that the rights of the employee in such stock first become transferable or not subject to a substantial risk of forfeiture.

''(C) ELIGIBLE CORPORATION.—For purposes of subparagraph (A)(ii)(II)—

''(i) IN GENERAL.—The term 'eligible corporation' means, with respect to any calendar year, any corporation if—

''(I) no stock of such corporation (or any predecessor of such corporation) is readily tradable on an established securities market (as determined under paragraph (1)(B)(iii)) during any preceding calendar year, and

''(II) such corporation has a written plan under which, in such calendar year, not less than 80 percent of all employees who provide services to such corporation in the United States (or any possession of the United States) are granted stock options, or restricted stock units, with the same rights and privileges to receive qualified stock.

''(ii) SAME RIGHTS AND PRIVILEGES.—For purposes of clause (i)(II)—

''(I) except as provided in subclauses (II) and (III), the determination of rights and privileges with respect to stock shall be made in a similar manner as under section 423(b)(5),

''(II) employees shall not fail to be treated as having the same rights and privileges to receive qualified stock solely because the number of shares available to all employees is not equal in amount, so long as the number of shares available to each employee is more than a de minimis amount, and

''(III) rights and privileges with respect to the exercise of an option shall not be treated as the same as rights and privileges with respect to the settlement of a restricted stock unit.

''(iii) EMPLOYEE.—For purposes of clause (i)(II), the term 'employee' shall not include any employee described in section 4980E(d)(4) or any excluded employee.

''(iv) SPECIAL RULE FOR CALENDAR YEARS BEFORE 2018.—In the case of any calendar year beginning before January 1, 2018, clause (i)(II) shall be applied without regard to whether the rights and privileges with respect to the qualified stock are the same.

''(3) QUALIFIED EMPLOYEE; EXCLUDED EMPLOYEE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified employee' means any individual who—

''(i) is not an excluded employee, and

''(ii) agrees in the election made under this subsection to meet such requirements as are determined by the Secretary to be necessary to ensure that the withholding requirements of the corporation under chapter 24 with respect to the qualified stock are met.

''(B) EXCLUDED EMPLOYEE.—The term 'excluded employee' means, with respect to any corporation, any individual—

''(i) who was a 1-percent owner (within the meaning of section 416(i)(1)(B)(ii)) at any time during the 10 preceding calendar years,

''(ii) who is or has been at any prior time—

''(I) the chief executive officer of such corporation or an individual acting in such a capacity, or

''(II) the chief financial officer of such corporation or an individual acting in such a capacity,

''(iii) who bears a relationship described in section 318(a)(1) to any individual described in subclause (I) or (II) of clause (ii), or

''(iv) who was for any of the 10 preceding taxable years one of the 4 highest compensated officers of such corporation, determined with respect to each such taxable year on the basis of the shareholder disclosure rules for compensation under the Securities Exchange Act of 1934 (as if such rules applied to such corporation).

''(4) ELECTION.—

''(A) TIME FOR MAKING ELECTION.—An election with respect to qualified stock shall be made under this subsection no later than 30 days after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier, and shall be made in a manner similar to the manner in which an election is made under subsection (b).

''(B) LIMITATIONS.—No election may be made under this section with respect to any qualified stock if—

''(i) the qualified employee has made an election under subsection (b) with respect to such qualified stock,

''(ii) any stock of the corporation which issued the qualified stock is readily tradable on an established securities market (as determined under paragraph (1)(B)(iii)) at any time before the election is made, or

''(iii) such corporation purchased any of its outstanding stock in the calendar year preceding the calendar year which includes the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, unless—

''(I) not less than 25 percent of the total dollar amount of the stock so purchased is deferral stock, and

''(II) the determination of which individuals from whom deferral stock is purchased is made on a reasonable basis.

''(C) DEFINITIONS AND SPECIAL RULES RELATED TO LIMITATION ON STOCK REDEMPTIONS.—

''(i) DEFERRAL STOCK.—For purposes of this paragraph, the term 'deferral stock' means stock with respect to which an election is in effect under this subsection.

''(ii) DEFERRAL STOCK WITH RESPECT TO ANY INDIVIDUAL NOT TAKEN INTO ACCOUNT IF INDIVIDUAL HOLDS DEFERRAL STOCK WITH LONGER DEFERRAL PERIOD.—Stock purchased by a corporation from any individual shall not be treated as deferral stock for purposes of subparagraph (B)(iii) if such individual (immediately after such purchase) holds any deferral stock with respect to which an election has been in effect under this subsection for a longer period than the election with respect to the stock so purchased.

''(iii) PURCHASE OF ALL OUTSTANDING DEFERRAL STOCK.—The requirements of subclauses (I) and (II) of subparagraph (B)(iii) shall be treated as met if the stock so purchased includes all of the corporation's outstanding deferral stock.

''(iv) REPORTING.—Any corporation which has outstanding deferral stock as of the beginning of any calendar year and which purchases any of its outstanding stock during such calendar year shall include on its return of tax for the taxable year in which, or with which, such calendar year ends the total dollar amount of its outstanding stock so purchased during such calendar year and such other information as the Secretary requires for purposes of administering this paragraph.

''(5) CONTROLLED GROUPS.—For purposes of this subsection, all persons treated as a single employer under section 414(b) shall be treated as 1 corporation.

''(6) NOTICE REQUIREMENT.—Any corporation which transfers qualified stock to a qualified employee shall, at the time that (or a reasonable period before) an amount attributable to such stock would (but for this subsection) first be includible in the gross income of such employee—

''(A) certify to such employee that such stock is qualified stock, and

''(B) notify such employee—

''(i) that the employee may be eligible to elect to defer income on such stock under this subsection, and

''(ii) that, if the employee makes such an election—

''(I) the amount of income recognized at the end of the deferral period will be based on the value of the stock at the time at which the rights of the employee in such stock first become transferable or not subject to substantial risk of forfeiture, notwithstanding whether the value of the stock has declined during the deferral period,

''(II) the amount of such income recognized at the end of the deferral period will be subject to withholding under section 3401(i) at the rate determined under section 3402(t), and

''(III) the responsibilities of the employee (as determined by the Secretary under paragraph (3)(A)(ii)) with respect to such withholding.

''(7) RESTRICTED STOCK UNITS.—This section (other than this subsection), including any election under subsection (b), shall not apply to restricted stock units.''.

(b) WITHHOLDING.—

(1) TIME OF WITHHOLDING.—Section 3401 is amended by adding at the end the following new subsection:

''(i) QUALIFIED STOCK FOR WHICH AN ELECTION IS IN EFFECT UNDER SECTION 83(i).—For purposes of subsection (a), qualified stock (as defined in section 83(i)) with respect to which an election is made under section 83(i) shall be treated as wages—

''(1) received on the earliest date described in section 83(i)(1)(B), and

''(2) in an amount equal to the amount included in income under section 83 for the taxable year which includes such date.''.

(2) AMOUNT OF WITHHOLDING.—Section 3402 is amended by adding at the end the following new subsection:

''(t) RATE OF WITHHOLDING FOR CERTAIN STOCK.—In the case of any qualified stock (as defined in section 83(i)(2)) with respect to which an election is made under section 83(i)—

''(1) the rate of tax under subsection (a) shall not be less than the maximum rate of tax in effect under section 1, and

''(2) such stock shall be treated for purposes of section 3501(b) in the same manner as a non-cash fringe benefit.''.

(c) COORDINATION WITH OTHER DEFERRED COMPENSATION RULES.—

(1) ELECTION TO APPLY DEFERRAL TO STATUTORY OPTIONS.—

(A) INCENTIVE STOCK OPTIONS.—Section 422(b) is amended by adding at the end the following: ''Such term shall not include any option if an election is made under section 83(i) with respect to the stock received in connection with the exercise of such option.''.

(B) EMPLOYEE STOCK PURCHASE PLANS.—Section 423 is amended—

(i) by adding at the end of subsection (a) the following flush sentence:

''The preceding sentence shall not apply to any share of stock with respect to which an election is made under section 83(i).'', and

(ii) in subsection (b)(5), by striking ''and'' before ''the plan'' and by inserting '', and the rules of section 83(i) shall apply in determining which employees have a right to make an election under such section'' before the semicolon at the end.

(2) EXCLUSION FROM DEFINITION OF NONQUALIFIED DEFERRED COMPENSATION PLAN.—Subsection (d) of section 409A is amended by adding at the end the following new paragraph:

''(7) TREATMENT OF QUALIFIED STOCK.—An arrangement under which an employee may receive qualified stock (as defined in section 83(i)(2)) shall not be treated as a nonqualified deferred compensation plan solely because of an employee's election, or ability to make an election, to defer recognition of income under section 83(i).''.

(d) INFORMATION REPORTING.—Section 6051(a) is amended by striking ''and'' at the end of paragraph (14)(B), by striking the period at the end of paragraph (15) and inserting a comma, and by inserting after paragraph (15) the following new paragraphs:

''(16) the amount includible in gross income under subparagraph (A) of section 83(i)(1) with respect to an event described in subparagraph (B) of such section which occurs in such calendar year, and

''(17) the aggregate amount of income which is being deferred pursuant to elections under section 83(i), determined as of the close of the calendar year.''.

(e) PENALTY FOR FAILURE OF EMPLOYER TO PROVIDE NOTICE OF TAX CONSEQUENCES.—Section 6652 is amended by adding at the end the following new subsection:

''(p) FAILURE TO PROVIDE NOTICE UNDER SECTION 83(i).—In the case of each failure to provide a notice as required by section 83(i)(6), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to $100 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed $50,000.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to stock attributable to options exercised, or restricted stock units settled, after December 31, 2017.

(2) REQUIREMENT TO PROVIDE NOTICE.—The amendments made by subsection (e) shall apply to failures after December 31, 2017.

(g) TRANSITION RULE.—Until such time as the Secretary (or the Secretary's delegate) issues regulations or other guidance for purposes of implementing the requirements of paragraph (2)(C)(i)(II) of section 83(i) of the Internal Revenue Code of 1986 (as added by this section), or the requirements of paragraph (6) of such section, a corporation shall be treated as being in compliance with such requirements (respectively) if such corporation complies with a reasonable good faith interpretation of such requirements.

SEC. 13604. INCREASE IN EXCISE TAX RATE FOR STOCK COMPENSATION OF INSIDERS IN EXPATRIATED CORPORATIONS.

(a) IN GENERAL.—Section 4985(a)(1) is amended by striking ''section 1(h)(1)(C)'' and inserting ''section 1(h)(1)(D)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to corporations first becoming expatriated corporations (as defined in section 4985 of the Internal Revenue Code of 1986) after the date of enactment of this Act.

Subpart B—Retirement Plans

SEC. 13611. REPEAL OF SPECIAL RULE PERMITTING RECHARACTERIZATION OF ROTH IRA CONTRIBUTIONS AS TRADITIONAL IRA CONTRIBUTIONS.

(a) IN GENERAL.—Section 408A(d) is amended by striking paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13612. MODIFICATION OF RULES APPLICABLE TO LENGTH OF SERVICE AWARD PLANS.

(a) MAXIMUM DEFERRAL AMOUNT.—Clause (ii) of section 457(e)(11)(B) is amended by striking ''$3,000'' and inserting ''$6,000''.

(b) COST OF LIVING ADJUSTMENT.—Subparagraph (B) of section 457(e)(11) is amended by adding at the end the following:

''(iii) COST OF LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2017, the Secretary shall adjust the $6,000 amount under clause (ii) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2016, and any increase under this paragraph that is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(c) APPLICATION OF LIMITATION ON ACCRUALS.—Subparagraph (B) of section 457(e)(11), as amended by subsection (b), is amended by adding at the end the following:

''(iv) SPECIAL RULE FOR APPLICATION OF LIMITATION ON ACCRUALS FOR CERTAIN PLANS.—In the case of a plan described in subparagraph (A)(ii) which is a defined benefit plan (as defined in section 414(j)), the limitation under clause (ii) shall apply to the actuarial present value of the aggregate amount of length of service awards accruing with respect to any year of service. Such actuarial present value with respect to any year shall be calculated using reasonable actuarial assumptions and methods, assuming payment will be made under the most valuable form of payment under the plan with payment commencing at the later of the earliest age at which unreduced benefits are payable under the plan or the participant's age at the time of the calculation.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13613. EXTENDED ROLLOVER PERIOD FOR PLAN LOAN OFFSET AMOUNTS.

(a) IN GENERAL.—Paragraph (3) of section 402(c) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) ROLLOVER OF CERTAIN PLAN LOAN OFFSET AMOUNTS.—

''(i) IN GENERAL.—In the case of an eligible rollover distribution of a qualified plan loan offset amount, the requirements of subparagraph (A) shall be treated as met if such transfer occurs on or before the due date (including extensions) for filing the return of tax for the taxable year in which such amount is treated as distributed from a qualified employer plan.

''(ii) QUALIFIED PLAN LOAN OFFSET AMOUNT.—For purposes of this subparagraph, the term 'qualified plan loan offset amount' means a plan loan offset amount which is treated as distributed from a qualified employer plan to a participant or beneficiary solely by reason of—

''(I) the termination of the qualified employer plan, or

''(II) the failure to meet the repayment terms of the loan from such plan because of the severance from employment of the participant.

''(iii) PLAN LOAN OFFSET AMOUNT.—For purposes of clause (ii), the term 'plan loan offset amount' means the amount by which the participant's accrued benefit under the plan is reduced in order to repay a loan from the plan.

''(iv) LIMITATION.—This subparagraph shall not apply to any plan loan offset amount unless such plan loan offset amount relates to a loan to which section 72(p)(1) does not apply by reason of section 72(p)(2).

''(v) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' has the meaning given such term by section 72(p)(4).''.

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 402(c)(3) is amended by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan loan offset amounts which are treated as distributed in taxable years beginning after December 31, 2017.

PART VIII—EXEMPT ORGANIZATIONS

SEC. 13701. EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES.

(a) IN GENERAL.—Chapter 42 is amended by adding at the end the following new subchapter:

''Subchapter H—Excise Tax Based on Investment Income of Private Colleges and Universities

''Sec. 4968. Excise tax based on investment income of private colleges and universities.

''SEC. 4968. EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES.

''(a) TAX IMPOSED.—There is hereby imposed on each applicable educational institution for the taxable year a tax equal to 1.4 percent of the net investment income of such institution for the taxable year.

''(b) APPLICABLE EDUCATIONAL INSTITUTION.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'applicable educational institution' means an eligible educational institution (as defined in section 25A(f)(2))—

''(A) which had at least 500 tuition-paying students during the preceding taxable year,

''(B) which participated in and received funds through a program described in section 25A(f)(2)(B) during the preceding taxable year,

''(C) which is not described in the first sentence of section 511(a)(2)(B) (relating to State colleges and universities), and

''(D) the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution's exempt purpose) is at least $500,000 per student of the institution.

''(2) STUDENTS.—For purposes of paragraph (1), the number of students of an institution shall be based on the daily average number of full-time students attending such institution (with part-time students taken into account on a full-time student equivalent basis).

''(c) NET INVESTMENT INCOME.—For purposes of this section, net investment income shall be determined under rules similar to the rules of section 4940(c).

''(d) ASSETS AND NET INVESTMENT INCOME OF RELATED ORGANIZATIONS.—

''(1) IN GENERAL.—For purposes of subsections (b)(1)(C) and (c), assets and net investment income of any related organization with respect to an educational institution shall be treated as assets and net investment income, respectively, of the educational institution, except that—

''(A) no such amount shall be taken into account with respect to more than 1 educational institution, and

''(B) unless such organization is controlled by such institution or is described in section 509(a)(3) with respect to such institution for the taxable year, assets and net investment income which are not intended or available for the use or benefit of the educational institution shall not be taken into account.

''(2) RELATED ORGANIZATION.—For purposes of this subsection, the term 'related organization' means, with respect to an educational institution, any organization which—

''(A) controls, or is controlled by, such institution,

''(B) is controlled by 1 or more persons which also control such institution, or

''(C) is a supported organization (as defined in section 509(f)(3)), or an organization described in section 509(a)(3), during the taxable year with respect to such institution.''.

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 42 is amended by adding at the end the following new item:

''SUBCHAPTER H—EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 13702. UNRELATED BUSINESS TAXABLE INCOME SEPARATELY COMPUTED FOR EACH TRADE OR BUSINESS ACTIVITY.

(a) IN GENERAL.—Subsection (a) of section 512 is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR ORGANIZATION WITH MORE THAN 1 UNRELATED TRADE OR BUSINESS.—In the case of any organization with more than 1 unrelated trade or business—

''(A) unrelated business taxable income, including for purposes of determining any net operating loss deduction, shall be computed separately with respect to each such trade or business and without regard to subsection (b)(12),

''(B) the unrelated business taxable income of such organization shall be the sum of the unrelated business taxable income so computed with respect to each such trade or business, less a specific deduction under subsection (b)(12), and

''(C) for purposes of subparagraph (B), unrelated business taxable income with respect to any such trade or business shall not be less than zero.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except to the extent provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2017.

(2) CARRYOVERS OF NET OPERATING LOSSES.—If any net operating loss arising in a taxable year beginning before January 1, 2018, is carried over to a taxable year beginning on or after such date—

(A) subparagraph (A) of section 512(a)(6) of the Internal Revenue Code of 1986, as added by this Act, shall not apply to such net operating loss, and

(B) the unrelated business taxable income of the organization, after the application of subparagraph (B) of such section, shall be reduced by the amount of such net operating loss.

SEC. 13703. REPEAL OF DEDUCTION FOR AMOUNTS PAID IN EXCHANGE FOR COLLEGE ATHLETIC EVENT SEATING RIGHTS.

(a) IN GENERAL.—Section 170(l) is amended—

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

''(1) IN GENERAL.—No deduction shall be allowed under this section for any amount described in paragraph (2).'', and

(2) in paragraph (2)(B), by striking ''such amount would be allowable as a deduction under this section but for the fact that''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2017.

SEC. 13704. REPEAL OF SUBSTANTIATION EXCEPTION IN CASE OF CONTRIBUTIONS REPORTED BY DONEE.

(a) IN GENERAL.—Section 170(f)(8) is amended by striking subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2016.

PART IX—OTHER PROVISIONS

Subpart A—Craft Beverage Modernization and Tax Reform

SEC. 13801. PRODUCTION PERIOD FOR BEER, WINE, AND DISTILLED SPIRITS.

(a) IN GENERAL.—Section 263A(f) is amended—

(1) by redesignating paragraph (4) as paragraph (5), and

(2) by inserting after paragraph (3) the following new paragraph:

''(4) EXEMPTION FOR AGING PROCESS OF BEER, WINE, AND DISTILLED SPIRITS.—

''(A) IN GENERAL.—For purposes of this subsection, the production period shall not include the aging period for—

''(i) beer (as defined in section 5052(a)),

''(ii) wine (as described in section 5041(a)), or

''(iii) distilled spirits (as defined in section 5002(a)(8)), except such spirits that are unfit for use for beverage purposes.

''(B) TERMINATION.—This paragraph shall not apply to interest costs paid or accrued after December 31, 2019.''.

(b) CONFORMING AMENDMENT.—Paragraph (5)(B)(ii) of section 263A(f), as redesignated by this section, is amended by inserting ''except as provided in paragraph (4),'' before ''ending on the date''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest costs paid or accrued in calendar years beginning after December 31, 2017.

SEC. 13802. REDUCED RATE OF EXCISE TAX ON BEER.

(a) IN GENERAL.—Paragraph (1) of section 5051(a) is amended to read as follows:

''(1) IN GENERAL.—

''(A) IMPOSITION OF TAX.—A tax is hereby imposed on all beer brewed or produced, and removed for consumption or sale, within the United States, or imported into the United States. Except as provided in paragraph (2), the rate of such tax shall be the amount determined under this paragraph.

''(B) RATE.—Except as provided in subparagraph (C), the rate of tax shall be $18 for per barrel.

''(C) SPECIAL RULE.—In the case of beer removed after December 31, 2017, and before January 1, 2020, the rate of tax shall be—

''(i) $16 on the first 6,000,000 barrels of beer—

''(I) brewed by the brewer and removed during the calendar year for consumption or sale, or

''(II) imported by the importer into the United States during the calendar year, and

''(ii) $18 on any barrels of beer to which clause (i) does not apply.

''(D) BARREL.—For purposes of this section, a barrel shall contain not more than 31 gallons of beer, and any tax imposed under this section shall be applied at a like rate for any other quantity or for fractional parts of a barrel.''.

(b) REDUCED RATE FOR CERTAIN DOMESTIC PRODUCTION.—Subparagraph (A) of section 5051(a)(2) is amended—

(1) in the heading, by striking ''$7 A BARREL'', and

(2) by inserting ''($3.50 in the case of beer removed after December 31, 2017, and before January 1, 2020)'' after ''$7''.

(c) APPLICATION OF REDUCED TAX RATE FOR FOREIGN MANUFACTURERS AND IMPORTERS.—Subsection (a) of section 5051 is amended—

(1) in subparagraph (C)(i)(II) of paragraph (1), as amended by subsection (a), by inserting ''but only if the importer is an electing

importer under paragraph (4) and the barrels have been assigned to the importer pursuant to such paragraph'' after ''during the calendar year'', and

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

''(4) REDUCED TAX RATE FOR FOREIGN MANUFACTURERS AND IMPORTERS.—

''(A) IN GENERAL.—In the case of any barrels of beer which have been brewed or produced outside of the United States and imported into the United States, the rate of tax applicable under clause (i) of paragraph (1)(C) (referred to in this paragraph as the 'reduced tax rate') may be assigned by the brewer (provided that the brewer makes an election described in subparagraph (B)(ii)) to any electing importer of such barrels pursuant to the requirements established by the Secretary under subparagraph (B).

''(B) ASSIGNMENT.—The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the reduced tax rate provided under this paragraph, which shall include—

''(i) a limitation to ensure that the number of barrels of beer for which the reduced tax rate has been assigned by a brewer—

''(I) to any importer does not exceed the number of barrels of beer brewed or produced by such brewer during the calendar year which were imported into the United States by such importer, and

''(II) to all importers does not exceed the 6,000,000 barrels to which the reduced tax rate applies,

''(ii) procedures that allow the election of a brewer to assign and an importer to receive the reduced tax rate provided under this paragraph,

''(iii) requirements that the brewer provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and

''(iv) procedures that allow for revocation of eligibility of the brewer and the importer for the reduced tax rate provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such reduced rate.

''(C) CONTROLLED GROUP.—For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the brewer, as described under paragraph (5).''.

(d) CONTROLLED GROUP AND SINGLE TAXPAYER RULES.—Subsection (a) of section 5051, as amended by this section, is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (B), and

(B) by redesignating subparagraph (C) as subparagraph (B), and

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

''(5) CONTROLLED GROUP AND SINGLE TAXPAYER RULES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), in the case of a controlled group, the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) and the 2,000,000 barrel quantity specified in paragraph (2)(A) shall be applied to the controlled group, and the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) and the 60,000 barrel quantity specified in paragraph (2)(A) shall be apportioned among the brewers who are members of such group in such manner as the Secretary or their delegate shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning assigned to it by subsection (a) of section 1563, except that for such purposes the phrase 'more than 50 percent' shall be substituted for the phrase 'at least 80 percent' in each place it appears in such subsection. Under regulations prescribed by the Secretary, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation.

''(B) FOREIGN MANUFACTURERS AND IMPORTERS.—For purposes of paragraph (4), in the case of a controlled group, the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) shall be applied to the controlled group and apportioned among the members of such group in such manner as the Secretary shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning given such term under subparagraph (A). Under regulations prescribed by the Secretary, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation.

''(C) SINGLE TAXPAYER.—Pursuant to rules issued by the Secretary, two or more entities (whether or not under common control) that produce beer marketed under a similar brand, license, franchise, or other arrangement shall be treated as a single taxpayer for purposes of the application of this subsection.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to beer removed after December 31, 2017.

SEC. 13803. TRANSFER OF BEER BETWEEN BONDED FACILITIES.

(a) IN GENERAL.—Section 5414 is amended—

(1) by striking ''Beer may be removed'' and inserting ''(a) IN GENERAL.—Beer may be removed'', and

(2) by adding at the end the following:

''(b) TRANSFER OF BEER BETWEEN BONDED FACILITIES.—

''(1) IN GENERAL.—Beer may be removed from one bonded brewery to another bonded brewery, without payment of tax, and may be mingled with beer at the receiving brewery, subject to such conditions, including payment of the tax, and in such containers, as the Secretary by regulations shall prescribe, which shall include—

''(A) any removal from one brewery to another brewery belonging to the same brewer,

''(B) any removal from a brewery owned by one corporation to a brewery owned by another corporation when—

''(i) one such corporation owns the controlling interest in the other such corporation, or

''(ii) the controlling interest in each such corporation is owned by the same person or persons, and

''(C) any removal from one brewery to another brewery when—

''(i) the proprietors of transferring and receiving premises are independent of each other and neither has a proprietary interest, directly or indirectly, in the business of the other, and

''(ii) the transferor has divested itself of all interest in the beer so transferred and the transferee has accepted responsibility for payment of the tax.

''(2) TRANSFER OF LIABILITY FOR TAX.—For purposes of paragraph (1)(C), such relief from liability shall be effective from the time of removal from the transferor's bonded premises, or from the time of divestment of interest, whichever is later.

''(3) TERMINATION.—This subsection shall not apply to any calendar quarter beginning after December 31, 2019.''.

(b) REMOVAL FROM BREWERY BY PIPELINE.—Section 5412 is amended by inserting ''pursuant to section 5414 or'' before ''by pipeline''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any calendar quarters beginning after December 31, 2017.

SEC. 13804. REDUCED RATE OF EXCISE TAX ON CERTAIN WINE.

(a) IN GENERAL.—Section 5041(c) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULE FOR 2018 AND 2019.—

''(A) IN GENERAL.—In the case of wine removed after December 31, 2017, and before January 1, 2020, paragraphs (1) and (2) shall not apply and there shall be allowed as a credit against any tax imposed by this title (other than chapters 2, 21, and 22) an amount equal to the sum of—

''(i) $1 per wine gallon on the first 30,000 wine gallons of wine, plus

''(ii) 90 cents per wine gallon on the first 100,000 wine gallons of wine to which clause (i) does not apply, plus

''(iii) 53.5 cents per wine gallon on the first 620,000 wine gallons of wine to which clauses (i) and (ii) do not apply,

which are produced by the producer and removed during the calendar year for consumption or sale, or which are imported by the importer into the United States during the calendar year.

''(B) ADJUSTMENT OF CREDIT FOR HARD CIDER.—In the case of wine described in subsection (b)(6), subparagraph (A) of this paragraph shall be applied—

''(i) in clause (i) of such subparagraph, by substituting '6.2 cents' for '$1',

''(ii) in clause (ii) of such subparagraph, by substituting '5.6 cents' for '90 cents', and

''(iii) in clause (iii) of such subparagraph, by substituting '3.3 cents' for '53.5 cents'.'',

(b) CONTROLLED GROUP AND SINGLE TAXPAYER RULES.—Paragraph (4) of section 5041(c) is amended by striking ''section 5051(a)(2)(B)'' and inserting ''section 5051(a)(5)''.

(c) ALLOWANCE OF CREDIT FOR FOREIGN MANUFACTURERS AND IMPORTERS.—Subsection (c) of section 5041, as amended by subsection (a), is amended—

(1) in subparagraph (A) of paragraph (8), by inserting ''but only if the importer is an electing importer under paragraph (9) and the wine gallons of wine have been assigned to the importer pursuant to such paragraph'' after ''into the United States during the calendar year'', and

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

''(9) ALLOWANCE OF CREDIT FOR FOREIGN MANUFACTURERS AND IMPORTERS.—

''(A) IN GENERAL.—In the case of any wine gallons of wine which have been produced outside of the United States and imported into the United States, the credit allowable under paragraph (8) (referred to in this paragraph as the 'tax credit') may be assigned by the person who produced such wine (referred to in this paragraph as the 'foreign producer'), provided that such person makes an election described in subparagraph (B)(ii), to any electing importer of such wine gallons pursuant to the requirements established by the Secretary under subparagraph (B).

''(B) ASSIGNMENT.—The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the tax credit provided under this paragraph, which shall include—

''(i) a limitation to ensure that the number of wine gallons of wine for which the tax credit has been assigned by a foreign producer—

''(I) to any importer does not exceed the number of wine gallons of wine produced by such foreign producer during the calendar year which were imported into the United States by such importer, and

''(II) to all importers does not exceed the 750,000 wine gallons of wine to which the tax credit applies, ''(ii) procedures that allow the election of a foreign producer to assign and an importer to receive the tax credit provided under this paragraph,

''(iii) requirements that the foreign producer provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and

''(iv) procedures that allow for revocation of eligibility of the foreign producer and the importer for the tax credit provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such credit.

''(C) CONTROLLED GROUP.—For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the foreign producer, as described under paragraph (4).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to wine removed after December 31, 2017.

SEC. 13805. ADJUSTMENT OF ALCOHOL CONTENT LEVEL FOR APPLICATION OF EXCISE TAX RATES.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 5041(b) are each amended by inserting ''(16 percent in the case of wine removed after December 31, 2017, and before January 1, 2020'' after ''14 percent''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to wine removed after December 31, 2017.

SEC. 13806. DEFINITION OF MEAD AND LOW ALCOHOL BY VOLUME WINE.

(a) IN GENERAL.—Section 5041 is amended—

(1) in subsection (a), by striking ''Still wines'' and inserting ''Subject to subsection (h), still wines'', and

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

''(h) MEAD AND LOW ALCOHOL BY VOLUME WINE.—

''(1) IN GENERAL.—For purposes of subsections (a) and (b)(1), mead and low alcohol by volume wine shall be deemed to be still wines containing not more than 16 percent of alcohol by volume.

''(2) DEFINITIONS.—

''(A) MEAD.—For purposes of this section, the term 'mead' means a wine—

''(i) containing not more than 0.64 gram of carbon dioxide per hundred milliliters of wine, except that the Secretary shall by regulations prescribe such tolerances to this limitation as may be reasonably necessary in good commercial practice,

''(ii) which is derived solely from honey and water,

''(iii) which contains no fruit product or fruit flavoring, and

''(iv) which contains less than 8.5 percent alcohol by volume.

''(B) LOW ALCOHOL BY VOLUME WINE.—For purposes of this section, the term 'low alcohol by volume wine' means a wine—

''(i) containing not more than 0.64 gram of carbon dioxide per hundred milliliters of wine, except that the Secretary shall by regulations prescribe such tolerances to this limitation as may be reasonably necessary in good commercial practice,

''(ii) which is derived—

''(I) primarily from grapes, or

''(II) from grape juice concentrate and water,

''(iii) which contains no fruit product or fruit flavoring other than grape, and

''(iv) which contains less than 8.5 percent alcohol by volume.

''(3) TERMINATION.—This subsection shall not apply to wine removed after December 31, 2019.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to wine removed after December 31, 2017.

SEC. 13807. REDUCED RATE OF EXCISE TAX ON CERTAIN DISTILLED SPIRITS.

(a) IN GENERAL.—Section 5001 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) REDUCED RATE FOR 2018 AND 2019.—

''(1) IN GENERAL.—In the case of a distilled spirits operation, the otherwise applicable tax rate under subsection (a)(1) shall be—

''(A) $2.70 per proof gallon on the first 100,000 proof gallons of distilled spirits, and

''(B) $13.34 per proof gallon on the first 22,130,000 of proof gallons of distilled spirits to which subparagraph (A) does not apply,

which have been distilled or processed by such operation and removed during the calendar year for consumption or sale, or which have been imported by the importer into the United States during the calendar year.

''(2) CONTROLLED GROUPS.—

''(A) IN GENERAL.—In the case of a controlled group, the proof gallon quantities specified under subparagraphs (A) and (B) of paragraph (1) shall be applied to such group and apportioned among the members of such group in such manner as the Secretary or their delegate shall by regulations prescribe.

''(B) DEFINITION.—For purposes of subparagraph (A), the term 'controlled group' shall have the meaning given such term by subsection (a) of section 1563, except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in such subsection.

''(C) RULES FOR NON-CORPORATIONS.—Under regulations prescribed by the Secretary, principles similar to the principles of subparagraphs (A) and (B) shall be applied to a group under common control where one or more of the persons is not a corporation.

''(D) SINGLE TAXPAYER.—Pursuant to rules issued by the Secretary, two or more entities (whether or not under common control) that produce distilled spirits marketed under a similar brand, license, franchise, or other arrangement shall be treated as a single taxpayer for purposes of the application of this subsection.

''(3) TERMINATION.—This subsection shall not apply to distilled spirits removed after December 31, 2019.''.

(b) CONFORMING AMENDMENT.—Section 7652(f)(2) is amended by striking ''section 5001(a)(1)'' and inserting ''subsection (a)(1) of section 5001, determined as if subsection (c)(1) of such section did not apply''.

(c) APPLICATION OF REDUCED TAX RATE FOR FOREIGN MANUFACTURERS AND IMPORTERS.—Subsection (c) of section 5001, as added by subsection (a), is amended—

(1) in paragraph (1), by inserting ''but only if the importer is an electing importer under paragraph (3) and the proof gallons of distilled spirits have been assigned to the importer pursuant to such paragraph'' after ''into the United States during the calendar year'', and

(2) by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) REDUCED TAX RATE FOR FOREIGN MANUFACTURERS AND IMPORTERS.—

''(A) IN GENERAL.—In the case of any proof gallons of distilled spirits which have been produced outside of the United States and imported into the United States, the rate of tax applicable under paragraph (1) (referred to in this paragraph as the 'reduced tax rate') may be assigned by the distilled sprits operation (provided that such operation makes an election described in subparagraph (B)(ii)) to any electing importer of such proof gallons pursuant to the requirements established by the Secretary under subparagraph (B).

''(B) ASSIGNMENT.—The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the reduced tax rate provided under this paragraph, which shall include—

''(i) a limitation to ensure that the number of proof gallons of distilled spirits for which the reduced tax rate has been assigned by a distilled spirits operation—

''(I) to any importer does not exceed the number of proof gallons produced by such operation during the calendar year which were imported into the United States by such importer, and

''(II) to all importers does not exceed the 22,230,000 proof gallons of distilled spirits to which the reduced tax rate applies,

''(ii) procedures that allow the election of a distilled spirits operation to assign and an importer to receive the reduced tax rate provided under this paragraph,

''(iii) requirements that the distilled spirits operation provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and

''(iv) procedures that allow for revocation of eligibility of the distilled spirits operation and the importer for the reduced tax rate provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such reduced rate.

''(C) CONTROLLED GROUP.—

''(i) IN GENERAL.—For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the distilled spirits operation, as described under paragraph (2).

''(ii) APPORTIONMENT.—For purposes of this paragraph, in the case of a controlled group, rules similar to section 5051(a)(5)(B) shall apply.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distilled spirits removed after December 31, 2017.

SEC. 13808. BULK DISTILLED SPIRITS.

(a) IN GENERAL.—Section 5212 is amended by adding at the end the following sentence: ''In the case of distilled spirits transferred in bond after December 31, 2017, and before January 1, 2020, this section shall be applied without regard to whether distilled spirits are bulk distilled spirits.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply distilled spirits transferred in bond after December 31, 2017.

Subpart B—Miscellaneous Provisions

SEC. 13821. MODIFICATION OF TAX TREATMENT OF ALASKA NATIVE CORPORATIONS AND SETTLEMENT TRUSTS.

(a) EXCLUSION FOR ANCSA PAYMENTS ASSIGNED TO ALASKA NATIVE SETTLEMENT TRUSTS.—

(1) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting before section 140 the following new section:

''SEC. 139G. ASSIGNMENTS TO ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—In the case of a Native Corporation, gross income shall not include the value of any payments that would otherwise be made, or treated as being made, to such Native Corporation pursuant to, or as required by, any provision of the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), including any payment that would otherwise be made to a Village Corporation pursuant to section 7(j) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(j)), provided that any such payments—

''(1) are assigned in writing to a Settlement Trust, and

''(2) were not received by such Native Corporation prior to the assignment described in paragraph (1).

''(b) INCLUSION IN GROSS INCOME.—In the case of a Settlement Trust which has been assigned payments described in subsection (a), gross income shall include such payments when received by such Settlement Trust pursuant to the assignment and shall have the same character as if such payments were received by the Native Corporation.

''(c) AMOUNT AND SCOPE OF ASSIGNMENT.—The amount and scope of any assignment under subsection (a) shall be described with reasonable particularity and may either be in a percentage of one or more such payments or in a fixed dollar amount.

''(d) DURATION OF ASSIGNMENT; REVOCABILITY.—Any assignment under subsection (a) shall specify—

''(1) a duration either in perpetuity or for a period of time, and

''(2) whether such assignment is revocable.

''(e) PROHIBITION ON DEDUCTION.—Notwithstanding section 247, no deduction shall be allowed to a Native Corporation for purposes of any amounts described in subsection (a).

''(f) DEFINITIONS.—For purposes of this section, the terms 'Native Corporation' and 'Settlement Trust' have the same meaning given such terms under section 646(h).''.

(2) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting before the item relating to section 140 the following new item:

''Sec. 139G. Assignments to Alaska Native Settlement Trusts.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2016.

(b) DEDUCTION OF CONTRIBUTIONS TO ALASKA NATIVE SETTLEMENT TRUSTS.—

(1) IN GENERAL.—Part VIII of subchapter B of chapter 1 is amended by inserting before section 248 the following new section:

''SEC. 247. CONTRIBUTIONS TO ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—In the case of a Native Corporation, there shall be allowed a deduction for any contributions made by such Native Corporation to a Settlement Trust (regardless of whether an election under section 646 is in effect for such Settlement Trust) for which the Native Corporation has made an annual election under subsection (e).

''(b) AMOUNT OF DEDUCTION.—The amount of the deduction under subsection (a) shall be equal to—

''(1) in the case of a cash contribution (regardless of the method of payment, including currency, coins, money order, or check), the amount of such contribution, or

''(2) in the case of a contribution not described in paragraph (1), the lesser of—

''(A) the Native Corporation's adjusted basis in the property contributed, or

''(B) the fair market value of the property contributed.

''(c) LIMITATION AND CARRYOVER.—

''(1) IN GENERAL.—Subject to paragraph (2), the deduction allowed under subsection (a) for any taxable year shall not exceed the taxable income (as determined without regard to such deduction) of the Native Corporation for the taxable year in which the contribution was made.

''(2) CARRYOVER.—If the aggregate amount of contributions described in subsection (a) for any taxable year exceeds the limitation under paragraph (1), such excess shall be treated as a contribution described in subsection (a) in each of the 15 succeeding years in order of time.

''(d) DEFINITIONS.—For purposes of this section, the terms 'Native Corporation' and 'Settlement Trust' have the same meaning given such terms under section 646(h).

''(e) MANNER OF MAKING ELECTION.—

''(1) IN GENERAL.—For each taxable year, a Native Corporation may elect to have this section apply for such taxable year on the income tax return or an amendment or supplement to the return of the Native Corporation, with such election to have effect solely for such taxable year.

''(2) REVOCATION.—Any election made by a Native Corporation pursuant to this subsection may be revoked pursuant to a timely filed amendment or supplement to the income tax return of such Native Corporation.

''(f) ADDITIONAL RULES.—

''(1) EARNINGS AND PROFITS.—Notwithstanding section 646(d)(2), in the case of a Native Corporation which claims a deduction under this section for any taxable year, the earnings and profits of such Native Corporation for such taxable year shall be reduced by the amount of such deduction.

''(2) GAIN OR LOSS.—No gain or loss shall be recognized by the Native Corporation with respect to a contribution of property for which a deduction is allowed under this section.

''(3) INCOME.—Subject to subsection (g), a Settlement Trust shall include in income the amount of any deduction allowed under this section in the taxable year in which the Settlement Trust actually receives such contribution.

''(4) PERIOD.—The holding period under section 1223 of the Settlement Trust shall include the period the property was held by the Native Corporation.

''(5) BASIS.—The basis that a Settlement Trust has for which a deduction is allowed under this section shall be equal to the lesser of—

''(A) the adjusted basis of the Native Corporation in such property immediately before such contribution, or

''(B) the fair market value of the property immediately before such contribution.

''(6) PROHIBITION.—No deduction shall be allowed under this section with respect to any contributions made to a Settlement Trust which are in violation of subsection (a)(2) or (c)(2) of section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e).

''(g) ELECTION BY SETTLEMENT TRUST TO DEFER INCOME RECOGNITION.—

''(1) IN GENERAL.—In the case of a contribution which consists of property other than cash, a Settlement Trust may elect to defer recognition of any income related to such property until the sale or exchange of such property, in whole or in part, by the Settlement Trust.

''(2) TREATMENT.—In the case of property described in paragraph (1), any income or gain realized on the sale or exchange of such property shall be treated as—

''(A) for such amount of the income or gain as is equal to or less than the amount of income which would be included in income at the time of contribution under subsection (f)(3) but for the taxpayer's election under this subsection, ordinary income, and

''(B) for any amounts of the income or gain which are in excess of the amount of income which would be included in income at the time of contribution under subsection (f)(3) but for the taxpayer's election under this subsection, having the same character as if this subsection did not apply.

''(3) ELECTION.—

''(A) IN GENERAL.—For each taxable year, a Settlement Trust may elect to apply this subsection for any property described in paragraph (1) which was contributed during such year. Any property to which the election applies shall be identified and described with reasonable particularity on the income tax return or an amendment or supplement to the return of the Settlement Trust, with such election to have effect solely for such taxable year.

''(B) REVOCATION.—Any election made by a Settlement Trust pursuant to this subsection may be revoked pursuant to a timely filed amendment or supplement to the income tax return of such Settlement Trust.

''(C) CERTAIN DISPOSITIONS.—

''(i) IN GENERAL.—In the case of any property for which an election is in effect under this subsection and which is disposed of within the first taxable year subsequent to the taxable year in which such property was contributed to the Settlement Trust—

''(I) this section shall be applied as if the election under this subsection had not been made,

''(II) any income or gain which would have been included in the year of contribution under subsection (f)(3) but for the taxpayer's election under this subsection shall be included in income for the taxable year of such contribution, and

''(III) the Settlement Trust shall pay any increase in tax resulting from such inclusion, including any applicable interest, and increased by 10 percent of the amount of such increase with interest.

''(ii) ASSESSMENT.—Notwithstanding section 6501(a), any amount described in subclause (III) of clause (i) may be assessed, or a proceeding in court with respect to such amount may be initiated without assessment, within 4 years after the date on which the return making the election under this subsection for such property was filed.''.

(2) CONFORMING AMENDMENT.—The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting before the item relating to section 248 the following new item:

''Sec. 247. Contributions to Alaska Native Settlement Trusts.''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to taxable years for which the period of limitation on refund or credit under section 6511 of the Internal Revenue Code of 1986 has not expired.

(B) ONE-YEAR WAIVER OF STATUTE OF LIMITATIONS.—If the period of limitation on a credit or refund resulting from the amendments made by paragraph (1) expires before the end of the 1-year period beginning on the date of the enactment of this Act, refund or credit of such overpayment (to the extent attributable to such amendments) may, nevertheless, be made or allowed if claim therefor is filed before the close of such 1-year period.

(c) INFORMATION REPORTING FOR DEDUCTIBLE CONTRIBUTIONS TO ALASKA NATIVE SETTLEMENT TRUSTS.—

(1) IN GENERAL.—Section 6039H is amended—

(A) in the heading, by striking ''**SPONSORING**'', and

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

''(e) DEDUCTIBLE CONTRIBUTIONS BY NATIVE CORPORATIONS TO ALASKA NATIVE SETTLEMENT TRUSTS.—

''(1) IN GENERAL.—Any Native Corporation (as defined in subsection (m) of section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m))) which has made a contribution to a Settlement Trust (as defined in subsection (t) of such section) to which an election under subsection (e) of section 247 applies shall provide such Settlement Trust with a statement regarding such election not later than January 31 of the calendar year subsequent to the calendar year in which the contribution was made.

''(2) CONTENT OF STATEMENT.—The statement described in paragraph (1) shall include—

''(A) the total amount of contributions to which the election under subsection (e) of section 247 applies,

''(B) for each contribution, whether such contribution was in cash, ''(C) for each contribution which consists of property other than cash, the date that such property was acquired by the Native Corporation and the adjusted basis and fair market value of such property on the date such property was contributed to the Settlement Trust,

''(D) the date on which each contribution was made to the Settlement Trust, and

''(E) such information as the Secretary determines to be necessary or appropriate for the identification of each contribution and the accurate inclusion of income relating to such contributions by the Settlement Trust.''.

(2) CONFORMING AMENDMENT.—The item relating to section 6039H in the table of sections for subpart A of part III of subchapter A of chapter 61 is amended to read as follows:

''Sec. 6039H. Information With Respect to Alaska Native Settlement Trusts and Native Corporations.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2016.

SEC. 13822. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT SERVICES.

(a) IN GENERAL.—Subsection (e) of section 4261 is amended by adding at the end the following new paragraph:

''(5) AMOUNTS PAID FOR AIRCRAFT MANAGEMENT SERVICES.—

''(A) IN GENERAL.—No tax shall be imposed by this section or section 4271 on any amounts paid by an aircraft owner for aircraft management services related to—

''(i) maintenance and support of the aircraft owner's aircraft, or

''(ii) flights on the aircraft owner's aircraft.

''(B) AIRCRAFT MANAGEMENT SERVICES.—For purposes of subparagraph (A), the term 'aircraft management services' includes—

''(i) assisting an aircraft owner with administrative and support services, such as scheduling, flight planning, and weather forecasting,

''(ii) obtaining insurance,

''(iii) maintenance, storage and fueling of aircraft,

''(iv) hiring, training, and provision of pilots and crew,

''(v) establishing and complying with safety standards, and

''(vi) such other services as are necessary to support flights operated by an aircraft owner.

''(C) LESSEE TREATED AS AIRCRAFT OWNER.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'aircraft owner' includes a person who leases the aircraft other than under a disqualified lease.

''(ii) DISQUALIFIED LEASE.—For purposes of clause (i), the term 'disqualified lease' means a lease from a person providing aircraft management services with respect to such aircraft (or a related person (within the meaning of section 465(b)(3)(C)) to the person providing such services), if such lease is for a term of 31 days or less.

''(D) PRO RATA ALLOCATION.—In the case of amounts paid to any person which (but for this subsection) are subject to the tax imposed by subsection (a), a portion of which consists of amounts described in subparagraph (A), this paragraph shall apply on a pro rata basis only to the portion which consists of amounts described in such subparagraph.''.

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

SEC. 13823. OPPORTUNITY ZONES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following:

''Subchapter Z—Opportunity Zones

''SEC. 1400Z–1. DESIGNATION.

''(a) QUALIFIED OPPORTUNITY ZONE DEFINED.—For the purposes of this subchapter, the term 'qualified opportunity zone' means a population census tract that is a low-income community that is designated as a qualified opportunity zone.

''(b) DESIGNATION.—

''(1) IN GENERAL.—For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if—

''(A) not later than the end of the determination period, the governor of the State in which the tract is located—

''(i) nominates the tract for designation as a qualified opportunity zone, and

''(ii) notifies the Secretary in writing of such nomination, and

''(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period.

''(2) EXTENSION OF PERIODS.—A governor may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph), for an additional 30 days.

''(c) OTHER DEFINITIONS.—For purposes of this subsection—

''(1) LOW-INCOME COMMUNITIES.—The term 'low-income community' has the same meaning as when used in section 45D(e).

''(2) DEFINITION OF PERIODS.—

''(A) CONSIDERATION PERIOD.—The term 'consideration period' means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2).

''(B) DETERMINATION PERIOD.—The term 'determination period' means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2).

''(3) STATE.—For purposes of this section, the term 'State' includes any possession of the United States.

''(d) NUMBER OF DESIGNATIONS.—

''(1) IN GENERAL.—Except as provided by paragraph (2), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State.

''(2) EXCEPTION.—If the number of low-income communities in a State is less than 100, then a total of 25 of such tracts may be designated as qualified opportunity zones.

''(e) DESIGNATION OF TRACTS CONTIGUOUS WITH LOW-INCOME COMMUNITIES.—

''(1) IN GENERAL.—A population census tract that is not a low-income community may be designated as a qualified opportunity zone under this section if—

''(A) the tract is contiguous with the low-income community that is designated as a qualified opportunity zone, and

''(B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous.

''(2) LIMITATION.—Not more than 5 percent of the population census tracts designated in a State as a qualified opportunity zone may be designated under paragraph (1).

''(f) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—A designation as a qualified opportunity zone shall remain in effect for the period beginning on the date of the designation and ending at the close of the 10th calendar year beginning on or after such date of designation.

''SEC. 1400Z–2. SPECIAL RULES FOR CAPITAL GAINS INVESTED IN OPPORTUNITY ZONES.

''(a) IN GENERAL.—In the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer—

''(1) gross income for the taxable year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a qualified opportunity fund during the 180-day period beginning on the date of such sale or exchange,

''(2) the amount of gain excluded by paragraph (1) shall be included in gross income as provided by subsection (b), and

''(3) subsection (c) shall apply.

No election may be made under the preceding sentence with respect to a sale or exchange if an election previously made with respect to such sale or exchange is in effect.

''(b) DEFERRAL OF GAIN INVESTED IN OPPORTUNITY ZONE PROPERTY.—

''(1) YEAR OF INCLUSION.—Gain to which subsection (a)(2) applies shall be included in income in the taxable year which includes the earlier of—

''(A) the date on which such investment is sold or exchanged, or

''(B) December 31, 2026.

''(2) AMOUNT INCLUDIBLE.—

''(A) IN GENERAL.—The amount of gain included in gross income under subsection (a)(1) shall be the excess of—

''(i) the lesser of the amount of gain excluded under paragraph (1) or the fair market value of the property as determined as of the date described in paragraph (1), over

''(ii) the taxpayer's basis in the investment.

''(B) DETERMINATION OF BASIS.—

''(i) IN GENERAL.—Except as otherwise provided in this clause or subsection (c), the taxpayer's basis in the investment shall be zero.

''(ii) INCREASE FOR GAIN RECOGNIZED UNDER SUBSECTION (a)(2).—The basis in the investment shall be increased by the amount of gain recognized by reason of subsection (a)(2) with respect to such property.

''(iii) INVESTMENTS HELD FOR 5 YEARS.—In the case of any investment held for at least 5 years, the basis of such investment shall be increased by an amount equal to 10 percent of the amount of gain deferred by reason of subsection (a)(1).

''(iv) INVESTMENTS HELD FOR 7 YEARS.—In the case of any investment held by the taxpayer for at least 7 years, in addition to any adjustment made under clause (iii), the basis of such property shall be increased by an amount equal to 5 percent of the amount of gain deferred by reason of subsection (a)(1).

''(c) SPECIAL RULE FOR INVESTMENTS HELD FOR AT LEAST 10 YEARS.—In the case of any investment held by the taxpayer for at least 10 years and with respect to which the taxpayer makes an election under this clause, the basis of such property shall be equal to the fair market value of such investment on the date that the investment is sold or exchanged.

''(d) QUALIFIED OPPORTUNITY FUND.—For purposes of this section—

''(1) QUALIFIED OPPORTUNITY FUND.—The term 'qualified opportunity fund' means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund) that holds at least 90 percent of its assets in qualified opportunity zone property, determined—

''(A) on the last day of the first 6-month period of the taxable year of the fund, and

''(B) on the last day of the taxable year of the fund.

''(2) QUALIFIED OPPORTUNITY ZONE PROPERTY.—

''(A) IN GENERAL.—The term 'qualified opportunity zone property' means property which is—

''(i) qualified opportunity zone stock,

''(ii) qualified opportunity zone partnership interest, or

''(iii) qualified opportunity zone business property.

''(B) QUALIFIED OPPORTUNITY ZONE STOCK.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'qualified opportunity zone stock' means any stock in a domestic corporation if—

''(I) such stock is acquired by the taxpayer after December 31, 2017, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash,

''(II) as of the time such stock was issued, such corporation was a qualified opportunity zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a qualified opportunity zone business), and

''(III) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a qualified opportunity zone business.

''(ii) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(C) QUALIFIED OPPORTUNITY ZONE PARTNERSHIP INTEREST.—The term 'qualified opportunity zone partnership interest' means any capital or profits interest in a domestic partnership if—

''(i) such interest is acquired by the taxpayer after December 31, 2017, from the partnership solely in exchange for cash,

''(ii) as of the time such interest was acquired, such partnership was a qualified opportunity zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a qualified opportunity zone business), and

''(iii) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a qualified opportunity zone business.

''(D) QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY.—

''(i) IN GENERAL.—The term 'qualified opportunity zone business property' means tangible property used in a trade or business of the taxpayer if—

''(I) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2017,

''(II) the original use of such property in the qualified opportunity zone commences with the taxpayer or the taxpayer substantially improves the property, and

''(III) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a qualified opportunity zone.

''(ii) SUBSTANTIAL IMPROVEMENT.—For purposes of subparagraph (A)(ii), property shall be treated as substantially improved by the taxpayer only if, during any 30-month period beginning after the date of acquisition of such property, additions to basis with respect to such property in the hands of the taxpayer exceed an amount equal to the adjusted basis of such property at the beginning of such 30-month period in the hands of the taxpayer.

''(iii) RELATED PARTY.—For purposes of subparagraph (A)(i), the related person rule of section 179(d)(2) shall be applied pursuant to paragraph (8) of this subsection in lieu of the application of such rule in section 179(d)(2)(A).

''(3) QUALIFIED OPPORTUNITY ZONE BUSINESS.—

''(A) IN GENERAL.—The term 'qualified opportunity zone business' means a trade or business—

''(i) in which substantially all of the tangible property owned or leased by the taxpayer is qualified opportunity zone business property,

''(ii) which satisfies the requirements of paragraphs (2), (4), and (8) of section 1397C(b), and

''(iii) which is not described in section 144(c)(6)(B).

''(B) SPECIAL RULE.—For purposes of subparagraph (A), tangible property that ceases to be a qualified opportunity zone business property shall continue to be treated as a qualified opportunity zone business property for the lesser of—

''(i) 5 years after the date on which such tangible property ceases to be so qualified, or

''(ii) the date on which such tangible property is no longer held by the qualified opportunity zone business.

''(e) APPLICABLE RULES.—

''(1) TREATMENT OF INVESTMENTS WITH MIXED FUNDS.—In the case of any investment in a qualified opportunity fund only a portion of which consists of investments of gain to which an election under subsection (a)(1) is in effect—

''(A) such investment shall be treated as 2 separate investments, consisting of—

''(i) one investment that only includes amounts to which the election under subsection (a)(1) applies, and

''(ii) a separate investment consisting of other amounts, and

''(B) subsections (a), (b), and (c) shall only apply to the investment described in subparagraph (A)(i).

''(2) RELATED PERSONS.—For purposes of this section, persons are related to each other if such persons are described in section 267(b) or 707(b)(1), determined by substituting '20 percent' for '50 percent' each place it occurs in such sections.

''(3) DECEDENTS.—In the case of a decedent, amounts recognized under this section shall, if not properly includible in the gross income of the decedent, be includible in gross income as provided by section 691.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including—

''(A) rules for the certification of qualified opportunity funds for the purposes of this section, and

''(B) rules to prevent abuse.

''(f) FAILURE OF QUALIFIED OPPORTUNITY FUND TO MAINTAIN INVESTMENT STANDARD.—

''(1) IN GENERAL.—If a qualified opportunity fund fails to meet the 90-percent requirement of subsection (c)(1), the qualified opportunity fund shall pay a penalty for each month it fails to meet the requirement in an amount equal to the product of—

''(A) the excess of—

''(i) the amount equal to 90 percent of its aggregate assets, over

''(ii) the aggregate amount of qualified opportunity zone property held by the fund, multiplied by

''(B) the underpayment rate established under section 6621(a)(2) for such month.

''(2) SPECIAL RULE FOR PARTNERSHIPS.—In the case that the qualified opportunity fund is a partnership, the penalty imposed by paragraph (1) shall be taken into account proportionately as part of the distributive share of each partner of the partnership.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(b) BASIS ADJUSTMENTS.—Section 1016(a) is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by inserting after paragraph (37) the following:

''(38) to the extent provided in subsections (b)(2) and (c) of section 1400Z–2.''.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''SUBCHAPTER Z. OPPORTUNITY ZONES''.

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

Subtitle D—International Tax Provisions

PART I—OUTBOUND TRANSACTIONS

Subpart A—Establishment of Participation Exemption System for Taxation of Foreign Income

SEC. 14101. DEDUCTION FOR FOREIGN-SOURCE PORTION OF DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Part VIII of subchapter B of chapter 1 is amended by inserting after section 245 the following new section:

''SEC. 245A. DEDUCTION FOR FOREIGN SOURCE-PORTION OF DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.

''(a) IN GENERAL.—In the case of any dividend received from a specified 10-percent owned foreign corporation by a domestic corporation which is a United States shareholder with respect to such foreign corporation, there shall be allowed as a deduction an amount equal to the foreign-source portion of such dividend.

''(b) SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATION.—For purposes of this section—

''(1) IN GENERAL.—The term 'specified 10-percent owned foreign corporation' means any foreign corporation with respect to which any domestic corporation is a United States shareholder with respect to such corporation.

''(2) EXCLUSION OF PASSIVE FOREIGN INVESTMENT COMPANIES.—Such term shall not include any corporation which is a passive foreign investment company (as defined in section 1297) with respect to the shareholder and which is not a controlled foreign corporation.

''(c) FOREIGN-SOURCE PORTION.—For purposes of this section—

''(1) IN GENERAL.—The foreign-source portion of any dividend from a specified 10-percent owned foreign corporation is an amount which bears the same ratio to such dividend as—

''(A) the undistributed foreign earnings of the specified 10-percent owned foreign corporation, bears to

''(B) the total undistributed earnings of such foreign corporation.

''(2) UNDISTRIBUTED EARNINGS.—The term 'undistributed earnings' means the amount of the earnings and profits of the specified 10-percent owned foreign corporation (computed in accordance with sections 964(a) and 986)—

''(A) as of the close of the taxable year of the specified 10-percent owned foreign corporation in which the dividend is distributed, and

''(B) without diminution by reason of dividends distributed during such taxable year.

''(3) UNDISTRIBUTED FOREIGN EARNINGS.—The term 'undistributed foreign earnings' means the portion of the undistributed earnings which is attributable to neither—

''(A) income described in subparagraph (A) of section 245(a)(5), nor

''(B) dividends described in subparagraph (B) of such section (determined without regard to section 245(a)(12)).

''(d) DISALLOWANCE OF FOREIGN TAX CREDIT, ETC.—

''(1) IN GENERAL.—No credit shall be allowed under section 901 for any taxes paid or accrued (or treated as paid or accrued) with respect to any distribution any portion of which constitutes a dividend for which a deduction is allowed under this section.

''(2) DENIAL OF DEDUCTION.—No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1) (determined by treating the taxpayer as having elected the benefits of subpart A of part III of subchapter N).

''(e) SPECIAL RULES FOR HYBRID DIVIDENDS.—

''(1) IN GENERAL.—Subsection (a) shall not apply to any dividend received by a United States shareholder from a controlled foreign corporation if the dividend is a hybrid dividend.

''(2) HYBRID DIVIDENDS OF TIERED CORPORATIONS.—If a controlled foreign corporation with respect to which a domestic corporation is a United States shareholder receives a hybrid dividend from any other controlled foreign corporation with respect to which such domestic corporation is also a United States shareholder, then, notwithstanding any other provision of this title—

''(A) the hybrid dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the receiving controlled foreign corporation for the taxable year of the controlled foreign corporation in which the dividend was received, and

''(B) the United States shareholder shall include in gross income an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the subpart F income described in subparagraph (A).

''(3) DENIAL OF FOREIGN TAX CREDIT, ETC.—The rules of subsection (d) shall apply to any hybrid dividend received by, or any amount included under paragraph (2) in the gross income of, a United States shareholder.

''(4) HYBRID DIVIDEND.—The term 'hybrid dividend' means an amount received from a controlled foreign corporation—

''(A) for which a deduction would be allowed under subsection (a) but for this subsection, and

''(B) for which the controlled foreign corporation received a deduction (or other tax benefit) from taxes imposed by any foreign country.

''(f) SPECIAL RULE FOR PURGING DISTRIBUTIONS OF PASSIVE FOREIGN INVESTMENT COMPANIES.—Any amount which is treated as a dividend under section 1291(d)(2)(B) shall not be treated as a dividend for purposes of this section.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations for the treatment of United States shareholders owning stock of a specified 10 percent owned foreign corporation through a partnership.''.

(b) APPLICATION OF HOLDING PERIOD REQUIREMENT.—Subsection (c) of section 246 is amended—

(1) by striking ''or 245'' in paragraph (1) and inserting ''245, or 245A'', and

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

''(5) SPECIAL RULES FOR FOREIGN SOURCE PORTION OF DIVIDENDS RECEIVED FROM SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.—

''(A) 1-YEAR HOLDING PERIOD REQUIREMENT.—For purposes of section 245A—

''(i) paragraph (1)(A) shall be applied—

''(I) by substituting '365 days' for '45 days' each place it appears, and

''(II) by substituting '731-day period' for '91-day period', and

''(ii) paragraph (2) shall not apply.

''(B) STATUS MUST BE MAINTAINED DURING HOLDING PERIOD.—For purposes of applying paragraph (1) with respect to section 245A, the taxpayer shall be treated as holding the stock referred to in paragraph (1) for any period only if—

''(i) the specified 10-percent owned foreign corporation referred to in section 245A(a) is a specified 10-percent owned foreign corporation at all times during such period, and

''(ii) the taxpayer is a United States shareholder with respect to such specified 10-percent owned foreign corporation at all times during such period.''.

(c) APPLICATION OF RULES GENERALLY APPLICABLE TO DEDUCTIONS FOR DIVIDENDS RECEIVED.—

(1) TREATMENT OF DIVIDENDS FROM CERTAIN CORPORATIONS.—Paragraph (1) of section 246(a) is amended by striking ''and 245'' and inserting ''245, and 245A''.

(2) ASSETS GENERATING TAX-EXEMPT PORTION OF DIVIDEND NOT TAKEN INTO ACCOUNT IN ALLOCATING AND APPORTIONING DEDUCTIBLE EXPENSES.—Paragraph (3) of section 864(e) is amended by striking ''or 245(a)'' and inserting '', 245(a), or 245A''.

(3) COORDINATION WITH SECTION 1059.—Subparagraph (B) of section 1059(b)(2) is amended by striking ''or 245'' and inserting ''245, or 245A''.

(d) COORDINATION WITH FOREIGN TAX CREDIT LIMITATION.—Subsection (b) of section 904 is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF DIVIDENDS FOR WHICH DEDUCTION IS ALLOWED UNDER SECTION 245A.—For purposes of subsection (a), in the case of a domestic corporation which is a United States shareholder with respect to a specified 10-percent owned foreign corporation, such domestic corporation's taxable income from sources without the United States shall be determined without regard to—

''(A) the foreign-source portion of any dividend received from such foreign corporation, and

''(B) any deductions properly allocable to such portion.

Any term which is used in section 245A and in this paragraph shall have the same meaning for purposes of this paragraph as when used in such section.''.

(e) CONFORMING AMENDMENTS.—

(1) Subsection (b) of section 951 is amended by striking ''subpart'' and inserting ''title''.

(2) Subsection (a) of section 957 is amended by striking ''subpart'' in the matter preceding paragraph (1) and inserting ''title''.

(3) The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting after the item relating to section 245 the following new item:

''Sec. 245A. Dividends received by domestic corporations from certain foreign corporations.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14102. SPECIAL RULES RELATING TO SALES OR TRANSFERS INVOLVING SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.

(a) SALES BY UNITED STATES PERSONS OF STOCK.—Section 1248 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) COORDINATION WITH DIVIDENDS RECEIVED DEDUCTION.—In the case of the sale or exchange by a domestic corporation of stock in a foreign corporation held for 1 year or more, any amount received by the domestic corporation which is treated as a dividend by reason of this section shall be treated as a dividend for purposes of applying section 245A.''.

(b) BASIS IN SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATION REDUCED BY NONTAXED PORTION OF DIVIDEND FOR PURPOSES OF DETERMINING LOSS.—

(1) IN GENERAL.—Section 961 is amended by adding at the end the following new subsection:

''(d) BASIS IN SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATION REDUCED BY NONTAXED PORTION OF DIVIDEND FOR PURPOSES OF DETERMINING LOSS.—If a domestic corporation receives a dividend from a specified 10-percent owned foreign corporation (as defined in section 245A) in any taxable year, solely for purposes of determining loss on any disposition of stock of such foreign corporation in such taxable year or any subsequent taxable year, the basis of such domestic corporation in such stock shall be reduced (but not below zero) by the amount of any deduction allowable to such domestic corporation under section 245A with respect to such stock.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to dividends received in taxable years beginning after December 31, 2017.

(c) SALE BY A CFC OF A LOWER TIER CFC.—Section 964(e) is amended by adding at the end the following new paragraph:

''(4) COORDINATION WITH DIVIDENDS RECEIVED DEDUCTION.—

''(A) IN GENERAL.—If, for any taxable year of a controlled foreign corporation beginning after December 31, 2017, any amount is treated as a dividend under paragraph (1) by reason of a sale or exchange by the controlled foreign corporation of stock in another foreign corporation held for 1 year or more, then, notwithstanding any other provision of this title—

''(i) the foreign-source portion of such dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the selling controlled foreign corporation for such taxable year,

''(ii) a United States shareholder with respect to the selling controlled foreign corporation shall include in gross income for the taxable year of the shareholder with or within which such taxable year of the controlled foreign corporation ends an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the amount treated as subpart F income under clause (i), and

''(iii) the deduction under section 245A(a) shall be allowable to the United States shareholder with respect to the subpart F income included in gross income under clause (ii) in the same manner as if such subpart F income were a dividend received by the shareholder from the selling controlled foreign corporation.

''(B) EFFECT OF LOSS ON EARNINGS AND PROFITS.—For purposes of this title, in the case of a sale or exchange by a controlled foreign corporation of stock in another foreign corporation in a taxable year of the selling controlled foreign corporation beginning after December 31, 2017, to which this paragraph would apply if gain were recognized, the earnings and profits of the selling controlled foreign corporation shall not be reduced by reason of any loss from such sale or exchange.

''(C) FOREIGN-SOURCE PORTION.—For purposes of this paragraph, the foreign-source portion of any amount treated as a dividend under paragraph (1) shall be determined in the same manner as under section 245A(c).''.

(d) TREATMENT OF FOREIGN BRANCH LOSSES TRANSFERRED TO SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.—

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

''SEC. 91. CERTAIN FOREIGN BRANCH LOSSES TRANSFERRED TO SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS.

''(a) IN GENERAL.—If a domestic corporation transfers substantially all of the assets of a foreign branch (within the meaning of section 367(a)(3)(C), as in effect before the date of the enactment of the Tax Cuts and Jobs Act) to a specified 10-percent owned foreign corporation (as defined in section 245A) with respect to which it is a United States shareholder after such transfer, such domestic corporation shall include in gross income for the taxable year which includes such transfer an amount equal to the transferred loss amount with respect to such transfer.

''(b) LIMITATION AND CARRYFORWARD BASED ON FOREIGN-SOURCE DIVIDENDS RECEIVED.—

''(1) IN GENERAL.—The amount included in the gross income of the taxpayer under subsection (a) for any taxable year shall not exceed the amount allowed as a deduction under section 245A for such taxable year (taking into account dividends received from all specified 10-percent owned foreign corporations with respect to which the taxpayer is a United States shareholder).

''(2) AMOUNTS NOT INCLUDED CARRIED FORWARD.—Any amount not included in gross income for any taxable year by reason of paragraph (1) shall, subject to the application of paragraph (1) to the succeeding taxable year, be included in gross income for the succeeding taxable year.

''(c) TRANSFERRED LOSS AMOUNT.—For purposes of this section, the term 'transferred loss amount' means, with respect to any transfer of substantially all of the assets of a foreign branch, the excess (if any) of—

''(1) the sum of losses—

''(A) which were incurred by the foreign branch after December 31, 2017, and before the transfer, and

''(B) with respect to which a deduction was allowed to the taxpayer, over

''(2) the sum of—

''(A) any taxable income of such branch for a taxable year after the taxable year in which the loss was incurred and through the close of the taxable year of the transfer, and

''(B) any amount which is recognized under section 904(f)(3) on account of the transfer.

''(d) REDUCTION FOR RECOGNIZED GAINS.—The transferred loss amount shall be reduced (but not below zero) by the amount of gain recognized by the taxpayer on account of the transfer (other than amounts taken into account under subsection (c)(2)(B)).

''(e) SOURCE OF INCOME.—Amounts included in gross income under this section shall be treated as derived from sources within the United States.

''(f) BASIS ADJUSTMENTS.—Consistent with such regulations or other guidance as the Secretary shall prescribe, proper adjustments shall be made in the adjusted basis of the taxpayer's stock in the specified 10-percent owned foreign corporation to which the transfer is made, and in the transferee's adjusted basis in the property transferred, to reflect amounts included in gross income under this section.''.

(2) CLERICAL AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Certain foreign branch losses transferred to specified 10-percent owned foreign corporations.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to transfers after December 31, 2017.

(e) REPEAL OF ACTIVE TRADE OR BUSINESS EXCEPTION UNDER SECTION 367.—

(1) IN GENERAL.—Section 367(a) is amended by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively

(2) CONFORMING AMENDMENTS.—Section 367(a)(4), as redesignated by paragraph (1), is amended—

(A) by striking ''Paragraphs (2) and (3)'' and inserting ''Paragraph (2)'', and

(B) by striking ''PARAGRAPHS (2) AND (3)'' in the heading and inserting ''PARAGRAPH (2)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to transfers after December 31, 2017.

SEC. 14103. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION.

(a) IN GENERAL.—Section 965 is amended to read as follows:

''SEC. 965. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION.

''(a) TREATMENT OF DEFERRED FOREIGN INCOME AS SUBPART F INCOME.—In the case of the last taxable year of a deferred income corporation which begins before January 1, 2018, the subpart F income of such foreign corporation (as otherwise determined for such taxable year under section 952) shall be increased by the greater of—

''(1) the accumulated post-1986 deferred foreign income of such corporation determined as of November 9, 2017, or

''(2) the accumulated post-1986 deferred foreign income of such corporation determined as of December 31, 2017.

''(b) REDUCTION IN AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS OF SPECIFIED FOREIGN CORPORATIONS WITH DEFICITS IN EARNINGS AND PROFITS.—

''(1) IN GENERAL.—In the case of a taxpayer which is a United States shareholder with respect to at least one deferred foreign income corporation and at least one E&P deficit foreign corporation, the amount which would (but for this subsection) be taken into account under section 951(a)(1) by reason of subsection (a) as such United States shareholder's pro rata share of the subpart F income of each deferred foreign income corporation shall be reduced by the amount of such United States shareholder's aggregate foreign E&P deficit which is allocated under paragraph (2) to such deferred foreign income corporation.

''(2) ALLOCATION OF AGGREGATE FOREIGN E&P DEFICIT.—The aggregate foreign E&P deficit of any United States shareholder shall be allocated among the deferred foreign income corporations of such United States shareholder in an amount which bears the same proportion to such aggregate as—

''(A) such United States shareholder's pro rata share of the accumulated post-1986 deferred foreign income of each such deferred foreign income corporation, bears to

''(B) the aggregate of such United States shareholder's pro rata share of the accumulated post-1986 deferred foreign income of all deferred foreign income corporations of such United States shareholder.

''(3) DEFINITIONS RELATED TO E&P DEFICITS.—For purposes of this subsection—

''(A) AGGREGATE FOREIGN E&P DEFICIT.—

''(i) IN GENERAL.—The term 'aggregate foreign E&P deficit' means, with respect to any United States shareholder, the lesser of—

''(I) the aggregate of such shareholder's pro rata shares of the specified E&P deficits of the E&P deficit foreign corporations of such shareholder, or

''(II) the amount determined under paragraph (2)(B).

''(ii) ALLOCATION OF DEFICIT.—If the amount described in clause (i)(II) is less than the amount described in clause (i)(I), then the shareholder shall designate, in such form and manner as the Secretary determines—

''(I) the amount of the specified E&P deficit which is to be taken into account for each E&P deficit corporation with respect to the taxpayer, and

''(II) in the case of an E&P deficit corporation which has a qualified deficit (as defined in section 952), the portion (if any) of the deficit taken into account under subclause (I) which is attributable to a qualified deficit, including the qualified activities to which such portion is attributable.

''(B) E&P DEFICIT FOREIGN CORPORATION.—The term 'E&P deficit foreign corporation' means, with respect to any taxpayer, any specified foreign corporation with respect to which such taxpayer is a United States shareholder, if—

''(i) such specified foreign corporation has a deficit in post-1986 earnings and profits, and

''(ii) as of November 9, 2017—

''(I) such corporation was a specified foreign corporation, and

''(II) such taxpayer was a United States shareholder of such corporation.

''(C) SPECIFIED E&P DEFICIT.—The term 'specified E&P deficit' means, with respect to any E&P deficit foreign corporation, the amount of the deficit referred to in subparagraph (B).

''(4) TREATMENT OF EARNINGS AND PROFITS IN FUTURE YEARS.—

''(A) REDUCED EARNINGS AND PROFITS TREATED AS PREVIOUSLY TAXED INCOME WHEN DISTRIBUTED.—For purposes of applying section 959 in any taxable year beginning after December 31, 2017, with respect to any United States shareholder of a deferred foreign income corporation, an amount equal to such shareholder's reduction under paragraph (1) which is allocated to such deferred foreign income corporation under this subsection shall be treated as an amount which was included in the gross income of such United States shareholder under section 951(a).

''(B) E&P DEFICITS.—For purposes of this title, a United States shareholder's pro rata share of the earnings and profits of any specified E&P deficit foreign corporation under this subsection shall be increased by the amount of the specified E&P deficit of such corporation taken into account by such shareholder under paragraph (1), and, for purposes of section 952, such increase shall be attributable to the same activity to which the deficit so taken into account was attributable.

''(c) APPLICATION OF PARTICIPATION EXEMPTION TO INCLUDED INCOME.—

''(1) IN GENERAL.—In the case of a United States shareholder of a deferred foreign income corporation, there shall be allowed as a deduction for the taxable year in which an amount is included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section an amount equal to the sum of—

''(A) 78.6 percent of the excess (if any) of—

''(i) the amount so included as gross income, over

''(ii) the amount of such United States shareholder's aggregate foreign cash position, plus

''(B) 58.6 percent of so much of the amount described in subparagraph (A)(ii) as does not exceed the amount described in subparagraph (A)(i).

''(2) AGGREGATE FOREIGN CASH POSITION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'aggregate foreign cash position' means, with respect to any United States shareholder, the greater of—

''(i) the aggregate of such United States shareholder's pro rata share of the cash position of each specified foreign corporation of such United States shareholder determined as of the close of the last taxable year of such specified foreign corporation which begins before January 1, 2018, or

''(ii) one half of the sum of—

''(I) the aggregate described in clause (i) determined as of the close of the last taxable year of each such specified foreign corporation which ends before November 9, 2017, plus

''(II) the aggregate described in clause (i) determined as of the close of the taxable year of each such specified foreign corporation which precedes the taxable year referred to in subclause (I).

''(B) CASH POSITION.—For purposes of this paragraph, the cash position of any specified foreign corporation is the sum of—

''(i) cash and foreign currency held by such foreign corporation,

''(ii) the net accounts receivable of such foreign corporation, plus

''(iii) the fair market value of the following assets held by such corporation:

''(I) Personal property which is of a type that is actively traded and for which there is an established financial market (other than stock in the specified foreign corporation).

''(II) Commercial paper, certificates of deposit, the securities of the Federal government and of any State or foreign government.

''(III) Any obligation with a term of less than one year.

''(IV) Any asset which the Secretary identifies as being economically equivalent to any asset described in this subparagraph.

''(C) NET ACCOUNTS RECEIVABLE.—For purposes of this paragraph, the term 'net accounts receivable' means, with respect to any specified foreign corporation, the excess (if any) of—

''(i) such corporation's accounts receivable, over

''(ii) such corporation's accounts payable (determined consistent with the rules of section 461).

''(D) PREVENTION OF DOUBLE COUNTING.—Cash positions of a specified foreign corporation described in clause (ii) or (iii)(III) of subparagraph (B) shall not be taken into account by a United States shareholder under subparagraph (A) to the extent that such United States shareholder demonstrates to the satisfaction of the Secretary that such amount is so taken into account by such United States shareholder with respect to another specified foreign corporation.

''(E) CASH POSITIONS OF CERTAIN NON-CORPORATE ENTITIES TAKEN INTO ACCOUNT.—An entity shall be treated as a specified foreign corporation of a United States shareholder for purposes of determining such United States shareholder's aggregate foreign cash position if—

''(i) such entity is a foreign entity which would be a specified foreign corporation of such United States shareholder if such entity were a corporation, or

''(ii) any interest in such entity is held by a specified foreign corporation of such United States shareholder (determined after application of clause (i)) and such entity would be a specified foreign corporation of such United States shareholder if such entity were a foreign corporation.

''(F) ANTI-ABUSE.—If the Secretary determines that a principal purpose of any transaction was to reduce the aggregate foreign cash position taken into account under this subsection, such transaction shall be disregarded for purposes of this subsection.

''(d) DEFERRED FOREIGN INCOME CORPORATION; ACCUMULATED POST-1986 DEFERRED FOREIGN INCOME.—For purposes of this section—

''(1) DEFERRED FOREIGN INCOME CORPORATION.—The term 'deferred foreign income corporation' means, with respect to any United States shareholder, any specified foreign corporation of such United States shareholder which has accumulated post-1986 deferred foreign income (as of the close of the taxable year referred to in subsection (a)) greater than zero.

''(2) ACCUMULATED POST-1986 DEFERRED FOREIGN INCOME.—The term 'accumulated post-1986 deferred foreign income' means the post-1986 earnings and profits except to the extent such earnings—

''(A) are attributable to income of the specified foreign corporation which is effectively connected with the conduct of a trade or business within the United States and subject to tax under this chapter, or

''(B) in the case of a controlled foreign corporation, if distributed, would be excluded from the gross income of a United States shareholder under section 959.

To the extent provided in regulations or other guidance prescribed by the Secretary, in the case of any controlled foreign corporation which has shareholders which are not United States shareholders, accumulated post-1986 deferred foreign income shall be appropriately reduced by amounts which would be described in subparagraph (B) if such shareholders were United States shareholders.

''(3) POST-1986 EARNINGS AND PROFITS.—The term 'post-1986 earnings and profits' means the earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986, and by only taking into account periods when the foreign corporation was a specified foreign corporation) accumulated in taxable years beginning after December 31, 1986, and determined—

''(A) as of the date of the taxable year referred to in paragraph (1) or (2) of subsection (a), whichever is applicable with respect to such foreign corporation, and

''(B) without diminution by reason of dividends distributed during the taxable year ending with or including such date.

''(e) SPECIFIED FOREIGN CORPORATION.—

''(1) IN GENERAL.—For purposes of this section, the term 'specified foreign corporation' means—

''(A) any controlled foreign corporation, and

''(B) any section 902 corporation (as defined in section 909(d)(5) as in effect before the date of the enactment of the Tax Cuts and Jobs Act).

''(2) APPLICATION TO SECTION 902 CORPORATIONS.—For purposes of sections 951 and 961, a section 902 corporation (as so defined) shall be treated as a controlled foreign corporation solely for purposes of taking into account the subpart F income of such corporation under subsection (a) (and for purposes of applying subsection (e)).

''(3) EXCLUSION OF PASSIVE FOREIGN INVESTMENT COMPANIES.—Such term shall not include any corporation which is a passive foreign investment company (as defined in section 1297) with respect to the shareholder and which is not a controlled foreign corporation.

''(f) DETERMINATIONS OF PRO RATA SHARE.—For purposes of this section, the determination of any United States shareholder's pro rata share of any amount with respect to any specified foreign corporation shall be determined under rules similar to the rules of section 951(a)(2) by treating such amount in the same manner as subpart F income (and by treating such specified foreign corporation as a controlled foreign corporation).

''(g) DISALLOWANCE OF FOREIGN TAX CREDIT, ETC.—

''(1) IN GENERAL.—No credit shall be allowed under section 901 for the applicable percentage of any taxes paid or accrued (or treated as paid or accrued) with respect to any amount for which a deduction is allowed under this section.

''(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the term 'applicable percentage' means the amount (expressed as a percentage) equal to the sum of—

''(A) 0.786 multiplied by the ratio of—

''(i) the excess to which subsection (c)(1)(A) applies, divided by

''(ii) the sum of such excess plus the amount to which subsection (c)(1)(B) applies, plus

''(B) 0.586 multiplied by the ratio of—

''(i) the amount to which subsection (c)(1)(B) applies, divided by

''(ii) the sum described in subparagraph (A)(ii).

''(3) DENIAL OF DEDUCTION.—No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1) (determined by treating the taxpayer as having elected the benefits of subpart A of part III of subchapter N).

''(4) COORDINATION WITH SECTION 78.—Section 78 shall not apply to any tax for which credit is not allowable under section 901 by reason of paragraph (1).

''(h) ELECTION TO PAY LIABILITY IN INSTALLMENTS.—

''(1) IN GENERAL.—In the case of a United States shareholder of a deferred foreign income corporation, such United States shareholder may elect to pay the net tax liability under this section in 8 installments of the following amounts:

''(A) 8 percent of the net tax liability in the case of each of the first 5 of such installments,

''(B) 15 percent of the net tax liability in the case of the 6th such installment,

''(C) 20 percent of the net tax liability in the case of the 7th such installment, and

''(D) 25 percent of the net tax liability in the case of the 8th such installment.

''(2) DATE FOR PAYMENT OF INSTALLMENTS.—If an election is made under paragraph (1), the first installment shall be paid on the due date (determined without regard to any extension of time for filing the return) for the return of tax for the taxable year described in subsection (a) and each succeeding installment shall be paid on the due date (as so determined) for the return of tax for the taxable year following the taxable year with respect to which the preceding installment was made.

''(3) ACCELERATION OF PAYMENT.—If there is an addition to tax for failure to timely pay any installment required under this subsection, a liquidation or sale of substantially all the assets of the taxpayer (including in a title 11 or similar case), a cessation of business by the taxpayer, or any similar circumstance, then the unpaid portion of all remaining installments shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed). The preceding sentence shall not apply to the sale of substantially all the assets of a taxpayer to a buyer if such buyer enters into an agreement with the Secretary under which such buyer is liable for the remaining installments due under this subsection in the same manner as if such buyer were the taxpayer.

''(4) PRORATION OF DEFICIENCY TO INSTALLMENTS.—If an election is made under paragraph (1) to pay the net tax liability under this section in installments and a deficiency has been assessed with respect to such net tax liability, the deficiency shall be prorated to the installments payable under paragraph (1). The part of the deficiency so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of the deficiency so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

''(5) ELECTION.—Any election under paragraph (1) shall be made not later than the due date for the return of tax for the taxable year described in subsection (a) and shall be made in such manner as the Secretary shall provide.

''(6) NET TAX LIABILITY UNDER THIS SECTION.—For purposes of this subsection—

''(A) IN GENERAL.—The net tax liability under this section with respect to any United States shareholder is the excess (if any) of—

''(i) such taxpayer's net income tax for the taxable year in which an amount is included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section, over

''(ii) such taxpayer's net income tax for such taxable year determined—

''(I) without regard to this section, and

''(II) without regard to any income or deduction properly attributable to a dividend received by such United States shareholder from any deferred foreign income corporation.

''(B) NET INCOME TAX.—The term 'net income tax' means the regular tax liability reduced by the credits allowed under subparts A, B, and D of part IV of subchapter A.

''(i) SPECIAL RULES FOR S CORPORATION SHAREHOLDERS.—

''(1) IN GENERAL.—In the case of any S corporation which is a United States shareholder of a deferred foreign income corporation, each shareholder of such S corporation may elect to defer payment of such shareholder's net tax liability under this section with respect to such S corporation until the shareholder's taxable year which includes the triggering event with respect to such liability. Any net tax liability payment of which is deferred under the preceding sentence shall be assessed on the return of tax as an addition to tax in the shareholder's taxable year which includes such triggering event.

''(2) TRIGGERING EVENT.—

''(A) IN GENERAL.—In the case of any shareholder's net tax liability under this section with respect to any S corporation, the triggering event with respect to such liability is whichever of the following occurs first:

''(i) Such corporation ceases to be an S corporation (determined as of the first day of the first taxable year that such corporation is not an S corporation).

''(ii) A liquidation or sale of substantially all the assets of such S corporation (including in a title 11 or similar case), a cessation of business by such S corporation, such S corporation ceases to exist, or any similar circumstance.

''(iii) A transfer of any share of stock in such S corporation by the taxpayer (including by reason of death, or otherwise).

''(B) PARTIAL TRANSFERS OF STOCK.—In the case of a transfer of less than all of the taxpayer's shares of stock in the S corporation, such transfer shall only be a triggering event with respect to so much of the taxpayer's net tax liability under this section with respect to such S corporation as is properly allocable to such stock.

''(C) TRANSFER OF LIABILITY.—A transfer described in clause (iii) of subparagraph (A) shall not be treated as a triggering event if the transferee enters into an agreement with the Secretary under which such transferee is liable for net tax liability with respect to such stock in the same manner as if such transferee were the taxpayer.

''(3) NET TAX LIABILITY.—A shareholder's net tax liability under this section with respect to any S corporation is the net tax liability under this section which would be determined under subsection (h)(6) if the only subpart F income taken into account by such shareholder by reason of this section were allocations from such S corporation.

''(4) ELECTION TO PAY DEFERRED LIABILITY IN INSTALLMENTS.—In the case of a taxpayer which elects to defer payment under paragraph (1)—

''(A) subsection (h) shall be applied separately with respect to the liability to which such election applies,

''(B) an election under subsection (h) with respect to such liability shall be treated as timely made if made not later than the due date for the return of tax for the taxable year in which the triggering event with respect to such liability occurs,

''(C) the first installment under subsection (h) with respect to such liability shall be paid not later than such due date (but determined without regard to any extension of time for filing the return), and

''(D) if the triggering event with respect to any net tax liability is described in paragraph (2)(A)(ii), an election under subsection (h) with respect to such liability may be made only with the consent of the Secretary.

''(5) JOINT AND SEVERAL LIABILITY OF S CORPORATION.—If any shareholder of an S corporation elects to defer payment under paragraph (1), such S corporation shall be jointly and severally liable for such payment and any penalty, addition to tax, or additional amount attributable thereto.

''(6) EXTENSION OF LIMITATION ON COLLECTION.—Any limitation on the time period for the collection of a liability deferred under this subsection shall not be treated as beginning before the date of the triggering event with respect to such liability.

''(7) ANNUAL REPORTING OF NET TAX LIABILITY.—

''(A) IN GENERAL.—Any shareholder of an S corporation which makes an election under paragraph (1) shall report the amount of such shareholder's deferred net tax liability on such shareholder's return of tax for the taxable year for which such election is made and on the return of tax for each taxable year thereafter until such amount has been fully assessed on such returns.

''(B) DEFERRED NET TAX LIABILITY.—For purposes of this paragraph, the term 'deferred net tax liability' means, with respect to any taxable year, the amount of net tax liability payment of which has been deferred under paragraph (1) and which has not been assessed on a return of tax for any prior taxable year.

''(C) FAILURE TO REPORT.—In the case of any failure to report any amount required to be reported under subparagraph (A) with respect to any taxable year before the due date for the return of tax for such taxable year, there shall be assessed on such return as an addition to tax 5 percent of such amount.

''(8) ELECTION.—Any election under paragraph (1)—

''(A) shall be made by the shareholder of the S corporation not later than the due date for such shareholder's return of tax for the taxable year which includes the close of the taxable year of such S corporation in which the amount described in subsection (a) is taken into account, and

''(B) shall be made in such manner as the Secretary shall provide.

''(j) REPORTING BY S CORPORATION.—Each S corporation which is a United States shareholder of a specified foreign corporation shall report in its return of tax under section 6037(a) the amount includible in its gross income for such taxable year by reason of this section and the amount of the deduction allowable by subsection (b). Any copy provided to a shareholder under section 6037(b) shall include a statement of such shareholder's pro rata share of such amounts.

''(k) EXTENSION OF LIMITATION ON ASSESSMENT.—Notwithstanding section 6501, the limitation on the time period for the assessment of the net tax liability under this section (as defined in subsection (h)(6)) shall not expire before the date that is 6 years after the return for the taxable year described in such subsection was filed.

''(l) RECAPTURE FOR EXPATRIATED ENTITIES.—

''(1) IN GENERAL.—If a deduction is allowed under subsection (c) to a United States shareholder and such shareholder first becomes an expatriated entity at any time during the 10-year period beginning on the date of the enactment of the Tax Cuts and Jobs Act, then—

''(A) the tax imposed by this chapter shall be increased for the first taxable year in which such taxpayer becomes an expatriated entity by an amount equal to 35 percent of the amount of the deduction allowed to the specified foreign corporation under subsection (c), and

''(B) no credits shall be allowed against the increase in tax under subparagraph (A).

''(2) EXPATRIATED ENTITY.—For purposes of this subsection, the term 'expatriated entity' has the same meaning given such term under section 7874(a)(2), except that such term shall not include an entity if the surrogate foreign corporation with respect to the entity is treated as a domestic corporation under section 7874(b).

''(m) SPECIAL RULES FOR UNITED STATES SHAREHOLDERS WHICH ARE REAL ESTATE INVESTMENT TRUSTS.—

''(1) IN GENERAL.—If a real estate investment trust is a United States shareholder in 1 or more deferred foreign income corporations—

''(A) any amount required to be taken into account under section 951(a)(1) by reason of this section shall not be taken into account as gross income of the real estate investment trust for purposes of applying paragraphs (2) and (3) of section 856(c) to any taxable year for which such amount is taken into account under section 951(a)(1), and

''(B) if the real estate investment trust elects the application of this subparagraph, notwithstanding subsection (a), any amount required to be taken into account under section 951(a)(1) by reason of this section shall, in lieu of the taxable year in which it would otherwise be included in gross income ((for purposes of the computation of real estate investment trust taxable income under section 857(b)), be included in gross income as follows:

''(i) 8 percent of such amount in the case of each of the taxable years in the 5-taxable year period beginning with the taxable year in which such amount would otherwise be included.

''(ii) 15 percent of such amount in the case of the 1st taxable year following such period.

''(iii) 20 percent of such amount in the case of the 2nd taxable year following such period.

''(iv) 25 percent of such amount in the case of the 3rd taxable year following such period.

''(2) RULES FOR TRUSTS ELECTING DEFERRED INCLUSION.—

''(A) ELECTION.—Any election under paragraph (1)(B) shall be made not later than the due date for the first taxable year in the 5-taxable year period described in clause (i) of paragraph (1)(B) and shall be made in such manner as the Secretary shall provide.

''(B) SPECIAL RULES.—If an election under paragraph (1)(B) is in effect with respect to any real estate investment trust, the following rules shall apply:

''(i) APPLICATION OF PARTICIPATION EXEMPTION.—For purposes of subsection (c)(1)—

''(I) the aggregate amount to which subparagraph (A) or (B) of subsection (c)(1) applies shall be determined without regard to the election,

''(II) each such aggregate amount shall be allocated to each taxable year described in paragraph (1)(B) in the same proportion as the amount included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section is allocated to each such taxable year.

''(III) NO INSTALLMENT PAYMENTS.—The real estate investment trust may not make an election under subsection (g) for any taxable year described in paragraph (1)(B).

''(ii) ACCELERATION OF INCLUSION.—If there is a liquidation or sale of substantially all the assets of the real estate investment trust (including in a title 11 or similar case), a cessation of business by such trust, or any similar circumstance, then any amount not yet included in gross income under paragraph (1)(B) shall be included in gross income as of the day before the date of the event and the unpaid portion of any tax liability with respect to such inclusion shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed).

''(n) ELECTION NOT TO APPLY NET OPERATING LOSS DEDUCTION.—

''(1) IN GENERAL.—If a United States shareholder of a deferred foreign income corporation elects the application of this subsection for the taxable year described in subsection (a), then the amount described in paragraph (2) shall not be taken into account—

''(A) in determining the amount of the net operating loss deduction under section 172 of such shareholder for such taxable year, or

''(B) in determining the amount of taxable income for such taxable year which may be reduced by net operating loss carryovers or carrybacks to such taxable year under section 172.

''(2) AMOUNT DESCRIBED.—The amount described in this paragraph is the sum of—

''(A) the amount required to be taken into account under section 951(a)(1) by reason of this section (determined after the application of subsection (c)), plus

''(B) in the case of a domestic corporation which chooses to have the benefits of subpart A of part III of subchapter N for the taxable year, the taxes deemed to be paid by such corporation under subsections (a) and (b) of section 960 for such taxable year with respect to the amount described in subparagraph (A) which are treated as a dividends under section 78.

''(3) ELECTION.—Any election under this subsection shall be made not later than the due date (including extensions) for filing the return of tax for the taxable year and shall be made in such manner as the Secretary shall prescribe.

''(o) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section or to prevent the avoidance of the purposes of this section, including through a reduction in earnings and profits through changes in entity classification, changes in accounting methods, or otherwise.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 965 and inserting the following:

''Sec. 965. Treatment of deferred foreign income upon transition to participation exemption system of taxation.''.

Subpart B—Rules Related to Passive and Mobile Income

CHAPTER 1—TAXATION OF FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME

SEC. 14201. CURRENT YEAR INCLUSION OF GLOBAL INTANGIBLE LOW-TAXED INCOME BY UNITED STATES SHAREHOLDERS.

(a) IN GENERAL.—Subpart F of part III of subchapter N of chapter 1 is amended by inserting after section 951 the following new section:

''SEC. 951A. GLOBAL INTANGIBLE LOW-TAXED INCOME INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

''(a) IN GENERAL.—Each person who is a United States shareholder of any controlled foreign corporation for any taxable year of such United States shareholder shall include in gross income such shareholder's global intangible low-taxed income for such taxable year.

''(b) GLOBAL INTANGIBLE LOW-TAXED INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'global intangible low-taxed income' means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of—

''(A) such shareholder's net CFC tested income for such taxable year, over

''(B) such shareholder's net deemed tangible income return for such taxable year.

''(2) NET DEEMED TANGIBLE INCOME RETURN.—The term 'net deemed tangible income return' means, with respect to any United States shareholder for any taxable year, an amount equal to 10 percent of the aggregate of such shareholder's pro rata share of the qualified business asset investment of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year (determined for each taxable year of each such controlled foreign corporation which ends in or with such taxable year of such United States shareholder).

''(c) NET CFC TESTED INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'net CFC tested income' means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of—

''(A) the aggregate of such shareholder's pro rata share of the tested income of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such taxable year of such United States shareholder), over

''(B) the aggregate of such shareholder's pro rata share of the tested loss of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such taxable year of such United States shareholder).

''(2) TESTED INCOME; TESTED LOSS.—For purposes of this section—

''(A) TESTED INCOME.—The term 'tested income' means, with respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation, the excess (if any) of—

''(i) the gross income of such corporation determined without regard to—

''(I) any item of income described in section 952(b),

''(II) any gross income taken into account in determining the subpart F income of such corporation,

''(III) any gross income excluded from the foreign base company income (as defined in section 954) and the insurance income (as defined in section 953) of such corporation by reason of section 954(b)(4),

''(IV) any dividend received from a related person (as defined in section 954(d)(3)), and

''(V) any foreign oil and gas extraction income (as defined in section 907(c)(1)) of such corporation, over

''(ii) the deductions (including taxes) properly allocable to such gross income under rules similar to the rules of section 954(b)(5).

''(B) TESTED LOSS.—

''(i) IN GENERAL.—The term 'tested loss' means, with respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation, the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

''(ii) COORDINATION WITH SUBPART F TO DENY DOUBLE BENEFIT OF LOSSES.—Section 952(c)(1)(A) shall be applied by increasing the earnings and profits of the controlled foreign corporation by the tested loss of such corporation.

''(d) QUALIFIED BUSINESS ASSET INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified business asset investment' means, with respect to any corporation for any taxable year of such controlled foreign corporation, the average of the aggregate of the corporation's adjusted bases as of the close of each quarter of such taxable year in specified tangible property —

''(A) used in a trade or business of the corporation, and

''(B) of a type with respect to which a deduction is allowable under section 167.

''(2) SPECIFIED TANGIBLE PROPERTY.—

''(A) IN GENERAL.—The term 'specified tangible property' means, except as provided in subparagraph (B), any tangible property used in the production of tested income.

''(B) DUAL USE PROPERTY.—In the case of property used both in the production of tested income and income which is not tested income, such property shall be treated as specified tangible property in the same proportion that the gross income described in subsection (c)(1)(A) produced with respect to such property bears to the total gross income produced with respect to such property.

''(3) DETERMINATION OF ADJUSTED BASIS.—For purposes of this subsection, notwithstanding any provision of this title (or any other provision of law) which is enacted after the date of the enactment of this section, the adjusted basis in any property shall be determined using the alternative depreciation system under section 168(g).

''(4) REGULATIONS.—The Secretary shall issue such regulations or other guidance as the Secretary determines appropriate to prevent the avoidance of the purposes of this subsection, including regulations or other guidance which provide for the treatment of property if—

''(A) such property is transferred, or held, temporarily, or

''(B) the avoidance of the purposes of this paragraph is a factor in the transfer or holding of such property.

''(e) DETERMINATION OF PRO RATA SHARE, ETC.—For purposes of this section—

''(1) IN GENERAL.—The pro rata shares referred to in subsections (b), (c)(1)(A), and (c)(1)(B), respectively, shall be determined under the rules of section 951(a)(2) in the same manner as such section applies to subpart F income and shall be taken into account in the taxable year of the United States shareholder in which or with which the taxable year of the controlled foreign corporation ends.

''(2) TREATMENT AS UNITED STATES SHAREHOLDER.—For purposes of paragraph (1), a person shall be treated as a United States shareholder of a controlled foreign corporation for any taxable year only if such person owns (within the meaning of section 958(a)) stock in such foreign corporation on the last day, in such year, on which such foreign corporation is a controlled foreign corporation.

''(3) TREATMENT AS CONTROLLED FOREIGN CORPORATION.—A foreign corporation shall be treated as a controlled foreign corporation for any taxable year if such foreign corporation is a controlled foreign corporation at any time during such taxable year.

''(f) TREATMENT AS SUBPART F INCOME FOR CERTAIN PURPOSES.—

''(1) IN GENERAL.—

''(A) APPLICATION.—Except as provided in subparagraph (B), any global intangible low-taxed income included in gross income under subsection (a) shall be treated in the same manner as an amount included under section 951(a)(1)(A) for purposes of applying sections 168(h)(2)(B), 535(b)(10), 851(b), 904(h)(1), 959, 961, 962(c), 962(d), 993(a)(1)(E), 996(f)(1), 1248(b)(1), 1248(d)(1), 6501(e)(1)(C), 6654(d)(2)(D), and 6655(e)(4).

''(B) EXCEPTION.—The Secretary shall provide rules for the application of subparagraph (A) to other provisions of this title in any case in which the determination of subpart F income is required to be made at the level of the controlled foreign corporation.

''(2) ALLOCATION OF GLOBAL INTANGIBLE LOW-TAXED INCOME TO CONTROLLED FOREIGN CORPORATIONS.—For purposes of the sections referred to in paragraph (1), with respect to any controlled foreign corporation any pro rata amount from which is taken into account in determining the global intangible low-taxed income included in gross income of a United States shareholder under subsection (a), the portion of such global intangible low-taxed income which is treated as being with respect to such controlled foreign corporation is—

''(A) in the case of a controlled foreign corporation with no tested income, zero, and

''(B) in the case of a controlled foreign corporation with tested income, the portion of such global intangible low-taxed income which bears the same ratio to such global intangible low-taxed income as—

''(i) such United States shareholder's pro rata amount of the tested income of such controlled foreign corporation, bears to

''(ii) the aggregate amount described in subsection (c)(1)(A) with respect to such United States shareholder.''.

(b) FOREIGN TAX CREDIT.—

(1) APPLICATION OF DEEMED PAID FOREIGN TAX CREDIT.—Section 960 is amended adding at the end the following new subsection:

''(d) DEEMED PAID CREDIT FOR TAXES PROPERLY ATTRIBUTABLE TO TESTED INCOME.—

''(1) IN GENERAL.—For purposes of this subpart, if any amount is includible in the gross income of a domestic corporation under section 951A, such domestic corporation shall be deemed to have paid foreign income taxes equal to 80 percent of the product of—

''(A) such domestic corporation's inclusion percentage, multiplied by

''(B) the aggregate tested foreign income taxes paid or accrued by controlled foreign corporations.

''(2) INCLUSION PERCENTAGE.—For purposes of paragraph (1), the term 'inclusion percentage' means, with respect to any domestic corporation, the ratio (expressed as a percentage) of—

''(A) such corporation's global intangible low-taxed income (as defined in section 951A(b)), divided by

''(B) the aggregate amount described in section 951A(c)(1)(A) with respect to such corporation.

''(3) TESTED FOREIGN INCOME TAXES.—For purposes of paragraph (1), the term 'tested foreign income taxes' means, with respect to any domestic corporation which is a United States shareholder of a controlled foreign corporation, the foreign income taxes paid or accrued by such foreign corporation which are properly attributable to the tested income of such foreign corporation taken into account by such domestic corporation under section 951A.''.

(2) APPLICATION OF FOREIGN TAX CREDIT LIMITATION.—

(A) SEPARATE BASKET FOR GLOBAL INTANGIBLE LOW-TAXED INCOME.—Section 904(d)(1) is amended by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

''(A) any amount includible in gross income under section 951A (other than passive category income),''.

(B) EXCLUSION FROM GENERAL CATEGORY INCOME.—Section 904(d)(2)(A)(ii) is amended by inserting ''income described in paragraph (1)(A) and'' before ''passive category income''.

(C) NO CARRYOVER OR CARRYBACK OF EXCESS TAXES.—Section 904(c) is amended by adding at the end the following: ''This subsection shall not apply to taxes paid or accrued with respect to amounts described in subsection (d)(1)(A).''.

(c) CLERICAL AMENDMENT .—The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by inserting after the item relating to section 951 the following new item:

''Sec. 951A. Global intangible low-taxed income included in gross income of United States shareholders.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14202. DEDUCTION FOR FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME.

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

''SEC. 250. FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—In the case of a domestic corporation for any taxable year, there shall be allowed as a deduction an amount equal to the sum of—

''(A) 37.5 percent of the foreign-derived intangible income of such domestic corporation for such taxable year, plus

''(B) 50 percent of the global intangible low-taxed income amount (if any) which is included in the gross income of such domestic corporation under section 951A for such taxable year.

''(2) LIMITATION BASED ON TAXABLE INCOME.—

''(A) IN GENERAL.—If, for any taxable year—

''(i) the sum of the foreign-derived intangible income and the global intangible low-taxed income amount otherwise taken into account by the domestic corporation under paragraph (1), exceeds

''(ii) the taxable income of the domestic corporation (determined without regard to this section),

then the amount of the foreign-derived intangible income and the global intangible low-taxed income amount so taken into account shall be reduced as provided in subparagraph (B).

''(B) REDUCTION.—For purposes of subparagraph (A)—

''(i) foreign-derived intangible income shall be reduced by an amount which bears the same ratio to the excess described in subparagraph (A) as such foreign-derived intangible income bears to the sum described in subparagraph (A)(i), and

''(ii) the global intangible low-taxed income amount shall be reduced by the remainder of such excess.

''(3) REDUCTION IN DEDUCTION FOR TAXABLE YEARS AFTER 2025.—In the case of any taxable year beginning after December 31, 2025, paragraph (1) shall be applied by substituting—

''(A) '21.875 percent' for '37.5 percent' in subparagraph (A), and

''(B) '37.5 percent' for '50 percent' in subparagraph (B).

''(b) FOREIGN-DERIVED INTANGIBLE INCOME.—For purposes of this section—

''(1) IN GENERAL.—The foreign-derived intangible income of any domestic corporation is the amount which bears the same ratio to the deemed intangible income of such corporation as—

''(A) the foreign-derived deduction eligible income of such corporation, bears to

''(B) the deduction eligible income of such corporation.

''(2) DEEMED INTANGIBLE INCOME.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'deemed intangible income' means the excess (if any) of—

''(i) the deduction eligible income of the domestic corporation, over

''(ii) the deemed tangible income return of the corporation.

''(B) DEEMED TANGIBLE INCOME RETURN.—The term 'deemed tangible income return' means, with respect to any corporation, an amount equal to 10 percent of the corporation's qualified business asset investment (as defined in section 951A(d), determined by substituting 'deduction eligible income' for 'tested income' in paragraph (2) thereof).

''(3) DEDUCTION ELIGIBLE INCOME.—

''(A) IN GENERAL.—The term 'deduction eligible income' means, with respect to any domestic corporation, the excess (if any) of—

''(i) gross income of such corporation determined without regard to—

''(I) the subpart F income of such corporation determined under section 951,

''(II) the global intangible low-taxed income determined under section 951A,

''(III) any financial services income (as defined in section 904(d)(2)(D)) of such corporation which is not described in clause (ii),

''(IV) any dividend received from a corporation which is a controlled foreign corporation of such domestic corporation,

''(V) any domestic oil and gas extraction income of such corporation, and

''(VI) any foreign branch income (as defined in section 904(d)(2)(J)), over

''(ii) the deductions (including taxes) properly allocable to such gross income under rules similar to the rules of section 954(b)(5).

''(B) DOMESTIC OIL AND GAS EXTRACTION INCOME.—For purposes of subparagraph (A), the term 'domestic oil and gas extraction income' means income described in section 907(c)(1), determined by substituting 'within the United States' for 'without the United States'.

''(4) FOREIGN-DERIVED DEDUCTION ELIGIBLE INCOME.—The term 'foreign-derived deduction eligible income' means, with respect to any taxpayer for any taxable year, any deduction eligible income of such taxpayer which is derived in connection with—

''(A) property—

''(i) which is sold by the taxpayer to any person who is not a United States person, and

''(ii) which the taxpayer establishes to the satisfaction of the Secretary is for a foreign use, or

''(B) services provided by the taxpayer which the taxpayer establishes to the satisfaction of the Secretary are provided to any person, or with respect to property, not located within the United States.

''(5) RULES RELATING TO FOREIGN USE PROPERTY OR SERVICES.—For purposes of this subsection—

''(A) FOREIGN USE.—The term 'foreign use' means any use, consumption, or disposition which is not within the United States.

''(B) PROPERTY OR SERVICES PROVIDED TO DOMESTIC INTERMEDIARIES.—

''(i) PROPERTY.—If a taxpayer sells property to another person (other than a related party) for further manufacture or other modification within the United States, such property shall not be treated as sold for a foreign use even if such other person subsequently uses such property for a foreign use.

''(ii) SERVICES.—If a taxpayer provides services to another person (other than a related party) located within the United States, such services shall not be treated as described in paragraph (4)(B) even if such other person uses such services in providing services which are so described.

''(C) SPECIAL RULES WITH RESPECT TO RELATED PARTY TRANSACTIONS.—

''(i) SALES TO RELATED PARTIES.—If property is sold to a related party who is not a United States person, such sale shall not be treated as for a foreign use unless—

''(I) such property is ultimately sold by a related party, or used by a related party in connection with property which is sold or the provision of services, to another person who is an unrelated party who is not a United States person, and

''(II) the taxpayer establishes to the satisfaction of the Secretary that such property is for a foreign use.

For purposes of this clause, a sale of property shall be treated as a sale of each of the components thereof.

''(ii) SERVICE PROVIDED TO RELATED PARTIES.—If a service is provided to a related party who is not located in the United States, such service shall not be treated described in subparagraph (A)(ii) unless the taxpayer established to the satisfaction of the Secretary that such service is not substantially similar to services provided by such related party to persons located within the United States.

''(D) RELATED PARTY.—For purposes of this paragraph, the term 'related party' means any member of an affiliated group as defined in section 1504(a), determined—

''(i) by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears, and

''(ii) without regard to paragraphs (2) and (3) of section 1504(b).

Any person (other than a corporation) shall be treated as a member of such group if such person is controlled by members of such group (including any entity treated as a member of such group by reason of this sentence) or controls any such member. For purposes of the preceding sentence, control shall be determined under the rules of section 954(d)(3).

''(E) SOLD.—For purposes of this subsection, the terms 'sold', 'sells', and 'sale' shall include any lease, license, exchange, or other disposition.

''(c) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 172(d), as amended by section 13011, is amended by adding at the end the following new paragraph:

''(10) DEDUCTION FOR FOREIGN-DERIVED INTANGIBLE INCOME.—The deduction under section 250 shall not be allowed.''.

(2) Section 246(b)(1) is amended—

(A) by striking ''and subsection (a) and (b) of section 245'' the first place it appears and inserting '', subsection (a) and (b) of section 245, and section 250'',

(B) by striking ''and subsection (a) and (b) of section 245'' the second place it appears and inserting ''subsection (a) and (b) of section 245, and 250''.

(3) Section 469(i)(3)(F)(iii) is amended by striking ''and 222'' and inserting ''222, and 250''.

(4) The table of sections for part VIII of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 250. Foreign-derived intangible income and global intangible low-taxed income.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14203. SPECIAL RULES FOR TRANSFERS OF INTANGIBLE PROPERTY FROM CONTROLLED FOREIGN CORPORATIONS TO UNITED STATES SHAREHOLDERS.

(a) IN GENERAL.—Subpart F of part III of subchapter N of chapter 1 is amended by adding at the end the following new section:

''SEC. 966. TRANSFERS OF INTANGIBLE PROPERTY TO UNITED STATES SHAREHOLDERS.

''(a) IN GENERAL.—In the case of any distribution of intangible property which is held by a controlled foreign corporation on the date of enactment of this section and which is described in subsection (b)—

''(1) for purposes of part I of subchapter C and any other provision of this title specified by the Secretary, the fair market value of such property on the date of such distribution shall be treated as not exceeding the adjusted basis of such property immediately before such distribution, and

''(2) if the distribution is to a United States shareholder and is not a dividend—

''(A) the United States shareholder's adjusted basis in the stock of the controlled foreign corporation with respect to which such distribution is made shall be increased by the amount (if any) of such distribution which would (but for this subsection) be includible in gross income, and

''(B) the adjusted basis of such property in the hands of such United States shareholder immediately after such distribution shall be such adjusted basis immediately before such distribution reduced by the amount of the increase described in subparagraph (A).

''(b) DISTRIBUTION.—A distribution is described in this section if the distribution is—

''(1) received by a domestic corporation from a controlled foreign corporation with respect to which such corporation is a United States shareholder, and

''(2) made by the controlled foreign corporation before the last day of the third taxable year of the controlled foreign corporation beginning after December 31, 2017.

''(c) INTANGIBLE PROPERTY.—For purposes of this subsection, the term 'intangible property' has the meaning given such term by section 936(h)(3)(B) or which is computer software described in section 197(e)(3)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 197(f)(2)(B)(i) is amended by inserting ''966(a),'' after ''731,''.

(2) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by adding at the end the following new item:

''Sec. 966. Transfers of intangible property to United States shareholders.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made in taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

CHAPTER 2—OTHER MODIFICATIONS OF SUBPART F PROVISIONS

SEC. 14211. ELIMINATION OF INCLUSION OF FOREIGN BASE COMPANY OIL RELATED INCOME.

(a) REPEAL.—Subsection (a) of section 954 is amended—

(1) by inserting ''and'' at the end of paragraph (2),

(2) by striking the comma at the end of paragraph (3) and inserting a period, and

(3) by striking paragraph (5).

(b) CONFORMING AMENDMENTS.—

(1) Section 952(c)(1)(B)(iii) is amended by striking subclause (I) and redesignating subclauses (II) through (V) as subclauses (I) through (IV), respectively.

(2) Section 954(b) is amended—

(A) by striking the second sentence of paragraph (4),

(B) by striking ''the foreign base company services income, and the foreign base company oil related income'' in paragraph (5) and inserting ''and the foreign base company services income'', and

(C) by striking paragraph (6).

(3) Section 954 is amended by striking subsection (g).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 14212. INFLATION ADJUSTMENT OF DE MINIMIS EXCEPTION FOR FOREIGN BASE COMPANY INCOME.

(a) IN GENERAL.—Section 954(b)(3) is amended by adding at the end the following new subparagraph:

''(D) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2017, the dollar amount in subparagraph (A)(ii) 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 the calendar year in which the taxable year begins.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50,000.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14213. REPEAL OF INCLUSION BASED ON WITHDRAWAL OF PREVIOUSLY EXCLUDED SUBPART F INCOME FROM QUALIFIED INVESTMENT.

(a) IN GENERAL.—Subpart F of part III of subchapter N of chapter 1 is amended by striking section 955.

(b) CONFORMING AMENDMENTS.—

(1)(A) Section 951(a)(1)(A) is amended to read as follows:

''(A) his pro rata share (determined under paragraph (2)) of the corporation's subpart F income for such year, and''.

(B) Section 851(b) is amended by striking ''section 951(a)(1)(A)(i)'' in the flush language at the end and inserting ''section 951(a)(1)(A)''.

(C) Section 952(c)(1)(B)(i) is amended by striking ''section 951(a)(1)(A)(i)'' and inserting ''section 951(a)(1)(A)''.

(D) Section 953(c)(1)(C) is amended by striking ''section 951(a)(1)(A)(i)'' and inserting ''section 951(a)(1)(A)''.

(2) Section 951(a) is amended by striking paragraph (3).

(3) Section 953(d)(4)(B)(iv)(II) is amended by striking ''or amounts referred to in clause (ii) or (iii) of section 951(a)(1)(A)''.

(4) Section 964(b) is amended by striking '', 955,''.

(5) Section 970 is amended by striking subsection (b).

(6) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 955.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14214. MODIFICATION OF STOCK ATTRIBUTION RULES FOR DETERMINING STATUS AS A CONTROLLED FOREIGN CORPORATION.

(a) IN GENERAL.—Section 958(b) is amended—

(1) by striking paragraph (4), and

(2) by striking ''Paragraphs (1) and (4)'' in the last sentence and inserting ''Paragraph (1)''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) the last taxable year of foreign corporations beginning before January 1, 2018, and each subsequent taxable year of such foreign corporations, and

(2) taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14215. MODIFICATION OF DEFINITION OF UNITED STATES SHAREHOLDER.

(a) IN GENERAL.—Section 951(b) is amended by inserting '', or 10 percent or more of the total value of shares of all classes of stock of such foreign corporation'' after ''such foreign corporation''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 14216. ELIMINATION OF REQUIREMENT THAT CORPORATION MUST BE CONTROLLED FOR 30 DAYS BEFORE SUBPART F INCLUSIONS APPLY.

(a) IN GENERAL.—Section 951(a)(1) is amended by striking ''for an uninterrupted period of 30 days or more'' and inserting ''at any time''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 14217. LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (6) of section 954(c) is amended by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14218. CORPORATIONS ELIGIBLE FOR DEDUCTION FOR DIVIDENDS FROM CONTROLLED FOREIGN CORPORATIONS EXEMPT FROM SUBPART F INCLUSION FOR INVESTMENT IN UNITED STATES PROPERTY.

(a) IN GENERAL.—Section 956(a) is amended by inserting ''(other than a corporation)'' after ''United States shareholder'' in the matter preceding paragraph (1).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations ending after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

CHAPTER 3—PREVENTION OF BASE EROSION

SEC. 14221. DENIAL OF DEDUCTION FOR INTEREST EXPENSE OF UNITED STATES SHAREHOLDERS WHICH ARE MEMBERS OF WORLDWIDE AFFILIATED GROUPS WITH EXCESS DOMESTIC INDEBTEDNESS.

(a) IN GENERAL.—Section 163 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

''(n) DISALLOWANCE OF DEDUCTION FOR INTEREST EXPENSE OF UNITED STATES SHAREHOLDERS WHICH ARE MEMBERS OF WORLDWIDE AFFILIATED GROUPS WITH EXCESS DOMESTIC INDEBTEDNESS.—

''(1) IN GENERAL.—In the case of any domestic corporation which is a member of a worldwide affiliated group, the deduction allowed under this chapter for interest paid or accrued by such domestic corporation during the taxable year shall be reduced by the product of—

''(A) the net interest expense of such domestic corporation, multiplied by

''(B) the debt-to-equity differential percentage of such worldwide affiliated group.

''(2) CARRYFORWARD.—Any amount disallowed under paragraph (1) for any taxable year shall be treated as interest paid or accrued in the succeeding taxable year.

''(3) DEBT-TO-EQUITY DIFFERENTIAL PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'debt-to-equity differential percentage' means, with respect to any worldwide affiliated group, the percentage which the excess domestic indebtedness of such group bears to the total indebtedness of the domestic corporations which are members of such group.

''(B) EXCESS DOMESTIC INDEBTEDNESS.—For purposes of subparagraph (A), the term 'excess domestic indebtedness' means, with respect to any worldwide affiliated group, the excess (if any) of—

''(i) the total indebtedness of the domestic corporations which are members of such group, over

''(ii) 110 percent of the amount which the total indebtedness of such domestic corporations would be if the ratio of such indebtedness to the total equity of such domestic corporations equaled the ratio which—

''(I) the total indebtedness of such group, bears to

''(II) the total equity of such group.

''(C) TOTAL EQUITY.—For purposes of subparagraph (B), the term 'total equity' means, with respect to one or more corporations, an amount equal to—

''(i) the sum of the money and all other assets of such corporations, reduced (but not below one) by

''(ii) the total indebtedness of such corporations.

''(D) SPECIAL RULES FOR DETERMINING DEBT AND EQUITY.—

''(i) IN GENERAL.—For purposes of this paragraph—

''(I) the amount taken into account with respect to any asset shall be the adjusted basis thereof for purposes of determining gain,

''(II) the amount taken into account with respect to any indebtedness with original issue discount shall be its issue price plus the portion of the original issue discount previously accrued as determined under the rules of section 1272 (determined without regard to subsection (a)(7) or (b)(4) thereof), and

''(III) there shall be such other adjustments as the Secretary shall by regulations prescribe.

''(ii) INTRAGROUP DEBT AND EQUITY INTERESTS DISREGARDED.—For purposes of this paragraph, the total indebtedness, and the assets, of any group of corporations shall be determined by treating all members of such group as one corporation.

''(iii) DETERMINATION OF ASSETS OF DOMESTIC GROUP.—For purposes of this paragraph, the assets of the domestic corporations which are members of any worldwide affiliated group shall be determined by disregarding any interest held by any such domestic corporation in any foreign corporation which is a member of such group.

''(E) PHASE IN OF PERCENTAGE USED IN DETERMINING EXCESS INDEBTEDNESS.—In the case of any taxable year beginning in a calendar year before 2022, the following percentages shall be substituted for '110 percent' in applying subparagraph (B)(ii):

''In the case of a taxable year beginning in:	The percentage is:
2018	130
2019	125
2020	120
2021	115

''(4) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) WORLDWIDE AFFILIATED GROUP.—The term 'worldwide affiliated group' means a group consisting of the includible members of an affiliated group, as defined in section 1504(a), determined—

''(i) by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears in such section, and

''(ii) without regard to paragraphs (2), (3), and (4) of section 1504(b).

''(B) NET INTEREST EXPENSE.—The term 'net interest expense' means the excess (if any) of

''(i) the interest paid or accrued by the taxpayer during the taxable year, over

''(ii) the amount of interest includible in the gross income of such taxpayer for such taxable year.

The Secretary shall by regulations provide for adjustments in determining the amount of net interest expense if necessary.

''(5) TREATMENT OF AFFILIATED GROUP.—For purposes of this subsection, all members of the same affiliated group (within the meaning of section 1504(a) applied by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears) shall be treated as one taxpayer.

''(6) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be appropriate to carry out the purposes of this subsection, including regulations or other guidance—

''(A) to prevent the avoidance of the purposes of this subsection,

''(B) providing such adjustments in the case of corporations which are members of an affiliated group as may be appropriate to carry out the purposes of this subsection,

''(C) providing for the coordination of this subsection with section 884, ''(D) providing for the reallocation of shares of partnership indebtedness, or distributive shares of the partnership's interest income or interest expense, and

''(E) providing for the coordination with the limitation under subsection (j).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14222. LIMITATIONS ON INCOME SHIFTING THROUGH INTANGIBLE PROPERTY TRANSFERS.

(a) DEFINITION OF INTANGIBLE ASSET.—Section 936(h)(3)(B) is amended—

(1) by striking ''or'' at the end of clause (v),

(2) by striking clause (vi) and inserting the following:

''(vi) any goodwill, going concern value, or workforce in place (including its composition and terms and conditions (contractual or otherwise) of its employment); or

''(vii) any other item the value or potential value of which is not attributable to tangible property or the services of any individual.'', and

(3) by striking the flush language after clause (vii), as added by paragraph (2).

(b) CLARIFICATION OF ALLOWABLE VALUATION METHODS.—

(1) FOREIGN CORPORATIONS.—Section 367(d)(2) is amended by adding at the end the following new subparagraph:

''(D) REGULATORY AUTHORITY.—For purposes of the last sentence of subparagraph (A), the Secretary shall require—

''(i) the valuation of transfers of intangible property, including intangible property transferred with other property or services, on an aggregate basis, or

''(ii) the valuation of such a transfer on the basis of the realistic alternatives to such a transfer,

if the Secretary determines that such basis is the most reliable means of valuation of such transfers.''.

(2) ALLOCATION AMONG TAXPAYERS.—Section 482 is amended by adding at the end the following: ''For purposes of this section, the Secretary shall require the valuation of transfers of intangible property (including intangible property transferred with other property or services) on an aggregate basis or the valuation of such a transfer on the basis of the realistic alternatives to such a transfer, if the Secretary determines that such basis is the most reliable means of valuation of such transfers.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers in taxable years beginning after December 31, 2017.

(2) NO INFERENCE.—Nothing in the amendment made by subsection (a) shall be construed to create any inference with respect to the application of section 936(h)(3) of the Internal Revenue Code of 1986, or the authority of the Secretary of the Treasury to provide regulations for such application, with respect to taxable years beginning before January 1, 2018.

SEC. 14223. CERTAIN RELATED PARTY AMOUNTS PAID OR ACCRUED IN HYBRID TRANSACTIONS OR WITH HYBRID ENTITIES.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 is amended by inserting after section 267 the following:

''SEC. 267A. CERTAIN RELATED PARTY AMOUNTS PAID OR ACCRUED IN HYBRID TRANSACTIONS OR WITH HYBRID ENTITIES.

''(a) IN GENERAL.—No deduction shall be allowed under this chapter for any disqualified related party amount paid or accrued pursuant to a hybrid transaction or by, or to, a hybrid entity.

''(b) DISQUALIFIED RELATED PARTY AMOUNT.—For purposes of this section—

''(1) DISQUALIFIED RELATED PARTY AMOUNT.—The term 'disqualified related party amount' means any interest or royalty paid or accrued to a related party to the extent that—

''(A) such amount is not included in the income of such related party under the tax law of the country of which such related party is a resident for tax purposes or is subject to tax, or

''(B) such related party is allowed a deduction with respect to such amount under the tax law of such country.

Such term shall not include any payment to the extent such payment is included in the gross income of a United States shareholder under section 951(a).

''(2) RELATED PARTY.—The term 'related party' means a related person as defined in section 954(d)(3), except that such section shall be applied with respect to the person making the payment described in paragraph (1) in lieu of the controlled foreign corporation otherwise referred to in such section.

''(c) HYBRID TRANSACTION.—For purposes of this section, the term 'hybrid transaction' means any transaction, series of transactions, agreement, or instrument one or more payments with respect to which are treated as interest or royalties for purposes of this chapter and which are not so treated for purposes the tax law of the foreign country of which the recipient of such payment is resident for tax purposes or is subject to tax.

''(d) HYBRID ENTITY.—For purposes of this section, the term 'hybrid entity' means any entity which is either—

''(1) treated as fiscally transparent for purposes of this chapter but not so treated for purposes of the tax law of the foreign country of which the entity is resident for tax purposes or is subject to tax, or

''(2) treated as fiscally transparent for purposes of such tax law but not so treated for purposes of this chapter.

''(e) REGULATIONS.—The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including regulations or other guidance providing for—

''(1) rules for treating certain conduit arrangements which involve a hybrid transaction or a hybrid entity as subject to subsection (a),

''(2) rules for the application of this section to foreign branches,

''(3) rules for treating certain structured transactions as subject to subsection (a),

''(4) rules for treating a tax preference as an exclusion from income for purposes of applying subsection (b)(1) if such tax preference has the effect of reducing the generally applicable statutory rate by 25 percent or more,

''(5) rules for treating the entire amount of interest or royalty paid or accrued to a related party as a disqualified related party amount if such amount is subject to a participation exemption system or other system which provides for the exclusion or deduction of a substantial portion of such amount,

''(6) rules for determining the tax residence of a foreign entity if the entity is otherwise considered a resident of more than one country or of no country,

''(7) exceptions from subsection (a) with respect to—

''(A) cases in which the disqualified related party amount is taxed under the laws of a foreign country other than the country of which the related party is a resident for tax purposes, and

''(B) other cases which the Secretary determines do not present a risk of eroding the Federal tax base,

''(8) requirements for record keeping and information reporting in addition to any requirements imposed by section 6038A.''.

(b) CONFORMING AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 is amended by inserting after the item relating to section 267 the following new item:

''Sec. 267A. Certain related party amounts paid or accrued in hybrid transactions or with hybrid entities.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14224. SHAREHOLDERS OF SURROGATE FOREIGN CORPORATIONS NOT ELIGIBLE FOR REDUCED RATE ON DIVIDENDS.

(a) IN GENERAL.—Section 1(h)(11)(C)(iii) is amended—

(1) by striking ''shall not include any foreign corporation'' and inserting ''shall not include—

''(I) any foreign corporation'',

(2) by striking the period at the end and inserting '', and'', and

(3) by adding at the end the following new subclause:

''(II) any corporation which is a surrogate foreign corporation (as defined in section 7874(a)(2)(B)) other than a foreign corporation which is treated as a domestic corporation under section 7874(b).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends paid in taxable years beginning after December 31, 2017.

Subpart C—Modifications Related to Foreign Tax Credit System

SEC. 14301. REPEAL OF SECTION 902 INDIRECT FOREIGN TAX CREDITS; DETERMINATION OF SECTION 960 CREDIT ON CURRENT YEAR BASIS.

(a) REPEAL OF SECTION 902 INDIRECT FOREIGN TAX CREDITS.—Subpart A of part III of subchapter N of chapter 1 is amended by striking section 902.

(b) DETERMINATION OF SECTION 960 CREDIT ON CURRENT YEAR BASIS.—Section 960, as amended by section 14201, is amended—

(1) by striking subsection (c), by redesignating subsection (b) as subsection (c), by striking all that precedes subsection (c) (as so redesignated) and inserting the following:

''SEC. 960. DEEMED PAID CREDIT FOR SUBPART F INCLUSIONS.

''(a) IN GENERAL.—For purposes of this subpart, if there is included in the gross income of a domestic corporation any item of income under section 951(a)(1) with respect to any controlled foreign corporation with respect to which such domestic corporation is a United States shareholder, such domestic corporation shall be deemed to have paid so much of such foreign corporation's foreign income taxes as are properly attributable to such item of income.

''(b) SPECIAL RULES FOR DISTRIBUTIONS FROM PREVIOUSLY TAXED EARNINGS AND PROFITS.—For purposes of this subpart—

''(1) IN GENERAL.—If any portion of a distribution from a controlled foreign corporation to a domestic corporation which is a United States shareholder with respect to such controlled foreign corporation is excluded from gross income under section 959(a), such domestic corporation shall be deemed to have paid so much of such foreign corporation's foreign income taxes as—

''(A) are properly attributable to such portion, and

''(B) have not been deemed to have to been paid by such domestic corporation under this section for the taxable year or any prior taxable year.

''(2) TIERED CONTROLLED FOREIGN CORPORATIONS.—If section 959(b) applies to any portion of a distribution from a controlled foreign corporation to another controlled foreign corporation, such controlled foreign corporation shall be deemed to have paid so much of such other controlled foreign corporation's foreign income taxes as—

''(A) are properly attributable to such portion, and

''(B) have not been deemed to have been paid by a domestic corporation under this section for any prior taxable year.'',

(2) and by adding after subsection (d) (as added by section 14201) the following new subsections:

''(e) FOREIGN INCOME TAXES.—The term 'foreign income taxes' means any income, war profits, or excess profits taxes paid or accrued to any foreign country or possession of the United States.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 78 is amended to read as follows:

''SEC. 78. GROSS UP FOR DEEMED PAID FOREIGN TAX CREDIT.

''If a domestic corporation chooses to have the benefits of subpart A of part III of subchapter N (relating to foreign tax credit) for any taxable year—

''(1) an amount equal to the taxes deemed to be paid by such corporation under subsections (a) and (b) of section 960 for such taxable year shall be treated for purposes of this title (other than section 960) as an item of income required to be included in the gross income of such domestic corporation under section 951(a), and

''(2) an amount equal to the aggregate tested foreign income taxes deemed paid by such corporation under section 960(d) (determined without regard to the phrase '80 percent of' in paragraph (1) thereof) shall be treated for purposes of this title (other than section 960) as an addition to the global intangible low-taxed income of such domestic corporation under section 951A(a) for such taxable year.''.

(2) Paragraph (4) of section 245(a) is amended to read as follows:

''(4) POST-1986 UNDISTRIBUTED EARNINGS.—The term 'post-1986 undistributed earnings' means the amount of the earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning after December 31, 1986—

''(A) as of the close of the taxable year of the foreign corporation in which the dividend is distributed, and

''(B) without diminution by reason of dividends distributed during such taxable year.''.

(3) Section 245(a)(10)(C) is amended by striking ''902, 907, and 960'' and inserting ''907 and 960''.

(4) Sections 535(b)(1) and 545(b)(1) are each amended by striking ''section 902(a) or 960(a)(1)'' and inserting ''section 960''.

(5) Section 814(f)(1) is amended—

(A) by striking subparagraph (B), and

(B) by striking all that precedes ''No income'' and inserting the following:

''(1) TREATMENT OF FOREIGN TAXES.—''.

(6) Section 865(h)(1)(B) is amended by striking ''902, 907,'' and inserting ''907''.

(7) Section 901(a) is amended by striking ''sections 902 and 960'' and inserting ''section 960''.

(8) Section 901(e)(2) is amended by striking ''but is not limited to—'' and all that follows through ''that portion'' and inserting ''but is not limited to that portion''.

(9) Section 901(f) is amended by striking ''sections 902 and 960'' and inserting ''section 960''.

(10) Section 901(j)(1)(A) is amended by striking ''902 or''.

(11) Section 901(j)(1)(B) is amended by striking ''sections 902 and 960'' and inserting ''section 960''.

(12) Section 901(k)(2) is amended by striking '', 902,''.

(13) Section 901(k)(6) is amended by striking ''902 or''.

(14) Section 901(m)(1) is amended by striking ''relevant foreign assets—'' and all that follows and inserting ''relevant foreign assets shall not be taken into account in determining the credit allowed under subsection (a).''.

(15) Section 904(d)(6)(A) is amended by striking ''902, 907,'' and inserting ''907''.

(16) Section 904(h)(10)(A) is amended by striking ''sections 902, 907, and 960'' and inserting ''sections 907 and 960''.

(17) Section 904(k) is amended to read as follows:

''(k) CROSS REFERENCES.—For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a prior taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(c).''.

(18) Section 905(c)(1) is amended by striking the last sentence.

(19) Section 905(c)(2)(B)(i) is amended to read as follows:

''(i) shall be taken into account for the taxable year to which such taxes relate, and''.

(20) Section 906(a) is amended by striking ''(or deemed, under section 902, paid or accrued during the taxable year)''.

(21) Section 906(b) is amended by striking paragraphs (4) and (5).

(22) Section 907(b)(2)(B) is amended by striking ''902 or''.

(23) Section 907(c)(3) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and

(B) by striking ''section 960(a)'' in subparagraph (A) (as so redesignated) and inserting ''section 960''.

(24) Section 907(c)(5) is amended by striking ''902 or''.

(25) Section 907(f)(2)(B)(i) is amended by striking ''902 or''.

(26) Section 908(a) is amended by striking ''902 or''.

(27) Section 909(b) is amended—

(A) by striking ''section 902 corporation'' in the matter preceding paragraph (1) and inserting ''specified 10-percent owned foreign corporation (as defined in section 245A(b))'',

(B) by striking ''902 or'' in paragraph (1),

(C) by striking ''by such section 902 corporation'' and all that follows in the matter following paragraph (2) and inserting ''by such specified 10-percent owned foreign corporation or a domestic corporation which is a United States shareholder with respect to such specified 10-percent owned foreign corporation.'', and

(D) by striking ''SECTION 902 CORPORATIONS'' in the heading thereof and inserting ''SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS''.

(28) Section 909(d) is amended by striking paragraph (5).

(29) Section 958(a)(1) is amended by striking ''960(a)(1)'' and inserting ''960''.

(30) Section 959(d) is amended by striking ''Except as provided in section 960(a)(3), any'' and inserting ''Any''.

(31) Section 959(e) is amended by striking ''section 960(b)'' and inserting ''section 960(c)''.

(32) Section 1291(g)(2)(A) is amended by striking ''any distribution—'' and all that follows through ''but only if'' and inserting ''any distribution, any withholding tax imposed with respect to such distribution, but only if''.

(33) Section 6038(c)(1)(B) is amended by striking ''sections 902 (relating to foreign tax credit for corporate stockholder in foreign corporation) and 960 (relating to special rules for foreign tax credit)'' and inserting ''section 960''.

(34) Section 6038(c)(4) is amended by striking subparagraph (C).

(35) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by striking the item relating to section 902.

(36) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 960 and inserting the following:

''Sec. 960. Deemed paid credit for subpart F inclusions.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.

SEC. 14302. SEPARATE FOREIGN TAX CREDIT LIMITATION BASKET FOR FOREIGN BRANCH INCOME.

(a) IN GENERAL.—Section 904(d)(1), as amended by section 14201, is amended by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting after subparagraph (A) the following new subparagraph:

''(B) foreign branch income,''.

(b) FOREIGN BRANCH INCOME.—

(1) IN GENERAL.—Section 904(d)(2) is amended by inserting after subparagraph (I) the following new subparagraph:

''(J) FOREIGN BRANCH INCOME.—

''(i) IN GENERAL.—The term 'foreign branch income' means the business profits of such United States person which are attributable to 1 or more qualified business units (as defined in section 989(a)) in 1 or more foreign countries. For purposes of the preceding sentence, the amount of business profits attributable to a qualified business unit shall be determined under rules established by the Secretary.

''(ii) EXCEPTION.—Such term shall not include any income which is passive category income.''.

(2) CONFORMING AMENDMENT.—Section 904(d)(2)(A)(ii), as amended by section 14201, is amended by striking ''income described in paragraph (1)(A) and'' and inserting ''income described in paragraph (1)(A), foreign branch income, and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14303. ACCELERATION OF ELECTION TO ALLOCATE INTEREST, ETC., ON A WORLDWIDE BASIS.

(a) IN GENERAL.—Section 864(f)(6) is amended by striking ''December 31, 2020'' and inserting ''December 31, 2017''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14304. SOURCE OF INCOME FROM SALES OF INVENTORY DETERMINED SOLELY ON BASIS OF PRODUCTION ACTIVITIES.

(a) IN GENERAL.—Section 863(b) is amended by adding at the end the following: ''Gains, profits, and income from the sale or exchange of inventory property described in paragraph (2) shall be allocated and apportioned between sources within and without the United States solely on the basis of the production activities with respect to the property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14305. ELECTION TO INCREASE PERCENTAGE OF DOMESTIC TAXABLE INCOME OFFSET BY OVERALL DOMESTIC LOSS TREATED AS FOREIGN SOURCE.

(a) IN GENERAL.—Section 904(g) is amended by adding at the end the following new paragraph:

''(5) ELECTION TO INCREASE PERCENTAGE OF TAXABLE INCOME TREATED AS FOREIGN SOURCE.—

''(A) IN GENERAL.—If any pre-2018 unused overall domestic loss is taken into account under paragraph (1) for any applicable taxable year, the taxpayer may elect to have such paragraph applied to such loss by substituting a percentage greater than 50 percent (but not greater than 100 percent) for 50 percent in subparagraph (B) thereof.

''(B) PRE-2018 UNUSED OVERALL DOMESTIC LOSS.—For purposes of this paragraph, the term 'pre-2018 unused overall domestic loss' means any overall domestic loss which—

''(i) arises in a qualified taxable year beginning before January 1, 2018, and

''(ii) has not been used under paragraph (1) for any taxable year beginning before such date.

''(C) APPLICABLE TAXABLE YEAR.—For purposes of this paragraph, the term 'applicable taxable year' means any taxable year of the taxpayer beginning after December 31, 2017, and before January 1, 2028.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

PART II—INBOUND TRANSACTIONS

SEC. 14401. BASE EROSION AND ANTI-ABUSE TAX.

(a) IMPOSITION OF TAX.—Subchapter A of chapter 1 is amended by adding at the end the following new part:

''PART VII—BASE EROSION AND ANTI-ABUSE TAX

''Sec. 59A. Tax on base erosion payments of taxpayers with substantial gross receipts.

''SEC. 59A. TAX ON BASE EROSION PAYMENTS OF TAXPAYERS WITH SUBSTANTIAL GROSS RECEIPTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed on each applicable taxpayer for any taxable year a tax equal to the base erosion minimum tax amount for the taxable year. Such tax shall be in addition to any other tax imposed by this subtitle.

''(b) BASE EROSION MINIMUM TAX AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the term 'base erosion minimum tax amount' means, with respect to any applicable taxpayer for any taxable year, the excess (if any) of—

''(A) an amount equal to 10 percent of the modified taxable income of such taxpayer for the taxable year, over

''(B) an amount equal to the regular tax liability (as defined in section 26(b)) of the taxpayer for the taxable year, reduced (but not below zero) by the excess (if any) of—

''(i) the credits allowed under this chapter against such regular tax liability, over

''(ii) the credit allowed under section 38 for the taxable year which is properly allocable to the research credit determined under section 41(a).

''(2) MODIFICATIONS FOR TAXABLE YEARS BEGINNING AFTER 2025.—In the case of any taxable year beginning after December 31, 2025, paragraph (1) shall be applied—

''(A) by substituting '12.5 percent' for '10 percent' in subparagraph (A) thereof, and

''(B) by reducing (but not below zero) the regular tax liability (as defined in section 26(b)) for purposes of subparagraph (B) thereof by the aggregate amount of the credits allowed under this chapter against such regular tax liability rather than the excess described in such subparagraph.

''(3) INCREASED RATE FOR CERTAIN BANKS AND SECURITIES DEALERS.—

''(A) IN GENERAL.—In the case of an applicable taxpayer described in subparagraph (B) for any taxable year—

''(i) paragraphs (1)(A) and (2)(A) shall each be applied by substituting '11 percent' for '10 percent', and

''(ii) paragraph (2)(A) shall be applied by substituting '13.5 percent' for '12.5 percent'.

''(B) TAXPAYER DESCRIBED.—An applicable taxpayer is described in this subparagraph if such taxpayer is a member of an affiliated group (as defined in section 1504(a)(1)) which includes—

''(i) a bank (as defined in section 581), or

''(ii) a registered securities dealer under section 15(a) of the Securities Exchange Act of 1934.

''(c) MODIFIED TAXABLE INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'modified taxable income' means the taxable income of the taxpayer computed under this chapter for the taxable year, determined without regard to—

''(A) any base erosion tax benefit with respect to any base erosion payment, or

''(B) the base erosion percentage of any net operating loss deduction allowed under section 172 for the taxable year.

''(2) BASE EROSION TAX BENEFIT.—

''(A) IN GENERAL.—The term 'base erosion tax benefit' means—

''(i) any deduction described in subsection (d)(1) which is allowed under this chapter for the taxable year with respect to any base erosion payment,

''(ii) in the case of a base erosion payment described in subsection (d)(2), any deduction allowed under this chapter for the taxable year for depreciation (or amortization in lieu of depreciation) with respect to the property acquired with such payment, and

''(iii) in the case of a base erosion payment described in subsection (d)(3), any reduction in gross receipts with respect to such payment in computing gross income of the taxpayer for the taxable year for purposes of this chapter.

''(B) TAX BENEFITS DISREGARDED IF TAX WITHHELD ON BASE EROSION PAYMENT.—

''(i) IN GENERAL.—Except as provided in clause (ii), any base erosion tax benefit attributable to any base erosion payment—

''(I) on which tax is imposed by section 871 or 881, and

''(II) with respect to which tax has been deducted and withheld under section 1441 or 1442,

shall not be taken into account in computing modified taxable income under paragraph (1)(A) or the base erosion percentage under paragraph (4).

''(ii) EXCEPTION.—The amount not taken into account in computing modified taxable income by reason of clause (i) shall be reduced under rules similar to the rules under section 163(j)(5)(B) (as in effect before the date of the enactment of the Tax Cuts and Jobs Act).

''(3) SPECIAL RULES FOR DETERMINING INTEREST FOR WHICH DEDUCTION ALLOWED.—For purposes of applying paragraph (1), in the case of a taxpayer to which subsection (j) or (n) of section 163 applies for the taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of such subsection shall be treated as allocable first to interest paid or accrued to persons who are not related parties with respect to the taxpayer and then to such related parties.

''(4) BASE EROSION PERCENTAGE.—For purposes of paragraph (1)(B)—

''(A) IN GENERAL.—The term 'base erosion percentage' means, for any taxable year, the percentage determined by dividing—

''(i) the aggregate amount of base erosion tax benefits of the taxpayer for the taxable year, by

''(ii) the aggregate amount of the deductions allowable to the taxpayer under this chapter for the taxable year.

''(B) SPECIAL RULES.—The amount under subparagraph (A)(ii) shall be determined—

''(i) by taking into account base erosion tax benefits described in clauses (i) and (ii) of paragraph (2)(A), and

''(ii) by not taking into account any deduction allowed under section 172, 245A, or 250 for the taxable year.

''(d) BASE EROSION PAYMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'base erosion payment' means any amount paid or accrued by the taxpayer to a foreign person which is a related party of the taxpayer and with respect to which a deduction is allowable under this chapter.

''(2) PURCHASE OF DEPRECIABLE PROPERTY.—Such term shall also include any amount paid or accrued by the taxpayer to a foreign person which is a related party of the taxpayer in connection with the acquisition by the taxpayer from such person of property of a character subject to the allowance of depreciation (or amortization in lieu of depreciation).

''(3) CERTAIN PAYMENTS TO EXPATRIATED ENTITIES.—

''(A) IN GENERAL.—Such term shall also include any amount paid or accrued by the taxpayer with respect to a person described in subparagraph (B) which results in a reduction of the gross receipts of the taxpayer.

''(B) PERSON DESCRIBED.—A person is described in this subparagraph if such person is a—

''(i) surrogate foreign corporation which is a related party of the taxpayer, but only if such person first became a surrogate foreign corporation after November 9, 2017, or

''(ii) foreign person which is a member of the same expanded affiliated group as the surrogate foreign corporation.

''(C) DEFINITIONS.—For purposes of this paragraph—

''(i) SURROGATE FOREIGN CORPORATION.—The term 'surrogate foreign corporation' has the meaning given such term by section 7874(a)(2) but does not include a foreign corporation treated as a domestic corporation under section 7874(b).

''(ii) EXPANDED AFFILIATED GROUP.—The term 'expanded affiliated group' has the meaning given such term by section 7874(c)(1).

''(4) EXCEPTION FOR CERTAIN AMOUNTS WITH RESPECT TO SERVICES.—Paragraph (1) shall not apply to any amount paid or accrued by a taxpayer for services if—

''(A) such services are services which meet the requirements for eligibility for use of the services cost method under section 482 (determined without regard to the requirement that the services not contribute significantly to fundamental risks of business success or failure), and

''(B) such amount constitutes the total services cost with no markup.

''(e) APPLICABLE TAXPAYER.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable taxpayer' means, with respect to any taxable year, a taxpayer—

''(A) which is a corporation other than a regulated investment company, a real estate investment trust, or an S corporation,

''(B) the average annual gross receipts of which for the 3-taxable-year period ending with the preceding taxable year are at least $500,000,000, and

''(C) the base erosion percentage (as determined under subsection (c)(4)) of which for the taxable year is 4 percent or higher.

''(2) GROSS RECEIPTS.—

''(A) SPECIAL RULE FOR FOREIGN PERSONS.—In the case of a foreign person the gross receipts of which are taken into account for purposes of paragraph (1)(B), only gross receipts which are taken into account in determining income which is effectively connected with the conduct of a trade or business within the United States shall be taken into account. In the case of a taxpayer which is a foreign person, the preceding sentence shall not apply to the gross receipts of any United States person which are aggregated with the taxpayer's gross receipts by reason of paragraph (3).

''(B) OTHER RULES MADE APPLICABLE.—Rules similar to the rules of subparagraphs (B), (C), and (D) of section 448(c)(3) shall apply in determining gross receipts for purposes of this section.

''(3) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) of section 52 shall be treated as 1 person for purposes of this subsection and subsection (c)(4), except that in applying section 1563 for purposes of section 52, the exception for foreign corporations under section 1563(b)(2)(C) shall be disregarded.

''(f) FOREIGN PERSON.—For purposes of this section, the term 'foreign person' has the meaning given such term by section 6038A(c)(3).

''(g) RELATED PARTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'related party' means, with respect to any applicable taxpayer—

''(A) any 25-percent owner of the taxpayer,

''(B) any person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer or any 25-percent owner of the taxpayer, and

''(C) any other person who is related (within the meaning of section 482) to the taxpayer.

''(2) 25-PERCENT OWNER.—The term '25-percent owner' means, with respect to any corporation, any person who owns at least 25 percent of—

''(A) the total voting power of all classes of stock of a corporation entitled to vote, or

''(B) the total value of all classes of stock of such corporation.

''(3) SECTION 318 TO APPLY.—Section 318 shall apply for purposes of paragraphs (1) and (2), except that—

''(A) '10 percent' shall be substituted for '50 percent' in section 318(a)(2)(C), and

''(B) subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

''(h) EXCEPTION FOR CERTAIN PAYMENTS MADE IN THE ORDINARY COURSE OF TRADE OR BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (3), any qualified derivative payment shall not be treated as a base erosion payment.

''(2) QUALIFIED DERIVATIVE PAYMENT.—

''(A) IN GENERAL.—The term 'qualified derivative payment' means any payment made by a taxpayer pursuant to a derivative with respect to which the taxpayer—

''(i) recognizes gain or loss as if such derivative were sold for its fair market value on the last business day of the taxable year (and such additional times as required by this title or the taxpayer's method of accounting),

''(ii) treats any gain or loss so recognized as ordinary, and

''(iii) treats the character of all items of income, deduction, gain, or loss with respect to a payment pursuant to the derivative as ordinary.

''(B) REPORTING REQUIREMENT.—No payments shall be treated as qualified derivative payments under subparagraph (A) for any taxable year unless the taxpayer includes in the information required to be reported under section 6038B(b)(2) with respect to such taxable year such information as is necessary to identify the payments to be so treated and such other information as the Secretary determines necessary to carry out the provisions of this subsection.

''(3) EXCEPTIONS FOR PAYMENTS OTHERWISE TREATED AS BASE EROSION PAYMENTS.—This subsection shall not apply to any qualified derivative payment if—

''(A) the payment would be treated as a base erosion payment if it were not made pursuant to a derivative, including any interest, royalty, or service payment, or

''(B) in the case of a contract which has derivative and nonderivative components, the payment is properly allocable to the nonderivative component.

''(4) DERIVATIVE DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'derivative' means any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to one or more of the following:

''(i) Any share of stock in a corporation.

''(ii) Any evidence of indebtedness.

''(iii) Any commodity which is actively traded.

''(iv) Any currency.

''(v) Any rate, price, amount, index, formula, or algorithm.

''(B) TREATMENT OF AMERICAN DEPOSITORY RECEIPTS AND SIMILAR INSTRUMENTS.—Except as otherwise provided by the Secretary, for purposes of this part, American depository receipts (and similar instruments) with respect to shares of stock in foreign corporations shall be treated as shares of stock in such foreign corporations.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations—

''(1) providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including through—

''(A) the use of unrelated persons, conduit transactions, or other intermediaries, or

''(B) transactions or arrangements designed, in whole or in part—

''(i) to characterize payments otherwise subject to this section as payments not subject to this section, or

''(ii) to substitute payments not subject to this section for payments otherwise subject to this section and

''(2) for the application of subsection (g), including rules to prevent the avoidance of the exceptions under subsection (g)(3).''.

(b) REPORTING REQUIREMENTS AND PENALTIES.—

(1) IN GENERAL.—Subsection (b) of section 6038A is amended to read as follows:

''(b) REQUIRED INFORMATION.—

''(1) IN GENERAL.—For purposes of subsection (a), the information described in this subsection is such information as the Secretary prescribes by regulations relating to—

''(A) the name, principal place of business, nature of business, and country or countries in which organized or resident, of each person which—

''(i) is a related party to the reporting corporation, and

''(ii) had any transaction with the reporting corporation during its taxable year,

''(B) the manner in which the reporting corporation is related to each person referred to in subparagraph (A), and

''(C) transactions between the reporting corporation and each foreign person which is a related party to the reporting corporation.

''(2) ADDITIONAL INFORMATION REGARDING BASE EROSION PAYMENTS.—For purposes of subsection (a) and section 6038C, if the reporting corporation or the foreign corporation to whom section 6038C applies is an applicable taxpayer, the information described in this subsection shall include—

''(A) such information as the Secretary determines necessary to determine the base erosion minimum tax amount, base erosion payments, and base erosion tax benefits of the taxpayer for purposes of section 59A for the taxable year, and

''(B) such other information as the Secretary determines necessary to carry out such section.

For purposes of this paragraph, any term used in this paragraph which is also used in section 59A shall have the same meaning as when used in such section.''.

(2) INCREASE IN PENALTY.—Paragraphs (1) and (2) of section 6038A(d) are each amended by striking ''$10,000'' and inserting ''$25,000''.

(c) DISALLOWANCE OF CREDITS AGAINST BASE EROSION TAX.—Paragraph (2) of section 26(b) is amended by inserting after subparagraph (A) the following new subparagraph:

''(B) section 59A (relating to base erosion and anti-abuse tax),''.

(d) CONFORMING AMENDMENTS.—

(1) The table of parts for subchapter A of chapter 1 is amended by adding after the item relating to part VI the following new item:

''Part VII. Base erosion and anti-abuse tax''.

(2) Paragraph (1) of section 882(a), as amended by this Act, is amended by inserting '' or 59A,'' after ''section 11,''.

(3) Subparagraph (A) of section 6425(c)(1), as amended by section 13001, is amended to read as follows:

''(A) the sum of—

''(i) the tax imposed by section 11, or subchapter L of chapter 1, whichever is applicable, plus

''(ii) the tax imposed by section 59A, over''.

(4)(A) Subparagraph (A) of section 6655(g)(1), as amended by section 13001, is amended by striking ''plus'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) the tax imposed by section 59A, plus''.

(B) Subparagraphs (A)(i) and (B)(i) of section 6655(e)(2), as amended by section 13001, are each amended by inserting ''and modified taxable income'' after ''taxable income''.

(C) Subparagraph (B) of section 6655(e)(2) is amended by adding at the end the following new clause:

''(iii) MODIFIED TAXABLE INCOME.—The term 'modified taxable income' has the meaning given such term by section 59A(c)(1).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to base erosion payments (as defined in section 59A(d) of the Internal Revenue Code of 1986, as added by this section) paid or accrued in taxable years beginning after December 31, 2017.

PART III—OTHER PROVISIONS

SEC. 14501. RESTRICTION ON INSURANCE BUSINESS EXCEPTION TO PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) IN GENERAL.—Section 1297(b)(2)(B) is amended to read as follows:

''(B) derived in the active conduct of an insurance business by a qualifying insurance corporation (as defined in subsection (f)),''.

(b) QUALIFYING INSURANCE CORPORATION DEFINED.—Section 1297 is amended by adding at the end the following new subsection:

''(f) QUALIFYING INSURANCE CORPORATION.—For purposes of subsection (b)(2)(B)—

''(1) IN GENERAL.—The term 'qualifying insurance corporation' means, with respect to any taxable year, a foreign corporation—

''(A) which would be subject to tax under subchapter L if such corporation were a domestic corporation, and

''(B) the applicable insurance liabilities of which constitute more than 25 percent of its total assets, determined on the basis of such liabilities and assets as reported on the corporation's applicable financial statement for the last year ending with or within the taxable year.

''(2) ALTERNATIVE FACTS AND CIRCUMSTANCES TEST FOR CERTAIN CORPORATIONS.—If a corporation fails to qualify as a qualified insurance corporation under paragraph (1) solely because the percentage determined under paragraph (1)(B) is 25 percent or less, a United States person that owns stock in such corporation may elect to treat such stock as stock of a qualifying insurance corporation if—

''(A) the percentage so determined for the corporation is at least 10 percent, and

''(B) under regulations provided by the Secretary, based on the applicable facts and circumstances—

''(i) the corporation is predominantly engaged in an insurance business, and

''(ii) such failure is due solely to runoff-related or rating-related circumstances involving such insurance business.

''(3) APPLICABLE INSURANCE LIABILITIES.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'applicable insurance liabilities' means, with respect to any life or property and casualty insurance business—

''(i) loss and loss adjustment expenses, and

''(ii) reserves (other than deficiency, contingency, or unearned premium reserves) for life and health insurance risks and life and health insurance claims with respect to contracts providing coverage for mortality or morbidity risks.

''(B) LIMITATIONS ON AMOUNT OF LIABILITIES.—Any amount determined under clause (i) or (ii) of subparagraph (A) shall not exceed the lesser of such amount—

''(i) as reported to the applicable insurance regulatory body in the applicable financial statement described in paragraph (4)(A) (or, if less, the amount required by applicable law or regulation), or

''(ii) as determined under regulations prescribed by the Secretary.

''(4) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE FINANCIAL STATEMENT.—The term 'applicable financial statement' means a statement for financial reporting purposes which—

''(i) is made on the basis of generally accepted accounting principles,

''(ii) is made on the basis of international financial reporting standards, but only if there is no statement that meets the requirement of clause (i), or

''(iii) except as otherwise provided by the Secretary in regulations, is the annual statement which is required to be filed with the applicable insurance regulatory body, but only if there is no statement which meets the requirements of clause (i) or (ii).

''(B) APPLICABLE INSURANCE REGULATORY BODY.—The term 'applicable insurance regulatory body' means, with respect to any insurance business, the entity established by law to license, authorize, or regulate such business and to which the statement described in subparagraph (A) is provided.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14502. REPEAL OF FAIR MARKET VALUE METHOD OF INTEREST EXPENSE APPORTIONMENT.

(a) IN GENERAL.—Paragraph (2) of section 864(e) is amended to read as follows:

''(2) GROSS INCOME AND FAIR MARKET VALUE METHODS MAY NOT BE USED FOR INTEREST.—All allocations and apportionments of interest expense shall be determined using the adjusted bases of assets rather than on the basis of the fair market value of the assets or gross income.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 14503. MODIFICATION TO SOURCE RULES INVOLVING POSSESSIONS.

(a) IN GENERAL.—Subsection (b)(2) of Section 937 of the Internal Revenue Code of 1986 is amended by inserting '', but only to the extent such income is attributable to an office or fixed place of business within the United States (determined under the rules of Section 864(c)(5))'' before the period at the end.

(b) SOURCE RULES FOR PERSONAL PROPERTY SALES.—Subsection (j)(3) of section 865 of the Internal Revenue Code of 1986 is amended by inserting ''932,'' after ''931,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

TITLE II

SEC. 20001. OIL AND GAS PROGRAM.

(a) DEFINITIONS.—In this section:

(1) COASTAL PLAIN.—The term ''Coastal Plain'' means the area identified as the 1002 Area on the plates prepared by the United States Geological Survey entitled ''ANWR Map – Plate 1'' and ''ANWR Map – Plate 2'', dated October 24, 2017, and on file with the United States Geological Survey and the Office of the Solicitor of the Department of the Interior.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the Bureau of Land Management.

(b) OIL AND GAS PROGRAM.—

(1) IN GENERAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) shall not apply to the Coastal Plain.

(2) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary shall establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Coastal Plain.

(B) PURPOSES.—Section 303(2)(B) of the Alaska National Interest Lands Conservation Act (Public Law 96–487; 94 Stat. 2390) is amended—

(i) in clause (iii), by striking ''and'' at the end;

(ii) in clause (iv), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(v) to provide for an oil and gas program on the Coastal Plain.''.

(3) MANAGEMENT.—Except as otherwise provided in this section, the Secretary shall manage the oil and gas program on the Coastal Plain in a manner similar to the administration of lease sales under the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C. 6501 et seq.) (including regulations).

(4) ROYALTIES.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), the royalty rate for leases issued pursuant to this section shall be 16.67 percent.

(5) RECEIPTS.—Notwithstanding the Mineral Leasing Act (30 U.S.C. 181 et seq.), of the amount of adjusted bonus, rental, and royalty receipts derived from the oil and gas program and operations on Federal land authorized under this section—

(A) 50 percent shall be paid to the State of Alaska; and

(B) the balance shall be deposited into the Treasury as miscellaneous receipts.

(c) 2 LEASE SALES WITHIN 10 YEARS.—

(1) REQUIREMENT.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall conduct not fewer than 2 lease sales area-wide under the oil and gas program under this section by not later than 10 years after the date of enactment of this Act.

(B) SALE ACREAGES; SCHEDULE.—

(i) ACREAGES.—The Secretary shall offer for lease under the oil and gas program under this section—

(I) not fewer than 400,000 acres area-wide in each lease sale; and

(II) those areas that have the highest potential for the discovery of hydrocarbons.

(ii) SCHEDULE.—The Secretary shall offer—

(I) the initial lease sale under the oil and gas program under this section not later than 4 years after the date of enactment of this Act; and

(II) a second lease sale under the oil and gas program under this section not later than 7 years after the date of enactment of this Act.

(2) RIGHTS-OF-WAY.—The Secretary shall issue any rights-of-way or easements across the Coastal Plain for the exploration, development, production, or transportation necessary to carry out this section.

(3) SURFACE DEVELOPMENT.—In administering this section, the Secretary shall authorize up to 2,000 surface acres of Federal land on the Coastal Plain to be covered by production and support facilities (including airstrips and any area covered by gravel berms or piers for support of pipelines) during the term of the leases under the oil and gas program under this section.

SEC. 20002. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES.

Section 105(f)(1) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432) is amended by striking ''exceed $500,000,000 for each of fiscal years 2016 through 2055.'' and inserting the following: ''exceed—

''(A) $500,000,000 for each of fiscal years 2016 through 2019;

''(B) $650,000,000 for each of fiscal years 2020 and 2021; and

''(C) $500,000,000 for each of fiscal years 2022 through 2055.''.

SEC. 20003. STRATEGIC PETROLEUM RESERVE DRAWDOWN AND SALE.

(a) DRAWDOWN AND SALE.—

(1) IN GENERAL.—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), except as provided in subsections (b) and (c), the Secretary of Energy shall draw down and sell from the Strategic Petroleum Reserve 7,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027.

(2) DEPOSIT OF AMOUNTS RECEIVED FROM SALE.—Amounts received from a sale under paragraph (1) shall be deposited in the general fund of the Treasury during the fiscal year in which the sale occurs.

(b) EMERGENCY PROTECTION.—The Secretary of Energy shall not draw down and sell crude oil under subsection (a) in a quantity that would limit the authority to sell petroleum products under subsection (h) of section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) in the full quantity authorized by that subsection.

(c) LIMITATION.—The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $600,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection.

SA 1856. Mr. MERKLEY proposed an amendment to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

On page 289, strike lines 17 through 19

SA 1857. Mr. DAINES (for himself, Mrs. ERNST, Mr. LANKFORD, Mr. MORAN, Mrs. FISCHER, Mr. INHOFE, Mr. BLUNT, Mr. LEE, Mr. RISCH, and Mr. SASSE) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. MCCONNELL (for Mr. HATCH (for himself and Ms. MURKOWSKI)) to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows:

Beginning on page 46, strike line 7 and all that follows through page 48, line 20 and insert the following:

''(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (8).

''(2) CREDIT AMOUNT.—Subsection (a) shall be applied by substituting '$2,000' for '$1,000'.

''(3) LIMITATION.—In lieu of the amount determined under subsection (b)(2), the threshold amount shall be $500,000.

''(4) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

''(A) IN GENERAL.—The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c).

''(B) EXCEPTION FOR CERTAIN NONCITIZENS.—Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(5) MAXIMUM AMOUNT OF REFUNDABLE CREDIT.—

''(A) IN GENERAL.—Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (4) of this subsection.

''(B) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins.

Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100.

''(6) EARNED INCOME THRESHOLD FOR REFUNDABLE CREDIT.—Subsection (d)(1)(B)(i) shall be applied by substituting '$2,500' for '$3,000'.

''(7) SOCIAL SECURITY NUMBER REQUIRED.—No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term 'social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.

''(8) CREDIT ALLOWED WITH RESPECT TO CERTAIN CHILDREN.—

''(A) IN GENERAL.—The term 'qualifying child' for any such taxable year includes any child who is born and issued a social security number (as defined in paragraph (7)) before the due date for the return of tax (without regard to extensions) for the taxable year.

''(B) DOUBLE CREDIT IN CASE OF CHILDREN UNABLE TO CLAIM CREDIT.—In the case of any child born during a taxable year described in paragraph (1) who is not taken into account under subparagraph (A) for the taxable year immediately preceding the taxable year in which the child is born, the amount of the credit determined under this section with respect to such child for the taxable year of the child's birth shall be increased by the lesser of—

''(i) the amount of the credit determined under this section with respect to such child for the taxable year without regard to this subparagraph and subsection (d), or

''(ii) the amount of the credit determined under subsection (d) with respect to such child for the taxable year.''.

SA 1858. Ms. BALDWIN submitted an amendment intended to be proposed by her to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows:

Strike subsection (b) of section 11011.

SA 1859. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows:

At the end of part IV of subtitle A of title I, add the following:

SEC. 11033. REPEAL OF DENIAL OF CREDIT FOR FELONY DRUG OFFENSES.

(a) IN GENERAL.—Section 25A(b)(2) is amended by striking subparagraph (D).

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

SA 1860. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows:

At the end of subpart B of part V of subtitle A of title I, add the following:

SEC. 13417. HOMELESS YOUTH AND VETERANS WHO ARE FULL-TIME STUDENTS QUALIFIED FOR PURPOSES OF THE LOW INCOME HOUSING TAX CREDIT.

(a) IN GENERAL.—Clause (i) of section 42(i)(3)(D) is amended by redesignating subclauses (II) and (III) as subclauses (IV) and (V), respectively, and by inserting after subclause (I) the following new subclauses:

''(II) a full-time student who, during any portion of the 7-year period ending with the commencement of such individual's continuous occupation of any low-income unit or units, was an individual described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)),

''(III) a full-time student who, during any portion of the 5-year period ending with the commencement of such individual's continuous occupation of any low-income unit or units, was an individual described in section 2002(1) of title 38, United States Code,''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to determinations made before, on, or after the date of the enactment of this Act.

SA 1861.. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows:

At the end of part IV of subtitle A of title I, add the following:

SEC. 11033. SENSE OF THE SENATE ON PRESERVING THE TAX-FREE STATUS OF EMPLOYER-PROVIDED TUITION ASSISTANCE.

It is the sense of the Senate that—

(1) employer-provided tuition assistance is a critical resource for workers seeking to improve job skills and strengthen the economy, and

(2) employer-provided tuition assistance should not be treated as taxable income.

SA 1862. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R. 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows:

At the end of part IV of subtitle A of title I, add the following:

SEC. 11033. SENSE OF THE SENATE ON PREVENTING TAX INCREASES ON GRADUATE STUDENTS.

It is the sense of the Senate that—

(1) tuition waivers for graduate students support critical research, education, and innovation in the United States, and

(2) tuition waivers for graduate students should not be treated as taxable income.

PRIVILEGES OF THE FLOOR

Mr. CASEY. Mr. President, I ask unanimous consent that Rachel McKinnon of my staff be granted floor privileges for the duration of the 115th Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMEMORATING THE 62ND ANNIVERSARY OF THE DEDICATION OF WHITEMAN AIR FORCE BASE

Mr. ENZI. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 347, submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The senior assistant legislative clerk read as follows:

A resolution (S. Res. 347) commemorating the 62nd anniversary of the dedication of Whiteman Air Force Base.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ENZI. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motions to reconsider be considered made and laid upon the table with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 347) was agreed to.

The preamble was agreed to.

(The resolution, with its preamble, is printed in today's RECORD under ''Submitted Resolutions.'')

ORDERS FOR MONDAY, DECEMBER 4, 2017

Mr. ENZI. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 3 p.m., Monday, December 4; further, that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and morning business be closed; finally, that following leader remarks, the Senate proceed to executive session and resume consideration of the Nielsen nomination as under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT UNTIL MONDAY DECEMBER 4, 2017, AT 3 P.M.

Mr. ENZI. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that it stand adjourned under the previous order.

There being no objection, the Senate, at 2:06 a.m., adjourned until Monday, December 4, 2017, at 3 p.m.

NOMINATIONS

Executive nominations received by the Senate:

DEPARTMENT OF DEFENSE

PHYLLIS L. BAYER, OF MISSISSIPPI, TO BE AN ASSISTANT SECRETARY OF THE NAVY, VICE DENNIS V. MCGINN.

FINANCIAL STABILITY OVERSIGHT COUNCIL

THOMAS E. WORKMAN, OF NEW YORK, TO BE A MEMBER OF THE FINANCIAL STABILITY OVERSIGHT COUNCIL FOR A TERM OF SIX YEARS, VICE S. ROY WOODALL, JR., TERM EXPIRED.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

JEFFREY DEWIT, OF ARIZONA, TO BE CHIEF FINANCIAL OFFICER, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, VICE DAVID RADZANOWSKI.

MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION

TADD M. JOHNSON, OF MINNESOTA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION FOR A TERM EXPIRING OCTOBER 6, 2022, VICE TERRENCE L. BRACY, TERM EXPIRED.

LISA JOHNSON-BILLY, OF OKLAHOMA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION FOR A TERM EXPIRING AUGUST 25, 2018, VICE DIANE HUMETEWA, RESIGNED.

LISA JOHNSON-BILLY, OF OKLAHOMA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL AND STEWART L. UDALL FOUNDATION FOR A TERM EXPIRING AUGUST 25, 2024. (REAPPOINTMENT)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ERIK BETHEL, OF FLORIDA, TO BE UNITED STATES ALTERNATE EXECUTIVE DIRECTOR OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FOR A TERM OF TWO YEARS, VICE SARA MARGALIT AVIEL, RESIGNED.

DEPARTMENT OF STATE

DAVID T. FISCHER, OF MICHIGAN, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF MOROCCO.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

JUDY LYNN SHELTON, OF VIRGINIA, TO BE UNITED STATES DIRECTOR OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT, VICE SCOTT ALLEN, RESIGNED.

DEPARTMENT OF LABOR

JAMES EDWIN WILLIAMS, OF UTAH, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF LABOR, VICE JAMES L. TAYLOR.

DEPARTMENT OF EDUCATION

MARK SCHNEIDER, OF THE DISTRICT OF COLUMBIA, TO BE DIRECTOR OF THE INSTITUTE OF EDUCATION SCIENCE, DEPARTMENT OF EDUCATION FOR A TERM OF SIX YEARS, VICE JOHN Q. EASTON, TERM EXPIRED.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

BARBARA STEWART, OF ILLINOIS, TO BE CHIEF EXECUTIVE OFFICER OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE, VICE WENDY M. SPENCER, RESIGNED.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT AS THE JUDGE ADVOCATE GENERAL, UNITED STATES AIR FORCE AND FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE SERVING AS THE JUDGE ADVOCATE GENERAL UNDER TITLE 10, U.S.C., SECTIONS 601 AND 8037:

To be lieutenant general

MAJ. GEN. JEFFERY A. ROCKWELL

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

ARIANNE R. MORRISON

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

RICHARD A. HANRAHAN

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

ALECK A. BROWN
JOHN D. RITTER

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

AMBER N. PECONGA

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY UNDER TITLE 10, U.S.C., SECTION 624:

To be major

HEATHER M. LEE

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

SHARIF H. CALFEE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

JOHN A. MILLS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 531:

To be lieutenant commander

NICHOLAS H. STEGING, JR.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE GRADE INDICATED IN THE REGULAR NAVY UNDER TITLE 10, U.S.C., SECTION 531:

To be lieutenant commander

JONATHAN S. DURHAM

FEDERAL DEPOSIT INSURANCE CORPORATION

JELENA MCWILLIAMS, OF OHIO, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION FOR A TERM OF SIX YEARS, VICE JEREMIAH O'HEAR NORTON, RESIGNED.

JELENA MCWILLIAMS, OF OHIO, TO BE CHAIRPERSON OF THE BOARD OF DIRECTORS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION FOR A TERM OF FIVE YEARS, VICE MARTIN J. GRUENBERG, TERM EXPIRED.

DEPARTMENT OF JUSTICE

MATTHEW D. HARRIS, OF UTAH, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF UTAH FOR THE TERM OF FOUR YEARS, VICE JAMES ALFRED THOMPSON, TERM EXPIRED.

TED G. KAMATCHUS, OF IOWA, TO BE UNITED STATES MARSHAL FOR THE SOUTHERN DISTRICT OF IOWA FOR THE TERM OF FOUR YEARS, VICE MICHAEL ROBERT BLADEL, TERM EXPIRED.

JOSEPH P. KELLY, OF NEBRASKA, TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF NEBRASKA FOR THE TERM OF FOUR YEARS, VICE DEBORAH K. R. GILG, RETIRED.

JOSEPH D. MCCLAIN, OF INDIANA, TO BE UNITED STATES MARSHAL FOR THE SOUTHERN DISTRICT OF INDIANA FOR THE TERM OF FOUR YEARS, VICE KERRY JOSEPH FORESTAL, RESIGNED.

SCOTT W. MURRAY, OF NEW HAMPSHIRE, TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF NEW HAMPSHIRE FOR THE TERM OF FOUR YEARS, VICE EMILY GRAY RICE, RESIGNED.

DAVID A. WEAVER, OF COLORADO, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF COLORADO FOR THE TERM OF FOUR YEARS, VICE JOHN LEROY KAMMERZELL, TERM EXPIRED.

DAVID C. WEISS, OF DELAWARE, TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF DELAWARE FOR THE TERM OF FOUR YEARS, VICE CHARLES M. OBERLY III, RESIGNED.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be brigadier general

COL. MITCHEL NEUROCK

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be major general

BRIG. GEN. HUBERT C. HEGTVEDT
BRIG. GEN. TIMOTHY P. KELLY
BRIG. GEN. ALBERT V. LUPENSKI
BRIG. GEN. SAMUEL C. MAHANEY
BRIG. GEN. JOHN B. WILLIAMS

CONFIRMATIONS

Executive nominations confirmed by the Senate December 1, 2017:

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY UNDER TITLE 10, U.S.C., SECTION 624:

To be brigadier general

COL. DOUGLAS F. STITT

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. MICHAEL E. BOYLE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

REAR ADM. LISA M. FRANCHETTI

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be major general

BRIG. GEN. ARTHUR E. JACKMAN, JR.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be major general

BRIG. GEN. JOSEF F. SCHMID III

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be brigadier general

COL. JOHN M. BREAZEALE
COL. DAMON S. FELTMAN
COL. ANNE B. GUNTER
COL. SCHEID P. HODGES
COL. RICHARD L. KEMBLE
COL. TANYA R. KUBINEC
COL. ERICH C. NOVAK

COL. JEFFREY T. PENNINGTON
COL. JOHN N. TREE
COL. AARON G. VANGELISTI
COL. WILLIAM W. WHITTENBERGER, JR.
COL. CHRISTOPHER F. YANCY

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be brigadier general

COL. DARLOW G. BOTHA, JR.

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be brigadier general

COL. STEVEN J. DEMILLIANO
COL. CHRISTOPHER E. FINERTY

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be brigadier general

COL. MICHELE K. LAMONTAGNE
COL. MICHAEL J. REGAN, JR.

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be brigadier general

COL. TRAVIS K. ACHESON
COL. BARRY A. BLANCHARD
COL. MICHAEL A. BORKOWSKI
COL. MICHAEL T. BUTLER
COL. MICHAEL A. COOPER
COL. MONIQUE J. DESPAIN
COL. MATTHEW D. DINMORE
COL. TERESA S. EDWARDS
COL. EMMANUEL I. HALDOPOULOS
COL. CHARLES G. JEFFRIES
COL. GREGORY W. LAIR
COL. JEFFREY W. MAGRAM
COL. JAMES C. MCEACHEN
COL. MAURICE M. MCKINNEY
COL. SUELLEN OVERTON
COL. GREGG A. PEREZ
COL. MARK D. PIPER
COL. JAMES P. ROWLETT
COL. MICHAEL D. SPROUL
COL. CHRISTAN L. STEWART
COL. DAVID W. WALTER
COL. TERRY L. WILLIAMS
COL. SHANNA M. WOYAK
COL. FRANK Y. YANG
COL. JEFFREY D. YOUNG

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be major general

BRIG. GEN. ONDRA L. BERRY
BRIG. GEN. SAMUEL W. BLACK
BRIG. GEN. WILLIAM D. BUNCH
BRIG. GEN. JOSEPH S. CHISOLM
BRIG. GEN. THOMAS B. CUCCHI
BRIG. GEN. GARY L. EBBEN
BRIG. GEN. JERRY L. FENWICK
BRIG. GEN. DAWN M. FERRELL
BRIG. GEN. THOMAS J. KENNETT
BRIG. GEN. ERIC W. MANN
BRIG. GEN. EDWARD A. SAULEY III
BRIG. GEN. DEAN A. TREMPS

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be major general

BRIG. GEN. GEORGE M. DEGNON
BRIG. GEN. TAMHRA L. HUTCHINS-FRYE
BRIG. GEN. SHERRIE L. MCCANDLESS
BRIG. GEN. STEVEN NORDHAUS
BRIG. GEN. KIRK S. PIERCE
BRIG. GEN. FRANK H. STOKES
BRIG. GEN. BRADLEY A. SWANSON
BRIG. GEN. THOMAS K. WARK

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be major general

BRIG. GEN. DOUGLAS A. FARNHAM
BRIG. GEN. CLAY L. GARRISON

AIR FORCE NOMINATIONS BEGINNING WITH DANE V. CAMPBELL AND ENDING WITH RICHARD L. WOODRUFF, JR., WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 5, 2017.

AIR FORCE NOMINATIONS BEGINNING WITH JOSEPH BENJAMIN AHLERS AND ENDING WITH TRENTON M. WHITE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON NOVEMBER 14, 2017.

AIR FORCE NOMINATION OF ERIKA R. WOODSON, TO BE MAJOR.

AIR FORCE NOMINATION OF MICHAEL S. STROUD, TO BE MAJOR.

AIR FORCE NOMINATIONS BEGINNING WITH LANCE A. AIUMOPAS AND ENDING WITH TARA L. VILLENA, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON NOVEMBER 14, 2017.

AIR FORCE NOMINATION OF ROBERT SARLAY, JR., TO BE COLONEL.

AIR FORCE NOMINATIONS BEGINNING WITH RICHARD G. ADAMS AND ENDING WITH JOSEPH F. ZINGARO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON NOVEMBER 16, 2017.

IN THE ARMY

ARMY NOMINATION OF ASHLEY R. SELLERS, TO BE MAJOR.

ARMY NOMINATION OF ELIAS M. CHELALA, TO BE MAJOR.

ARMY NOMINATION OF CATHLEEN A. LABATE, TO BE COLONEL.

ARMY NOMINATIONS BEGINNING WITH REBECCA J. COOPER AND ENDING WITH MATTHEW L. DANIELS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON OCTOBER 16, 2017.

ARMY NOMINATION OF BRANTLEY J. COMBS, TO BE LIEUTENANT COLONEL.

ARMY NOMINATIONS BEGINNING WITH MARK E. QUERY AND ENDING WITH SAMUEL H. TAHK, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON NOVEMBER 14, 2017.

ARMY NOMINATION OF VICTOR A. PACHECOFOWLER, TO BE LIEUTENANT COLONEL.

ARMY NOMINATION OF JAMES M. BRUMIT, TO BE COLONEL.

ARMY NOMINATION OF MELVIN J. NICKELL, TO BE COLONEL.

ARMY NOMINATION OF ERICA L. HERZOG, TO BE COLONEL.

ARMY NOMINATION OF ADAM W. VANEK, TO BE COLONEL.

ARMY NOMINATION OF JASON PARK, TO BE MAJOR.

ARMY NOMINATION OF JOHN T. HUCKABAY, TO BE MAJOR.