

Calendar No. 771

110TH CONGRESS
2D SESSION

S. 3098

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 6, 2008

Mr. McCONNELL (for himself, Mr. KYL, Mr. GRASSLEY, Mr. HATCH, Mr. ROBERTS, Mr. INHOFE, Mr. MARTINEZ, Mr. CRAPO, Mr. SUNUNU, Mr. WICKER, and Mr. ENSIGN) introduced the following bill; which was read the first time

JUNE 9, 2008

Read the second time and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;
TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Alternative Minimum Tax and Extenders Tax Relief Act of 2008”.

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

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

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

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 101. Extension of alternative minimum tax relief for nonrefundable personal credits.

Sec. 102. Extension of increased alternative minimum tax exemption amount.

TITLE II—INDIVIDUAL TAX PROVISIONS

Sec. 201. Deduction for State and local sales taxes.

Sec. 202. Deduction of qualified tuition and related expenses.

Sec. 203. Deduction for certain expenses of elementary and secondary school teachers.

Sec. 204. Tax-free distributions from individual retirement plans for charitable purposes.

Sec. 205. Treatment of certain dividends of regulated investment companies.

Sec. 206. Stock in RIC for purposes of determining estates of nonresidents not citizens.

Sec. 207. Qualified investment entities.

TITLE III—BUSINESS TAX PROVISIONS

Sec. 301. Extension and modification of research credit.

Sec. 302. New markets tax credit.

Sec. 303. Subpart F exception for active financing income.

Sec. 304. Extension of look-thru rule for related controlled foreign corporations.

Sec. 305. Extension of 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant improvements.

- Sec. 306. Enhanced charitable deduction for contributions of food inventory.
- Sec. 307. Extension of enhanced charitable deduction for contributions of book inventory.
- Sec. 308. Modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 309. Basis adjustment to stock of S corporations making charitable contributions of property.
- Sec. 310. Increase in limit on cover over of rum excise tax to Puerto Rico and the Virgin Islands.
- Sec. 311. Extension of economic development credit for American Samoa.
- Sec. 312. Extension of mine rescue team training credit.
- Sec. 313. Extension of election to expense advanced mine safety equipment.
- Sec. 314. Extension of expensing rules for qualified film and television productions.
- Sec. 315. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 316. Extension of qualified zone academy bonds.
- Sec. 317. Indian employment credit.
- Sec. 318. Accelerated depreciation for business property on Indian reservation.
- Sec. 319. Railroad track maintenance.
- Sec. 320. Seven-year cost recovery period for motorsports racing track facility.
- Sec. 321. Expensing of environmental remediation costs.
- Sec. 322. Extension of work opportunity tax credit for Hurricane Katrina employees.

TITLE IV—EXTENSION OF CLEAN ENERGY PRODUCTION INCENTIVES

- Sec. 401. Extension and modification of renewable energy production tax credit.
- Sec. 402. Extension and modification of solar energy and fuel cell investment tax credit.
- Sec. 403. Extension and modification of residential energy efficient property credit.
- Sec. 404. Extension and modification of credit for clean renewable energy bonds.
- Sec. 405. Extension of special rule to implement FERC restructuring policy.

TITLE V—EXTENSION OF INCENTIVES TO IMPROVE ENERGY EFFICIENCY

- Sec. 501. Extension and modification of credit for energy efficiency improvements to existing homes.
- Sec. 502. Extension and modification of tax credit for energy efficient new homes.
- Sec. 503. Extension and modification of energy efficient commercial buildings deduction.
- Sec. 504. Modification and extension of energy efficient appliance credit for appliances produced after 2007.

TITLE VI—EXTENSION OF ALTERNATIVE FUELS AND MARGINAL PRODUCTION

- Sec. 601. Percentage depletion for marginal well production.
- Sec. 602. Credits for biodiesel and renewable diesel.
- Sec. 603. Credit for alternative fuels.

TITLE VII—TAX ADMINISTRATION

Sec. 701. Permanent authority for undercover operations.

Sec. 702. Permanent disclosures of certain tax return information.

Sec. 703. Disclosure of information relating to terrorist activities.

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

SEC. 101. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2007) is amended—

(1) by striking “or 2007” and inserting “2007, or 2008”, and

(2) by striking “2007” in the heading thereof and inserting “2008”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) (relating to exemption amount) is amended—

(1) by striking “(\$66,250 in the case of taxable years beginning in 2007)” in subparagraph (A) and inserting “(\$69,950 in the case of taxable years beginning in 2008)”, and

1 (2) by striking “(\$44,350 in the case of taxable
2 years beginning in 2007)” in subparagraph (B) and
3 inserting “(\$46,200 in the case of taxable years be-
4 ginning in 2008)”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2007.

8 **TITLE II—INDIVIDUAL TAX** 9 **PROVISIONS**

10 **SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES** 11 **TAXES.**

12 (a) IN GENERAL.—Subparagraph (I) of section
13 164(b)(5) is amended by striking “January 1, 2008” and
14 inserting “January 1, 2010”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2007.

18 **SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RE-** 19 **LATED EXPENSES.**

20 (a) IN GENERAL.—Subsection (e) of section 222 (re-
21 lating to termination) is amended by striking “December
22 31, 2007” and inserting “December 31, 2009”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to taxable years beginning after
25 December 31, 2007.

1 **SEC. 203. DEDUCTION FOR CERTAIN EXPENSES OF ELE-**
 2 **MENTARY AND SECONDARY SCHOOL TEACH-**
 3 **ERS.**

4 (a) IN GENERAL.—Subparagraph (D) of section
 5 62(a)(2) (relating to certain expenses of elementary and
 6 secondary school teachers) is amended by striking “or
 7 2007” and inserting “2007, 2008, or 2009”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 subsection (a) shall apply to taxable years beginning after
 10 December 31, 2007.

11 **SEC. 204. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
 12 **TIREMENT PLANS FOR CHARITABLE PUR-**
 13 **POSES.**

14 (a) IN GENERAL.—Subparagraph (F) of section
 15 408(d)(8) (relating to termination) is amended by striking
 16 “December 31, 2007” and inserting “December 31,
 17 2009”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 this section shall apply to distributions made in taxable
 20 years beginning after December 31, 2007.

21 **SEC. 205. TREATMENT OF CERTAIN DIVIDENDS OF REGU-**
 22 **LATED INVESTMENT COMPANIES.**

23 (a) INTEREST-RELATED DIVIDENDS.—Subpara-
 24 graph (C) of section 871(k)(1) (defining interest-related
 25 dividend) is amended by striking “December 31, 2007”
 26 and inserting “December 31, 2009”.

1 (b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Sub-
 2 paragraph (C) of section 871(k)(2) (defining short-term
 3 capital gain dividend) is amended by striking “December
 4 31, 2007” and inserting “December 31, 2009”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to dividends with respect to taxable
 7 years of regulated investment companies beginning after
 8 December 31, 2007.

9 **SEC. 206. STOCK IN RIC FOR PURPOSES OF DETERMINING**
 10 **ESTATES OF NONRESIDENTS NOT CITIZENS.**

11 (a) IN GENERAL.—Paragraph (3) of section 2105(d)
 12 (relating to stock in a RIC) is amended by striking “De-
 13 cember 31, 2007” and inserting “December 31, 2009”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to decedents dying after December
 16 31, 2007.

17 **SEC. 207. QUALIFIED INVESTMENT ENTITIES.**

18 (a) IN GENERAL.—Clause (ii) of section
 19 897(h)(4)(A) (relating to termination) is amended by
 20 striking “December 31, 2007” and inserting “December
 21 31, 2009”.

22 (b) EFFECTIVE DATE.—The amendment made by
 23 subsection (a) shall take effect on January 1, 2008.

TITLE III—BUSINESS TAX PROVISIONS

SEC. 301. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—Section 41(h) (relating to termination) is amended—

(1) by striking “December 31, 2007” and inserting “December 31, 2009” in paragraph (1)(B),

(2) by redesignating paragraph (2) as paragraph (3), and

(3) by inserting after paragraph (1) the following new paragraph:

“(2) TERMINATION OF ALTERNATIVE INCREMENTAL CREDIT.—No election under subsection (c)(4) shall apply to amounts paid or incurred after December 31, 2007.”.

(b) MODIFICATION OF ALTERNATIVE SIMPLIFIED CREDIT.—Paragraph (5)(A) of section 41(c) (relating to election of alternative simplified credit) is amended to read as follows:

“(A) IN GENERAL.—

“(i) CALCULATION OF CREDIT.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to the applicable percentage (as de-

1 fined in clause (ii)) of so much of the
 2 qualified research expenses for the taxable
 3 year as exceeds 50 percent of the average
 4 qualified research expenses for the 3 tax-
 5 able years preceding the taxable year for
 6 which the credit is being determined.

7 “(ii) APPLICABLE PERCENTAGE.—For
 8 purposes of the calculation under clause
 9 (i), the applicable percentage is—

10 “(I) 14 percent, in the case of
 11 taxable years ending before January
 12 1, 2009, and

13 “(II) 16 percent, in the case of
 14 taxable years beginning after Decem-
 15 ber 31, 2008.”.

16 (c) CONFORMING AMENDMENT.—Subparagraph (D)
 17 of section 45C(b)(1) (relating to special rule) is amended
 18 by striking “December 31, 2007” and inserting “Decem-
 19 ber 31, 2009”.

20 (d) TECHNICAL CORRECTION.—Paragraph (3) of sec-
 21 tion 41(h) is amended to read as follows:

22 “(2) COMPUTATION FOR TAXABLE YEAR IN
 23 WHICH CREDIT TERMINATES.—In the case of any
 24 taxable year with respect to which this section ap-

1 plies to a number of days which is less than the total
2 number of days in such taxable year—

3 “(A) the amount determined under sub-
4 section (c)(1)(B) with respect to such taxable
5 year shall be the amount which bears the same
6 ratio to such amount (determined without re-
7 gard to this paragraph) as the number of days
8 in such taxable year to which this section ap-
9 plies bears to the total number of days in such
10 taxable year, and

11 “(B) for purposes of subsection (c)(5), the
12 average qualified research expenses for the pre-
13 ceding 3 taxable years shall be the amount
14 which bears the same ratio to such average
15 qualified research expenses (determined without
16 regard to this paragraph) as the number of
17 days in such taxable year to which this section
18 applies bears to the total number of days in
19 such taxable year.”.

20 (e) **EFFECTIVE DATE.**—The amendments made by
21 this section shall apply to amounts paid or incurred after
22 December 31, 2007.

23 **SEC. 302. NEW MARKETS TAX CREDIT.**

24 Subparagraph (D) of section 45D(f)(1) (relating to
25 national limitation on amount of investments designated)

1 is amended by striking “and 2008” and inserting “2008,
2 and 2009”.

3 **SEC. 303. SUBPART F EXCEPTION FOR ACTIVE FINANCING**
4 **INCOME.**

5 (a) EXEMPT INSURANCE INCOME.—Paragraph (10)
6 of section 953(e) (relating to application) is amended—

7 (1) by striking “January 1, 2009” and insert-
8 ing “January 1, 2010”, and

9 (2) by striking “December 31, 2008” and in-
10 serting “December 31, 2009”.

11 (b) EXCEPTION TO TREATMENT AS FOREIGN PER-
12 SONAL HOLDING COMPANY INCOME.—Paragraph (9) of
13 section 954(h) (relating to application) is amended by
14 striking “January 1, 2009” and inserting “January 1,
15 2010”.

16 **SEC. 304. EXTENSION OF LOOK-THRU RULE FOR RELATED**
17 **CONTROLLED FOREIGN CORPORATIONS.**

18 (a) IN GENERAL.—Subparagraph (B) of section
19 954(c)(6) (relating to application) is amended by striking
20 “January 1, 2009” and inserting “January 1, 2010”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years of foreign corpora-
23 tions beginning after December 31, 2007, and to taxable
24 years of United States shareholders with or within which
25 such taxable years of foreign corporations end.

1 **SEC. 305. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**
 2 **COVERY FOR QUALIFIED LEASEHOLD IM-**
 3 **PROVEMENTS AND QUALIFIED RESTAURANT**
 4 **IMPROVEMENTS.**

5 (a) IN GENERAL.—Clauses (iv) and (v) of section
 6 168(e)(3)(E) (relating to 15-year property) are each
 7 amended by striking “January 1, 2008” and inserting
 8 “January 1, 2010”.

9 (b) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to property placed in service after
 11 December 31, 2007.

12 **SEC. 306. ENHANCED CHARITABLE DEDUCTION FOR CON-**
 13 **TRIBUTIONS OF FOOD INVENTORY.**

14 (a) IN GENERAL.—Clause (iv) of section
 15 170(e)(3)(C) (relating to termination) is amended by
 16 striking “December 31, 2007” and inserting “December
 17 31, 2009”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 this section shall apply to contributions made after De-
 20 cember 31, 2007.

21 **SEC. 307. EXTENSION OF ENHANCED CHARITABLE DEDUC-**
 22 **TION FOR CONTRIBUTIONS OF BOOK INVEN-**
 23 **TORY.**

24 (a) EXTENSION.—Clause (iv) of section 170(e)(3)(D)
 25 (relating to termination) is amended by striking “Decem-
 26 ber 31, 2007” and inserting “December 31, 2009”.

1 (b) CLERICAL AMENDMENT.—Clause (iii) of section
 2 170(e)(3)(D) (relating to certification by donee) is amend-
 3 ed by inserting “of books” after “to any contribution”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to contributions made after De-
 6 cember 31, 2007.

7 **SEC. 308. MODIFICATION OF TAX TREATMENT OF CERTAIN**
 8 **PAYMENTS TO CONTROLLING EXEMPT ORGA-**
 9 **NIZATIONS.**

10 (a) IN GENERAL.—Clause (iv) of section
 11 512(b)(13)(E) (relating to termination) is amended by
 12 striking “December 31, 2007” and inserting “December
 13 31, 2009”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to payments received or accrued
 16 after December 31, 2007.

17 **SEC. 309. BASIS ADJUSTMENT TO STOCK OF S CORPORA-**
 18 **TIONS MAKING CHARITABLE CONTRIBU-**
 19 **TIONS OF PROPERTY.**

20 (a) IN GENERAL.—The last sentence of section
 21 1367(a)(2) (relating to decreases in basis) is amended by
 22 striking “December 31, 2007” and inserting “December
 23 31, 2009”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to contributions made in taxable
 3 years beginning after December 31, 2007.

4 **SEC. 310. INCREASE IN LIMIT ON COVER OVER OF RUM EX-**
 5 **CISE TAX TO PUERTO RICO AND THE VIRGIN**
 6 **ISLANDS.**

7 (a) IN GENERAL.—Paragraph (1) of section 7652(f)
 8 is amended by striking “January 1, 2008” and inserting
 9 “January 1, 2010”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 this section shall apply to distilled spirits brought into the
 12 United States after December 31, 2007.

13 **SEC. 311. EXTENSION OF ECONOMIC DEVELOPMENT CRED-**
 14 **IT FOR AMERICAN SAMOA.**

15 (a) IN GENERAL.—Subsection (d) of section 119 of
 16 division A of the Tax Relief and Health Care Act of 2006
 17 is amended—

18 (1) by striking “first two taxable years” and in-
 19 serting “first 4 taxable years”, and

20 (2) by striking “January 1, 2008” and insert-
 21 ing “January 1, 2010”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2007.

1 **SEC. 312. EXTENSION OF MINE RESCUE TEAM TRAINING**
 2 **CREDIT.**

3 Section 45N(e) (relating to termination) is amended
 4 by striking “December 31, 2008” and inserting “Decem-
 5 ber 31, 2009”.

6 **SEC. 313. EXTENSION OF ELECTION TO EXPENSE AD-**
 7 **VANCED MINE SAFETY EQUIPMENT.**

8 Section 179E(g) (relating to termination) is amended
 9 by striking “December 31, 2008” and inserting “Decem-
 10 ber 31, 2009”.

11 **SEC. 314. EXTENSION OF EXPENSING RULES FOR QUALI-**
 12 **FIED FILM AND TELEVISION PRODUCTIONS.**

13 Section 181(f) (relating to termination) is amended
 14 by striking “December 31, 2008” and inserting “Decem-
 15 ber 31, 2009”.

16 **SEC. 315. DEDUCTION ALLOWABLE WITH RESPECT TO IN-**
 17 **COME ATTRIBUTABLE TO DOMESTIC PRO-**
 18 **DUCTION ACTIVITIES IN PUERTO RICO.**

19 (a) IN GENERAL.—Subparagraph (C) of section
 20 199(d)(8) (relating to termination) is amended—

21 (1) by striking “first 2 taxable years” and in-
 22 serting “first 4 taxable years”, and

23 (2) by striking “January 1, 2008” and insert-
 24 ing “January 1, 2010”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2007.

4 **SEC. 316. EXTENSION OF QUALIFIED ZONE ACADEMY**
 5 **BONDS.**

6 (a) IN GENERAL.—Paragraph (1) of section
 7 1397E(e) is amended by striking “and 2007” and insert-
 8 ing “2007, 2008, and 2009”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to obligations issued after the date
 11 of the enactment of this Act.

12 **SEC. 317. INDIAN EMPLOYMENT CREDIT.**

13 (a) IN GENERAL.—Subsection (f) of section 45A (re-
 14 lating to termination) is amended by striking “December
 15 31, 2007” and inserting “December 31, 2009”.

16 (b) EFFECTIVE DATE.—The amendment made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 2007.

19 **SEC. 318. ACCELERATED DEPRECIATION FOR BUSINESS**
 20 **PROPERTY ON INDIAN RESERVATION.**

21 (a) IN GENERAL.—Paragraph (8) of section 168(j)
 22 (relating to termination) is amended by striking “Decem-
 23 ber 31, 2007” and inserting “December 31, 2009”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to property placed in service after
 3 December 31, 2007.

4 **SEC. 319. RAILROAD TRACK MAINTENANCE.**

5 (a) IN GENERAL.—Subsection (f) of section 45G (re-
 6 lating to application of section) is amended by striking
 7 “January 1, 2008” and inserting “January 1, 2010”.

8 (b) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to expenditures paid or incurred
 10 during taxable years beginning after December 31, 2007.

11 **SEC. 320. SEVEN-YEAR COST RECOVERY PERIOD FOR MO-**
 12 **TOSPORTS RACING TRACK FACILITY.**

13 (a) IN GENERAL.—Subparagraph (D) of section
 14 168(i)(15) (relating to termination) is amended to read
 15 as follows:

16 “(D) APPLICATION OF PARAGRAPH.—Such
 17 term shall apply to property placed in service
 18 after the date of the enactment of the Alter-
 19 native Minimum Tax and Extenders Tax Relief
 20 Act of 2008 and before January 1, 2010.”.

21 (b) EFFECTIVE DATE.—The amendment made by
 22 this section shall apply to property placed in service after
 23 the date of the enactment of this Act.

1 **SEC. 321. EXPENSING OF ENVIRONMENTAL REMEDIATION**
 2 **COSTS.**

3 (a) IN GENERAL.—Subsection (h) of section 198 (re-
 4 lating to termination) is amended by striking “December
 5 31, 2007” and inserting “December 31, 2009”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to expenditures paid or incurred
 8 after December 31, 2007.

9 **SEC. 322. EXTENSION OF WORK OPPORTUNITY TAX CREDIT**
 10 **FOR HURRICANE KATRINA EMPLOYEES.**

11 (a) IN GENERAL.—Paragraph (1) of section 201(b)
 12 of the Katrina Emergency Tax Relief Act of 2005 is
 13 amended by striking “2-year” and inserting “4-year”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 subsection (a) shall apply to individuals hired after August
 16 27, 2007.

17 **TITLE IV—EXTENSION OF CLEAN**
 18 **ENERGY PRODUCTION INCEN-**
 19 **TIVES**

20 **SEC. 401. EXTENSION AND MODIFICATION OF RENEWABLE**
 21 **ENERGY PRODUCTION TAX CREDIT.**

22 (a) EXTENSION OF CREDIT.—Each of the following
 23 provisions of section 45(d) (relating to qualified facilities)
 24 is amended by striking “January 1, 2009” and inserting
 25 “January 1, 2010”:

26 (1) Paragraph (1).

1 (2) Clauses (i) and (ii) of paragraph (2)(A).

2 (3) Clauses (i)(I) and (ii) of paragraph (3)(A).

3 (4) Paragraph (4).

4 (5) Paragraph (5).

5 (6) Paragraph (6).

6 (7) Paragraph (7).

7 (8) Paragraph (8).

8 (9) Subparagraphs (A) and (B) of paragraph
9 (9).

10 (b) PRODUCTION CREDIT FOR ELECTRICITY PRO-
11 DUCED FROM MARINE RENEWABLES.—

12 (1) IN GENERAL.—Paragraph (1) of section
13 45(c) (relating to resources) is amended by striking
14 “and” at the end of subparagraph (G), by striking
15 the period at the end of subparagraph (H) and in-
16 serting “, and”, and by adding at the end the fol-
17 lowing new subparagraph:

18 “(I) marine and hydrokinetic renewable en-
19 ergy.”.

20 (2) MARINE RENEWABLES.—Subsection (c) of
21 section 45 is amended by adding at the end the fol-
22 lowing new paragraph:

23 “(10) MARINE AND HYDROKINETIC RENEW-
24 ABLE ENERGY.—

“(A) IN GENERAL.—The term ‘marine and hydrokinetic renewable energy’ means energy derived from—

“(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

“(ii) free flowing water in rivers, lakes, and streams,

“(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize non-mechanical structures to accelerate the flow of water for electric power production purposes, or

“(iv) differentials in ocean temperature (ocean thermal energy conversion).

“(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.”.

(3) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

1 “(11) MARINE AND HYDROKINETIC RENEW-
 2 ABLE ENERGY FACILITIES.—In the case of a facility
 3 producing electricity from marine and hydrokinetic
 4 renewable energy, the term ‘qualified facility’ means
 5 any facility owned by the taxpayer—

6 “(A) which has a nameplate capacity rat-
 7 ing of at least 150 kilowatts, and

8 “(B) which is originally placed in service
 9 on or after the date of the enactment of this
 10 paragraph and before January 1, 2010.”.

11 (4) CREDIT RATE.—Subparagraph (A) of sec-
 12 tion 45(b)(4) is amended by striking “or (9)” and
 13 inserting “(9), or (11)”.

14 (5) COORDINATION WITH SMALL IRRIGATION
 15 POWER.—Paragraph (5) of section 45(d), as amend-
 16 ed by subsection (a), is amended by striking “Janu-
 17 ary 1, 2010” and inserting “the date of the enact-
 18 ment of paragraph (11)”.

19 (c) SALES OF ELECTRICITY TO REGULATED PUBLIC
 20 UTILITIES TREATED AS SALES TO UNRELATED PER-
 21 SONS.—Section 45(e)(4) (relating to related persons) is
 22 amended by adding at the end the following new sentence:
 23 “A taxpayer shall be treated as selling electricity to an
 24 unrelated person if such electricity is sold to a regulated
 25 public utility (as defined in section 7701(a)(33)).”.

1 (d) TRASH FACILITY CLARIFICATION.—Paragraph
2 (7) of section 45(d) is amended—

3 (1) by striking “facility which burns” and in-
4 serting “facility (other than a facility described in
5 paragraph (6)) which uses”, and

6 (2) by striking “COMBUSTION”.

7 (e) EFFECTIVE DATES.—

8 (1) EXTENSION.—The amendments made by
9 subsection (a) shall apply to property originally
10 placed in service after December 31, 2008.

11 (2) MODIFICATIONS.—The amendments made
12 by subsections (b) and (c) shall apply to electricity
13 produced and sold after the date of the enactment
14 of this Act, in taxable years ending after such date.

15 (3) TRASH FACILITY CLARIFICATION.—The
16 amendments made by subsection (d) shall apply to
17 electricity produced and sold before, on, or after De-
18 cember 31, 2007.

19 **SEC. 402. EXTENSION AND MODIFICATION OF SOLAR EN-**
20 **ERGY AND FUEL CELL INVESTMENT TAX**
21 **CREDIT.**

22 (a) EXTENSION OF CREDIT.—

23 (1) SOLAR ENERGY PROPERTY.—Paragraphs
24 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating
25 to energy credit) are each amended by striking

1 “January 1, 2009” and inserting “January 1,
2 2017”.

3 (2) FUEL CELL PROPERTY.—Subparagraph (E)
4 of section 48(c)(1) (relating to qualified fuel cell
5 property) is amended by striking “December 31,
6 2008” and inserting “December 31, 2016”.

7 (3) QUALIFIED MICROTURBINE PROPERTY.—
8 Subparagraph (E) of section 48(c)(2) (relating to
9 qualified microturbine property) is amended by
10 striking “December 31, 2008” and inserting “De-
11 cember 31, 2016”.

12 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-
13 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section
14 38(c)(4) (relating to specified credits) is amended by strik-
15 ing “and” at the end of clause (iii), by striking the period
16 at the end of clause (iv) and inserting “, and”, and by
17 adding at the end the following new clause:

18 “(v) the credit determined under sec-
19 tion 46 to the extent that such credit is at-
20 tributable to the energy credit determined
21 under section 48.”.

22 (c) REPEAL OF DOLLAR PER KILOWATT LIMITATION
23 FOR FUEL CELL PROPERTY.—

24 (1) IN GENERAL.—Section 48(c)(1) (relating to
25 qualified fuel cell), as amended by subsection (a)(2),

1 is amended by striking subparagraph (B) and by re-
 2 designating subparagraphs (C), (D), and (E) as sub-
 3 paragraphs (B), (C), and (D), respectively.

4 (2) CONFORMING AMENDMENT.—Section
 5 48(a)(1) is amended by striking “paragraphs (1)(B)
 6 and (2)(B) of subsection (c)” and inserting “sub-
 7 section (c)(2)(B)”.

8 (d) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN
 9 INTO ACCOUNT.—

10 (1) IN GENERAL.—Paragraph (3) of section
 11 48(a) is amended by striking the second sentence
 12 thereof.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Paragraph (1) of section 48(c), as
 15 amended by this section, is amended by striking
 16 subparagraph (C) and redesignating subpara-
 17 graph (D) as subparagraph (C).

18 (B) Paragraph (2) of section 48(c), as
 19 amended by subsection (a)(3), is amended by
 20 striking subparagraph (D) and redesignating
 21 subparagraph (E) as subparagraph (D).

22 (e) EFFECTIVE DATES.—

23 (1) EXTENSION.—The amendments made by
 24 subsection (a) shall take effect on the date of the en-
 25 actment of this Act.

1 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
 2 IMUM TAX.—The amendments made by subsection
 3 (b) shall apply to credits determined under section
 4 46 of the Internal Revenue Code of 1986 in taxable
 5 years beginning after the date of the enactment of
 6 this Act and to carrybacks of such credits.

7 (3) FUEL CELL PROPERTY AND PUBLIC ELEC-
 8 TRIC UTILITY PROPERTY.—The amendments made
 9 by subsections (c) and (d) shall apply to periods
 10 after the date of the enactment of this Act, in tax-
 11 able years ending after such date, under rules simi-
 12 lar to the rules of section 48(m) of the Internal Rev-
 13 enue Code of 1986 (as in effect on the day before
 14 the date of the enactment of the Revenue Reconcili-
 15 ation Act of 1990).

16 **SEC. 403. EXTENSION AND MODIFICATION OF RESIDENTIAL**
 17 **ENERGY EFFICIENT PROPERTY CREDIT.**

18 (a) EXTENSION.—Section 25D(g) (relating to termi-
 19 nation) is amended by striking “December 31, 2008” and
 20 inserting “December 31, 2009”.

21 (b) NO DOLLAR LIMITATION FOR CREDIT FOR
 22 SOLAR ELECTRIC PROPERTY.—

23 (1) IN GENERAL.—Section 25D(b)(1) (relating
 24 to maximum credit) is amended by striking subpara-

1 graph (A) and by redesignating subparagraphs (B)
 2 and (C) as subparagraphs (A) and (B), respectively.

3 (2) CONFORMING AMENDMENTS.—Section
 4 25D(e)(4) is amended—

5 (A) by striking clause (i) in subparagraph
 6 (A),

7 (B) by redesignating clauses (ii) and (iii)
 8 in subparagraph (A) as clauses (i) and (ii), re-
 9 spectively, and

10 (C) by striking “, (2),” in subparagraph
 11 (C).

12 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
 13 IMUM TAX.—

14 (1) IN GENERAL.—Subsection (c) of section
 15 25D is amended to read as follows:

16 “(c) LIMITATION BASED ON AMOUNT OF TAX;
 17 CARRYFORWARD OF UNUSED CREDIT.—

18 “(1) LIMITATION BASED ON AMOUNT OF
 19 TAX.—In the case of a taxable year to which section
 20 26(a)(2) does not apply, the credit allowed under
 21 subsection (a) for the taxable year shall not exceed
 22 the excess of—

23 “(A) the sum of the regular tax liability
 24 (as defined in section 26(b)) plus the tax im-
 25 posed by section 55, over

1 “(B) the sum of the credits allowable
2 under this subpart (other than this section) and
3 section 27 for the taxable year.

4 “(2) CARRYFORWARD OF UNUSED CREDIT.—

5 “(A) RULE FOR YEARS IN WHICH ALL
6 PERSONAL CREDITS ALLOWED AGAINST REG-
7 ULAR AND ALTERNATIVE MINIMUM TAX.—In
8 the case of a taxable year to which section
9 26(a)(2) applies, if the credit allowable under
10 subsection (a) exceeds the limitation imposed by
11 section 26(a)(2) for such taxable year reduced
12 by the sum of the credits allowable under this
13 subpart (other than this section), such excess
14 shall be carried to the succeeding taxable year
15 and added to the credit allowable under sub-
16 section (a) for such succeeding taxable year.

17 “(B) RULE FOR OTHER YEARS.—In the
18 case of a taxable year to which section 26(a)(2)
19 does not apply, if the credit allowable under
20 subsection (a) exceeds the limitation imposed by
21 paragraph (1) for such taxable year, such ex-
22 cess shall be carried to the succeeding taxable
23 year and added to the credit allowable under
24 subsection (a) for such succeeding taxable
25 year.”.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Section 23(b)(4)(B) is amended by in-
3 serting “and section 25D” after “this section”.

4 (B) Section 24(b)(3)(B) is amended by
5 striking “and 25B” and inserting “, 25B, and
6 25D”.

7 (C) Section 25B(g)(2) is amended by strik-
8 ing “section 23” and inserting “sections 23 and
9 25D”.

10 (D) Section 26(a)(1) is amended by strik-
11 ing “and 25B” and inserting “25B, and 25D”.

12 (d) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall apply to taxable years beginning
15 after December 31, 2007.

16 (2) APPLICATION OF EGTRRA SUNSET.—The
17 amendments made by subparagraphs (A) and (B) of
18 subsection (c)(2) shall be subject to title IX of the
19 Economic Growth and Tax Relief Reconciliation Act
20 of 2001 in the same manner as the provisions of
21 such Act to which such amendments relate.

1 **SEC. 404. EXTENSION AND MODIFICATION OF CREDIT FOR**
2 **CLEAN RENEWABLE ENERGY BONDS.**

3 (a) EXTENSION.—Section 54(m) (relating to termi-
4 nation) is amended by striking “December 31, 2008” and
5 inserting “December 31, 2009”.

6 (b) INCREASE IN NATIONAL LIMITATION.—Section
7 54(f) (relating to limitation on amount of bonds des-
8 ignated) is amended—

9 (1) by inserting “, and for the period beginning
10 after the date of the enactment of the Clean Energy
11 Tax Stimulus Act of 2008 and ending before Janu-
12 ary 1, 2010, \$400,000,000” after “\$1,200,000,000”
13 in paragraph (1),

14 (2) by striking “\$750,000,000 of the” in para-
15 graph (2) and inserting “\$750,000,000 of the
16 \$1,200,000,000”, and

17 (3) by striking “bodies” in paragraph (2) and
18 inserting “bodies, and except that the Secretary may
19 not allocate more than $\frac{1}{3}$ of the \$400,000,000 na-
20 tional clean renewable energy bond limitation to fi-
21 nance qualified projects of qualified borrowers which
22 are public power providers nor more than $\frac{1}{3}$ of such
23 limitation to finance qualified projects of qualified
24 borrowers which are mutual or cooperative electric
25 companies described in section 501(c)(12) or section
26 1381(a)(2)(C)”.

1 (c) PUBLIC POWER PROVIDERS DEFINED.—Section
2 54(j) is amended—

3 (1) by adding at the end the following new
4 paragraph:

5 “(6) PUBLIC POWER PROVIDER.—The term
6 ‘public power provider’ means a State utility with a
7 service obligation, as such terms are defined in sec-
8 tion 217 of the Federal Power Act (as in effect on
9 the date of the enactment of this paragraph).”, and

10 (2) by inserting “; PUBLIC POWER PROVIDER”
11 before the period at the end of the heading.

12 (d) TECHNICAL AMENDMENT.—The third sentence of
13 section 54(e)(2) is amended by striking “subsection
14 (l)(6)” and inserting “subsection (l)(5)”.

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

18 **SEC. 405. EXTENSION OF SPECIAL RULE TO IMPLEMENT**
19 **FERC RESTRUCTURING POLICY.**

20 (a) QUALIFYING ELECTRIC TRANSMISSION TRANS-
21 ACTION.—

22 (1) IN GENERAL.—Section 451(i)(3) (defining
23 qualifying electric transmission transaction) is
24 amended by striking “January 1, 2008” and insert-
25 ing “January 1, 2010”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall apply to transactions after
3 December 31, 2007.

4 (b) INDEPENDENT TRANSMISSION COMPANY.—

5 (1) IN GENERAL.—Section 451(i)(4)(B)(ii) (de-
6 fining independent transmission company) is amend-
7 ed by striking “December 31, 2007” and inserting
8 “the date which is 2 years after the date of such
9 transaction”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by this subsection shall take effect as if included in
12 the amendments made by section 909 of the Amer-
13 ican Jobs Creation Act of 2004.

14 **TITLE V—EXTENSION OF INCEN-**
15 **TIVES TO IMPROVE ENERGY**
16 **EFFICIENCY**

17 **SEC. 501. EXTENSION AND MODIFICATION OF CREDIT FOR**
18 **ENERGY EFFICIENCY IMPROVEMENTS TO EX-**
19 **ISTING HOMES.**

20 (a) EXTENSION OF CREDIT.—Section 25C(g) (relat-
21 ing to termination) is amended by striking “December 31,
22 2007” and inserting “December 31, 2009”.

23 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

24 (1) IN GENERAL.—Section 25C(d)(3) is amend-
25 ed—

1 (A) by striking “and” at the end of sub-
 2 paragraph (D),

3 (B) by striking the period at the end of
 4 subparagraph (E) and inserting “, and”, and

5 (C) by adding at the end the following new
 6 subparagraph:

7 “(F) a stove which uses the burning of bio-
 8 mass fuel to heat a dwelling unit located in the
 9 United States and used as a residence by the
 10 taxpayer, or to heat water for use in such a
 11 dwelling unit, and which has a thermal effi-
 12 ciency rating of at least 75 percent.”.

13 (2) BIOMASS FUEL.—Section 25C(d) (relating
 14 to residential energy property expenditures) is
 15 amended by adding at the end the following new
 16 paragraph:

17 “(6) BIOMASS FUEL.—The term ‘biomass fuel’
 18 means any plant-derived fuel available on a renew-
 19 able or recurring basis, including agricultural crops
 20 and trees, wood and wood waste and residues (in-
 21 cluding wood pellets), plants (including aquatic
 22 plants), grasses, residues, and fibers.”.

23 (c) MODIFICATIONS OF STANDARDS FOR ENERGY-
 24 EFFICIENT BUILDING PROPERTY.—

1 (1) ELECTRIC HEAT PUMPS.—Subparagraph
2 (B) of section 25C(d)(3) is amended to read as fol-
3 lows:

4 “(A) an electric heat pump which achieves
5 the highest efficiency tier established by the
6 Consortium for Energy Efficiency, as in effect
7 on January 1, 2008.”.

8 (2) CENTRAL AIR CONDITIONERS.—Section
9 25C(d)(3)(D) is amended by striking “2006” and
10 inserting “2008”.

11 (3) WATER HEATERS.—Subparagraph (E) of
12 section 25C(d) is amended to read as follows:

13 “(E) a natural gas, propane, or oil water
14 heater which has either an energy factor of at
15 least 0.80 or a thermal efficiency of at least 90
16 percent.”.

17 (4) OIL FURNACES AND HOT WATER BOIL-
18 ERS.—Paragraph (4) of section 25C(d) is amended
19 to read as follows:

20 “(4) QUALIFIED NATURAL GAS, PROPANE, AND
21 OIL FURNACES AND HOT WATER BOILERS.—

22 “(A) QUALIFIED NATURAL GAS FUR-
23 NACE.—The term ‘qualified natural gas fur-
24 nace’ means any natural gas furnace which

1 achieves an annual fuel utilization efficiency
2 rate of not less than 95.

3 “(B) QUALIFIED NATURAL GAS HOT
4 WATER BOILER.—The term ‘qualified natural
5 gas hot water boiler’ means any natural gas hot
6 water boiler which achieves an annual fuel utili-
7 zation efficiency rate of not less than 90.

8 “(C) QUALIFIED PROPANE FURNACE.—
9 The term ‘qualified propane furnace’ means any
10 propane furnace which achieves an annual fuel
11 utilization efficiency rate of not less than 95.

12 “(D) QUALIFIED PROPANE HOT WATER
13 BOILER.—The term ‘qualified propane hot
14 water boiler’ means any propane hot water boil-
15 er which achieves an annual fuel utilization effi-
16 ciency rate of not less than 90.

17 “(E) QUALIFIED OIL FURNACES.—The
18 term ‘qualified oil furnace’ means any oil fur-
19 nace which achieves an annual fuel utilization
20 efficiency rate of not less than 90.

21 “(F) QUALIFIED OIL HOT WATER BOIL-
22 ER.—The term ‘qualified oil hot water boiler’
23 means any oil hot water boiler which achieves
24 an annual fuel utilization efficiency rate of not
25 less than 90.’’.

1 (d) EFFECTIVE DATE.—The amendments made this
2 section shall apply to expenditures made after December
3 31, 2007.

4 **SEC. 502. EXTENSION AND MODIFICATION OF TAX CREDIT**
5 **FOR ENERGY EFFICIENT NEW HOMES.**

6 (a) EXTENSION OF CREDIT.—Subsection (g) of sec-
7 tion 45L (relating to termination) is amended by striking
8 “December 31, 2008” and inserting “December 31,
9 2010”.

10 (b) ALLOWANCE FOR CONTRACTOR’S PERSONAL
11 RESIDENCE.—Subparagraph (B) of section 45L(a)(1) is
12 amended to read as follows:

13 “(B)(i) acquired by a person from such eli-
14 gible contractor and used by any person as a
15 residence during the taxable year, or

16 “(ii) used by such eligible contractor as a
17 residence during the taxable year.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to homes acquired after December
20 31, 2008.

1 **SEC. 503. EXTENSION AND MODIFICATION OF ENERGY EF-**
 2 **FICIENT COMMERCIAL BUILDINGS DEDUC-**
 3 **TION.**

4 (a) EXTENSION.—Section 179D(h) (relating to ter-
 5 mination) is amended by striking “December 31, 2008”
 6 and inserting “December 31, 2009”.

7 (b) ADJUSTMENT OF MAXIMUM DEDUCTION
 8 AMOUNT.—

9 (1) IN GENERAL.—Subparagraph (A) of section
 10 179D(b)(1) (relating to maximum amount of deduc-
 11 tion) is amended by striking “\$1.80” and inserting
 12 “\$2.25”.

13 (2) PARTIAL ALLOWANCE.—Paragraph (1) of
 14 section 179D(d) is amended—

15 (A) by striking “\$.60” and inserting
 16 “\$0.75”, and

17 (B) by striking “\$1.80” and inserting
 18 “\$2.25”.

19 (c) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to property placed in service after
 21 the date of the enactment of this Act.

22 **SEC. 504. MODIFICATION AND EXTENSION OF ENERGY EF-**
 23 **FICIENT APPLIANCE CREDIT FOR APPLI-**
 24 **ANCES PRODUCED AFTER 2007.**

25 (a) IN GENERAL.—Subsection (b) of section 45M (re-
 26 lating to applicable amount) is amended to read as follows:

1 “(b) APPLICABLE AMOUNT.—For purposes of sub-
2 section (a)—

3 “(1) DISHWASHERS.—The applicable amount
4 is—

5 “(A) \$45 in the case of a dishwasher which
6 is manufactured in calendar year 2008 or 2009
7 and which uses no more than 324 kilowatt
8 hours per year and 5.8 gallons per cycle, and

9 “(B) \$75 in the case of a dishwasher
10 which is manufactured in calendar year 2008,
11 2009, or 2010 and which uses no more than
12 307 kilowatt hours per year and 5.0 gallons per
13 cycle (5.5 gallons per cycle for dishwashers de-
14 signed for greater than 12 place settings).

15 “(2) CLOTHES WASHERS.—The applicable
16 amount is—

17 “(A) \$75 in the case of a residential top-
18 loading clothes washer manufactured in cal-
19 endar year 2008 which meets or exceeds a 1.72
20 modified energy factor and does not exceed a
21 8.0 water consumption factor,

22 “(B) \$125 in the case of a residential top-
23 loading clothes washer manufactured in cal-
24 endar year 2008 or 2009 which meets or ex-

ceeds a 1.8 modified energy factor and does not
exceed a 7.5 water consumption factor,

“(C) \$150 in the case of a residential or
commercial clothes washer manufactured in cal-
endar year 2008, 2009, or 2010 which meets or
exceeds 2.0 modified energy factor and does not
exceed a 6.0 water consumption factor, and

“(D) \$250 in the case of a residential or
commercial clothes washer manufactured in cal-
endar year 2008, 2009, or 2010 which meets or
exceeds 2.2 modified energy factor and does not
exceed a 4.5 water consumption factor.

“(3) REFRIGERATORS.—The applicable amount
is—

“(A) \$50 in the case of a refrigerator
which is manufactured in calendar year 2008,
and consumes at least 20 percent but not more
than 22.9 percent less kilowatt hours per year
than the 2001 energy conservation standards,

“(B) \$75 in the case of a refrigerator
which is manufactured in calendar year 2008 or
2009, and consumes at least 23 percent but no
more than 24.9 percent less kilowatt hours per
year than the 2001 energy conservation stand-
ards,

1 “(C) \$100 in the case of a refrigerator
 2 which is manufactured in calendar year 2008,
 3 2009, or 2010, and consumes at least 25 per-
 4 cent but not more than 29.9 percent less kilo-
 5 watt hours per year than the 2001 energy con-
 6 servation standards, and

7 “(D) \$200 in the case of a refrigerator
 8 manufactured in calendar year 2008, 2009, or
 9 2010 and which consumes at least 30 percent
 10 less energy than the 2001 energy conservation
 11 standards.”.

12 (b) ELIGIBLE PRODUCTION.—

13 (1) SIMILAR TREATMENT FOR ALL APPLI-
 14 ANCES.—Subsection (c) of section 45M (relating to
 15 eligible production) is amended—

16 (A) by striking paragraph (2),

17 (B) by striking “(1) IN GENERAL” and all
 18 that follows through “the eligible” and inserting
 19 “The eligible”, and

20 (C) by moving the text of such subsection
 21 in line with the subsection heading and redesign-
 22 ating subparagraphs (A) and (B) as para-
 23 graphs (1) and (2), respectively.

24 (2) MODIFICATION OF BASE PERIOD.—Para-
 25 graph (2) of section 45M(c), as amended by para-

1 graph (1) of this section, is amended by striking “3-
2 calendar year” and inserting “2-calendar year”.

3 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—

4 Subsection (d) of section 45M (defining types of energy
5 efficient appliances) is amended to read as follows:

6 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—

7 For purposes of this section, the types of energy efficient
8 appliances are—

9 “(1) dishwashers described in subsection (b)(1),

10 “(2) clothes washers described in subsection
11 (b)(2), and

12 “(3) refrigerators described in subsection
13 (b)(3).”.

14 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

15 (1) INCREASE IN LIMIT.—Paragraph (1) of sec-
16 tion 45M(e) (relating to aggregate credit amount al-
17 lowed) is amended to read as follows:

18 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

19 The aggregate amount of credit allowed under sub-
20 section (a) with respect to a taxpayer for any tax-
21 able year shall not exceed \$75,000,000 reduced by
22 the amount of the credit allowed under subsection
23 (a) to the taxpayer (or any predecessor) for all prior
24 taxable years beginning after December 31, 2007.”.

1 (2) EXCEPTION FOR CERTAIN REFRIGERATOR
2 AND CLOTHES WASHERS.—Paragraph (2) of section
3 45M(e) is amended to read as follows:

4 “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-
5 ERATORS AND CLOTHES WASHERS.—Refrigerators
6 described in subsection (b)(3)(D) and clothes wash-
7 ers described in subsection (b)(2)(D) shall not be
8 taken into account under paragraph (1).”.

9 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—
10 (1) IN GENERAL.—Paragraph (1) of section
11 45M(f) (defining qualified energy efficient appliance)
12 is amended to read as follows:

13 “(1) QUALIFIED ENERGY EFFICIENT APPLI-
14 ANCE.—The term ‘qualified energy efficient appli-
15 ance’ means—

16 “(A) any dishwasher described in sub-
17 section (b)(1),

18 “(B) any clothes washer described in sub-
19 section (b)(2), and

20 “(C) any refrigerator described in sub-
21 section (b)(3).”.

22 (2) CLOTHES WASHER.—Section 45M(f)(3) (de-
23 fining clothes washer) is amended by inserting
24 “commercial” before “residential” the second place
25 it appears.

1 (3) TOP-LOADING CLOTHES WASHER.—Sub-
 2 section (f) of section 45M (relating to definitions) is
 3 amended by redesignating paragraphs (4), (5), (6),
 4 and (7) as paragraphs (5), (6), (7), and (8), respec-
 5 tively, and by inserting after paragraph (3) the fol-
 6 lowing new paragraph:

7 “(4) TOP-LOADING CLOTHES WASHER.—The
 8 term ‘top-loading clothes washer’ means a clothes
 9 washer which has the clothes container compartment
 10 access located on the top of the machine and which
 11 operates on a vertical axis.”.

12 (4) REPLACEMENT OF ENERGY FACTOR.—Sec-
 13 tion 45M(f)(6), as redesignated by paragraph (3), is
 14 amended to read as follows:

15 “(6) MODIFIED ENERGY FACTOR.—The term
 16 ‘modified energy factor’ means the modified energy
 17 factor established by the Department of Energy for
 18 compliance with the Federal energy conservation
 19 standard.”.

20 (5) GALLONS PER CYCLE; WATER CONSUMP-
 21 TION FACTOR.—Section 45M(f) (relating to defini-
 22 tions), as amended by paragraph (3), is amended by
 23 adding at the end the following:

24 “(9) GALLONS PER CYCLE.—The term ‘gallons
 25 per cycle’ means, with respect to a dishwasher, the

1 amount of water, expressed in gallons, required to
 2 complete a normal cycle of a dishwasher.

3 “(10) WATER CONSUMPTION FACTOR.—The
 4 term ‘water consumption factor’ means, with respect
 5 to a clothes washer, the quotient of the total weight-
 6 ed per-cycle water consumption divided by the cubic
 7 foot (or liter) capacity of the clothes washer.”.

8 (f) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to appliances produced after De-
 10 cember 31, 2007.

11 **TITLE VI—EXTENSION OF AL-** 12 **TERNATIVE FUELS AND MAR-** 13 **GINAL PRODUCTION**

14 **SEC. 601. PERCENTAGE DEPLETION FOR MARGINAL WELL** 15 **PRODUCTION.**

16 (a) IN GENERAL.—Section 613A(c)(6)(H) (relating
 17 to temporary suspension of taxable income limit with re-
 18 spect to marginal production) is amended by striking
 19 “January 1, 2008” and inserting “January 1, 2010”.

20 (b) EFFECTIVE DATE.—The amendment made by
 21 this section shall apply to taxable years beginning after
 22 December 31, 2007.

1 **SEC. 602. CREDITS FOR BIODIESEL AND RENEWABLE DIE-**
 2 **SEL.**

3 (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and
 4 6427(e)(5)(B) are each amended by striking “December
 5 31, 2008” and inserting “December 31, 2009”.

6 (b) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to fuel produced, and sold or used,
 8 after December 31, 2008.

9 **SEC. 603. CREDIT FOR ALTERNATIVE FUELS.**

10 (a) IN GENERAL.—Sections 6426(d)(4), 6426(e)(3),
 11 and 6427(e)(5)(C) are each amended by striking “Sep-
 12 tember 30, 2009” and inserting “December 31, 2009”.

13 (b) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to fuel produced, and sold or used,
 15 after September 30, 2009.

16 **TITLE VII—TAX**
 17 **ADMINISTRATION**

18 **SEC. 701. PERMANENT AUTHORITY FOR UNDERCOVER OP-**
 19 **ERATIONS.**

20 (a) IN GENERAL.—Section 7608(c) (relating to rules
 21 relating to undercover operations) is amended by striking
 22 paragraph (6).

23 (b) EFFECTIVE DATE.—The amendment made by
 24 this section shall apply to operations conducted after the
 25 date of the enactment of this Act.

1 **SEC. 702. PERMANENT DISCLOSURES OF CERTAIN TAX RE-**
2 **TURN INFORMATION.**

3 (a) DISCLOSURES TO FACILITATE COMBINED EM-
4 PLOYMENT TAX REPORTING.—

5 (1) IN GENERAL.—Section 6103(d)(5) (relating
6 to disclosure for combined employment tax report-
7 ing) is amended—

8 (A) by striking “REPORTING” in the head-
9 ing thereof and all that follows through “The
10 Secretary” in subparagraph (A) and inserting
11 “REPORTING.—The Secretary”, and

12 (B) by striking subparagraph (B).

13 (2) EFFECTIVE DATE.—The amendments made
14 by this subsection shall apply to disclosures after the
15 date of the enactment of this Act.

16 (b) DISCLOSURES RELATING TO CERTAIN PROGRAMS
17 ADMINISTERED BY THE DEPARTMENT OF VETERANS AF-
18 FAIRS.—

19 (1) IN GENERAL.—Section 6103(l)(7)(D) (relat-
20 ing to programs to which rule applies) is amended
21 by striking the last sentence.

22 (2) TECHNICAL AMENDMENT.—Section
23 6103(l)(7)(D)(viii)(III) is amended by striking “sec-
24 tions 1710(a)(1)(I), 1710(a)(2), 1710(b), and
25 1712(a)(2)(B)” and inserting “sections
26 1710(a)(2)(G), 1710(a)(3), and 1710(b)”.

1 **SEC. 703. DISCLOSURE OF INFORMATION RELATING TO**
2 **TERRORIST ACTIVITIES.**

3 (a) DISCLOSURE OF RETURN INFORMATION TO AP-
4 PRISE APPROPRIATE OFFICIALS OF TERRORIST ACTIVI-
5 TIES.—Clause (iv) of section 6103(i)(3)(C) (relating to
6 termination) is amended by striking “December 31, 2007”
7 and inserting “December 31, 2009”.

8 (b) DISCLOSURE UPON REQUEST OF INFORMATION
9 RELATING TO TERRORIST ACTIVITIES.—Subparagraph
10 (E) of section 6103(i)(7) (relating to termination) is
11 amended by striking “December 31, 2007” and inserting
12 “December 31, 2009”.

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

Calendar No. 771

110TH CONGRESS
2^D Session
S. 3098

A BILL

To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

JUNE 9, 2008

Read the second time and placed on the calendar