

106TH CONGRESS
1ST SESSION

H. R. 2203

To eliminate corporate welfare.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1999

Mr. ANDREWS introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Resources, Agriculture, Commerce, Transportation and Infrastructure, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To eliminate corporate welfare.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Corporate Welfare Elimination Act of 1999”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—TAX REFORM

Sec. 101. Short title; references to Internal Revenue Code of 1986.

Sec. 102. Repeal of expensing of intangible drilling and development costs and
of mining exploration and development costs.

Sec. 103. Termination of credit for producing fuel from nonconventional source.

- Sec. 104. Repeal of percentage depletion.
- Sec. 105. Repeal of tax benefits for alcohol fuels.
- Sec. 106. Repeal of enhanced oil recovery credit.
- Sec. 107. Repeal of credit and deduction for electric vehicles, clean-fuel vehicles,
and certain refueling property.
- Sec. 108. Repeal of deduction for tertiary injectants.
- Sec. 109. Repeal of rehabilitation credit for nonhistoric structures; reduction of
rehabilitation credit for certified historic structures.
- Sec. 110. Repeal of treatment of blue cross and blue shield organizations, etc.
- Sec. 111. Repeal of small life insurance company deduction.
- Sec. 112. Repeal of alternative tax on small property and casualty insurance
companies.
- Sec. 113. Cash accounting and expensing for agriculture.
- Sec. 114. Repeal of exclusion for cancellation of qualified farm indebtedness.
- Sec. 115. Repeal of exclusion for certain cost-sharing payments.
- Sec. 116. Reduction of expensing of timber-growing costs.
- Sec. 117. Repeal of reforestation credit.
- Sec. 118. Repeal of rapid amortization of reforestation expenditures.
- Sec. 119. Termination of exclusion of certain income of citizens or residents of
United States living abroad.
- Sec. 120. Repeal of exclusion for income of foreign sales corporations.
- Sec. 121. Repeal of deferral of income of controlled foreign corporations.
- Sec. 122. Repeal of deferral of tax under merchant marine capital constructions
funds.
- Sec. 123. Repeal of special treatment for magazine circulation expenditures.
- Sec. 124. Repeal of special treatment for returns of magazines, paperbacks,
and records.

TITLE II—NATURAL RESOURCES

- Sec. 201. Public Resources Deficit Reduction Act of 1999.

Subtitle A—General Provisions

- Sec. 211. Fair market value for resource disposal.
- Sec. 212. Fees from program beneficiaries.
- Sec. 213. Revenues from sale, lease, and transfer of assets.

Subtitle B—Revenue From Mining Claims

- Sec. 221. Definitions.
- Sec. 222. Mining claim maintenance requirements.
- Sec. 223. Royalty.
- Sec. 224. Severance tax.
- Sec. 225. Fund for abandoned locatable minerals mine reclamation.
- Sec. 226. Limitation on patent issuance.
- Sec. 227. Purchasing power adjustment.
- Sec. 228. Savings clause.
- Sec. 229. Effective date.

Subtitle C—Use or Disposal of Federal Natural Resources

- Sec. 241. Annual domestic livestock grazing fee.
- Sec. 242. Elimination of below-cost sales of timber from National Forest Sys-
tem lands.
- Sec. 243. Timberland suitability.

- Sec. 244. Reduction in maximum amount of payments under agricultural assistance programs to reflect receipt of Federal irrigation water.
- Sec. 245. Elimination of off budget expenditures.
- Sec. 246. Deposit of Taylor Grazing Act receipts in Treasury.
- Sec. 247. Repeal of livestock feed assistance program.
- Sec. 248. Oil and gas rentals.
- Sec. 249. Communication permits.

TITLE I—TAX REFORM

SEC. 101. SHORT TITLE; REFERENCES TO INTERNAL REVENUE CODE OF 1986.

(a) **SHORT TITLE.**—This title may be cited as the “Termination of Energy and Natural Resource Tax Subsidies Act of 1999”.

(b) **REFERENCES TO INTERNAL REVENUE CODE OF 1986.**—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.

SEC. 102. REPEAL OF EXPENSING OF INTANGIBLE DRILLING AND DEVELOPMENT COSTS AND OF MINING EXPLORATION AND DEVELOPMENT COSTS.

(a) **INTANGIBLE DRILLING AND DEVELOPMENT COSTS.**—Section 263(c) is hereby repealed.

(b) **DEVELOPMENT EXPENDITURES.**—Section 616 (relating to development expenditures) is hereby repealed.

1 (c) EXPLORATION EXPENDITURES.—Subsection (i)
2 of section 617 is amended to read as follows:

3 “(i) TERMINATION.—No deduction shall be allowed
4 under this section for any expenditure paid or incurred
5 in a taxable year beginning after the date of the enactment
6 of this subsection.”

7 (d) CONFORMING AMENDMENTS.—

8 (1) Paragraph (2) of section 56(a) is hereby re-
9 pealed.

10 (2) Subsection (a) of section 57 is amended by
11 striking paragraph (2).

12 (3) Paragraph (2) of section 59(e) is amended
13 by adding “and” at the end of subparagraph (A), by
14 striking the comma at the end of subparagraph (B)
15 and inserting a period, and by striking subpara-
16 graphs (C), (D), and (E).

17 (4) Subparagraph (A) of section 59(e)(5) is
18 amended by inserting before the period “, as in ef-
19 fect before the Termination of Energy and Natural
20 Resource Tax Subsidies Act of 1999”.

21 (5) Subsection (c) of section 193 is amended to
22 read as follows:

23 “(c) APPLICATION WITH OTHER DEDUCTIONS.—No
24 deduction shall be allowed under subsection (a) with re-
25 spect to any expenditure with respect to which a deduction

1 is allowed or allowable to the taxpayer under any other
2 provision of this chapter.”

3 (6) Paragraph (1) of section 263(a) is amended
4 by striking subparagraph (A) and by redesignating
5 the succeeding subparagraphs accordingly.

6 (7) Section 263 is amended by striking sub-
7 section (i).

8 (8) Subsection (c) of section 263A is amended
9 by striking paragraph (3) and by redesignating the
10 succeeding paragraphs accordingly.

11 (9) Paragraph (5) of section 263A(c), as redes-
12 ignated by paragraph (8), is amended by striking
13 “subparagraphs (B), (C), (D), and (E)” and insert-
14 ing “subparagraph (B)”.

15 (10) Section 291 is amended by striking sub-
16 section (b).

17 (11) Subsection (n) of section 312 is amended
18 by striking paragraph (2).

19 (12) Paragraph (1) of section 1254(a) is
20 amended—

21 (A) by inserting “(as in effect before the
22 Termination of Energy and Natural Resource
23 Tax Subsidies Act of 1999)” after “617” in
24 subparagraph (A)(i), and

1 (B) by adding at the end the following:

2 “For purposes of clause (i), any deduction
3 under section 291(b)(2) (as in effect before the
4 Termination of Energy and Natural Resource
5 Tax Subsidies Act of 1999) shall be treated as
6 a deduction allowable under section 263, 616,
7 or 617 (whichever is appropriate).”

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to amounts paid or incurred in tax-
10 able years beginning after the date of the enactment of
11 this Act.

12 **SEC. 103. TERMINATION OF CREDIT FOR PRODUCING FUEL**
13 **FROM NONCONVENTIONAL SOURCE.**

14 Section 29 is amended by adding at the end the fol-
15 lowing new subsection:

16 “(h) TERMINATION.—Notwithstanding any other
17 provision of this section, no credit shall be allowed under
18 this section with respect to any qualified fuels produced
19 by a facility placed in service after December 31, 1999.”

20 **SEC. 104. REPEAL OF PERCENTAGE DEPLETION.**

21 (a) IN GENERAL.—Section 613 (relating to limita-
22 tions on percentage depletion in case of oil and gas wells)
23 is amended by adding at the end the following new sub-
24 section:

1 “(f) TERMINATION.—The allowance under section
2 611 shall be determined without regard to this section for
3 taxable years beginning after the date of the enactment
4 of this subsection.”

5 (b) TERMINATION OF SECTION 613A.—Section 613A
6 is amended by adding at the end the following new sub-
7 section:

8 “(f) TERMINATION.—The allowance under section
9 611 shall be determined without regard to this section for
10 taxable years beginning after the date of the enactment
11 of this subsection.”

12 **SEC. 105. REPEAL OF TAX BENEFITS FOR ALCOHOL FUELS.**

13 (a) REPEAL OF ALCOHOL FUELS CREDIT.—

14 (1) IN GENERAL.—Section 40 (relating to alco-
15 hol used as fuel) is hereby repealed.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Subsection (b) of section 38 is amend-
18 ed by striking paragraph (3) and by redesignig-
19 nating the following paragraphs accordingly.

20 (B) Section 87 is hereby repealed.

21 (C) Subsection (c) of section 196 is
22 amended by striking paragraph (3) and by re-
23 designating the following paragraphs accord-
24 ingly.

1 (D) Subsection (m) of section 6501 is
2 amended by striking “40(f)”.

3 (E) The table of sections for subpart D of
4 part IV of subchapter A of chapter 1 is amend-
5 ed by striking the item relating to section 40.

6 (F) The table of sections for part II of
7 subchapter B of chapter 1 is amended by strik-
8 ing the item relating to section 87.

9 (3) EFFECTIVE DATE.—The amendments made
10 by this subsection shall apply to taxable years begin-
11 ning after the date of the enactment of this Act.

12 (b) REPEAL OF REDUCED FUEL TAX RATES.—

13 (1) GASOLINE AND DIESEL FUEL.—Section
14 4081 is amended by striking subsection (c) and by
15 redesignating subsections (d) and (e) as subsections
16 (c) and (d), respectively.

17 (2) AVIATION FUEL.—Section 4091 is amended
18 by striking subsection (c).

19 (3) SPECIAL MOTOR FUELS.—

20 (A) Section 4041 is amended by striking
21 subsections (k) and (m).

22 (B) Subsection (b) of section 4041 is
23 amended by striking paragraph (2).

24 (4) CONFORMING AMENDMENTS.—

1 (A) Section 6427 is amended by striking
2 subsection (f).

3 (B) Subsection (i) of section 6427 is
4 amended by striking paragraph (3) and by re-
5 designating paragraph (4) as paragraph (3).

6 (C) Paragraph (3) of section 6427(i), as
7 redesignated by subparagraph (B), is amended
8 by striking the last sentence of subparagraph
9 (A) and inserting the following new flush sen-
10 tence:

11 “Notwithstanding subsection (l)(1), if the Sec-
12 retary has not paid pursuant to a claim filed
13 under the preceding sentence within 20 days of
14 the date of the filing of such claim, the claim
15 shall be paid with interest from such date de-
16 termined by using the overpayment rate and
17 method under section 6621.”

18 (D) Section 9502 is amended by striking
19 subsection (e).

20 (E) Subsection (b) of section 9503 is
21 amended by striking paragraph (5).

22 (5) EFFECTIVE DATE.—The amendments made
23 by this subsection shall take effect on the date of the
24 enactment of this Act.

1 **SEC. 106. REPEAL OF ENHANCED OIL RECOVERY CREDIT.**

2 (a) IN GENERAL.—Section 43 is hereby repealed.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Subsection (b) of section 38 is amended by
5 striking paragraph (5), as redesignated by section
6 105, and by redesignating the succeeding para-
7 graphs accordingly.

8 (2) The table of sections for subpart D of part
9 IV of subchapter A of chapter 1 is amended by
10 striking the item relating to section 43.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 1999.

14 **SEC. 107. REPEAL OF CREDIT AND DEDUCTION FOR ELEC-**
15 **TRIC VEHICLES, CLEAN-FUEL VEHICLES, AND**
16 **CERTAIN REFUELING PROPERTY.**

17 (a) REPEAL OF CREDIT FOR QUALIFIED ELECTRIC
18 VEHICLES.—Section 30 is hereby repealed.

19 (b) REPEAL OF DEDUCTION FOR CLEAN-FUEL VEHI-
20 CLES AND CERTAIN REFUELING PROPERTY.—Section
21 179A is hereby repealed.

22 (c) CONFORMING AMENDMENTS.—

23 (1) Paragraph (24) of section 1016(a) is
24 amended by inserting “(as in effect on the day be-
25 fore the date of the enactment of the Corporate Wel-

1 fare Elimination Act of 1999)” after “section
2 179A(e)(6)(A)”.

3 (2) Paragraph (25) of section 1016(a) is
4 amended by inserting “(as in effect on the day be-
5 fore the date of the enactment of the Corporate Wel-
6 fare Elimination Act of 1999)” after “section
7 30(d)(1)”.

8 (3) The table of sections for subpart B of part
9 IV of subchapter A of chapter 1 is amended by
10 striking the item relating to section 30.

11 (4) The table of sections for part VI of sub-
12 chapter B of chapter 1 is amended by striking the
13 item relating to section 179A.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 1999.

17 **SEC. 108. REPEAL OF DEDUCTION FOR TERTIARY**
18 **INJECTANTS.**

19 (a) IN GENERAL.—Section 193 (relating to tertiary
20 injectants) is hereby repealed.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for part VI of subchapter B of chapter 1 is amended by
23 striking the item relating to section 193.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1999.

4 **SEC. 109. REPEAL OF REHABILITATION CREDIT FOR NON-**
5 **HISTORIC STRUCTURES; REDUCTION OF RE-**
6 **HABILITATION CREDIT FOR CERTIFIED HIS-**
7 **TORIC STRUCTURES.**

8 (a) IN GENERAL.—Subsection (a) of section 47 is
9 amended to read as follows:

10 “(a) GENERAL RULE.—For purposes of section 46,
11 the rehabilitation credit for any taxable year is 15 percent
12 of the qualified rehabilitation expenditures with respect to
13 any certified historic structure.”

14 (b) CONFORMING AMENDMENTS.—

15 (1) Subparagraph (A) of section 47(c)(1) is
16 amended by adding “and” at the end of clause (ii),
17 by striking clause (iii) and by redesignating clause
18 (iv) as clause (iii).

19 (2) Paragraph (1) of section 47(c) is amended
20 by striking subparagraph (B) and by redesignating
21 subparagraphs (C) and (D) as subparagraphs (B)
22 and (C), respectively.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to property placed in service after
25 December 31, 1999.

1 **SEC. 110. REPEAL OF TREATMENT OF BLUE CROSS AND**
2 **BLUE SHIELD ORGANIZATIONS, ETC.**

3 (a) IN GENERAL.—Section 833 (relating to treat-
4 ment of Blue Cross and Blue Shield organizations, etc.)
5 is hereby repealed.

6 (b) CLERICAL AMENDMENT.—The table of sections
7 for part II of subchapter L of chapter 1 is amended by
8 striking the item relating to section 833.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 1999.

12 **SEC. 111. REPEAL OF SMALL LIFE INSURANCE COMPANY**
13 **DEDUCTION.**

14 (a) IN GENERAL.—Section 806 is hereby repealed.

15 (b) CONFORMING AMENDMENTS.—

16 (1) The text of section 804 is amended to read
17 as follows:

18 “For purposes of this part, the term ‘life insurance
19 deductions’ means the general deductions provided in sec-
20 tion 805.”

21 (2) Subparagraph (A) of section 815(c)(2) is
22 amended by adding “and” at the end of clause (i),
23 by striking clause (ii), and by redesignating clause
24 (iii) as clause (ii).

1 (3) Subparagraph (B) of section 453B(e)(2) is
2 amended by striking “(as defined in section
3 806(b)(3))”.

4 (4) Subsection (e) of section 453B is amended
5 by adding at the end the following new paragraph:

6 “(3) NONINSURANCE BUSINESS.—For purposes
7 of paragraph (2)—

8 “(A) IN GENERAL.—The term ‘noninsur-
9 ance business’ means any activity which is not
10 an insurance business.

11 “(B) CERTAIN ACTIVITIES TREATED AS IN-
12 SURANCE BUSINESSES.—For purposes of sub-
13 paragraph (A), any activity which is not an in-
14 surance business shall be treated as an insur-
15 ance business if—

16 “(i) it is of a type traditionally carried
17 on by life insurance companies for invest-
18 ment purposes, but only if the carrying on
19 of such activity (other than in the case of
20 real estate) does not constitute the active
21 conduct of a trade or business, or

22 “(ii) it involves the performance of ad-
23 ministrative services in connection with
24 plans providing life insurance, pension, or
25 accident and health benefits.”

1 (5) Subclause (II) of section 465(c)(7)(D)(v) is
 2 amended by striking “(within the meaning of section
 3 806(b)(3))” and inserting “(within the meaning of
 4 section 453B(e)(3))”.

5 (6) The table of sections for subpart C of part
 6 I of subchapter L of chapter 1 is amended by strik-
 7 ing the item relating to section 806.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 1999.

11 **SEC. 112. REPEAL OF ALTERNATIVE TAX ON SMALL PROP-**
 12 **ERTY AND CASUALTY INSURANCE COMPA-**
 13 **NIES.**

14 (a) IN GENERAL.—Section 831 (relating to tax on
 15 insurance companies other than life insurance companies)
 16 is amended by striking subsection (b) and by redesign-
 17 ating subsection (c) as subsection (b).

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subparagraph (C) of section 501(c)(15) is
 20 amended to read as follows:

21 “(C) For purposes of subparagraph (B),
 22 the term ‘controlled group’ means any con-
 23 trolled group of corporations (as defined in sec-
 24 tion 1563(a)); except that—

1 “(i) ‘more than 50 percent’ shall be
 2 substituted for ‘at least 80 percent’ each
 3 place it appears in section 1563(a), and

4 “(ii) subsections (a)(4) and (b)(2)(D)
 5 of section 1563 shall not apply.”

6 (2) Sections 832(b)(7)(D)(ii) and 834(a) are
 7 each amended by inserting “(as in effect on the day
 8 before the date of the enactment of the Corporate
 9 Welfare Elimination Act of 1999)” after “831(b)”.

10 (3) Sections 904(b)(3)(D) and 1201(a) are each
 11 amended by striking “831(a) or (b)” and inserting
 12 “831(a)”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 1999.

16 **SEC. 113. CASH ACCOUNTING AND EXPENSING FOR AGRI-**
 17 **CULTURE.**

18 (a) REPEAL OF PROVISIONS PERMITTING FARMING
 19 BUSINESSES TO USE CASH METHOD OF ACCOUNTING.—

20 (1) Section 447 is amended by striking sub-
 21 sections (g), (h), and (i).

22 (2) Subsection (b) of section 448 is amended by
 23 striking paragraph (1).

24 (b) REPEAL OF DEDUCTION FOR SOIL AND WATER
 25 CONSERVATION EXPENDITURES.—

1 (1) IN GENERAL.—Section 175 (relating to soil
2 and water conservation expenditures) is hereby re-
3 pealed.

4 (2) CLERICAL AMENDMENT.—The table of sec-
5 tions for part VI of subchapter B of chapter 1 is
6 amended by striking the item relating to section
7 175.

8 (c) REPEAL OF DEDUCTION FOR EXPENDITURES BY
9 FARMERS FOR FERTILIZER, ETC.—

10 (1) IN GENERAL.—Section 180 (relating to ex-
11 penditures by farmers for fertilizer, etc) is hereby re-
12 pealed.

13 (2) CLERICAL AMENDMENT.—The table of sec-
14 tions for part VI of subchapter B of chapter 1 is
15 amended by striking the item relating to section
16 180.

17 (d) REPEAL OF CERTAIN EXCEPTIONS PERMITTING
18 CERTAIN FARM BUSINESS TO USE CASH METHOD OF AC-
19 COUNTING.—Section 447 (relating to method of account-
20 ing for corporations engaged in farming) is amended by
21 striking subsections (d)(2), (e), (g), (h), and (i).

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 1999.

1 **SEC. 114. REPEAL OF EXCLUSION FOR CANCELLATION OF**
2 **QUALIFIED FARM INDEBTEDNESS.**

3 (a) IN GENERAL.—Paragraph (1) of section 108(a)
4 is amended by inserting “or” at the end of subparagraph
5 (B), by striking subparagraph (C), and by redesignating
6 subparagraph (D) as subparagraph (C).

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 1999.

10 **SEC. 115. REPEAL OF EXCLUSION FOR CERTAIN COST-**
11 **SHARING PAYMENTS.**

12 (a) IN GENERAL.—Section 126 (relating to certain
13 cost-sharing payments) is hereby repealed.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for part III of subchapter B of chapter 1 is amended by
16 striking the item relating to section 126.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 1999.

20 **SEC. 116. REDUCTION OF EXPENSING OF TIMBER-GROWING**
21 **COSTS.**

22 (a) IN GENERAL.—Paragraph (5) of section 263A(c)
23 (relating to general exceptions) is amended by striking
24 “This section shall not apply to” and inserting “This sec-
25 tion shall not apply to $\frac{2}{3}$ of the costs described in sub-
26 section (a)(2) with respect to”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1999.

4 **SEC. 117. REPEAL OF REFORESTATION CREDIT.**

5 (a) IN GENERAL.—Subsection (b) of section 48 is
 6 hereby repealed.

7 (b) CONFORMING AMENDMENTS.—

8 (1) The heading of section 48 is amended to
 9 read as follows:

10 **“SEC. 48. ENERGY CREDIT.”**

11 (2) The table of sections for subpart E of part
 12 IV of subchapter A of chapter 1 is amended by
 13 amending the item relating to section 48 to read as
 14 follows:

“Sec. 48. Energy credit.”

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 1999.

18 **SEC. 118. REPEAL OF RAPID AMORTIZATION OF REFOREST-**
 19 **ATION EXPENDITURES.**

20 (a) IN GENERAL.—Section 194 is hereby repealed.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Subsection (a) of section 62 is amended by
 23 striking paragraph (11).

24 (2) Subsections (a)(3)(C) and (b)(8) of section
 25 1245 are each amended by inserting “(as in effect

1 before its repeal by the Corporate Welfare Elimination Act of 1999)” after “section 194”.

3 (3) The table of sections for part VI of subchapter B of chapter 1 is amended by striking the item relating to section 194.

6 (c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

9 **SEC. 119. TERMINATION OF EXCLUSION OF CERTAIN IN-**
10 **COME OF CITIZENS OR RESIDENTS OF**
11 **UNITED STATES LIVING ABROAD.**

12 (a) IN GENERAL.—Section 911 (relating to citizens or residents of the United States living abroad) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

17 “(f) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 1999.”

19 (b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

1 **SEC. 120. REPEAL OF EXCLUSION FOR INCOME OF FOR-**
 2 **EIGN SALES CORPORATIONS.**

3 (a) IN GENERAL.—Subpart C of part III of sub-
 4 chapter N of chapter 1 (relating to taxation of foreign
 5 sales corporations) is hereby repealed.

6 (b) CLERICAL AMENDMENT.—The table of subparts
 7 for such part III is amended by striking the item relating
 8 to subpart C.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 1999.

12 **SEC. 121. REPEAL OF DEFERRAL OF INCOME OF CON-**
 13 **TROLLED FOREIGN CORPORATIONS.**

14 (a) GENERAL RULE.—Subpart F of part III of sub-
 15 chapter N of chapter 1 is amended by striking sections
 16 952, 953, and 954 and inserting the following new sec-
 17 tions:

18 **“SEC. 952. SUBPART F INCOME.**

19 “(a) GENERAL RULE.—For purposes of this subpart,
 20 the term ‘subpart F income’ means the earnings and prof-
 21 its of the controlled foreign corporation for the taxable
 22 year computed with the following adjustments:

23 “(1) There shall be excluded the amount of the
 24 earnings and profits which are attributable to in-
 25 come from sources within the United States which
 26 is effectively connected with the conduct by the con-

1 trolled foreign corporation of a trade or business
2 within the United States, except to the extent such
3 income is exempt from taxation (or subject to a re-
4 duced rate of tax) pursuant to a treaty obligation of
5 the United States. For purposes of the preceding
6 sentence, income described in paragraph (2) or (3)
7 of section 921(d) shall be treated as derived from
8 sources within the United States.

9 “(2) In determining earnings and profits (or
10 the deficit in earnings and profits), the amount of
11 any illegal bribe, kickback, or other payment (within
12 the meaning of section 162(c), except as otherwise
13 provided in this paragraph) shall not be taken into
14 account to decrease such earnings and profits or to
15 increase such deficit. The payments referred to in
16 the preceding sentence include payments which
17 would be unlawful under the Foreign Corrupt Prac-
18 tices Act of 1977 if the payor were a United States
19 person.

20 “(3) Under regulations prescribed by the Sec-
21 retary, there shall be excluded any part of any earn-
22 ings and profits if it is established to the satisfaction
23 of the Secretary that such part could not have been
24 distributed by the controlled foreign corporation to
25 United States shareholders who own (within the

1 meaning of section 958(a)) stock of such controlled
 2 foreign corporation because of currency or other re-
 3 strictions or limitations imposed under the laws of
 4 any foreign country.

5 “(4) Earnings and profits shall be determined
 6 without regard to paragraphs (4), (5), and (6) of
 7 section 312(n). Under regulations, the preceding
 8 sentence shall not apply to the extent it would in-
 9 crease earnings and profits by an amount which was
 10 previously distributed by the controlled foreign cor-
 11 poration.

12 Except as provided in this subsection and section
 13 312(k)(4), the earnings and profits of any foreign corpora-
 14 tion, and the deficit and earnings and profits of any for-
 15 eign corporation for any taxable year shall be determined
 16 according to rules similar to those applicable to domestic
 17 corporations, under regulations prescribed by the Sec-
 18 retary.

19 “(b) CERTAIN DEFICITS MAY BE TAKEN INTO AC-
 20 COUNT.—

21 “(1) TREATMENT OF CERTAIN PRIOR YEAR
 22 DEFICITS.—

23 “(A) IN GENERAL.—The amount included
 24 in the gross income of any United States share-
 25 holder under section 951(a)(1)(A)(i) for any

1 taxable year with respect to any controlled for-
2 eign corporation shall be reduced by the amount
3 of such shareholder's pro rata share of any
4 qualified deficit of such controlled foreign cor-
5 poration.

6 “(B) QUALIFIED DEFICIT.—For purposes
7 of this paragraph—

8 “(i) IN GENERAL.—The term ‘quali-
9 fied deficit’ means any deficit in the earn-
10 ings and profits of the controlled foreign
11 corporation for any prior taxable year
12 which began after December 31, 1999, and
13 for which such corporation was a con-
14 trolled foreign corporation, but only to the
15 extent such deficit has not previously been
16 taken into account under this paragraph.

17 “(ii) SPECIAL RULE FOR DEFICITS
18 BEFORE 2000.—The term ‘qualified deficit’
19 includes any deficit in earnings and profits
20 for any taxable year beginning before Jan-
21 uary 1, 2000, to the extent that such def-
22 icit qualified as a qualified deficit under
23 subsection (c)(1)(B) of this section (as in
24 effect on the day before the date of the en-
25 actment of this subsection); except that

1 any such deficit may be taken into account
2 under this paragraph only to offset
3 amounts attributable to the same activity
4 as the activity giving rise to such deficit.

5 “(C) PRO RATA SHARE.—For purposes of
6 this paragraph, the shareholder’s pro rata share
7 of any deficit shall be determined under rules
8 similar to the rules of section 951(a)(2) for
9 whichever of the following yields the smallest
10 share:

11 “(i) the close of the taxable year, or
12 “(ii) the close of the taxable year in
13 which the deficit arose.

14 “(2) CERTAIN DEFICITS OF MEMBER OF THE
15 SAME CHAIN OF CORPORATIONS MAY BE TAKEN
16 INTO ACCOUNT.—

17 “(A) IN GENERAL.—A controlled foreign
18 corporation may elect to reduce the amount of
19 its subpart F income for any taxable year by
20 the amount of any deficit in earnings and prof-
21 its of a qualified chain member for a taxable
22 year ending with (or within) the taxable year of
23 such controlled foreign corporation. To the ex-
24 tent any deficit reduces subpart F income

1 under the preceding sentence, such deficit shall
2 not be taken into account under paragraph (1).

3 “(B) QUALIFIED CHAIN MEMBER.—For
4 purposes of this paragraph, the term ‘qualified
5 chain member’ means, with respect to any con-
6 trolled foreign corporation, any other corpora-
7 tion which is created or organized under the
8 laws of the same foreign country as the con-
9 trolled foreign corporation but only if—

10 “(i) all the stock of such other cor-
11 poration (other than directors’ qualifying
12 shares) is owned at all times during the
13 taxable year in which the deficit arose (di-
14 rectly or through 1 or more corporations
15 other than the common parent) by such
16 controlled foreign corporation, or

17 “(ii) all the stock of such controlled
18 foreign corporation (other than directors’
19 qualifying shares) is owned at all times
20 during the taxable year in which the deficit
21 arose (directly or through 1 or more cor-
22 porations other than the common parent)
23 by such other corporation.

24 “(C) COORDINATION.—This paragraph
25 shall be applied after paragraph (1).

1 “(3) DETERMINATION OF DEFICIT.—In deter-
 2 mining the amount of any deficit in earnings and
 3 profits, the adjustments set forth in subsection (a)
 4 shall apply.

5 **“SEC. 953. SPECIAL RULES FOR CERTAIN INSURANCE COM-**
 6 **PANIES.**

7 “(a) SPECIAL RULE FOR CERTAIN CAPTIVE INSUR-
 8 ANCE COMPANIES.—

9 “(1) IN GENERAL.—For purposes only of tak-
 10 ing into account subpart F income which is attrib-
 11 utable to related person insurance income—

12 “(A) the term ‘United States shareholder’
 13 means, with respect to any foreign corporation,
 14 a United States person (as defined in section
 15 957(c)) who owns (within the meaning of sec-
 16 tion 958(a)) any stock of the foreign corpora-
 17 tion,

18 “(B) the term ‘controlled foreign corpora-
 19 tion’ has the meaning given to such term by
 20 section 957(a) determined by substituting ‘25
 21 percent or more’ for ‘more than 50 percent’,
 22 and

23 “(C) the pro rata share referred to in sec-
 24 tion 951(a)(1)(A)(i) shall be determined under
 25 paragraph (5) of this subsection.

1 “(2) RELATED PERSON INSURANCE INCOME.—

2 For purposes of this subsection, the term ‘related
3 person insurance income’ means any insurance in-
4 come (within the meaning of subsection (c)) attrib-
5 utable to a policy of insurance or reinsurance with
6 respect to which the person (directly or indirectly)
7 insured is a United States shareholder in the foreign
8 corporation or a related person to such a share-
9 holder.

10 “(3) EXCEPTIONS.—

11 “(A) CORPORATIONS NOT HELD BY IN-
12 SUREDS.—Paragraph (1) shall not apply to any
13 foreign corporation if at all times during the
14 taxable year of such foreign corporation—

15 “(i) less than 20 percent of the total
16 combined voting power of all classes of
17 stock of such corporation entitled to vote,
18 and

19 “(ii) less than 20 percent of the total
20 value of such corporation,
21 is owned (directly or indirectly) under the prin-
22 ciples of section 883(c)(4) by persons who are
23 (directly or indirectly) insured under any policy
24 of insurance or reinsurance issued by such cor-

poration or who are related persons to any such person.

“(B) DE MINIMIS EXCEPTION.—Paragraph (1) shall not apply to any foreign corporation for a taxable year of such corporation if the related person insurance income (determined on a gross basis) of such corporation for such taxable year is less than 20 percent of its insurance income (as so determined) for such taxable year determined without regard to those provisions of subsection (c)(1) which limit insurance income to income from countries other than the country in which the corporation was created or organized.

“(C) ELECTION TO TREAT INCOME AS EFFECTIVELY CONNECTED.—Paragraph (1) shall not apply to any foreign corporation for any taxable year if—

“(i) such corporation elects (at such time and in such manner as the Secretary may prescribe)—

“(I) to treat its related person insurance income for such taxable year as income effectively connected with

1 the conduct of a trade or business in
 2 the United States, and

3 “(II) to waive all benefits (other
 4 than with respect to section 884) with
 5 respect to related person insurance in-
 6 come granted by the United States
 7 under any treaty between the United
 8 States and any foreign country, and

9 “(ii) such corporation meets such re-
 10 quirements as the Secretary shall prescribe
 11 to ensure that the tax imposed by this
 12 chapter on such income is paid.

13 An election under this subparagraph made for
 14 any taxable year shall not be effective if the
 15 corporation (or any predecessor thereof) was a
 16 disqualified corporation for the taxable year for
 17 which the election was made or for any prior
 18 taxable year beginning after 1986.

19 “(D) SPECIAL RULES FOR SUBPARAGRAPH
 20 (C).—

21 “(i) PERIOD DURING WHICH ELEC-
 22 TION IN EFFECT.—

23 “(I) IN GENERAL.—Except as
 24 provided in subclause (II), any elec-
 25 tion under subparagraph (C) shall

1 apply to the taxable year for which
2 made and all subsequent taxable years
3 unless revoked with the consent of the
4 Secretary.

5 “(II) TERMINATION.—If a for-
6 eign corporation which made an elec-
7 tion under subparagraph (C) for any
8 taxable year is a disqualified corpora-
9 tion for any subsequent taxable year,
10 such election shall not apply to any
11 taxable year beginning after such sub-
12 sequent taxable year.

13 “(ii) EXEMPTION FROM TAX IMPOSED
14 BY SECTION 4371.—The tax imposed by
15 section 4371 shall not apply with respect
16 to any related person insurance income
17 treated as effectively connected with the
18 conduct of a trade or business within the
19 United States under subparagraph (C).

20 “(E) DISQUALIFIED CORPORATION.—For
21 purposes of this paragraph the term ‘disquali-
22 fied corporation’ means, with respect to any
23 taxable year, any foreign corporation which is a
24 controlled foreign corporation for an uninter-
25 rupted period of 30 days or more during such

1 taxable year (determined without regard to this
 2 subsection) but only if a United States share-
 3 holder (determined without regard to this sub-
 4 section) owns (within the meaning of section
 5 958(a)) stock in such corporation at some time
 6 during such taxable year.

7 “(4) TREATMENT OF MUTUAL INSURANCE COM-
 8 PANIES.—In the case of a mutual insurance
 9 company—

10 “(A) this subsection shall apply,

11 “(B) policyholders of such company shall
 12 be treated as shareholders, and

13 “(C) appropriate adjustments in the appli-
 14 cation of this subpart shall be made under reg-
 15 ulations prescribed by the Secretary.

16 “(5) DETERMINATION OF PRO RATA SHARE.—

17 “(A) IN GENERAL.—The pro rata share
 18 determined under this paragraph for any
 19 United States shareholder is the lesser of—

20 “(i) the amount which would be deter-
 21 mined under paragraph (2) of section
 22 951(a) if—

23 “(I) only related person insur-
 24 ance income were taken into account,

1 “(II) stock owned (within the
2 meaning of section 958(a)) by United
3 States shareholders on the last day of
4 the taxable year were the only stock
5 in the foreign corporation, and

6 “(III) only distributions received
7 by United States shareholders were
8 taken into account under subpara-
9 graph (B) of such paragraph (2), or

10 “(ii) the amount which would be de-
11 termined under paragraph (2) of section
12 951(a) on the basis of the entire subpart
13 F income of the foreign corporation for the
14 taxable year.

15 “(B) COORDINATION WITH OTHER PROVI-
16 SIONS.—The Secretary shall prescribe regula-
17 tions providing for such modifications to the
18 provisions of this subpart as may be necessary
19 or appropriate by reason of subparagraph (A).

20 “(6) RELATED PERSON.—For purposes of this
21 subsection—

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (B), the term ‘related person’ has
24 the meaning given such term by section 964(a).

1 “(B) TREATMENT OF CERTAIN LIABILITY
2 INSURANCE POLICIES.—In the case of any pol-
3 icy of insurance covering liability arising from
4 services performed as a director, officer, or em-
5 ployee of a corporation or as a partner or em-
6 ployee of a partnership, the person performing
7 such services and the entity for which such
8 services are performed shall be treated as re-
9 lated persons.

10 “(7) COORDINATION WITH SECTION 1248.—For
11 purposes of section 1248, if any person is (or would
12 be but for paragraph (3)) treated under paragraph
13 (1) as a United States shareholder with respect to
14 any foreign corporation which would be taxed under
15 subchapter L if it were a domestic corporation and
16 which is (or would be but for paragraph (3)) treated
17 under paragraph (1) as a controlled foreign
18 corporation—

19 “(A) such person shall be treated as meet-
20 ing the stock ownership requirements of section
21 1248(a)(2) with respect to such foreign cor-
22 poration, and

23 “(B) such foreign corporation shall be
24 treated as a controlled foreign corporation.

1 “(8) REGULATIONS.—The Secretary shall pre-
2 scribe such regulations as may be necessary to carry
3 out the purposes of this subsection, including—

4 “(A) regulations preventing the avoidance
5 of this subsection through cross insurance ar-
6 rangements or otherwise, and

7 “(B) regulations which may provide that a
8 person will not be treated as a United States
9 shareholder under paragraph (1) with respect
10 to any foreign corporation if neither such per-
11 son (nor any related person to such person) is
12 (directly or indirectly) insured under any policy
13 of insurance or reinsurance issued by such for-
14 eign corporation.

15 “(b) ELECTION BY FOREIGN INSURANCE COMPANY
16 TO BE TREATED AS DOMESTIC CORPORATION.—

17 “(1) IN GENERAL.—If—

18 “(A) a foreign corporation is a controlled
19 foreign corporation (as defined in section
20 957(a) by substituting ‘25 percent or more’ for
21 ‘more than 50 percent’ and by using the defini-
22 tion of United States shareholder under sub-
23 section (a)(1)(A) of this section),

1 “(B) such foreign corporation would qual-
2 ify under part I or II of subchapter L for the
3 taxable year if it were a domestic corporation,

4 “(C) such foreign corporation meets such
5 requirements as the Secretary shall prescribe to
6 ensure that the taxes imposed by this chapter
7 on such foreign corporation are paid, and

8 “(D) such foreign corporation makes an
9 election to have this paragraph apply and
10 waives all benefits to such corporation granted
11 by the United States under any treaty,
12 for purposes of this title, such corporation shall be
13 treated as a domestic corporation.

14 “(2) PERIOD DURING WHICH ELECTION IS IN
15 EFFECT.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B), an election under paragraph
18 (1) shall apply to the taxable year for which
19 made and all subsequent taxable years unless
20 revoked with the consent of the Secretary.

21 “(B) TERMINATION.—If a corporation
22 which made an election under paragraph (1) for
23 any taxable year fails to meet the requirements
24 of subparagraph (A), (B), or (C) of paragraph
25 (1) for any subsequent taxable year, such elec-

1 tion shall not apply to any taxable year begin-
2 ning after such subsequent taxable year.

3 “(3) TREATMENT OF LOSSES.—If any corpora-
4 tion treated as a domestic corporation under this
5 subsection is treated as a member of an affiliated
6 group for purposes of chapter 6 (relating to consoli-
7 dated returns), any loss of such corporation shall be
8 treated as a dual consolidated loss for purposes of
9 section 1503(d) without regard to paragraph (2)(B)
10 thereof.

11 “(4) EFFECT OF ELECTION.—

12 “(A) IN GENERAL.—For purposes of sec-
13 tion 367, any foreign corporation making an
14 election under paragraph (1) shall be treated as
15 transferring (as the 1st day of the 1st taxable
16 year to which such election applies) all of its as-
17 sets to a domestic corporation in connection
18 with an exchange to which section 354 applies.

19 “(B) EXCEPTION FOR PRE-1988 EARNINGS
20 AND PROFIT.—

21 “(i) IN GENERAL.—Earnings and
22 profits of the foreign corporation accumu-
23 lated in taxable years beginning before
24 January 1, 1988, shall not be included in
25 the gross income of the persons holding

1 stock in such corporation by reason of sub-
2 paragraph (A).

3 “(ii) TREATMENT OF DISTRIBUTIONS.—For purposes of this title, any dis-
4 tribution made by a corporation to which
5 an election under paragraph (1) applies
6 out of earnings and profits accumulated in
7 taxable years beginning before January 1,
8 1988, shall be treated as a distribution
9 made by a foreign corporation.
10

11 “(iii) CERTAIN RULES TO CONTINUE
12 TO APPLY TO PRE-1988 EARNINGS.—The
13 provisions specified in clause (iv) shall be
14 applied without regard to paragraph (1),
15 except that, in the case of a corporation to
16 which an election under paragraph (1) ap-
17 plies, only earnings and profits accumu-
18 lated in taxable years beginning before
19 January 1, 1988, shall be taken into ac-
20 count.

21 “(iv) SPECIFIED PROVISIONS.—The
22 provisions specified in this clause are:

23 “(I) Section 1248 (relating to
24 gain from certain sales or exchanges

1 of stock in certain foreign corpora-
2 tions).

3 “(II) This subpart to the extent
4 such subpart relates to earnings in-
5 vested in United States property or
6 amounts referred to in clause (ii) or
7 (iii) of section 951(a)(1)(A).

8 “(III) Section 884 to the extent
9 the foreign corporation reinvested
10 1987 earnings and profits in United
11 States assets.

12 “(5) EFFECT OF TERMINATION.—For purposes
13 of section 367, if—

14 “(A) an election is made by a corporation
15 under paragraph (1) for any taxable year, and

16 “(B) such election ceases to apply for any
17 subsequent taxable year,

18 such corporation shall be treated as a domestic cor-
19 poration transferring (as of the 1st day of such sub-
20 sequent taxable year) all of its property to a foreign
21 corporation in connection with an exchange to which
22 section 354 applies.

23 “(6) ADDITIONAL TAX ON CORPORATION MAK-
24 ING ELECTION.—

1 “(A) IN GENERAL.—If a corporation
 2 makes an election under paragraph (1), the
 3 amount of tax imposed by this chapter for the
 4 1st taxable year to which such election applies
 5 shall be increased by the amount determined
 6 under subparagraph (B).

7 “(B) AMOUNT OF TAX.—The amount of
 8 tax determined under this paragraph shall be
 9 equal to the lesser of—

10 “(i) $\frac{3}{4}$ of 1 percent of the aggregate
 11 amount of capital and accumulated surplus
 12 of the corporation as of December 31,
 13 1987, or

14 “(ii) \$1,500,000.

15 “(c) INSURANCE INCOME DEFINED.—For purposes
 16 of this section, the term ‘insurance income’ means any in-
 17 come which—

18 “(1) is attributable to the issuing (or rein-
 19 suring) of any insurance or annuity contract—

20 “(A) in connection with property in, liabil-
 21 ity arising out of activity in, or in connection
 22 with the lives or health of residents of, a coun-
 23 try other than the country under the laws of
 24 which the controlled foreign corporation is cre-
 25 ated or organized, or

1 “(B) in connection with risks not described
2 in subparagraph (A) as the result of any ar-
3 rangement whereby another corporation receives
4 a substantially equal amount of premiums or
5 other consideration in respect of issuing (or re-
6 insuring) a contract described in subparagraph
7 (A), and

8 “(2) would (subject to the modifications pro-
9 vided by paragraphs (1) and (2) of subsection (d))
10 be taxed under subchapter L of this chapter if such
11 income were the income of a domestic insurance
12 company.

13 “(d) SPECIAL RULES.—In determining the amount
14 of insurance income—

15 “(1) The following provisions of subchapter L
16 shall not apply:

17 “(A) The small life insurance company de-
18 duction.

19 “(B) Section 805(a)(5) (relating to oper-
20 ations loss deduction).

21 “(C) Section 832(c)(5) (relating to certain
22 capital losses).

23 “(2) The items referred to in—

24 “(A) section 803(a)(1) (relating to gross
25 amount of premiums and other considerations),

1 “(B) section 803(a)(2) (relating to net de-
2 crease in reserves),

3 “(C) section 805(a)(2) (relating to net in-
4 crease in reserves), and

5 “(D) section 832(b)(4) (relating to pre-
6 miums earned on insurance contracts),

7 shall be taken into account only to the extent they
8 are in respect of any reinsurance or the issuing of
9 any insurance or annuity contract described in sub-
10 section (a)(1).

11 “(3) All items of income, expenses, losses, and
12 deductions shall be properly allocated or apportioned
13 under regulations prescribed by the Secretary.”

14 (b) REPEAL OF EXPORT TRADE CORPORATION PRO-
15 VISIONS.—Subpart G of part III of subchapter N of chap-
16 ter 1 (relating to export trade corporations) is hereby re-
17 pealed.

18 (c) CONFORMING AMENDMENTS TO SUBPART F.—

19 (1) Subparagraph (A) of section 955(a)(1) is
20 amended by inserting “(as in effect for taxable years
21 beginning before 1987)” after “section 954(b)(2)”.

22 (2) Subsection (b) of section 955 is amended by
23 striking “within the meaning of section 954(d)(3)”
24 and inserting “within the meaning of section
25 964(a)”.

1 (3) Paragraph (2) of section 956(c) is
2 amended—

3 (A) by striking “section 953(a)(1)” in sub-
4 paragraph (E) and inserting “section
5 953(c)(1)”, and

6 (B) by inserting “(as in effect on the day
7 before the date of the enactment of this par-
8 enthetical) or under section 952(a)(1)” after
9 “section 952(b)” in subparagraph (H).

10 (4) Subsection (b) of section 957 is amended—

11 (A) by striking “income described in sec-
12 tion 953(a)” and inserting “subpart F income
13 attributable to income described in section
14 953(c)”, and

15 (B) by striking “section 953(a)(1)” and in-
16 serting “section 953(c)(1)”.

17 (5) Subsection (b) of section 958 is amended—

18 (A) by striking “954(d)(3), 956(b)(2), and
19 957” and inserting “956(b)(2), 957, and
20 964(a)”, and

21 (B) by striking “954(d)(3)” the second
22 place it appears and inserting “964(a)”.

23 (6) Subsection (b) of section 959 is amended by
24 striking “be also included in the gross income” and

1 inserting “be also included in the subpart F in-
2 come”.

3 (7) Subsection (a) of section 964 is amended to
4 read as follows:

5 “(a) RELATED PERSON.—For purposes of this part,
6 a person is a related person with respect to a controlled
7 foreign corporation, if—

8 “(1) such person is an individual, corporation,
9 partnership, trust, or estate which controls, or is
10 controlled by, the controlled foreign corporation, or

11 “(2) such person is a corporation, partnership,
12 trust, or estate which is controlled by the same per-
13 son or persons which control the controlled foreign
14 corporation.

15 For purposes of the preceding sentence, control means,
16 with respect to a corporation, the ownership, directly or
17 indirectly, of stock possessing more than 50 percent of the
18 total voting power of all classes of stock entitled to vote
19 or of the total value of stock of such corporation. In the
20 case of a partnership, trust, or estate, control means the
21 ownership, directly or indirectly, more than 50 percent (by
22 value) of the beneficial interests in such partnership, trust,
23 or estate. For purposes of this paragraph, rules similar
24 to the rules of section 958 shall apply.”

1 (8) Section 964 is amended by striking sub-
2 section (b).

3 (9) The table of sections for subpart F of part
4 III of subchapter N of chapter 1 is amended by
5 striking the items relating to sections 952, 953 and
6 954 and inserting the following:

 “Sec. 952. Subpart F income.

 “Sec. 953. Special rules for certain insurance companies.”

7 (d) OTHER CONFORMING AMENDMENTS.—

8 (1) Paragraph (2) of section 552(c) is
9 amended—

10 (A) by amending subparagraph (A) to read
11 as follows:

12 “(A) is received from a related person
13 which (i) is a corporation created or organized
14 under the laws of the same foreign country
15 under the laws of which the foreign corporation
16 involved was created or organized, and (ii) has
17 a substantial part of its assets used in its trade
18 or business located in such same foreign coun-
19 try, and”, and

20 (B) by striking “954(d)(3)” and inserting
21 “964(a)”.

22 (2) Subparagraph (B) of section 861(c)(2) is
23 amended by striking “954(d)(3)” and inserting
24 “964(a)”.

1 (3) Subparagraph (A) of section 864(d)(5) is
2 amended by striking clauses (ii), (iii), and (iv).

3 (4) Subparagraph (A) of section 881(c)(5) is
4 hereby repealed.

5 (5) Subparagraph (D) of section 884(d)(2) is
6 amended by striking “953(c)(3)(C)” and inserting
7 “953(a)(3)(C)”.

8 (6) Subparagraph (A) of section 898(b)(3) is
9 amended—

10 (A) by striking “953(c)(2)” and inserting
11 “953(a)(2)”, and

12 (B) by striking “953(c)(1) and inserting
13 “953(a)(1)”.

14 (7) Clause (i) of section 904(d)(2)(A) is amend-
15 ed by inserting “, as in effect on the day before the
16 date of the repeal of such section” after “section
17 954(c)”.

18 (8) Subclause (III) of section 904(d)(2)(C)(ii)
19 is amended by striking “953(a)” and inserting
20 “953(c)”.

21 (9) Subparagraph (D) of section 904(d)(2) is
22 amended—

23 (A) by inserting “, as in effect on the day
24 before the date of the repeal of such section”
25 after “954(f)”, and

1 (B) by inserting “or passive income” be-
2 fore the period at the end thereof.

3 (10) Subparagraph (H) of section 904(d)(2) is
4 amended by striking “954(d)(3)” and inserting
5 “964(a)”.

6 (11) Subparagraph (E) of section 904(d)(3) is
7 hereby repealed.

8 (12) Subparagraph (C) of section 988(a)(3) is
9 amended by striking “954(d)(3)” and inserting
10 “964(a)”.

11 (13) Subsection (c) of section 999 is
12 amended—

13 (A) by striking “, 952(a)(3),” in para-
14 graph (1), and

15 (B) by striking “, the addition to subpart
16 F income under section 952(a)(3),” in para-
17 graph (2).

18 (14) Subsection (a) of section 6046 is amended
19 by striking “953(c)” and inserting “953(a)”.

20 (15) The table of subparts for part III of sub-
21 chapter M of chapter 1 is amended by striking the
22 item relating to subpart G.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years of controlled for-
25 eign corporations beginning after December 31, 1999, and

1 to the taxable years of United States shareholders with
 2 which (or in which) such taxable years of controlled for-
 3 eign corporations end.

4 **SEC. 122. REPEAL OF DEFERRAL OF TAX UNDER MER-**
 5 **CHANT MARINE CAPITAL CONSTRUCTIONS**
 6 **FUNDS.**

7 (a) IN GENERAL.—Subsection (c) of section 7518
 8 (relating to tax incentives relating to Merchant Marine
 9 Capital Construction Fund) is amended by adding at the
 10 end the following new paragraph:

11 “(3) TERMINATION.—Subparagraphs (A), (B),
 12 and (C) of paragraph (1) shall not apply to any tax-
 13 able year beginning after December 31, 1999.”

14 (b) CONFORMING AMENDMENT TO MERCHANT MA-
 15 RINE ACT, 1936.—Subsection (d) of section 607 of the
 16 Merchant Marine Act, 1936, is amended by adding at the
 17 end the following new paragraph:

18 “(3) TERMINATION.—Subparagraphs (A), (B),
 19 and (C) of paragraph (1) shall not apply to any tax-
 20 able year beginning after December 31, 1999.”

21 **SEC. 123. REPEAL OF SPECIAL TREATMENT FOR MAGAZINE**
 22 **CIRCULATION EXPENDITURES.**

23 (a) IN GENERAL.—Section 173 (relating to circula-
 24 tion expenditures) is hereby repealed.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Subparagraph (A) of section 56(b)(2) is
2 amended to read as follows:

3 “(A) IN GENERAL.—The amount allowable
4 as a deduction under section 174(a) in com-
5 puting the regular tax for amounts paid or in-
6 curred after December 31, 1986, shall be cap-
7 italized and shall be amortized ratably over the
8 10-year period beginning with the taxable year
9 in which the expenditures were made.”

10 (2) Paragraph (2) of section 56(c) is amended
11 by striking subparagraph (C).

12 (3) Clause (ii) of section 56(g)(4)(D) is amend-
13 ed to read as follows:

14 “(ii) AMORTIZATION OF ORGANIZA-
15 TION EXPENDITURES NOT TO APPLY.—
16 Section 248 shall not apply to expenditures
17 paid or incurred in taxable year beginning
18 after December 31, 1989.”

19 (4) Paragraph (1) of section 59(e) is amended
20 by striking “(3-year period in the case of circulation
21 expenditures described in section 173)”.
22

23 (5) Paragraph (2) of section 59(e) is amended
24 by striking subparagraph (A) and by redesignating
the following subparagraphs accordingly.

1 (6) Paragraph (3) of section 312(n) is amended
2 to read as follows:

3 “(3) AMORTIZATION OF ORGANIZATION EX-
4 PENDITURES NOT TO APPLY.—Section 248 shall not
5 apply.”

6 (7) Subparagraph (B) of section 1016(a)(1) is
7 amended by striking “expenditures” and inserting
8 “expenditures, as in effect on the day before the
9 date of the enactment of the Corporate Welfare
10 Elimination Act of 1999”.

11 (8) The table of sections for part VI of sub-
12 chapter B of chapter 1 is amended by striking the
13 item relating to section 173.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to amounts paid or incurred after
16 December 31, 1999.

17 **SEC. 124. REPEAL OF SPECIAL TREATMENT FOR RETURNS**
18 **OF MAGAZINES, PAPERBACKS, AND RECORDS.**

19 (a) IN GENERAL.—Section 458 (relating to maga-
20 zines, paperbacks, and records returned after the close of
21 the taxable year) is hereby repealed.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for subpart B of part II of subchapter E of chapter 1
24 is amended by striking the item relating to section 458.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 1999.

4 **TITLE II—NATURAL RESOURCES**

5 **SEC. 201. PUBLIC RESOURCES DEFICIT REDUCTION ACT OF** 6 **1999.**

7 This title may be cited as the “Public Resources Def-
 8 icit Reduction Act of 1999”.

9 **Subtitle A—General Provisions**

10 **SEC. 211. FAIR MARKET VALUE FOR RESOURCE DISPOSAL.**

11 (a) IN GENERAL.—Notwithstanding any other provi-
 12 sion of law, no timber, minerals, forage, or other natural
 13 resource owned by the United States, no Federally owned
 14 water, and no hydroelectric energy generated at a Federal
 15 facility may be sold, leased, or otherwise disposed of by
 16 any department, agency, or instrumentality of the United
 17 States for an amount less than fair market value, as deter-
 18 mined by such department, agency, or instrumentality.

19 (b) STAGGERED EFFECTIVE DATES.—

20 (1) EXISTING CONTRACTS, LEASES, AND
 21 AGREEMENTS.—Subsection (a) shall not apply to
 22 any existing contract, lease, or other binding ar-
 23 rangement entered into before the date of the enact-
 24 ment of this title unless such contract, lease, or

1 other arrangement is renewed or extended after such
2 date.

3 (2) CONTRACTS, LEASES, AND AGREEMENTS
4 ENTERED INTO IN 5-YEAR PERIOD.—In the case of
5 any contract, lease, or other binding arrangement
6 entered into or renewed or extended during the 5-
7 year period beginning on the date of the enactment
8 of this title, subsection (a) shall apply immediately
9 upon the expiration of such period.

10 (3) CONTRACTS, LEASES, AND AGREEMENTS
11 ENTERED INTO AFTER 5-YEAR PERIOD.—Subsection
12 (a) shall apply immediately to all contracts, leases,
13 or other binding arrangements entered into or re-
14 newed or extended after the end of the 5-year period
15 beginning on the date of the enactment of this title.

16 (c) WAIVER.—The President may waive the require-
17 ments of subsection (a) whenever the President deter-
18 mines that such waiver is in the national interest. The
19 President shall submit a notice to Congress containing an
20 explanation of the reasons for any such determination
21 within 60 days after the date of the determination.

22 **SEC. 212. FEES FROM PROGRAM BENEFICIARIES.**

23 (a) GENERAL AUTHORITY.—The Secretary of the In-
24 terior and the Secretary of Agriculture are each author-
25 ized to establish and collect from persons subject to pro-

1 grams administered by each such Secretary such user fees
 2 as may be necessary to reimburse the United States for
 3 the expenses incurred in administering such programs.
 4 The aggregate amount of fees that may be assessed and
 5 collected under this section by each such Secretary in any
 6 fiscal year from persons subject to any such program shall
 7 not exceed the aggregate amount of expenses incurred in
 8 administering such program in such fiscal year.

9 (b) EFFECTIVE DATE; OIL AND GAS LEASE TRANS-
 10 FERS.—The Secretary of the Interior and the Secretary
 11 of Agriculture may, by rule, establish the applicable effec-
 12 tive date of any fee to be imposed under this section, ex-
 13 cept that fees shall be established and collected under this
 14 section from each person receiving a transfer of a Federal
 15 onshore oil and gas lease after the date of the enactment
 16 of this title.

17 **SEC. 213. REVENUES FROM SALE, LEASE, AND TRANSFER**
 18 **OF ASSETS.**

19 (a) IN GENERAL.—Section 1105(a) of chapter 11 of
 20 title 31, United States Code, is amended by inserting after
 21 paragraph (30) the following new paragraph:

22 “(31) a separate statement, asset by asset and
 23 aggregated by major functional category, of—

24 “(A) projected revenues during the fiscal
 25 year for which the budget is submitted from the

1 anticipated sale, lease, or transfer of any phys-
2 ical asset; and

3 “(B) the estimated price at which this
4 asset or a comparable asset would be sold in an
5 arms length transaction in the private sector.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall become effective for fiscal year 2001
8 and shall be fully reflected in the fiscal year 2001 budget
9 submitted by the President in February 2000 under sec-
10 tion 1105(a) of title 31, United States Code.

11 **Subtitle B—Revenue From Mining** 12 **Claims**

13 **SEC. 221. DEFINITIONS.**

14 (a) DEFINITIONS.—As used in this subtitle:

15 (1) The term “locatable mineral” means any
16 mineral not subject to disposition under any of the
17 following:

18 (A) The Mineral Leasing Act (30 U.S.C.
19 181 et seq.).

20 (B) The Geothermal Steam Act of 1970
21 (30 U.S.C. 1001 et seq.).

22 (C) The Act of July 31, 1947, commonly
23 known as the Materials Act of 1947 (30 U.S.C.
24 601 et seq.).

1 (D) The Mineral Leasing Act for Acquired
2 Lands (30 U.S.C. 351 et seq.).

3 (2) The term “mineral activities” means any
4 activity for, related to, or incidental to mineral ex-
5 ploration, mining, beneficiation, and processing ac-
6 tivities for any locatable mineral, including access.
7 When used with respect to this term:

8 (A) The term “exploration” means those
9 techniques employed to locate the presence of a
10 locatable mineral deposit and to establish its
11 nature, position, size, shape, grade, and value.

12 (B) The term “mining” means the proc-
13 esses employed for the extraction of a locatable
14 mineral from the earth.

15 (C) The term “beneficiation” means the
16 crushing and grinding of locatable mineral ore
17 and such processes as are employed to free the
18 mineral from other constituents, including but
19 not necessarily limited to, physical and chemical
20 separation techniques.

21 (D) The term “processing” means proc-
22 esses downstream of beneficiation employed to
23 prepare locatable mineral ore into the final
24 marketable product, including but not limited
25 to, smelting and electrolytic refining.

1 (3) The term “mining claim” means a claim for
2 the purposes of mineral activities.

3 (4) The term “Secretary” means, unless other-
4 wise provided in this subtitle, the Secretary of the
5 Interior acting through the Director of the Minerals
6 Management Service.

7 **SEC. 222. MINING CLAIM MAINTENANCE REQUIREMENTS.**

8 (a) IN GENERAL.—The holder of each mining claim
9 located on lands open to location shall pay to the Secretary
10 an annual claim maintenance fee of \$100 per claim per
11 calendar year.

12 (b) TIME OF PAYMENT.—The claim maintenance fee
13 payable pursuant to subsection (a) for any year shall be
14 paid on or before August 31 of each year, except that for
15 the initial calendar year in which the location is made,
16 the locator shall pay the initial claim maintenance fee at
17 the time the location notice is recorded with the Bureau
18 of Land Management.

19 (c) OIL SHALE CLAIMS SUBJECT TO CLAIM MAINTENANCE FEES UNDER ENERGY POLICY ACT OF 1992.—
20 This section shall not apply to any oil shale claims for
21 which a fee is required to be paid under section 2511(e)(2)
22 of the Energy Policy Act of 1992 (106 Stat. 3111; 30
23 U.S.C. 242).

1 (d) CLAIM MAINTENANCE FEES PAYABLE UNDER
2 1993 ACT.—The claim maintenance fees payable under
3 this section for any period with respect to any claim shall
4 be reduced by the amount of the claim maintenance fees
5 paid under section 10101 of the Omnibus Budget Rec-
6 onciliation Act of 1993 (30 U.S.C. 28f) with respect to
7 that claim and with respect to the same period.

8 (e) WAIVER.—(1) The claim maintenance fee re-
9 quired under this section may be waived for a claim holder
10 who certifies in writing to the Secretary that on the date
11 the payment was due, the claim holder and all related par-
12 ties held not more than 10 mining claims on lands open
13 to location. Such certification shall be made on or before
14 the date on which payment is due.

15 (2) For purposes of paragraph (1), with respect to
16 any claim holder, the term “related party” means each
17 of the following:

18 (A) The spouse and dependent children (as de-
19 fined in section 152 of the Internal Revenue Code of
20 1986) of the claim holder.

21 (B) Any affiliate of the claim holder.

22 (f) CO-OWNERSHIP.—Upon the failure of any one or
23 more of several co-owners to contribute such co-owner or
24 owners’ portion of the fee under this section, any co-owner
25 who has paid such fee may, after the payment due date,

1 give the delinquent co-owner or owners notice of such fail-
2 ure in writing (or by publication in the newspaper nearest
3 the claim for at least once a week for at least 90 days).
4 If at the expiration of 90 days after such notice in writing
5 or by publication, any delinquent co-owner fails or refuses
6 to contribute his portion, his interest in the claim shall
7 become the property of the co-owners who have paid the
8 required fee.

9 **SEC. 223. ROYALTY.**

10 (a) RESERVATION OF ROYALTY.—Production of all
11 locatable minerals from any mining claim located under
12 the general mining laws, or mineral concentrates or prod-
13 ucts derived from locatable minerals from any mining
14 claim located under the general mining laws, as the case
15 may be, shall be subject to a royalty of 8 percent of the
16 gross income from such production. The claimholder and
17 any operator to whom the claimholder has assigned the
18 obligation to make royalty payments under the claim and
19 any person who controls such claimholder or operator shall
20 be jointly and severally liable for payment of such royal-
21 ties.

22 (b) DUTIES OF CLAIM HOLDERS, OPERATORS, AND
23 TRANSPORTERS.—(1) A person—

24 (A) who is required to make any royalty pay-
25 ment under this section shall make such payments

1 to the United States at such times and in such man-
2 ner as the Secretary may by rule prescribe; and

3 (B) shall notify the Secretary, in the time and
4 manner as may be specified by the Secretary, of any
5 assignment that such person may have made of the
6 obligation to make any royalty or other payment
7 under a mining claim.

8 (2) Any person paying royalties under this section
9 shall file a written instrument, together with the first roy-
10 alty payment, affirming that such person is liable to the
11 Secretary for making proper payments for all amounts due
12 for all time periods for which such person has a payment
13 responsibility. Such liability for the period referred to in
14 the preceding sentence shall include any and all additional
15 amounts billed by the Secretary and determined to be due
16 by final agency or judicial action. Any person liable for
17 royalty payments under this section who assigns any pay-
18 ment obligation shall remain jointly and severally liable
19 for all royalty payments due for the claim for the period.

20 (3) A person conducting mineral activities shall—

21 (A) develop and comply with the site security
22 provisions in operations permit designed to protect
23 from theft the locatable minerals, concentrates, or
24 products derived therefrom which are produced or
25 stored on a mining claim, and such provisions shall

1 conform with such minimum standards as the Sec-
2 retary may prescribe by rule, taking into account the
3 variety of circumstances on mining claims; and

4 (B) not later than the 5th business day after
5 production begins anywhere on a mining claim, or
6 production resumes after more than 90 days after
7 production was suspended, notify the Secretary, in
8 the manner prescribed by the Secretary, of the date
9 on which such production has begun or resumed.

10 (4) The Secretary may by rule require any person en-
11 gaged in transporting a locatable mineral, concentrate, or
12 product derived therefrom to carry on his or her person,
13 in his or her vehicle, or in his or her immediate control,
14 documentation showing, at a minimum, the amount, ori-
15 gin, and intended destination of the locatable mineral, con-
16 centrate, or product derived therefrom in such cir-
17 cumstances as the Secretary determines is appropriate.

18 (c) RECORDKEEPING AND REPORTING REQUIRE-
19 MENTS.—(1) A claim holder, operator, or other person di-
20 rectly involved in developing, producing, processing, trans-
21 porting, purchasing, or selling locatable minerals, con-
22 centrates, or products derived therefrom, subject to this
23 title, through the point of royalty computation shall estab-
24 lish and maintain any records, make any reports, and pro-
25 vide any information that the Secretary may reasonably

1 require for the purposes of implementing this section or
2 determining compliance with rules or orders under this
3 section. Such records shall include, but not be limited to,
4 periodic reports, records, documents, and other data. Such
5 reports may also include, but not be limited to, pertinent
6 technical and financial data relating to the quantity, qual-
7 ity, composition volume, weight, and assay of all minerals
8 extracted from the mining claim. Upon the request of any
9 officer or employee duly designated by the Secretary or
10 any State conducting an audit or investigation pursuant
11 to this section, the appropriate records, reports, or infor-
12 mation which may be required by this section shall be
13 made available for inspection and duplication by such offi-
14 cer or employee or State.

15 (2) Records required by the Secretary under this sec-
16 tion shall be maintained for 6 years after cessation of all
17 mining activity at the claim concerned unless the Sec-
18 retary notifies the operator that he or she has initiated
19 an audit or investigation involving such records and that
20 such records must be maintained for a longer period. In
21 any case when an audit or investigation is underway,
22 records shall be maintained until the Secretary releases
23 the operator of the obligation to maintain such records.

24 (d) AUDITS.—The Secretary is authorized to conduct
25 such audits of all claim holders, operators, transporters,

1 purchasers, processors, or other persons directly or indi-
2 rectly involved in the production or sales of minerals cov-
3 ered by this subtitle, as the Secretary deems necessary for
4 the purposes of ensuring compliance with the require-
5 ments of this section. For purposes of performing such
6 audits, the Secretary shall, at reasonable times and upon
7 request, have access to, and may copy, all books, papers
8 and other documents that relate to compliance with any
9 provision of this section by any person.

10 (e) COOPERATIVE AGREEMENTS.—(1) The Secretary
11 is authorized to enter into cooperative agreements with the
12 Secretary of Agriculture to share information concerning
13 the royalty management of locatable minerals, con-
14 centrates, or products derived therefrom, to carry out in-
15 spection, auditing, investigation, or enforcement (not in-
16 cluding the collection of royalties, civil or criminal pen-
17 alties, or other payments) activities under this section in
18 cooperation with the Secretary, and to carry out any other
19 activity described in this section.

20 (2) Except as provided in paragraph (4)(A) of this
21 subsection (relating to trade secrets), and pursuant to a
22 cooperative agreement, the Secretary of Agriculture shall,
23 upon request, have access to all royalty accounting infor-
24 mation in the possession of the Secretary respecting the
25 production, removal, or sale of locatable minerals, con-

1 concentrates, or products derived therefrom from claims on
2 lands open to location under the general mining laws.

3 (3) Trade secrets, proprietary, and other confidential
4 information shall be made available by the Secretary pur-
5 suant to a cooperative agreement under this subsection to
6 the Secretary of Agriculture upon request only if—

7 (A) the Secretary of Agriculture consents in
8 writing to restrict the dissemination of the informa-
9 tion to those who are directly involved in an audit
10 or investigation under this section and who have a
11 need to know;

12 (B) the Secretary of Agriculture accepts liabil-
13 ity for wrongful disclosure; and

14 (C) the Secretary of Agriculture demonstrates
15 that such information is essential to the conduct of
16 an audit or investigation under this subsection.

17 (f) INTEREST AND SUBSTANTIAL UNDERREPORTING
18 ASSESSMENTS.—(1) In the case of mining claims where
19 royalty payments are not received by the Secretary on the
20 date that such payments are due, the Secretary shall
21 charge interest on such under payments at the same inter-
22 est rate as is applicable under section 6621(a)(2) of the
23 Internal Revenue Code of 1986. In the case of an under-
24 payment, interest shall be computed and charged only on
25 the amount of the deficiency and not on the total amount.

1 (2) If there is any underreporting of royalty owed on
2 production from a claim for any production month by any
3 person liable for royalty payments under this section, the
4 Secretary may assess a penalty of 10 percent of the
5 amount of that underreporting.

6 (3) If there is a substantial underreporting of royalty
7 owed on production from a claim for any production
8 month by any person responsible for paying the royalty,
9 the Secretary may assess an additional penalty of 10 per-
10 cent of the amount of that underreporting.

11 (4) For the purposes of this subsection, the term
12 “underreporting” means the difference between the roy-
13 alty on the value of the production which should have been
14 reported and the royalty on the value of the production
15 which was reported, if the value which should have been
16 reported is greater than the value which was reported. An
17 underreporting constitutes a “substantial underreporting”
18 if such difference exceeds 10 percent of the royalty on the
19 value of production which should have been reported.

20 (5) The Secretary shall not impose the assessment
21 provided in paragraph (2) or (3) of this subsection if the
22 person liable for royalty payments under this section cor-
23 rects the underreporting before the date such person re-
24 ceives notice from the Secretary that an underreporting

1 may have occurred, or before 90 days after the date of
2 the enactment of this section, whichever is later.

3 (6) The Secretary shall waive any portion of an as-
4 sessment under paragraph (2) or (3) of this subsection
5 attributable to that portion of the underreporting for
6 which the person responsible for paying the royalty dem-
7 onstrates that—

8 (A) such person had written authorization from
9 the Secretary to report royalty on the value of the
10 production on the basis on which it was reported,

11 (B) such person had substantial authority for
12 reporting royalty on the value of the production on
13 the basis on which it was reported,

14 (C) such person previously had notified the Sec-
15 retary, in such manner as the Secretary may by rule
16 prescribe, of relevant reasons or facts affecting the
17 royalty treatment of specific production which led to
18 the underreporting, or

19 (D) such person meets any other exception
20 which the Secretary may, by rule, establish.

21 (7) All penalties collected under this subsection shall
22 be deposited in the Treasury.

23 (g) EXPANDED ROYALTY OBLIGATIONS.—Each per-
24 son liable for royalty payments under this section shall
25 be jointly and severally liable for royalty on all locatable

1 minerals, concentrates, or products derived therefrom lost
2 or wasted from a mining claim located or converted under
3 this section when such loss or waste is due to negligence
4 on the part of any person or due to the failure to comply
5 with any rule, regulation, or order issued under this sec-
6 tion.

7 (h) EXCEPTION.—No royalty shall be payable under
8 subsection (a) with respect to minerals processed at a fa-
9 cility by the same person or entity which extracted the
10 minerals if an urban development action grant has been
11 made under section 119 of the Housing and Community
12 Development Act of 1974 with respect to any portion of
13 such facility.

14 (i) EFFECTIVE DATE.—The royalty under this sec-
15 tion shall take effect with respect to the production of
16 locatable minerals after the enactment of this title, but
17 any royalty payments attributable to production during
18 the first 12 calendar months after the enactment of this
19 title shall be payable at the expiration of such 12-month
20 period.

21 **SEC. 224. SEVERANCE TAX.**

22 (a) SEVERANCE TAX ON MINERALS.—Chapter 36 of
23 the Internal Revenue Code of 1986 (relating to certain
24 other excise taxes) is amended by adding at the end the
25 following new subchapter:

1 **“Subchapter G—Tax on Severance of**
 2 **Locatable Minerals**

3 **“SEC. 4500. TAX ON SEVERANCE OF LOCATABLE MINERALS.**

4 “(a) IN GENERAL.—There is hereby imposed a tax
 5 on gross income resulting from the severance of any
 6 locatable mineral, or mineral concentrates or products,
 7 from a mine or other natural deposit located within the
 8 United States.

9 “(b) AMOUNT OF TAX.—The amount of the tax im-
 10 posed by subsection (a) shall be 8 percent of the gross
 11 income derived from the locatable mineral, or from the
 12 mineral concentrates or products, severed as described in
 13 such subsection.

14 “(c) EXCEPTION IF ROYALTY IMPOSED.—Subsection
 15 (a) shall not apply to gross income with respect to which
 16 a royalty is imposed by section 203 of the Public Re-
 17 sources Deficit Reduction Act of 1999.”.

18 (b) CONFORMING AMENDMENT.—The table of sub-
 19 chapters for chapter 36 of such Code (relating to certain
 20 other excise taxes) is amended by adding at the end the
 21 following new item:

“SUBCHAPTER G. Tax on severance of locatable minerals.”.

22 **SEC. 225. FUND FOR ABANDONED LOCATABLE MINERALS**
 23 **MINE RECLAMATION.**

24 (a) ESTABLISHMENT OF FUND.—(1) There is estab-
 25 lished on the books of the Treasury of the United States

1 a trust fund to be known as the Abandoned Locatable
2 Minerals Mine Reclamation Fund (hereinafter in this sub-
3 title referred to as the ‘Fund’). The Fund shall be admin-
4 istered by the Secretary acting through the Director of
5 the Office of Surface Mining Reclamation and Enforce-
6 ment.

7 (2) The Secretary shall notify the Secretary of the
8 Treasury as to what portion of the Fund is not, in the
9 Secretary’s judgment, required to meet current with-
10 draws. The Secretary of the Treasury shall invest such
11 portion of the Fund in public debt securities with matu-
12 rities suitable for the needs of such Fund and bearing in-
13 terest at rates determined by the Secretary of the Treas-
14 ury, taking into consideration current market yields on
15 outstanding marketplace obligations of the United States
16 of comparable maturities. The income on such investments
17 shall be credited to, and form a part of, the Fund.

18 (b) AMOUNTS.—The following amounts shall be cred-
19 ited to the Fund:

20 (1) All moneys received from royalties under
21 section 223.

22 (2) All taxes collected under section 4500 of the
23 Internal Revenue Code of 1986.

1 (3) All donations by persons, corporations, as-
2 sociations, and foundations for the purposes of this
3 section.

4 (c) USE AND OBJECTIVES OF THE FUND.—The Sec-
5 retary is authorized, subject to appropriations, to use
6 moneys in the Fund for the reclamation and restoration
7 of land and water resources adversely affected by past
8 mineral activities on lands the legal and beneficial title to
9 which resides in the United States, and of land within the
10 exterior boundary of any National Forest System unit.

11 (d) SPECIFIC SITES AND AREAS NOT ELIGIBLE.—
12 The provisions of section 411(d) of the Surface Mining
13 Control and Reclamation Act of 1977 (30 U.S.C.
14 1240a(d)) shall apply to expenditures made from the
15 Fund established under this section.

16 (e) FUND EXPENDITURES.—Moneys available from
17 the Fund may be expended for the purposes specified in
18 subsection (c) directly by the Director of the Office of Sur-
19 face Mining Reclamation and Enforcement. The Director
20 may also make such money available for such purposes
21 to the Director of the Bureau of Land Management, to
22 the Chief of the United States Forest Service, to the Di-
23 rector of the National Park Service, to the Director of the
24 United States Fish and Wildlife Service, to any other
25 agency of the United States, to an Indian tribe, or to any

1 public entity that volunteers to develop and implement,
2 and that has the ability to carry out, all or a significant
3 portion of a reclamation program under this subtitle.

4 (f) AUTHORIZATION OF APPROPRIATIONS.—Amounts
5 credited to the Fund are authorized to be appropriated
6 for the purpose of this section without fiscal year limita-
7 tion.

8 **SEC. 226. LIMITATION ON PATENT ISSUANCE.**

9 (a) MINING CLAIMS.—After the date of enactment of
10 this title, no patent shall be issued by the United States
11 for any mining claim located under the general mining
12 laws unless the Secretary determines that, for the claim
13 concerned—

14 (1) a patent application was filed with the Sec-
15 retary on or before January 27, 1995; and

16 (2) all requirements established under sections
17 2325 and 2326 of the Revised Statutes (30 U.S.C.
18 29 and 30) for vein or lode claims and sections
19 2329, 2330, 2331, and 2333 of the Revised Statutes
20 (30 U.S.C. 35, 36, and 37) for placer claims were
21 fully complied with by that date.

22 If the Secretary makes the determinations referred to in
23 paragraphs (1) and (2) for any mining claim, the holder
24 of the claim shall be entitled to the issuance of a patent
25 in the same manner and degree to which such claim holder

1 would have been entitled to prior to the enactment of this
2 title, unless and until such determinations are withdrawn
3 or invalidated by the Secretary or by a court of the United
4 States.

5 (b) MILL SITES.—After the date of enactment of this
6 title, no patent shall be issued by the United States for
7 any mill site claim located under the general mining laws
8 unless the Secretary determines that for the mill site
9 concerned—

10 (1) a patent application for such land was filed
11 with the Secretary on or before January 27, 1999;
12 and

13 (2) all requirements applicable to such patent
14 application were fully complied with by that date.

15 If the Secretary makes the determinations referred to in
16 paragraphs (1) and (2) for any mill site claim, the holder
17 of the claim shall be entitled to the issuance of a patent
18 in the same manner and degree to which such claim holder
19 would have been entitled to prior to the enactment of this
20 title, unless and until such determinations are withdrawn
21 or invalidated by the Secretary or by a court of the United
22 States.

23 **SEC. 227. PURCHASING POWER ADJUSTMENT.**

24 The Secretary shall adjust all dollar amounts estab-
25 lished in this subtitle for changes in the purchasing power

1 of the dollar every 10 years following the date of enact-
2 ment of this title, employing the Consumer Price Index
3 for all-urban consumers published by the Department of
4 Labor as the basis for adjustment, and rounding accord-
5 ing to the adjustment process of conditions of the Federal
6 Civil Penalties Inflation Adjustment Act of 1990 (104
7 Stat. 890).

8 **SEC. 228. SAVINGS CLAUSE.**

9 Nothing in this title shall be construed as repealing
10 or modifying any Federal law, regulation, order, or land
11 use plan, in effect prior to the effective date of this title,
12 that prohibits or restricts the application of the general
13 mining laws, including such laws that provide for special
14 management criteria for operations under the general
15 mining laws as in effect prior to the effective date of this
16 title, to the extent such laws provide environmental protec-
17 tion greater than required under this subtitle.

18 **SEC. 229. EFFECTIVE DATE.**

19 Except as otherwise provided in section 226 (relating
20 to limitation on patent issuance), this subtitle shall take
21 effect on the date 1 year after the date of enactment of
22 this title.

1 **Subtitle C—Use or Disposal of**
2 **Federal Natural Resources**

3 **SEC. 231. ANNUAL DOMESTIC LIVESTOCK GRAZING FEE.**

4 The Federal Land Policy and Management Act of
5 1976 is amended by inserting after section 401 (43 U.S.C.
6 1751) the following new section:

7 **“SEC. 401A. ESTABLISHMENT OF FAIR MARKET VALUE**
8 **GRAZING FEES.**

9 “(a) ESTABLISHMENT OF ANNUAL DOMESTIC LIVE-
10 STOCK GRAZING FEE.—(1) Notwithstanding any other
11 provision of law, the Secretary of Agriculture, with respect
12 to National Forest System lands in the 16 contiguous
13 Western States (except National Grasslands) administered
14 by the Forest Service where domestic livestock grazing is
15 permitted under applicable law, shall establish an annual
16 domestic livestock grazing fee equal to fair market value.

17 “(2) Notwithstanding any other provision of law, the
18 Secretary of the Interior, with respect to public domain
19 lands administered by the Bureau of Land Management
20 where domestic livestock grazing is permitted under appli-
21 cable law, shall establish an annual domestic livestock
22 grazing fee equal to fair market value.

23 “(b) CALCULATION OF FAIR MARKET VALUE.—(1)
24 For purposes of determining the annual domestic livestock
25 grazing fee under this section, the Secretary concerned

1 shall calculate fair market value using the following for-
 2 mula:

$$\text{Fair Market Value} = \frac{\text{Appraised Base Value} \times \text{Forage Value Index}}{100}$$

3 “(2) For purposes of the formula in paragraph (1):

4 “(A) The term ‘Forage Value Index’ means the
 5 Forage Value Index (FVI) computed annually by the
 6 Economic Research Service, United States Depart-
 7 ment of Agriculture, and set with the 1999 FVI
 8 equal to 100; and

9 “(B) The term ‘Appraised Base Value’ means
 10 the 1983 Appraisal Value conclusions for mature
 11 cattle and horses (expressed in dollars per head or
 12 per month), as determined in the 1986 report pre-
 13 pared jointly by the Secretary of Agriculture and the
 14 Secretary of the Interior entitled ‘Grazing Fee Re-
 15 view and Evaluation’, dated February 1986, on a
 16 west-wide basis using the lowest appraised value of
 17 the pricing areas adjusted for advanced payment
 18 and indexed to 1999.

19 “(c) LIMITATION ON FLUCTUATIONS OF FEES.—
 20 Notwithstanding the amount calculated under subsection
 21 (b) for a year, the domestic livestock grazing fee charged
 22 for any given year shall not increase nor decrease by more

1 than 33.3 percent from the domestic livestock grazing fee
2 for the previous year.

3 “(d) EFFECT ON EXECUTIVE ORDER.—Executive
4 Order No. 12548, dated February 14, 1986 (51 Fed. Reg.
5 5985), shall not apply to grazing fees established pursuant
6 to this section.

7 “(e) EFFECT ON GRAZING ADVISORY BOARDS.—The
8 grazing advisory boards established pursuant to Secre-
9 tarial action, notice of which was published in the Federal
10 Register on May 14, 1986 (51 Fed. Reg. 17874), are abol-
11 ished, effective as of the date of the enactment of this sec-
12 tion, and the advisory functions exercised by such boards
13 shall be exercised only by the appropriate councils estab-
14 lished under section 309 of this Act.

15 “(f) USE OF FEES AND RANGE IMPROVEMENT
16 FUNDS.—Funds appropriated pursuant to section 5 of the
17 Public Rangelands Improvement Act of 1978 (43 U.S.C.
18 1904) or any other provision of law related to disposition
19 of the Federal share of receipts from fees for grazing on
20 public domain lands or National Forest lands in the 16
21 contiguous western States shall be used for restoration
22 and enhancement of fish and wildlife habitat, for restora-
23 tion and improved management of riparian areas, and for
24 implementation and enforcement of applicable land man-
25 agement plans, allotment plans, and regulations regarding

1 the use of such lands for domestic livestock grazing. Such
 2 funds shall be distributed as the Secretary concerned con-
 3 sidered advisable after consultation and coordination with
 4 the advisory councils established pursuant to section 309
 5 of this Act and other interested parties.

6 “(g) COMMENCEMENT DATE FOR FEES.—The first
 7 annual domestic livestock grazing fee required by this sec-
 8 tion shall apply with respect to the grazing season com-
 9 mencing on March 1, 2000.”.

10 **SEC. 232. ELIMINATION OF BELOW-COST SALES OF TIMBER**
 11 **FROM NATIONAL FOREST SYSTEM LANDS.**

12 (a) IN GENERAL.—The National Forest Management
 13 Act of 1976 is amended by inserting after section 14 (16
 14 U.S.C. 472a) the following new section:

15 **“SEC. 14A. ELIMINATION OF BELOW-COST TIMBER SALES**
 16 **FROM NATIONAL FOREST SYSTEM LANDS.**

17 “(a) REQUIREMENT THAT SALE REVENUES EXCEED
 18 COSTS.—On and after October 1, 2003, in appraising tim-
 19 ber and setting a minimum bid for trees, portions of trees,
 20 or forest products located on National Forest System
 21 lands proposed for sale under section 14 or any other pro-
 22 vision of law, the Secretary of Agriculture shall ensure
 23 that the estimated cash returns to the United States
 24 Treasury from each sale exceed the estimated costs to be

1 incurred by the Federal Government in the preparation
2 of the sale or as a result of the sale.

3 “(b) COSTS TO BE CONSIDERED.—For purposes of
4 estimating under this section the costs to be incurred by
5 the Federal Government from each timber sale, the Sec-
6 retary shall assign to the sale the following costs:

7 “(1) The actual appropriated expenses for sale
8 preparation and harvest administration incurred or
9 to be incurred by the Federal Government from the
10 sale and the payments to counties to be made as a
11 result of the sale.

12 “(2) A portion of the annual timber resource
13 planning costs, silvicultural examination costs, other
14 resource support costs, road design and construction
15 costs, road maintenance costs, transportation plan-
16 ning costs, appropriated reforestation costs, timber
17 stand improvement costs, forest genetics costs, gen-
18 eral administrative costs (including administrative
19 costs of the national and regional offices of the For-
20 est Service), and facilities construction costs of the
21 Federal Government directly or indirectly related to
22 the timber harvest program conducted on National
23 Forest System lands.

24 “(c) METHOD OF ALLOCATING COSTS.—The Sec-
25 retary shall allocate the costs referred to in subsection

1 (b)(2) to each unit of the National Forest System, and
2 each proposed timber sale in such unit, on the basis of
3 harvest volume.

4 “(d) TRANSITIONAL REQUIREMENTS.—To ensure the
5 elimination of all below-cost timber sales by the date speci-
6 fied in subsection (a), the Secretary shall progressively re-
7 duce the number and size of below-cost timber sales on
8 National Forest System lands as follows:

9 “(1) In fiscal years 2000 and 2001, the quan-
10 tity of timber sold in below-cost timber sales on Na-
11 tional Forest System lands shall not exceed 75 per-
12 cent of the quantity of timber sold in such sales in
13 the preceding fiscal year.

14 “(2) In fiscal year 2002, the quantity of timber
15 sold in below-cost timber sales on National Forest
16 System lands shall not exceed 65 percent of the
17 quantity of timber sold in such sales in fiscal year
18 2000.

19 “(3) In fiscal year 2003, the quantity of timber
20 sold in below-cost timber sales on National Forest
21 System lands shall not exceed 50 percent of the
22 quantity of timber sold in such sales in the fiscal
23 year 2002.

24 “(e) BELOW-COST TIMBER SALE.—For purposes of
25 this section, the term ‘below-cost timber sale’ means a sale

1 of timber in which the costs to be incurred by the Federal
2 Government exceed the cash returns to the United States
3 Treasury.”.

4 (b) FINDINGS.—Section 2 of the Forest and Range-
5 land Renewable Resources Planning Act of 1974 (16
6 U.S.C. 1600) is amended—

7 (1) by striking “and” at the end of paragraph
8 (6);

9 (2) by striking the period at the end of para-
10 graph (7) and inserting “; and”; and

11 (3) by adding at the end the following new
12 paragraph:

13 “(8) the practice of selling timber from Na-
14 tional Forest System lands for less than the cost to
15 the Federal Government of growing the timber and
16 preparing the timber for sale is not in the best inter-
17 ests of the United States, and such below-cost sales
18 should be eliminated in an orderly manner to achieve
19 a more economically and environmentally sound tim-
20 ber program for the National Forest System.”.

21 **SEC. 233. TIMBERLAND SUITABILITY.**

22 Subsection (k) of section 6 of the Forest and Range-
23 land Renewable Resources Planning Act of 1974 (16
24 U.S.C. 1604) is amended to read as follows:

1 “(k) DETERMINATION OF SUITABILITY OF LANDS
2 FOR TIMBER PRODUCTION.—

3 “(1) DETERMINATION REQUIRED.—In revising
4 land management plans developed pursuant to this
5 section, the Secretary shall identify lands within the
6 management area that are not suited for timber pro-
7 duction based on physical, economic, or other rel-
8 evant factors. The Secretary shall review the identi-
9 fications made under this paragraph during each re-
10 vision of the forest plan.

11 “(2) EVIDENCE OF ECONOMIC
12 UNSUITABILITY.—The Secretary shall identify lands
13 as economically unsuitable for timber production
14 under paragraph (1) if—

15 “(A) the expected cash returns to the
16 United States Treasury that would result from
17 the sale of standing timber on the lands do not
18 exceed the expected costs that would be in-
19 curred by the Federal Government in prepara-
20 tion or as a result of such sales; or

21 “(B) the expected cash returns to the
22 United States Treasury that would result from
23 the sale of subsequent timber stands on the
24 lands do not exceed the expected costs that

1 would be incurred by the Federal Government
2 in preparation or as a result of such sales.

3 “(3) COSTS TO BE CONSIDERED.—For purposes
4 of estimating under paragraph (2) the costs to be in-
5 curred by the Federal Government from timber sales
6 conducted on the lands being reviewed, the Secretary
7 shall assign to sales on such lands the following
8 costs:

9 “(A) The appropriated expenses for sale
10 preparation and harvest administration that
11 would be incurred by the Federal Government
12 from such sales and the payments to counties
13 that would be made as a result of such sales.

14 “(B) A portion of the annual timber re-
15 source planning costs, silvicultural examination
16 costs, other resource support costs, road design
17 and construction costs, road maintenance costs,
18 transportation planning costs, appropriated re-
19 forestation costs, timber stand improvement
20 costs, forest genetics costs, general administra-
21 tive costs (including administrative costs of the
22 national and regional offices of the Forest Serv-
23 ice), and facilities construction costs of the Fed-
24 eral Government directly or indirectly related to

1 the timber harvest program conducted on Na-
2 tional Forest System lands.

3 “(4) METHOD OF ALLOCATING COSTS.—The
4 Secretary shall allocate the costs referred to in para-
5 graph (3)(B) to each unit of the National Forest
6 System on the basis of harvest volume.

7 “(5) PROHIBITION ON TIMBER HARVESTS ON
8 UNSUITABLE LANDS.—In the case of lands identified
9 under paragraph (1) as unsuitable for timber pro-
10 duction, no timber harvesting shall occur on such
11 lands for a period of 10 years or the life of the plan,
12 whichever is greater.

13 “(6) DEFINITIONS.—For purposes of this sub-
14 section:

15 “(A) The term ‘standing timber’ means an
16 existing stand of timber that has not been har-
17 vested.

18 “(B) The term ‘subsequent timber stand’
19 means a regenerated stand of timber produced
20 on land from which standing timber has been
21 harvested.”.

1 **SEC. 234. REDUCTION IN MAXIMUM AMOUNT OF PAYMENTS**
2 **UNDER AGRICULTURAL ASSISTANCE PRO-**
3 **GRAMS TO REFLECT RECEIPT OF FEDERAL**
4 **IRRIGATION WATER.**

5 (a) PRICE SUPPORT PROGRAMS.—Title X of the
6 Food Security Act of 1985 is amended—

7 (1) by redesignating sections 1001D (7 U.S.C.
8 1308–4) and 1001E (7 U.S.C. 1308–5) as sections
9 1001E and 1001F, respectively; and

10 (2) by inserting after section 1001C (7 U.S.C.
11 1308–3) the following new section:

12 **“SEC. 1001D. REDUCTION OF PAYMENT LIMITATIONS TO**
13 **REFLECT RECEIPT OF FEDERAL IRRIGATION**
14 **WATER.**

15 “(a) REDUCTION OF PAYMENT LIMITATIONS RE-
16 QUIRED.—If a person subject to section 1001 receives
17 Federal irrigation water for agricultural purposes from the
18 operation of a Federal reclamation project, the payment
19 limitations specified in paragraphs (1) and (2) of such sec-
20 tion and applicable to such person shall be reduced for
21 the year in which such person receives irrigation water.
22 The amount of the reduction shall be equal to the total
23 value during that year of the subsidy portion of the con-
24 tract with such person for the delivery of the irrigation
25 water.

1 “(b) DETERMINATION OF SUBSIDY PORTION OF
 2 WATER CONTRACT.—The subsidy portion of an irrigation
 3 water delivery contract is equal to the amount by which
 4 full cost for the delivery of the irrigation water exceeds
 5 the actual contract price for the delivery of the water.

6 “(c) DEFINITIONS.—For purposes of this section, the
 7 terms ‘contract’, ‘full cost’, ‘irrigation water’, and ‘project’
 8 have the meanings given such terms in section 202 of the
 9 Reclamation Reform Act of 1982 (43 U.S.C. 390bb).”.

10 (b) NONINSURED CROP DISASTER ASSISTANCE.—
 11 Section 196(i) of the Federal Agriculture Improvement
 12 and Reform Act of 1996 (7 U.S.C. 7333(i)) is amended—

13 (1) by redesignating paragraph (5) as para-
 14 graph (6); and

15 (2) by inserting after paragraph (4) the fol-
 16 lowing new paragraph:

17 “(5) EFFECT OF RECEIPT OF IRRIGATION
 18 WATER.—

19 “(A) REDUCTION OF PAYMENT LIMITA-
 20 TION.—If a person who receives payments
 21 under this section also receives, during the
 22 same year, Federal irrigation water for agricul-
 23 tural purposes from the operation of a Federal
 24 reclamation project, the payment limitation
 25 specified in paragraph (2) for such person shall

1 be reduced for that year. The amount of the
 2 reduction shall be equal to the total value dur-
 3 ing that year of the subsidy portion of the con-
 4 tract with such person for the delivery of the
 5 irrigation water.

6 “(B) DETERMINATION OF SUBSIDY POR-
 7 TION OF WATER CONTRACT.—The subsidy por-
 8 tion of an irrigation water delivery contract is
 9 equal to the amount by which full cost for the
 10 delivery of the irrigation water exceeds the ac-
 11 tual contract price for the delivery of the water.

12 “(C) DEFINITIONS.—For purposes of this
 13 paragraph, the terms ‘contract’, ‘full cost’, ‘irri-
 14 gation water’, and ‘project’ have the meanings
 15 given such terms in section 202 of the Reclama-
 16 tion Reform Act of 1982 (43 U.S.C. 390bb).”.

17 (c) CONFORMING AMENDMENTS.—Section
 18 1001(5)(A) of the Food Security Act of 1985 (7 U.S.C.
 19 1308(5)(A)) is amended by striking “through 1001C” and
 20 inserting “through 1001D”.

21 **SEC. 235. ELIMINATION OF OFF BUDGET EXPENDITURES.**

22 (a) KNUTSON-VANDENBERG FUND.—Section 3 of
 23 the Act of June 9, 1930 (commonly known as the
 24 Knutson-Vandenberg Act; 16 U.S.C. 576b), is amended
 25 by striking “and shall constitute a special fund, which is

1 hereby appropriated and made available until expended,”
2 in the second sentence and inserting “and are authorized
3 to be appropriated”.

4 (b) DEPOSITS FROM BRUSH DISPOSAL.—The para-
5 graph relating to deposits from brush disposal under the
6 heading “FOREST SERVICE” in the Act of August 11, 1916
7 (39 Stat. 462; 16 U.S.C. 490), is amended by striking
8 “and constitute a special fund, which is hereby appro-
9 priated and shall remain available until expended” and in-
10 serting “and are authorized to be appropriated for the
11 purpose of disposing of such brush and other debris”.

12 (c) NATIONAL FORESTS ROADS AND TRAILS.—(1)
13 Section 6 of Public Law 88–657 (commonly known as the
14 Forest Roads and Trails Act; 16 U.S.C. 537) is amended
15 by striking “are hereby made available until expended”
16 and inserting “are authorized to be appropriated”.

17 (2) The fourteenth paragraph under the heading
18 “FOREST SERVICE” of the Act of March 4, 1913 (37
19 Stat. 843; 16 U.S.C. 501), is amended by striking “shall
20 be available at the end thereof, to be expended by” and
21 inserting “are authorized to be appropriated to”.

22 (d) REFORESTATION TRUST FUND.—Section 303(d)
23 of Public Law 96–451 (16 U.S.C. 1606a) is amended by
24 striking “The Secretary of Agriculture” and inserting “In

1 such amounts as are provided in advance in appropriations
 2 Acts, the Secretary of Agriculture”.

3 (e) TIMBER SALVAGE SALE FUND.—Section 14(h) of
 4 the National Forest Management Act of 1976 (16 U.S.C.
 5 472a(h) is amended by striking “are to be available” and
 6 inserting “are authorized to be appropriated”.

7 (f) COOPERATIVE WORK—OTHER FUND.—The penul-
 8 timate paragraph under the heading “FOREST SERV-
 9 ICE” in the Act of June 30, 1914 (38 Stat. 430; 16
 10 U.S.C. 498), is amended by striking “which is hereby ap-
 11 propriated and made available until expended, as the Sec-
 12 retary of Agriculture may direct,” and inserting “from
 13 which funds are authorized to be appropriated to the Sec-
 14 retary of Agriculture”.

15 **SEC. 236. DEPOSIT OF TAYLOR GRAZING ACT RECEIPTS IN**
 16 **TREASURY.**

17 Section 10 of the Act of June 28, 1934 (commonly
 18 known as the Taylor Grazing Act; 43 U.S.C. 315i), is
 19 amended by striking all after “miscellaneous receipts” and
 20 inserting a period.

21 **SEC. 237. REPEAL OF LIVESTOCK FEED ASSISTANCE PRO-**
 22 **GRAM.**

23 The Emergency Livestock Feed Assistance Act of
 24 1988 (title VI of the Agricultural Act of 1949; 7 U.S.C.
 25 1471–1471j) is repealed.

1 **SEC. 238. OIL AND GAS RENTALS.**

2 The Mineral Leasing Act (30 U.S.C. 181 et seq.) is
3 amended as follows:

4 (1) In section 14 by striking “a rental of \$1 per
5 acre” and inserting “a rental established by the Sec-
6 retary of the Interior” and by adding the following
7 at the end thereof: “The Secretary shall establish
8 fair market value rental fees under this section
9 based upon the rental fees which would be charged
10 in arm’s length transactions for comparable leases of
11 oil and gas resources on non-Federal land.”.

12 (2) In section 17(d) by striking “rental of not
13 less than \$1.50 per acre per year for the first
14 through fifth years of the lease and not less than \$2
15 per acre per year for each year thereafter” and in-
16 serting “rental established by the Secretary of the
17 Interior” and by adding the following at the end
18 thereof: “The Secretary shall establish fair market
19 value rental fees under this section based upon the
20 rental fees which would be charged in arms length
21 transactions for comparable leases of oil and gas re-
22 sources on non-Federal land.”.

23 (3) In section 21(a) by striking “rental, payable
24 at the beginning of each year, at the rate of 50 cents
25 per acre per annum, for the lands included in the
26 lease,” and inserting “rental established by the Sec-

1 retary of the Interior” and by adding the following
 2 at the end thereof: “The Secretary shall establish
 3 fair market value rental fees under this section
 4 based upon the rental fees which would be charged
 5 in arms length transactions for comparable leases on
 6 non-Federal land.”.

7 (4) In section 31(e)(2) by striking “rate of not
 8 less than \$10 per acre per year, or the inclusion in
 9 a reinstated lease issued pursuant to the provisions
 10 of section 17(c) of this Act of a requirement that fu-
 11 ture rentals shall be at a rate not less than \$5 per
 12 acre per year” and inserting “fair market value rate
 13 (but not less than \$10 per acre per year)”.

14 (5) In section 31(f)(3) by striking “of not less
 15 than \$5 per acre per year” and inserting “estab-
 16 lished by the Secretary at fair market value based
 17 upon the rental fees which would be charged in arms
 18 length transactions for comparable leases on non-
 19 Federal land”.

20 **SEC. 239. COMMUNICATION PERMITS.**

21 (a) IN GENERAL.—No permit, lease, or authorization
 22 for the use of any area of the public lands or National
 23 Forests for communication uses, including but not limited
 24 to radio and television broadcast, mobile radio, cellular
 25 telephone, or microwave relay facilities, shall remain in

1 force and effect after October 1, 1999, unless, by such
2 date, and by October 1 of each year thereafter, the holder
3 of such permit, lease, or authorization pays to the Sec-
4 retary of the Interior or the Secretary of Agriculture, as
5 appropriate, an amount equal to the fair market value,
6 as determined by such Secretary, of the right to use and
7 occupy such area for such communication uses.

8 (b) DEFINITION.—For the purposes of this section,
9 the term “public lands” shall have the same meaning as
10 defined in section 103(e) of the Federal Land Policy Man-
11 agement Act of 1976 (43 U.S.C. 1702(e)).

○