

113TH CONGRESS
1ST SESSION

H. R. 2821

To provide tax relief for American workers and businesses, to put workers back on the job while rebuilding and modernizing America, and to provide pathways back to work for Americans looking for jobs.

IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2013

Ms. WILSON of Florida (for herself, Ms. PELOSI, Mr. CLYBURN, Ms. FUDGE, Mr. CICILLINE, Mr. ENYART, Ms. HANABUSA, Ms. NORTON, Ms. BASS, Mr. BUTTERFIELD, Ms. SEWELL of Alabama, Mr. RICHMOND, Mr. CONYERS, Ms. BROWN of Florida, Mrs. CHRISTENSEN, Mr. CÁRDENAS, Ms. LEE of California, Mr. TAKANO, Mrs. NAPOLITANO, Ms. DELAURO, Ms. FRANKEL of Florida, Ms. CLARKE, Mr. BRADY of Pennsylvania, Ms. SCHAKOWSKY, Mr. TONKO, Ms. SHEA-PORTER, Mr. GRIJALVA, Mr. HOLT, Mr. SABLAN, Mr. CARTWRIGHT, Ms. WASSERMAN SCHULTZ, Mr. NADLER, Mr. LARSON of Connecticut, Mr. PAYNE, Mr. MCGOVERN, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. RUSH, Ms. MOORE, Mr. VEASEY, Mrs. BEATTY, Ms. KELLY of Illinois, Mr. AL GREEN of Texas, Mr. SCOTT of Virginia, Mr. DAVID SCOTT of Georgia, Mr. JOHNSON of Georgia, Ms. EDWARDS, Mr. RANGEL, Ms. JACKSON LEE, Mr. JEFFRIES, Mr. BISHOP of Georgia, Mr. CLEAVER, Mr. DANNY K. DAVIS of Illinois, Mr. THOMPSON of Mississippi, Mr. CARSON of Indiana, Ms. WATERS, Mr. WATT, Mr. LEWIS, Mr. GUTIÉRREZ, Mr. CLAY, Mr. CUMMINGS, Mr. GARCIA, Ms. MCCOLLUM, Mr. ELLISON, Mr. FATTAH, Mr. DEUTCH, Mr. MEEKS, Ms. HAHN, Mr. CARNEY, and Mr. KEATING) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Small Business, Education and the Workforce, the Judiciary, Transportation and Infrastructure, Financial Services, House Administration, Oversight and Government Reform, 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 provide tax relief for American workers and businesses, to put workers back on the job while rebuilding and modernizing America, and to provide pathways back to work for Americans looking for jobs.

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 “American Jobs Act of 2013”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. Severability.
- Sec. 4. Buy American—Use of American iron, steel, and manufactured goods.
- Sec. 5. Wage rate and employment protection requirements.

TITLE I—RELIEF FOR WORKERS AND BUSINESSES

Subtitle A—Making Work Pay Credit

Sec. 101. Making work pay credit.

Subtitle B—Other Relief for Businesses

- Sec. 111. Extension of temporary 100 percent bonus depreciation for certain business assets.
- Sec. 112. Surety bonds.

TITLE II—PUTTING WORKERS BACK ON THE JOB WHILE REBUILDING AND MODERNIZING AMERICA

Subtitle A—Teacher Stabilization

- Sec. 201. Purpose.
- Sec. 202. Grants for the outlying areas and the Secretary of the Interior; availability of funds.
- Sec. 203. State allocation.
- Sec. 204. State application.
- Sec. 205. State reservation and responsibilities.
- Sec. 206. Local educational agencies.
- Sec. 207. Early learning.

- Sec. 208. Maintenance of effort.
- Sec. 209. Reporting.
- Sec. 210. Definitions.
- Sec. 211. Authorization of appropriations.

Subtitle B—First Responder Stabilization

- Sec. 212. Purpose.
- Sec. 213. Grant program.
- Sec. 214. Appropriations.

Subtitle C—School Modernization

PART I—ELEMENTARY AND SECONDARY SCHOOLS

- Sec. 221. Purpose.
- Sec. 222. Authorization of appropriations.
- Sec. 223. Allocation of funds.
- Sec. 224. State use of funds.
- Sec. 225. State and local applications.
- Sec. 226. Use of funds.
- Sec. 227. Private schools.
- Sec. 228. Additional provisions.

PART II—COMMUNITY COLLEGE MODERNIZATION

- Sec. 229. Federal assistance for community college modernization.

PART III—DEFINITIONS

- Sec. 230. Definitions.

Subtitle D—Immediate Transportation Infrastructure Investments

- Sec. 241. Immediate transportation infrastructure investments.

Subtitle E—Building and Upgrading Infrastructure for Long-Term Development

- Sec. 242. Short title.
- Sec. 243. Findings and purpose.
- Sec. 244. Definitions.

PART I—AMERICAN INFRASTRUCTURE FINANCING AUTHORITY

- Sec. 245. Establishment and general authority of AIFA.
- Sec. 246. Voting members of the Board of Directors.
- Sec. 247. Chief executive officer of AIFA.
- Sec. 248. Powers and duties of the Board of Directors.
- Sec. 249. Senior management.
- Sec. 250. Special Inspector General for AIFA.
- Sec. 251. Other personnel.
- Sec. 252. Compliance.

PART II—TERMS AND LIMITATIONS ON DIRECT LOANS AND LOAN GUARANTEES

- Sec. 253. Eligibility criteria for assistance from AIFA and terms and limitations of loans.

- Sec. 254. Loan terms and repayment.
- Sec. 255. Compliance and enforcement.
- Sec. 256. Audits; reports to the President and Congress.

PART III—FUNDING OF AIFA

- Sec. 257. Administrative fees.
- Sec. 258. Efficiency of AIFA.
- Sec. 259. Funding.

PART IV—EXTENSION OF EXEMPTION FROM ALTERNATIVE MINIMUM TAX TREATMENT FOR CERTAIN TAX-EXEMPT BONDS

- Sec. 260. Extension of exemption from alternative minimum tax treatment for certain tax-exempt bonds.

Subtitle F—Project Rebuild

- Sec. 261. Project rebuild.

TITLE III—ASSISTANCE FOR THE UNEMPLOYED AND PATHWAYS BACK TO WORK

Subtitle A—Supporting Unemployed Workers

- Sec. 301. Short title.

PART I—EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION AND CERTAIN EXTENDED BENEFITS PROVISIONS, AND ESTABLISHMENT OF SELF-EMPLOYMENT ASSISTANCE PROGRAM

- Sec. 311. Extension of emergency unemployment compensation program.
- Sec. 312. Temporary extension of extended benefit provisions.
- Sec. 313. Additional extended unemployment benefits under the Railroad Unemployment Insurance Act.

PART II—REEMPLOYMENT NOW PROGRAM

- Sec. 321. Establishment of reemployment NOW program.
- Sec. 322. Distribution of funds.
- Sec. 323. State plan.
- Sec. 324. Bridge to work program.
- Sec. 325. Wage insurance.
- Sec. 326. Enhanced reemployment strategies.
- Sec. 327. Self-employment programs.
- Sec. 328. Additional innovative programs.
- Sec. 329. Guidance and additional requirements.
- Sec. 330. Report of information and evaluations to Congress and the public.
- Sec. 331. State.

PART III—SHORT-TIME COMPENSATION PROGRAM

- Sec. 341. Temporary financing of short-time compensation payments in states with programs in law.
- Sec. 342. Temporary financing of short-time compensation agreements.
- Sec. 343. Grants for short-time compensation programs.
- Sec. 344. Assistance and guidance in implementing programs.
- Sec. 345. Reports.

Subtitle B—Long-Term Unemployed Hiring Preferences

Sec. 351. Long-term unemployed workers work opportunity tax credits.

Subtitle C—Pathways Back to Work

Sec. 361. Short title.

Sec. 362. Authorization of appropriations.

Sec. 363. Availability of funds.

Sec. 364. Subsidized employment for unemployed, low-income adults.

Sec. 365. Summer employment and year-round employment opportunities for low-income youth.

Sec. 366. Work-based employment strategies of demonstrated effectiveness.

Sec. 367. General requirements.

Sec. 368. Definitions.

Subtitle D—Prohibition of Discrimination in Employment on the Basis of an Individual's Status as Unemployed

Sec. 371. Short title.

Sec. 372. Findings and purpose.

Sec. 373. Definitions.

Sec. 374. Prohibited acts.

Sec. 375. Enforcement.

Sec. 376. Federal and State immunity.

Sec. 377. Relationship to other laws.

Sec. 378. Severability.

Sec. 379. Effective date.

TITLE IV—OFFSETS

Subtitle A—28 Percent Limitation on Certain Deductions and Exclusions

Sec. 401. 28 percent limitation on certain deductions and exclusions.

Subtitle B—Tax Carried Interest in Investment Partnerships as Ordinary Income

Sec. 411. Partnership interests transferred in connection with performance of services.

Sec. 412. Special rules for partners providing investment management services to partnerships.

Subtitle C—Close Loophole for Corporate Jet Depreciation

Sec. 421. General aviation aircraft treated as 7-year property.

Subtitle D—Repeal Oil Subsidies

Sec. 431. Repeal of deduction for intangible drilling and development costs in the case of oil and gas wells.

Sec. 432. Repeal of deduction for tertiary injectants.

Sec. 433. Repeal of percentage depletion for oil and gas wells.

Sec. 434. Section 199 deduction not allowed with respect to oil, natural gas, or primary products thereof.

Sec. 435. Repeal oil and gas working interest exception to passive activity rules.

Sec. 436. Repeal enhanced oil recovery credit.

Sec. 437. Uniform seven-year amortization for geological and geophysical expenditures.

Sec. 438. Repeal marginal well production credit.

Subtitle E—Dual Capacity Taxpayers

Sec. 441. Modifications of foreign tax credit rules applicable to dual capacity taxpayers.

Sec. 442. Separate basket treatment taxes paid on foreign oil and gas income.

Subtitle F—Repeal of Sequestration

Sec. 451. Repeal of sequestration.

1 **SEC. 2. REFERENCES.**

2 Except as expressly provided otherwise, any reference
3 to “this Act” contained in any subtitle of this Act shall
4 be treated as referring only to the provisions of that sub-
5 title.

6 **SEC. 3. SEVERABILITY.**

7 If any provision of this Act, or the application thereof
8 to any person or circumstance, is held invalid, the remain-
9 der of the Act and the application of such provision to
10 other persons or circumstances shall not be affected there-
11 by.

12 **SEC. 4. BUY AMERICAN—USE OF AMERICAN IRON, STEEL,**
13 **AND MANUFACTURED GOODS.**

14 (a) None of the funds appropriated or otherwise made
15 available by this Act may be used for a project for the
16 construction, alteration, maintenance, or repair of a public
17 building or public work unless all of the iron, steel, and
18 manufactured goods used in the project are produced in
19 the United States.

1 (b) Subsection (a) shall not apply in any case or cat-
2 egory of cases in which the head of the Federal depart-
3 ment or agency involved finds that—

4 (1) applying subsection (a) would be incon-
5 sistent with the public interest;

6 (2) iron, steel, and the relevant manufactured
7 goods are not produced in the United States in suffi-
8 cient and reasonably available quantities and of a
9 satisfactory quality; or

10 (3) inclusion of iron, steel, and manufactured
11 goods produced in the United States will increase
12 the cost of the overall project by more than 25 per-
13 cent.

14 (c) If the head of a Federal department or agency
15 determines that it is necessary to waive the application
16 of subsection (a) based on a finding under subsection (b),
17 the head of the department or agency shall publish in the
18 Federal Register a detailed written justification as to why
19 the provision is being waived.

20 (d) This section shall be applied in a manner con-
21 sistent with United States obligations under international
22 agreements.

1 **SEC. 5. WAGE RATE AND EMPLOYMENT PROTECTION RE-**
2 **QUIREMENTS.**

3 (a) Notwithstanding any other provision of law and
4 in a manner consistent with other provisions in this Act,
5 all laborers and mechanics employed by contractors and
6 subcontractors on projects funded directly by or assisted
7 in whole or in part by and through the Federal Govern-
8 ment pursuant to this Act shall be paid wages at rates
9 not less than those prevailing on projects of a character
10 similar in the locality as determined by the Secretary of
11 Labor in accordance with subchapter IV of chapter 31 of
12 title 40, United States Code.

13 (b) With respect to the labor standards specified in
14 this section, the Secretary of Labor shall have the author-
15 ity and functions set forth in Reorganization Plan Num-
16 bered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and sec-
17 tion 3145 of title 40, United States Code.

18 (c) Projects as defined under title 49, United States
19 Code, funded directly by or assisted in whole or in part
20 by and through the Federal Government pursuant to this
21 Act shall be subject to the requirements of section 5333(b)
22 of title 49, United States Code.

1 **TITLE I—RELIEF FOR WORKERS**
2 **AND BUSINESSES**
3 **Subtitle A—Making Work Pay**
4 **Credit**

5 **SEC. 101. MAKING WORK PAY CREDIT.**

6 (a) IN GENERAL.—Subsection (e) of section 36A of
7 the Internal Revenue Code of 1986 is amended to read
8 as follows:

9 “(e) TERMINATION.—This section shall not apply
10 to—

11 “(1) beginning after December 31, 2010, and
12 before January 1, 2014, and

13 “(2) taxable years beginning after December
14 31, 2014.”.

15 (b) TREATMENT OF POSSESSIONS.—Rules similar to
16 the rules of subsections (b) and (c) of section 1001 of the
17 American Recovery and Reinvestment Tax Act of 2009
18 shall apply with respect to the amendment made by sub-
19 section (a). For purposes of the preceding sentence, such
20 section shall be applied by substituting “taxable years be-
21 ginning in 2014” for “taxable years beginning in 2009
22 and 2010” each place it occurs.

23 (c) EFFECTIVE DATE.—This section, and the amend-
24 ments made by this section, shall apply to taxable years
25 beginning after December 31, 2013.

1 **Subtitle B—Other Relief for**
2 **Businesses**

3 **SEC. 111. EXTENSION OF TEMPORARY 100 PERCENT BONUS**
4 **DEPRECIATION FOR CERTAIN BUSINESS AS-**
5 **SETS.**

6 (a) IN GENERAL.—Paragraph (5) of section 168(k)
7 of the Internal Revenue Code is amended—

8 (1) by striking “January 1, 2012” each place
9 it appears and inserting “January 1, 2015”, and

10 (2) by striking “January 1, 2013” and insert-
11 ing “January 1, 2016”.

12 (b) CONFORMING AMENDMENT.—The heading for
13 paragraph (5) of section 168(k) of the Internal Revenue
14 Code is amended by striking “PRE-2012 PERIODS” and in-
15 serting “PRE-2014 PERIODS”.

16 **SEC. 112. SURETY BONDS.**

17 (a) MAXIMUM BOND AMOUNT.—Section 411(a)(1) of
18 the Small Business Investment Act of 1958 (15 U.S.C.
19 694b(a)(1)) is amended by striking “\$2,000,000” and in-
20 serting “\$5,000,000”.

21 (b) DENIAL OF LIABILITY.—Section 411(e)(2) of the
22 Small Business Investment Act of 1958 (15 U.S.C.
23 694b(e)(2)) is amended by striking “\$2,000,000” and in-
24 serting “\$5,000,000”.

1 (c) SUNSET.—The amendments made by subsections
2 (a) and (b) of this section shall remain in effect until Sep-
3 tember 30, 2014.

4 (d) FUNDING.—There is appropriated out of any
5 money in the Treasury not otherwise appropriated,
6 \$3,000,000, to remain available until expended, for addi-
7 tional capital for the Surety Bond Guarantees Revolving
8 Fund, as authorized by the Small Business Investment
9 Act of 1958, as amended.

10 **TITLE II—PUTTING WORKERS**
11 **BACK ON THE JOB WHILE RE-**
12 **BUILDING AND MODERNIZING**
13 **AMERICA**

14 **Subtitle A—Teacher Stabilization**

15 **SEC. 201. PURPOSE.**

16 The purpose of this subtitle is to provide funds to
17 States to prevent teacher layoffs and support the creation
18 of additional jobs in public early childhood, elementary,
19 and secondary education in the 2013–2014 and 2014–
20 2015 school years.

1 **SEC. 202. GRANTS FOR THE OUTLYING AREAS AND THE**
2 **SECRETARY OF THE INTERIOR; AVAILABILITY**
3 **OF FUNDS.**

4 (a) RESERVATION OF FUNDS.—From the amount ap-
5 propriated to carry out this subtitle under section 212,
6 the Secretary—

7 (1) shall reserve up to one-half of one percent
8 to provide assistance to the outlying areas on the
9 basis of their respective needs, as determined by the
10 Secretary, for activities consistent with this subtitle
11 under such terms and conditions as the Secretary
12 may determine;

13 (2) shall reserve up to one-half of one percent
14 to provide assistance to the Secretary of the Interior
15 to carry out activities consistent with this subtitle, in
16 schools operated or funded by the Bureau of Indian
17 Education; and

18 (3) may reserve up to \$2,000,000 for adminis-
19 tration and oversight of this subtitle, including pro-
20 gram evaluation.

21 (b) AVAILABILITY OF FUNDS.—Funds made avail-
22 able under section 212 shall remain available to the Sec-
23 retary until September 30, 2014.

24 **SEC. 203. STATE ALLOCATION.**

25 (a) ALLOCATION.—After reserving funds under sec-
26 tion 203(a), the Secretary shall allocate the remaining

1 funds appropriated under section 212 to States, of
2 which—

3 (1) 60 percent shall be allocated to States on
4 the basis of their relative population of individuals
5 aged 5 through 17; and

6 (2) 40 percent shall be allocated to States on
7 the basis of their relative total population.

8 (b) AWARDS.—The Secretary shall award a State’s
9 allocation under subsection (a) to the Governor of the
10 State only if the Secretary has approved the State’s appli-
11 cation under section 205.

12 (c) ALTERNATE DISTRIBUTION OF FUNDS.—

13 (1) IN GENERAL.—If, within 30 days after the
14 date of enactment of this Act, a Governor has not
15 submitted an approvable application to the Sec-
16 retary, the Secretary shall, consistent with para-
17 graph (2), provide for funds allocated to that State
18 to be distributed to another entity or other entities
19 in the State for the support of early childhood, ele-
20 mentary, and secondary education, under such terms
21 and conditions as the Secretary may establish.

22 (2) MAINTENANCE OF EFFORT.—

23 (A) GOVERNOR ASSURANCE.—The Sec-
24 retary shall not allocate funds under paragraph

25 (1) unless the Governor of the State provides

1 an assurance to the Secretary that the State
2 will for fiscal years 2014 and 2015 meet the re-
3 quirements of section 209.

4 (B) ALLOCATIONS TO OTHER ENTITIES.—

5 Notwithstanding subparagraph (A), the Sec-
6 retary may allocate up to 50 percent of the
7 funds that are available to the State under
8 paragraph (1) to another entity or entities in
9 the State, provided that the State educational
10 agency submits data to the Secretary dem-
11 onstrating that the State will for fiscal year
12 2014 meet the requirements of section 209(a)
13 or the Secretary otherwise determines that the
14 State will meet those requirements, or such
15 comparable requirements as the Secretary may
16 establish, for that year.

17 (3) REQUIREMENTS.—An entity that receives
18 funds under paragraph (1) shall use those funds in
19 accordance with the requirements of this subtitle.

20 (d) REALLOCATION.—If a State does not receive
21 funding under this subtitle or only receives a portion of
22 its allocation under subsection (c), the Secretary shall re-
23 allocate the State's entire allocation or the remaining por-
24 tion of its allocation, as the case may be, to the remaining
25 States in accordance with subsection (a).

1 **SEC. 204. STATE APPLICATION.**

2 The Governor of a State desiring to receive a grant
3 under this subtitle shall submit an application to the Sec-
4 retary within 30 days of the date of enactment of this Act,
5 in such manner, and containing such information as the
6 Secretary may reasonably require to determine the State's
7 compliance with applicable provisions of law.

8 **SEC. 205. STATE RESERVATION AND RESPONSIBILITIES.**

9 (a) RESERVATION.—Each State receiving a grant
10 under section 204(b) may reserve—

11 (1) not more than 10 percent of the grant
12 funds for awards to State-funded early learning pro-
13 grams; and

14 (2) not more than 2 percent of the grant funds
15 for the administrative costs of carrying out its re-
16 sponsibilities under this subtitle.

17 (b) STATE RESPONSIBILITIES.—Each State receiving
18 a grant under this subtitle shall, after reserving any funds
19 under subsection (a)—

20 (1) use the remaining grant funds only for
21 awards to local educational agencies for the support
22 of early childhood, elementary, and secondary edu-
23 cation;

24 (2) distribute those funds, through subgrants,
25 to its local educational agencies by distributing—

1 (A) 60 percent on the basis of the local
2 educational agencies' relative shares of enroll-
3 ment; and

4 (B) 40 percent on the basis of the local
5 educational agencies' relative shares of funds
6 received under part A of title I of the Elemen-
7 tary and Secondary Education Act of 1965 for
8 fiscal year 2013; and

9 (3) make those funds available to local edu-
10 cational agencies no later than 100 days after receiv-
11 ing a grant from the Secretary.

12 (c) PROHIBITIONS.—A State shall not use funds re-
13 ceived under this subtitle to directly or indirectly—

14 (1) establish, restore, or supplement a rainy-day
15 fund;

16 (2) supplant State funds in a manner that has
17 the effect of establishing, restoring, or
18 supplementing a rainy-day fund;

19 (3) reduce or retire debt obligations incurred by
20 the State; or

21 (4) supplant State funds in a manner that has
22 the effect of reducing or retiring debt obligations in-
23 curred by the State.

1 **SEC. 206. LOCAL EDUCATIONAL AGENCIES.**

2 Each local educational agency that receives a
3 subgrant under this subtitle—

4 (1) shall use the subgrant funds only for com-
5 pensation and benefits and other expenses, such as
6 support services, necessary to retain existing employ-
7 ees, recall or rehire former employees, or hire new
8 employees to provide early childhood, elementary, or
9 secondary educational and related services;

10 (2) shall obligate those funds not later than
11 September 30, 2015; and

12 (3) may not use those funds for general admin-
13 istrative expenses or for other support services or ex-
14 penditures, as those terms are defined by the Na-
15 tional Center for Education Statistics in the Com-
16 mon Core of Data, as of the date of enactment of
17 this Act.

18 **SEC. 207. EARLY LEARNING.**

19 Each State-funded early learning program that re-
20 ceives funds under this subtitle shall—

21 (1) use those funds only for compensation, ben-
22 efits, and other expenses, such as support services,
23 necessary to retain early childhood educators, recall
24 or rehire former early childhood educators, or hire
25 new early childhood educators to provide early learn-
26 ing services; and

1 (2) obligate those funds not later than Sep-
2 tember 30, 2015.

3 **SEC. 208. MAINTENANCE OF EFFORT.**

4 (a) REQUIREMENT.—The Secretary shall not allocate
5 funds to a State under this subtitle unless the State pro-
6 vides an assurance to the Secretary that—

7 (1) for State fiscal year 2014—

8 (A) the State will maintain State support
9 for early childhood, elementary, and secondary
10 education (in the aggregate or on the basis of
11 expenditure per pupil) and for public institu-
12 tions of higher education (not including support
13 for capital projects or for research and develop-
14 ment or tuition and fees paid by students) at
15 not less than the level of such support for each
16 of the two categories for State fiscal year 2013;
17 or

18 (B) the State will maintain State support
19 for early childhood, elementary, and secondary
20 education and for public institutions of higher
21 education (not including support for capital
22 projects or for research and development or tui-
23 tion and fees paid by students) at a percentage
24 of the total revenues available to the State that

1 is equal to or greater than the percentage pro-
2 vided for State fiscal year 2013; and

3 (2) for State fiscal year 2015—

4 (A) the State will maintain State support
5 for early childhood, elementary, and secondary
6 education (in the aggregate or on the basis of
7 expenditure per pupil) and for public institu-
8 tions of higher education (not including support
9 for capital projects or for research and develop-
10 ment or tuition and fees paid by students) at
11 not less than the level of such support for each
12 of the two categories for State fiscal year 2014;
13 or

14 (B) the State will maintain State support
15 for early childhood, elementary, and secondary
16 education and for public institutions of higher
17 education (not including support for capital
18 projects or for research and development or tui-
19 tion and fees paid by students) at a percentage
20 of the total revenues available to the State that
21 is equal to or greater than the percentage pro-
22 vided for State fiscal year 2014.

23 (b) WAIVER.—The Secretary may waive the require-
24 ments of this section if the Secretary determines that a
25 waiver would be equitable due to—

1 (1) exceptional or uncontrollable circumstances,
2 such as a natural disaster; or

3 (2) a precipitous decline in the financial re-
4 sources of the State.

5 **SEC. 209. REPORTING.**

6 Each State that receives a grant under this subtitle
7 shall submit, on an annual basis, a report to the Secretary
8 that contains—

9 (1) a description of how funds received under
10 this part were expended or obligated; and

11 (2) an estimate of the number of jobs supported
12 by the State using funds received under this subtitle.

13 **SEC. 210. DEFINITIONS.**

14 In this subtitle:

15 (1) ESEA DEFINITIONS.—Except as otherwise
16 provided, the terms “local educational agency”,
17 “outlying area”, “Secretary”, “State”, and “State
18 educational agency” have the meanings given those
19 terms in section 9101 of the Elementary and Sec-
20 ondary Education Act of 1965 (20 U.S.C. 7801).

21 (2) STATE.—The term “State” does not include
22 an outlying area.

23 (3) EARLY CHILD EDUCATOR.—The term
24 “early childhood educator” means an individual
25 who—

1 (A) works directly with children in a State-
 2 funded early learning program in a low-income
 3 community;

4 (B) is involved directly in the care, devel-
 5 opment, and education of infants, toddlers, or
 6 young children age five and under; and

7 (C) has completed a baccalaureate or ad-
 8 vanced degree in early childhood development or
 9 early childhood education, or in a field related
 10 to early childhood education.

11 (4) STATE-FUNDED EARLY LEARNING PRO-
 12 GRAM.—The term “State-funded early learning pro-
 13 gram” means a program that provides educational
 14 services to children from birth to kindergarten entry
 15 and receives funding from a State.

16 **SEC. 211. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated, and there
 18 are appropriated, \$30,000,000,000 to carry out this sub-
 19 title for fiscal year 2014.

20 **Subtitle B—First Responder**
 21 **Stabilization**

22 **SEC. 212. PURPOSE.**

23 The purpose of this subtitle is to provide funds to
 24 States and localities to prevent layoffs of, and support the

1 creation of additional jobs for, law enforcement officers
2 and other first responders.

3 **SEC. 213. GRANT PROGRAM.**

4 The Attorney General shall carry out a competitive
5 grant program pursuant to section 1701 of title I of the
6 Omnibus Crime Control and Safe Streets Act of 1968 (42
7 U.S.C. 3796dd) for hiring, rehiring, or retention of career
8 law enforcement officers under part Q of such title. Grants
9 awarded under this section shall not be subject to sub-
10 sections (g) or (i) of section 1701 or to section 1704 of
11 such Act (42 U.S.C. 3796dd–3(c)).

12 **SEC. 214. APPROPRIATIONS.**

13 There are hereby appropriated to the Community
14 Oriented Policing Stabilization Fund out of any money in
15 the Treasury not otherwise obligated, \$5,000,000,000, to
16 remain available until September 30, 2012, of which
17 \$4,000,000,000 shall be for the Attorney General to carry
18 out the competitive grant program under section 214; and
19 of which \$1,000,000,000 shall be transferred by the Attor-
20 ney General to a First Responder Stabilization Fund from
21 which the Secretary of Homeland Security shall make
22 competitive grants for hiring, rehiring, or retention pursu-
23 ant to the Federal Fire Prevention and Control Act of
24 1974 (15 U.S.C. 2201 et seq.), to carry out section 34
25 of such Act (15 U.S.C. 2229a). In making such grants,

1 the Secretary may grant waivers from the requirements
 2 in subsections (a)(1)(A), (a)(1)(B), (a)(1)(E), (c)(1),
 3 (c)(2), and (c)(4)(A) of such section 34. Of the amounts
 4 appropriated herein, not to exceed \$8,000,000 shall be for
 5 administrative costs of the Attorney General, and not to
 6 exceed \$2,000,000 shall be for administrative costs of the
 7 Secretary of Homeland Security.

8 **Subtitle C—School Modernization**

9 **PART I—ELEMENTARY AND SECONDARY**

10 **SCHOOLS**

11 **SEC. 221. PURPOSE.**

12 The purpose of this part is to provide assistance for
 13 the modernization, renovation, and repair of elementary
 14 and secondary school buildings in public school districts
 15 across America in order to support the achievement of im-
 16 proved educational outcomes in those schools.

17 **SEC. 222. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated, and there
 19 are appropriated, \$25,000,000,000 to carry out this part,
 20 which shall be available for obligation by the Secretary
 21 until September 30, 2014.

22 **SEC. 223. ALLOCATION OF FUNDS.**

23 (a) RESERVATIONS.—Of the amount made available
 24 to carry out this part, the Secretary shall reserve—

1 (1) one-half of one percent for the Secretary of
2 the Interior to carry out modernization, renovation,
3 and repair activities described in section 226 in
4 schools operated or funded by the Bureau of Indian
5 Education;

6 (2) one-half of one percent to make grants to
7 the outlying areas for modernization, renovation,
8 and repair activities described in section 226; and

9 (3) such funds as the Secretary determines are
10 needed to conduct a survey, by the National Center
11 for Education Statistics, of the school construction,
12 modernization, renovation, and repair needs of the
13 public schools of the United States.

14 (b) STATE ALLOCATION.—After reserving funds
15 under subsection (a), the Secretary shall allocate the re-
16 maining amount among the States in proportion to their
17 respective allocations under part A of title I of the Ele-
18 mentary and Secondary Education Act of 1965 (in this
19 part referred to as the “ESEA”) (20 U.S.C. 6311 et seq.)
20 for fiscal year 2013, except that—

21 (1) the Secretary shall allocate 40 percent of
22 such remaining amount to the 100 local educational
23 agencies with the largest numbers of children aged
24 5–17 living in poverty, as determined using the most
25 recent data available from the Department of Com-

1 merce that are satisfactory to the Secretary, in pro-
2 portion to those agencies' respective allocations
3 under part A of title I of the ESEA for fiscal year
4 2013; and

5 (2) the allocation to any State shall be reduced
6 by the aggregate amount of the allocations under
7 paragraph (1) to local educational agencies in that
8 State.

9 (c) REMAINING ALLOCATION.—

10 (1) STATES.—If a State does not apply for its
11 allocation under subsection (b) (or applies for less
12 than the full allocation for which it is eligible) or
13 does not use that allocation in a timely manner, the
14 Secretary may—

15 (A) reallocate all or a portion of that allo-
16 cation to the other States in accordance with
17 subsection (b); or

18 (B) use all or a portion of that allocation
19 to make direct allocations to local educational
20 agencies within the State based on their respec-
21 tive allocations under part A of title I of the
22 ESEA for fiscal year 2013 or such other meth-
23 od as the Secretary may determine.

24 (2) LOCAL EDUCATIONAL AGENCIES.—If a local
25 educational agency does not apply for its allocation

1 under subsection (b)(1), applies for less than the full
2 allocation for which it is eligible, or does not use
3 that allocation in a timely manner, the Secretary
4 may reallocate all or a portion of its allocation to the
5 State in which that agency is located.

6 **SEC. 224. STATE USE OF FUNDS.**

7 (a) RESERVATION.—Each State that receives a grant
8 under this part may reserve not more than one percent
9 of the State’s allocation under section 223(b) for the pur-
10 pose of administering the grant, except that no State may
11 reserve more than \$750,000 for this purpose.

12 (b) FUNDS TO LOCAL EDUCATIONAL AGENCIES.—

13 (1) FORMULA SUBGRANTS.—From the grant
14 funds that are not reserved under subsection (a), a
15 State shall allocate at least 50 percent to local edu-
16 cational agencies, including charter schools that are
17 local educational agencies, that did not receive funds
18 under section 223(b)(1) from the Secretary, in ac-
19 cordance with their respective allocations under part
20 A of title I of the ESEA for fiscal year 2013, except
21 that no such local educational agency shall receive
22 less than \$10,000.

23 (2) ADDITIONAL SUBGRANTS.—The State shall
24 use any funds remaining, after reserving funds
25 under subsection (a) and allocating funds under

1 paragraph (1), for subgrants to local educational
2 agencies that did not receive funds under section
3 223(b)(1), including charter schools that are local
4 educational agencies, to support modernization, ren-
5 ovation, and repair projects that the State deter-
6 mines, using objective criteria, are most needed in
7 the State, with priority given to projects in rural
8 local educational agencies.

9 (c) REMAINING FUNDS.—If a local educational agen-
10 cy does not apply for an allocation under subsection
11 (b)(1), applies for less than its full allocation, or fails to
12 use that allocation in a timely manner, the State may re-
13 allocate any unused portion to other local educational
14 agencies in accordance with subsection (b).

15 **SEC. 225. STATE AND LOCAL APPLICATIONS.**

16 (a) STATE APPLICATION.—A State that desires to re-
17 ceive a grant under this part shall submit an application
18 to the Secretary at such time, in such manner, and con-
19 taining such information and assurances as the Secretary
20 may require, which shall include—

21 (1) an identification of the State agency or enti-
22 ty that will administer the program under this part;
23 and

1 (2) the State’s process for determining how the
2 grant funds will be distributed and administered, in-
3 cluding—

4 (A) how the State will determine the cri-
5 teria and priorities in making subgrants under
6 section 224(b)(2);

7 (B) any additional criteria the State will
8 use in determining which projects it will fund
9 under that section;

10 (C) a description of how the State will con-
11 sider—

12 (i) the needs of local educational
13 agencies for assistance under this part;

14 (ii) the impact of potential projects on
15 job creation in the State;

16 (iii) the fiscal capacity of local edu-
17 cational agencies applying for assistance;

18 (iv) the percentage of children in
19 those local educational agencies who are
20 from low-income families; and

21 (v) the potential for leveraging assist-
22 ance provided by the program under this
23 part through matching or other financing
24 mechanisms;

1 (D) a description of how the State will en-
2 sure that the local educational agencies receiv-
3 ing subgrants meet the requirements of this
4 part;

5 (E) a description of how the State will en-
6 sure that the State and its local educational
7 agencies meet the deadlines established in sec-
8 tion 228;

9 (F) a description of how the State will give
10 priority to the use of green practices that are
11 certified, verified, or consistent with any appli-
12 cable provisions of—

13 (i) the LEED Green Building Rating
14 System;

15 (ii) Energy Star;

16 (iii) the CHPS Criteria;

17 (iv) Green Globes; or

18 (v) an equivalent program adopted by
19 the State or another jurisdiction with au-
20 thority over the local educational agency;

21 (G) a description of the steps that the
22 State will take to ensure that local educational
23 agencies receiving subgrants under this part
24 will adequately maintain any facilities that are

1 modernized, renovated, or repaired with such
2 subgrant funds; and

3 (H) such additional information and assur-
4 ances as the Secretary may require.

5 (b) LOCAL APPLICATION.—A local educational agen-
6 cy that is eligible under section 223(b)(1) that desires to
7 receive a grant under this part shall submit an application
8 to the Secretary at such time, in such manner, and con-
9 taining such information and assurances as the Secretary
10 may require, which shall include—

11 (1) a description of how the local educational
12 agency will meet the deadlines and requirements of
13 this part;

14 (2) a description of the steps that the local edu-
15 cational agency will take to adequately maintain any
16 facilities that are modernized, renovated, or repaired
17 with funds under this part; and

18 (3) such additional information and assurances
19 as the Secretary may require.

20 **SEC. 226. USE OF FUNDS.**

21 (a) IN GENERAL.—Funds awarded to local edu-
22 cational agencies under this part shall be used only for
23 either or both of the following modernization, renovation,
24 or repair activities in facilities that are used for elemen-

1 tary or secondary education or for early learning pro-
 2 grams:

3 (1) Direct payments for school modernization,
 4 renovation, or repair.

5 (2) To pay interest on bonds or payments for
 6 other financing instruments that are newly issued
 7 for the purpose of financing school modernization,
 8 renovation, or repair.

9 (b) SUPPLEMENT, NOT SUPPLANT.—Funds made
 10 available under this part shall be used to supplement, and
 11 not supplant, other Federal, State, and local funds that
 12 would otherwise be expended to modernize, renovate, or
 13 repair eligible school facilities.

14 (c) PROHIBITION.—Funds awarded to local edu-
 15 cational agencies under this part may not be used for—

16 (1) new construction;

17 (2) payment of routine maintenance costs; or

18 (3) modernization, renovation, or repair of sta-
 19adiums or other facilities primarily used for athletic
 20 contests or exhibitions or other events for which ad-
 21 mission is charged to the general public.

22 **SEC. 227. PRIVATE SCHOOLS.**

23 (a) IN GENERAL.—Section 9501 of the ESEA (20
 24 U.S.C. 7881) shall apply to this part in the same manner
 25 as it applies to activities under that Act, except that—

1 (1) such section 9501 shall not apply with re-
2 spect to the title to any real property modernized,
3 renovated, or repaired with assistance provided
4 under this part;

5 (2) educational services or other benefits funded
6 under this part for private schools shall be provided
7 only to private, nonprofit elementary or secondary
8 schools with a rate of child poverty of at least 40
9 percent and may include only—

10 (A) modifications of school facilities nec-
11 essary to meet the standards applicable to pub-
12 lic schools under the Americans with Disabil-
13 ities Act of 1990 (42 U.S.C. 12101 et seq.);

14 (B) modifications of school facilities nec-
15 essary to meet the standards applicable to pub-
16 lic schools under section 504 of the Rehabilita-
17 tion Act of 1973 (29 U.S.C. 794); and

18 (C) asbestos or polychlorinated biphenyls
19 abatement or removal from school facilities; and

20 (3) expenditures for services provided using
21 funds made available under section 226 shall be con-
22 sidered equal for purposes of section 9501(a)(4) of
23 the ESEA if the per-pupil expenditures for services
24 described in paragraph (2) for students enrolled in
25 private, nonprofit elementary and secondary schools

1 that have child-poverty rates of at least 40 percent
2 are consistent with the per-pupil expenditures under
3 this part for children enrolled in the public schools
4 of the local educational agency receiving funds under
5 this part.

6 (b) REMAINING FUNDS.—If the expenditure for serv-
7 ices described in subsection (a)(2) is less than the amount
8 calculated under subsection (a)(3) because of insufficient
9 need for those services, the remainder shall be available
10 to the local educational agency for modernization, renova-
11 tion, or repair of its school facilities.

12 (c) APPLICATION.—If any provision of this section,
13 or the application thereof, to any person or circumstance
14 is judicially determined to be invalid, the remainder of the
15 section and the application to other persons or cir-
16 cumstances shall not be affected thereby.

17 **SEC. 228. ADDITIONAL PROVISIONS.**

18 (a) 24-MONTH PERIOD OF AVAILABILITY.—Funds
19 appropriated under section 222 shall be available for obli-
20 gation by local educational agencies receiving grants from
21 the Secretary under section 223(b)(1), by States reserving
22 funds under section 224(a), and by local educational agen-
23 cies receiving subgrants under section 224(b)(1) only dur-
24 ing the period that ends 24 months after the date of enact-
25 ment of this Act.

1 (b) 36-MONTH PERIOD OF AVAILABILITY.—Funds
 2 appropriated under section 222 shall be available for obli-
 3 gation by local educational agencies receiving subgrants
 4 under section 224(b)(2) only during the period that ends
 5 36 months after the date of enactment of this Act.

6 (c) APPLICABILITY OF GEPA.—Section 439 of the
 7 General Education Provisions Act (20 U.S.C. 1232b) shall
 8 apply to funds available under this part.

9 (d) LIMITATION.—For purposes of section 223(b)(1),
 10 Hawaii, the District of Columbia, and the Commonwealth
 11 of Puerto Rico are not local educational agencies.

12 **PART II—COMMUNITY COLLEGE**

13 **MODERNIZATION**

14 **SEC. 229. FEDERAL ASSISTANCE FOR COMMUNITY COL-** 15 **LEGE MODERNIZATION.**

16 (a) IN GENERAL.—

17 (1) GRANT PROGRAM.—From the amounts
 18 made available under subsection (h), the Secretary
 19 shall award grants to States to modernize, renovate,
 20 or repair existing facilities at community colleges.

21 (2) ALLOCATION.—

22 (A) RESERVATIONS.—Of the amount made
 23 available to carry out this section, the Secretary
 24 shall reserve—

1 (i) up to 0.25 percent for grants to in-
2 stitutions that are eligible under section
3 316 of the Higher Education Act of 1965
4 (20 U.S.C. 1059c) to provide for mod-
5 ernization, renovation, and repair activities
6 described in this section; and

7 (ii) up to 0.25 percent for grants to
8 the outlying areas to provide for mod-
9 ernization, renovation, and repair activities
10 described in this section.

11 (B) ALLOCATION.—After reserving funds
12 under subparagraph (A), the Secretary shall al-
13 locate to each State that has an application ap-
14 proved by the Secretary an amount that bears
15 the same relation to any remaining funds as the
16 total number of students in such State who are
17 enrolled in institutions described in section
18 230(b)(1)(A) plus the number of students who
19 are estimated to be enrolled in and pursuing a
20 degree or certificate that is not a bachelor's,
21 master's, professional, or other advanced degree
22 in institutions described in section
23 230(b)(1)(B), based on the proportion of de-
24 grees or certificates awarded by such institu-
25 tions that are not bachelor's, master's, profes-

1 sional, or other advanced degrees, as reported
2 to the Integrated Postsecondary Data System
3 bears to the estimated total number of such
4 students in all States, except that no State shall
5 receive less than \$2,500,000.

6 (C) REALLOCATION.—Amounts not allo-
7 cated under this section to a State because the
8 State either did not submit an application
9 under subsection (b), the State submitted an
10 application that the Secretary determined did
11 not meet the requirements of such subsection,
12 or the State cannot demonstrate to the Sec-
13 retary a sufficient demand for projects to war-
14 rant the full allocation of the funds, shall be
15 proportionately reallocated under this para-
16 graph to the other States that have a dem-
17 onstrated need for, and are receiving, alloca-
18 tions under this section.

19 (D) STATE ADMINISTRATION.—A State
20 that receives a grant under this section may use
21 not more than one percent of that grant to ad-
22 minister it, except that no State may use more
23 than \$750,000 of its grant for this purpose.

24 (3) SUPPLEMENT, NOT SUPPLANT.—Funds
25 made available under this section shall be used to

1 supplement, and not supplant, other Federal, State,
2 and local funds that would otherwise be expended to
3 modernize, renovate, or repair existing community
4 college facilities.

5 (b) APPLICATION.—A State that desires to receive a
6 grant under this section shall submit an application to the
7 Secretary at such time, in such manner, and containing
8 such information and assurances as the Secretary may re-
9 quire. Such application shall include a description of—

10 (1) how the funds provided under this section
11 will improve instruction at community colleges in the
12 State and will improve the ability of those colleges
13 to educate and train students to meet the workforce
14 needs of employers in the State;

15 (2) the projected start of each project and the
16 estimated number of persons to be employed in the
17 project; and

18 (3) the cost of each project and the total
19 amount of funds requested for each project and for
20 all projects.

21 (c) PROHIBITED USES OF FUNDS.—

22 (1) IN GENERAL.—No funds awarded under
23 this section may be used for—

24 (A) payment of routine maintenance costs;

1 (B) construction, modernization, renova-
 2 tion, or repair of stadiums or other facilities
 3 primarily used for athletic contests or exhibi-
 4 tions or other events for which admission is
 5 charged to the general public; or

6 (C) construction, modernization, renova-
 7 tion, or repair of facilities—

8 (i) used for sectarian instruction, reli-
 9 gious worship, or a school or department
 10 of divinity; or

11 (ii) in which a substantial portion of
 12 the functions of the facilities are subsumed
 13 in a religious mission.

14 (2) FOUR-YEAR INSTITUTIONS.—No funds
 15 awarded to a four-year public institution of higher
 16 education under this section may be used for any fa-
 17 cility, service, or program of the institution that is
 18 not available to students who are pursuing a degree
 19 or certificate that is not a bachelor's, master's, pro-
 20 fessional, or other advanced degree.

21 (d) GREEN PROJECTS.—In providing assistance to
 22 community college projects under this section, the State
 23 shall consider the extent to which a community college's
 24 project involves activities that are certified, verified, or
 25 consistent with the applicable provisions of—

- 1 (1) the LEED Green Building Rating System;
- 2 (2) Energy Star;
- 3 (3) the CHPS Criteria, as applicable;
- 4 (4) Green Globes; or
- 5 (5) an equivalent program adopted by the State
- 6 or the State higher education agency that includes
- 7 a verifiable method to demonstrate compliance with
- 8 such program.

9 (e) APPLICATION OF GEPA.—Section 439 of the
10 General Education Provisions Act (20 U.S.C. 1232b) shall
11 apply to funds available under this section.

12 (f) REPORTS BY THE STATES.—Each State that re-
13 ceives a grant under this section shall, not later than Sep-
14 tember 30, 2014, and annually thereafter for each fiscal
15 year in which the State expends funds received under this
16 section, submit to the Secretary a report that includes—

- 17 (1) a description of the projects for which the
- 18 grant was, or will be, used;
- 19 (2) a description of the amount and nature of
- 20 the assistance provided to each community college
- 21 under this section; and
- 22 (3) the number of jobs created by the projects
- 23 funded under this section.

24 (g) REPORT BY THE SECRETARY.—The Secretary
25 shall submit to the authorizing committees (as defined in

1 section 103 of the Higher Education Act of 1965; 20
2 U.S.C. 1003) an annual report on the grants made under
3 this section, including the information described in sub-
4 section (f).

5 (h) AVAILABILITY OF FUNDS.—

6 (1) There are authorized to be appropriated,
7 and there are appropriated, to carry out this section
8 (in addition to any other amounts appropriated to
9 carry out this section and out of any money in the
10 Treasury not otherwise appropriated),
11 \$5,000,000,000 for fiscal year 2014.

12 (2) Funds appropriated under this subsection
13 shall be available for obligation by community col-
14 leges only during the period that ends 36 months
15 after the date of enactment of this Act.

16 **PART III—DEFINITIONS**

17 **SEC. 230. DEFINITIONS.**

18 (a) ESEA TERMS.—Except as otherwise provided, in
19 this subtitle, the terms “local educational agency”, “Sec-
20 retary”, and “State educational agency” have the mean-
21 ings given those terms in section 9101 of the Elementary
22 and Secondary Education Act of 1965 (20 U.S.C. 7801).

23 (b) ADDITIONAL DEFINITIONS.—The following defi-
24 nitions apply to this title:

1 (1) COMMUNITY COLLEGE.—The term “commu-
2 nity college” means—

3 (A) a junior or community college, as that
4 term is defined in section 312(f) of the Higher
5 Education Act of 1965 (20 U.S.C. 1058(f)); or

6 (B) an institution of higher education (as
7 defined in section 101 of the Higher Education
8 Act of 1965 (20 U.S.C. 1001)) that awards a
9 significant number of degrees and certificates,
10 as determined by the Secretary, that are not—

11 (i) bachelor’s degrees (or an equiva-
12 lent); or

13 (ii) master’s, professional, or other
14 advanced degrees.

15 (2) CHPS CRITERIA.—The term “CHPS Cri-
16 teria” means the green building rating program de-
17 veloped by the Collaborative for High Performance
18 Schools.

19 (3) ENERGY STAR.—The term “Energy Star”
20 means the Energy Star program of the United
21 States Department of Energy and the United States
22 Environmental Protection Agency.

23 (4) GREEN GLOBES.—The term “Green
24 Globes” means the Green Building Initiative envi-

1 ronmental design and rating system referred to as
2 Green Globes.

3 (5) LEED GREEN BUILDING RATING SYSTEM.—
4 The term “LEED Green Building Rating System”
5 means the United States Green Building Council
6 Leadership in Energy and Environmental Design
7 green building rating standard referred to as the
8 LEED Green Building Rating System.

9 (6) MODERNIZATION, RENOVATION, AND RE-
10 PAIR.—The term “modernization, renovation, and
11 repair” means—

12 (A) comprehensive assessments of facili-
13 ties, including indoor air-quality assessments, to
14 identify—

15 (i) facility conditions or deficiencies
16 that could adversely affect student and
17 staff health, safety, performance, or pro-
18 ductivity or energy, water, or materials ef-
19 ficiency; and

20 (ii) needed facility improvements;

21 (B) repairing, replacing, or installing roofs
22 (which may be extensive, intensive, or semi-in-
23 tensive “green” roofs); electrical wiring; water
24 supply and plumbing systems, sewage systems,
25 storm water runoff systems, lighting systems

1 (or components of such systems); or building
2 envelope, windows, ceilings, flooring, or doors,
3 including security doors;

4 (C) repairing, replacing, or installing heat-
5 ing, ventilation, or air conditioning systems, or
6 components of those systems (including insula-
7 tion) to improve energy efficiency;

8 (D) compliance with fire, health, seismic,
9 and safety codes, including professional installa-
10 tion of fire and life safety alarms, and mod-
11 ernizations, renovations, and repairs that en-
12 sure that facilities are prepared for such emer-
13 gencies as acts of terrorism, campus violence,
14 and natural disasters, such as improving build-
15 ing infrastructure to accommodate security
16 measures and installing or upgrading tech-
17 nology to ensure that a school or incident is
18 able to respond to such emergencies;

19 (E) making modifications necessary to
20 make educational facilities accessible in compli-
21 ance with the Americans with Disabilities Act
22 of 1990 (42 U.S.C. 12101 et seq.) and section
23 504 of the Rehabilitation Act of 1973 (29
24 U.S.C. 794), except that such modifications

1 shall not be the primary use of a grant or
2 subgrant;

3 (F) abatement, removal, or interim con-
4 trols of asbestos, polychlorinated biphenyls,
5 mold, mildew, or lead-based hazards, including
6 lead-based paint hazards;

7 (G) retrofitting necessary to increase en-
8 ergy efficiency;

9 (H) measures, such as selection and sub-
10 stitution of products and materials, and imple-
11 mentation of improved maintenance and oper-
12 ational procedures, such as “green cleaning”
13 programs, to reduce or eliminate potential stu-
14 dent or staff exposure to—

15 (i) volatile organic compounds;

16 (ii) particles such as dust and pollens;

17 or

18 (iii) combustion gases;

19 (I) modernization, renovation, or repair
20 necessary to reduce the consumption of coal,
21 electricity, land, natural gas, oil, or water;

22 (J) installation or upgrading of educational
23 technology infrastructure;

24 (K) installation or upgrading of renewable
25 energy generation and heating systems, includ-

1 ing solar, photovoltaic, wind, biomass (including
2 wood pellet and woody biomass), waste-to-en-
3 ergy, solar-thermal, and geothermal systems,
4 and energy audits;

5 (L) modernization, renovation, or repair
6 activities related to energy efficiency and renew-
7 able energy, and improvements to building in-
8 frastructures to accommodate bicycle and pe-
9 destrian access;

10 (M) ground improvements, storm water
11 management, landscaping, and environmental
12 clean-up when necessary;

13 (N) other modernization, renovation, or re-
14 pair to—

15 (i) improve teachers' ability to teach
16 and students' ability to learn;

17 (ii) ensure the health and safety of
18 students and staff; or

19 (iii) improve classroom, laboratory,
20 and vocational facilities in order to en-
21 hance the quality of science, technology,
22 engineering, and mathematics instruction;
23 and

24 (O) required environmental remediation re-
25 lated to facilities modernization, renovation, or

1 repair activities described in subparagraphs (A)
 2 through (N).

3 (7) OUTLYING AREA.—The term “outlying
 4 area” means the U.S. Virgin Islands, Guam, Amer-
 5 ican Samoa, the Commonwealth of the Northern
 6 Mariana Islands, and the Republic of Palau.

7 (8) STATE.—The term “State” means each of
 8 the 50 States of the United States, the Common-
 9 wealth of Puerto Rico, and the District of Columbia.

10 **Subtitle D—Immediate Transpor-**
 11 **tation Infrastructure Invest-**
 12 **ments**

13 **SEC. 241. IMMEDIATE TRANSPORTATION INFRASTRUCTURE**
 14 **INVESTMENTS.**

15 (a) GRANTS-IN-AID FOR AIRPORTS.—

16 (1) IN GENERAL.—There is made available to
 17 the Secretary of Transportation \$2,000,000,000 to
 18 carry out airport improvement under subchapter I of
 19 chapter 471 and subchapter I of chapter 475 of title
 20 49, United States Code.

21 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
 22 TIONS.—The Federal share payable of the costs for
 23 which a grant is made under this subsection, shall
 24 be 100 percent. The amount made available under
 25 this subsection shall not be subject to any limitation

1 on obligations for the Grants-In-Aid for Airports
2 program set forth in any Act or in title 49, United
3 States Code.

4 (3) DISTRIBUTION OF FUNDS.—Funds provided
5 to the Secretary under this subsection shall not be
6 subject to apportionment formulas, special appor-
7 tionment categories, or minimum percentages under
8 chapter 471 of such title.

9 (4) AVAILABILITY.—The amounts made avail-
10 able under this subsection shall be available for obli-
11 gation until the date that is two years after the date
12 of the enactment of this Act. The Secretary shall ob-
13 ligate amounts totaling not less than 50 percent of
14 the funds made available within one year of enact-
15 ment and obligate remaining amounts not later than
16 two years after enactment.

17 (5) ADMINISTRATIVE EXPENSES.—Of the funds
18 made available under this subsection, 0.3 percent
19 shall be available to the Secretary for administrative
20 expenses, shall remain available for obligation until
21 September 30, 2015, and may be used in conjunc-
22 tion with funds otherwise provided for the adminis-
23 tration of the Grants-In-Aid for Airports program.

24 (b) NEXT GENERATION AIR TRAFFIC CONTROL AD-
25 VANCEMENTS.—

1 (1) IN GENERAL.—There is made available to
2 the Secretary of Transportation \$1,000,000,000 for
3 necessary Federal Aviation Administration capital,
4 research, and operating costs to carry out Next Gen-
5 eration air traffic control system advancements.

6 (2) AVAILABILITY.—The amounts made avail-
7 able under this subsection shall be available for obli-
8 gation until the date that is two years after the date
9 of the enactment of this Act.

10 (c) HIGHWAY INFRASTRUCTURE INVESTMENT.—

11 (1) IN GENERAL.—There is made available to
12 the Secretary of Transportation \$27,000,000,000
13 for restoration, repair, construction and other activi-
14 ties eligible under section 133(b) of title 23, United
15 States Code, and for passenger and freight rail
16 transportation and port infrastructure projects eligi-
17 ble for assistance under section 601(a)(8) of title 23.

18 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
19 TIONS.—The Federal share payable on account of
20 any project or activity carried out with funds made
21 available under this subsection shall be, at the op-
22 tion of the recipient, up to 100 percent of the total
23 cost thereof. The amount made available under this
24 subsection shall not be subject to any limitation on
25 obligations for Federal-aid highways and highway

1 safety construction programs set forth in any Act or
2 in title 23, United States Code.

3 (3) AVAILABILITY.—The amounts made avail-
4 able under this subsection shall be available for obli-
5 gation until the date that is two years after the date
6 of the enactment of this Act. The Secretary shall ob-
7 ligate amounts totaling not less than 50 percent of
8 the funds made available within one year of enact-
9 ment and obligate remaining amounts not later than
10 two years after enactment.

11 (4) DISTRIBUTION OF FUNDS.—Of the funds
12 provided in this subsection, after making the set-
13 asides required by paragraphs (9), (10), (11), (12),
14 and (15), 50 percent of the funds shall be appor-
15 tioned to States using the formula set forth in sec-
16 tion 104(b)(3) of title 23, United States Code, and
17 the remaining funds shall be apportioned to States
18 in the same ratio as the obligation limitation for fis-
19 cal year 2010 was distributed among the States in
20 accordance with the formula specified in section
21 120(a)(6) of division A of Public Law 111–117.

22 (5) APPORTIONMENT.—Apportionments under
23 paragraph (4) shall be made not later than 30 days
24 after the date of the enactment of this Act.

25 (6) REDISTRIBUTION.—

1 (A) The Secretary shall, 180 days fol-
2 lowing the date of apportionment, withdraw
3 from each State an amount equal to 50 percent
4 of the funds apportioned under paragraph (4)
5 to that State (excluding funds suballocated
6 within the State) less the amount of funding
7 obligated (excluding funds suballocated within
8 the State), and the Secretary shall redistribute
9 such amounts to other States that have had no
10 funds withdrawn under this subparagraph in
11 the manner described in section 120(c) of divi-
12 sion A of Public Law 111–117.

13 (B) One year following the date of appor-
14 tionment, the Secretary shall withdraw from
15 each recipient of funds apportioned under para-
16 graph (4) any unobligated funds, and the Sec-
17 retary shall redistribute such amounts to States
18 that have had no funds withdrawn under this
19 paragraph (excluding funds suballocated within
20 the State) in the manner described in section
21 120(c) of division A of Public Law 111–117.

22 (C) At the request of a State, the Sec-
23 retary may provide an extension of the one-year
24 period only to the extent that the Secretary de-
25 termines that the State has encountered ex-

1 treme conditions that create an unworkable bid-
2 ding environment or other extenuating cir-
3 cumstances. Before granting an extension, the
4 Secretary notify in writing the Committee on
5 Transportation and Infrastructure and the
6 Committee on Environment and Public Works,
7 providing a thorough justification for the exten-
8 sion.

9 (7) TRANSPORTATION ENHANCEMENTS.—Three
10 percent of the funds apportioned to a State under
11 paragraph (4) shall be set aside for the purposes de-
12 scribed in section 133(d)(2) of title 23, United
13 States Code (without regard to the comparison to
14 fiscal year 2005).

15 (8) SUBALLOCATION.—Thirty percent of the
16 funds apportioned to a State under this subsection
17 shall be suballocated within the State in the manner
18 and for the purposes described in the first sentence
19 of sections 133(d)(3)(A), 133(d)(3)(B), and
20 133(d)(3)(D) of title 23, United States Code. Such
21 suballocation shall be conducted in every State.
22 Funds suballocated within a State to urbanized
23 areas and other areas shall not be subject to the re-
24 distribution of amounts required 180 days following

1 the date of apportionment of funds provided by
2 paragraph (6)(A).

3 (9) PUERTO RICO AND TERRITORIAL HIGHWAY
4 PROGRAMS.—Of the funds provided under this sub-
5 section, \$105,000,000 shall be set aside for the
6 Puerto Rico highway program authorized under sec-
7 tion 165 of title 23, United States Code, and
8 \$45,000,000 shall be for the territorial highway pro-
9 gram authorized under section 215 of title 23,
10 United States Code.

11 (10) FEDERAL LANDS AND INDIAN RESERVA-
12 TIONS.—Of the funds provided under this sub-
13 section, \$550,000,000 shall be set aside for invest-
14 ments in transportation at Indian reservations and
15 Federal lands in accordance with the following:.

16 (A) Of the funds set aside by this para-
17 graph, \$310,000,000 shall be for the Indian
18 Reservation Roads program, \$170,000,000
19 shall be for the Park Roads and Parkways pro-
20 gram, \$60,000,000 shall be for the Forest
21 Highway Program, and \$10,000,000 shall be
22 for the Refuge Roads program.

23 (B) For investments at Indian reservations
24 and Federal lands, priority shall be given to
25 capital investments, and to projects and activi-

1 ties that can be completed within 2 years of en-
2 actment of this Act.

3 (C) One year following the enactment of
4 this Act, to ensure the prompt use of the fund-
5 ing provided for investments at Indian reserva-
6 tions and Federal lands, the Secretary shall
7 have the authority to redistribute unobligated
8 funds within the respective program for which
9 the funds were appropriated.

10 (D) Up to four percent of the funding pro-
11 vided for Indian Reservation Roads may be
12 used by the Secretary of the Interior for pro-
13 gram management and oversight and project-re-
14 lated administrative expenses.

15 (E) Section 134(f)(3)(C)(ii)(II) of title 23,
16 United States Code, shall not apply to funds set
17 aside by this paragraph.

18 (11) JOB TRAINING.—Of the funds provided
19 under this subsection, \$50,000,000 shall be set aside
20 for the development and administration of transpor-
21 tation training programs under section 140(b) title
22 23, United States Code.

23 (A) Funds set aside under this subsection
24 shall be competitively awarded and used for the
25 purpose of providing training, apprenticeship

1 (including Registered Apprenticeship), skill de-
2 velopment, and skill improvement programs, as
3 well as summer transportation institutes and
4 may be transferred to, or administered in part-
5 nership with, the Secretary of Labor and shall
6 demonstrate to the Secretary of Transportation
7 program outcomes, including—

8 (i) impact on areas with transpor-
9 tation workforce shortages;

10 (ii) diversity of training participants;

11 (iii) number of participants obtaining
12 certifications or credentials required for
13 specific types of employment;

14 (iv) employment outcome metrics,
15 such as job placement and job retention
16 rates, established in consultation with the
17 Secretary of Labor and consistent with
18 metrics used by programs under the Work-
19 force Investment Act;

20 (v) to the extent practical, evidence
21 that the program did not preclude workers
22 that participate in training or apprentice-
23 ship activities under the program from
24 being referred to, or hired on, projects
25 funded under this chapter; and

1 (vi) identification of areas of collabo-
2 ration with the Department of Labor pro-
3 grams, including co-enrollment.

4 (B) To be eligible to receive a competitively
5 awarded grant under this subsection, a State
6 must certify that at least 0.1 percent of the
7 amounts apportioned under the Surface Trans-
8 portation Program and Bridge Program will be
9 obligated in the first fiscal year after enactment
10 of this act for job training activities consistent
11 with section 140(b) of title 23, United States
12 Code.

13 (12) DISADVANTAGED BUSINESS ENTER-
14 PRISES.—Of the funds provided under this sub-
15 section, \$10,000,000 shall be set aside for training
16 programs and assistance programs under section
17 140(c) of title 23, United States Code. Funds set
18 aside under this paragraph should be allocated to
19 businesses that have proven success in adding staff
20 while effectively completing projects.

21 (13) STATE PLANNING AND OVERSIGHT EX-
22 PENSES.—Of amounts apportioned under paragraph
23 (4) of this subsection, a State may use up to 0.5
24 percent for activities related to projects funded
25 under this subsection, including activities eligible

1 under sections 134 and 135 of title 23, United
2 States Code, State administration of subgrants, and
3 State oversight of subrecipients.

4 (14) CONDITIONS.—

5 (A) Funds made available under this sub-
6 section shall be administered as if apportioned
7 under chapter 1 of title 23, United States Code,
8 except for funds made available for investments
9 in transportation at Indian reservations and
10 Federal lands, and for the territorial highway
11 program, which shall be administered in accord-
12 ance with chapter 2 of title 23, United States
13 Code, and except for funds made available for
14 disadvantaged business enterprises bonding as-
15 sistance, which shall be administered in accord-
16 ance with chapter 3 of title 49, United States
17 Code.

18 (B) Funds made available under this sub-
19 section shall not be obligated for the purposes
20 authorized under section 115(b) of title 23,
21 United States Code.

22 (C) Funding provided under this sub-
23 section shall be in addition to any and all funds
24 provided for fiscal years 2011 and 2012 in any
25 other Act for “Federal-aid Highways” and shall

1 not affect the distribution of funds provided for
2 “Federal-aid Highways” in any other Act.

3 (D) Section 1101(b) of Public Law 109–59
4 shall apply to funds apportioned under this sub-
5 section.

6 (15) OVERSIGHT.—The Administrator of the
7 Federal Highway Administration may set aside up
8 to 0.15 percent of the funds provided under this
9 subsection to fund the oversight by the Adminis-
10 trator of projects and activities carried out with
11 funds made available to the Federal Highway Ad-
12 ministration in this Act, and such funds shall be
13 available through September 30, 2015.

14 (d) CAPITAL ASSISTANCE FOR HIGH-SPEED RAIL
15 CORRIDORS AND INTERCITY PASSENGER RAIL SERV-
16 ICE.—

17 (1) IN GENERAL.—There is made available to
18 the Secretary of Transportation \$4,000,000,000 for
19 grants for high-speed rail projects as authorized
20 under sections 26104 and 26106 of title 49, United
21 States Code, capital investment grants to support
22 intercity passenger rail service as authorized under
23 section 24406 of title 49, United States Code, and
24 congestion grants as authorized under section 24105
25 of title 49, United States Code, and to enter into co-

1 operative agreements for these purposes as author-
2 ized, except that the Administrator of the Federal
3 Railroad Administration may retain up to one per-
4 cent of the funds provided under this heading to
5 fund the award and oversight by the Administrator
6 of grants made under this subsection, which retained
7 amount shall remain available for obligation until
8 September 30, 2015.

9 (2) AVAILABILITY.—The amounts made avail-
10 able under this subsection shall be available for obli-
11 gation until the date that is two years after the date
12 of the enactment of this Act. The Secretary shall ob-
13 ligate amounts totaling not less than 50 percent of
14 the funds made available within one year of enact-
15 ment and obligate remaining amounts not later than
16 two years after enactment.

17 (3) FEDERAL SHARE.—The Federal share pay-
18 able of the costs for which a grant or cooperative
19 agreements is made under this subsection shall be,
20 at the option of the recipient, up to 100 percent.

21 (4) INTERIM GUIDANCE.—The Secretary shall
22 issue interim guidance to applicants covering appli-
23 cation procedures and administer the grants pro-
24 vided under this subsection pursuant to that guid-
25 ance until final regulations are issued.

1 (5) INTERCITY PASSENGER RAIL CORRIDORS.—
2 Not less than 85 percent of the funds provided
3 under this subsection shall be for cooperative agree-
4 ments that lead to the development of entire seg-
5 ments or phases of intercity or high-speed rail cor-
6 ridors.

7 (6) CONDITIONS.—

8 (A) In addition to the provisions of title
9 49, United States Code, that apply to each of
10 the individual programs funded under this sub-
11 section, subsections 24402(a)(2), 24402(i), and
12 24403(a) and (c) of title 49, United States
13 Code, shall also apply to the provision of funds
14 provided under this subsection.

15 (B) A project need not be in a State rail
16 plan developed under Chapter 227 of title 49,
17 United States Code, to be eligible for assistance
18 under this subsection.

19 (C) Recipients of grants under this para-
20 graph shall conduct all procurement trans-
21 actions using such grant funds in a manner
22 that provides full and open competition, as de-
23 termined by the Secretary, in compliance with
24 existing labor agreements.

1 (e) CAPITAL GRANTS TO THE NATIONAL RAILROAD
2 PASSENGER CORPORATION.—

3 (1) IN GENERAL.—There is made available
4 \$2,000,000,000 to enable the Secretary of Transpor-
5 tation to make capital grants to the National Rail-
6 road Passenger Corporation (Amtrak), as authorized
7 by section 101(c) of the Passenger Rail Investment
8 and Improvement Act of 2008 (Public Law 110–
9 432).

10 (2) AVAILABILITY.—The amounts made avail-
11 able under this subsection shall be available for obli-
12 gation until the date that is two years after the date
13 of the enactment of this Act. The Secretary shall ob-
14 ligate amounts totaling not less than 50 percent of
15 the funds made available within one year of enact-
16 ment and obligate remaining amounts not later than
17 two years after enactment.

18 (3) PROJECT PRIORITY.—The priority for the
19 use of funds shall be given to projects for the repair,
20 rehabilitation, or upgrade of railroad assets or infra-
21 structure, and for capital projects that expand pas-
22 senger rail capacity including the rehabilitation of
23 rolling stock.

24 (4) CONDITIONS.—

1 (A) None of the funds under this sub-
2 section shall be used to subsidize the operating
3 losses of Amtrak.

4 (B) The funds provided under this sub-
5 section shall be awarded not later than 90 days
6 after the date of enactment of this Act.

7 (C) The Secretary shall take measures to
8 ensure that projects funded under this sub-
9 section shall be completed within 2 years of en-
10 actment of this Act, and shall serve to supple-
11 ment and not supplant planned expenditures for
12 such activities from other Federal, State, local
13 and corporate sources. The Secretary shall cer-
14 tify to the House and Senate Committees on
15 Appropriations in writing compliance with the
16 preceding sentence.

17 (5) OVERSIGHT.—The Administrator of the
18 Federal Railroad Administration may set aside 0.5
19 percent of the funds provided under this subsection
20 to fund the oversight by the Administrator of
21 projects and activities carried out with funds made
22 available in this subsection, and such funds shall be
23 available through September 30, 2015.

24 (f) TRANSIT CAPITAL ASSISTANCE.—

1 (1) IN GENERAL.—There is made available to
2 the Secretary of Transportation \$3,000,000,000 for
3 grants for transit capital assistance grants as de-
4 fined by section 5302(a)(1) of title 49, United
5 States Code. Notwithstanding any provision of chap-
6 ter 53 of title 49, however, a recipient of funding
7 under this subsection may use up to 10 percent of
8 the amount provided for the operating costs of
9 equipment and facilities for use in public transpor-
10 tation or for other eligible activities.

11 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
12 TIONS.—The applicable requirements of chapter 53
13 of title 49, United States Code, shall apply to fund-
14 ing provided under this subsection, except that the
15 Federal share of the costs for which any grant is
16 made under this subsection shall be, at the option of
17 the recipient, up to 100 percent. The amount made
18 available under this subsection shall not be subject
19 to any limitation on obligations for transit programs
20 set forth in any Act or chapter 53 of title 49.

21 (3) AVAILABILITY.—The amounts made avail-
22 able under this subsection shall be available for obli-
23 gation until the date that is two years after the date
24 of the enactment of this Act. The Secretary shall ob-
25 ligate amounts totaling not less than 50 percent of

1 the funds made available within one year of enact-
2 ment and obligate remaining amounts not later than
3 two years after enactment.

4 (4) DISTRIBUTION OF FUNDS.—The Secretary
5 of Transportation shall—

6 (A) provide 80 percent of the funds appro-
7 priated under this subsection for grants under
8 section 5307 of title 49, United States Code,
9 and apportion such funds in accordance with
10 section 5336 of such title;

11 (B) provide 10 percent of the funds appro-
12 priated under this subsection in accordance
13 with section 5340 of such title; and

14 (C) provide 10 percent of the funds appro-
15 priated under this subsection for grants under
16 section 5311 of title 49, United States Code,
17 and apportion such funds in accordance with
18 such section.

19 (5) APPORTIONMENT.—The funds apportioned
20 under this subsection shall be apportioned not later
21 than 21 days after the date of the enactment of this
22 Act.

23 (6) REDISTRIBUTION.—

24 (A) The Secretary shall, 180 days fol-
25 lowing the date of apportionment, withdraw

1 from each urbanized area or State an amount
2 equal to 50 percent of the funds apportioned to
3 such urbanized areas or States less the amount
4 of funding obligated, and the Secretary shall re-
5 distribute such amounts to other urbanized
6 areas or States that have had no funds with-
7 drawn under this proviso utilizing whatever
8 method he deems appropriate to ensure that all
9 funds redistributed under this proviso shall be
10 utilized promptly.

11 (B) One year following the date of appor-
12 tionment, the Secretary shall withdraw from
13 each urbanized area or State any unobligated
14 funds, and the Secretary shall redistribute such
15 amounts to other urbanized areas or States
16 that have had no funds withdrawn under this
17 proviso utilizing whatever method the Secretary
18 deems appropriate to ensure that all funds re-
19 distributed under this proviso shall be utilized
20 promptly.

21 (C) At the request of an urbanized area or
22 State, the Secretary of Transportation may pro-
23 vide an extension of such 1-year period if the
24 Secretary determines that the urbanized area or
25 State has encountered an unworkable bidding

1 environment or other extenuating cir-
2 cumstances. Before granting an extension, the
3 Secretary shall notify in writing the Committee
4 on Transportation and Infrastructure and the
5 Committee on Banking, Housing and Urban
6 Affairs, providing a thorough justification for
7 the extension.

8 (7) CONDITIONS.—

9 (A) Of the funds provided for section 5311
10 of title 49, United States Code, 2.5 percent
11 shall be made available for section 5311(c)(1).

12 (B) Section 1101(b) of Public Law 109–59
13 shall apply to funds appropriated under this
14 subsection.

15 (C) The funds appropriated under this
16 subsection shall not be comingled with any prior
17 year funds.

18 (8) OVERSIGHT.—Notwithstanding any other
19 provision of law, 0.3 percent of the funds provided
20 for grants under section 5307 and section 5340, and
21 0.3 percent of the funds provided for grants under
22 section 5311, shall be available for administrative
23 expenses and program management oversight, and
24 such funds shall be available through September 30,
25 2015.

1 (g) STATE OF GOOD REPAIR.—

2 (1) IN GENERAL.—There is made available to
3 the Secretary of Transportation \$6,000,000,000 for
4 capital expenditures as authorized by sections
5 5309(b)(2) and (3) of title 49, United States Code.

6 (2) FEDERAL SHARE.—The applicable require-
7 ments of chapter 53 of title 49, United States Code,
8 shall apply, except that the Federal share of the
9 costs for which a grant is made under this sub-
10 section shall be, at the option of the recipient, up to
11 100 percent.

12 (3) AVAILABILITY.—The amounts made avail-
13 able under this subsection shall be available for obli-
14 gation until the date that is two years after the date
15 of the enactment of this Act. The Secretary shall ob-
16 ligate amounts totaling not less than 50 percent of
17 the funds made available within one year of enact-
18 ment and obligate remaining amounts not later than
19 two years after enactment.

20 (4) DISTRIBUTION OF FUNDS.—

21 (A) The Secretary of Transportation shall
22 apportion not less than 75 percent of the funds
23 under this subsection for the modernization of
24 fixed guideway systems, pursuant to the for-
25 mula set forth in section 5336(b) title 49,

1 United States Code, other than subsection
2 (b)(2)(A)(ii).

3 (B) Of the funds appropriated under this
4 subsection, not less than 25 percent shall be
5 available for the restoration or replacement of
6 existing public transportation assets related to
7 bus systems, pursuant to the formula set forth
8 in section 5336 other than subsection (b).

9 (5) APPORTIONMENT.—The funds made avail-
10 able under this subsection shall be apportioned not
11 later than 30 days after the date of the enactment
12 of this Act.

13 (6) REDISTRIBUTION.—

14 (A) The Secretary shall, 180 days fol-
15 lowing the date of apportionment, withdraw
16 from each urbanized area an amount equal to
17 50 percent of the funds apportioned to such ur-
18 banized area less the amount of funding obli-
19 gated, and the Secretary shall redistribute such
20 amounts to other urbanized areas that have had
21 no funds withdrawn under this paragraph uti-
22 lizing whatever method the Secretary deems ap-
23 propriate to ensure that all funds redistributed
24 under this paragraph shall be utilized promptly.

1 (B) One year following the date of appor-
2 tionment, the Secretary shall withdraw from
3 each urbanized area any unobligated funds, and
4 the Secretary shall redistribute such amounts to
5 other urbanized areas that have had no funds
6 withdrawn under this paragraph, utilizing what-
7 ever method the Secretary deems appropriate to
8 ensure that all funds redistributed under this
9 paragraph shall be utilized promptly.

10 (C) At the request of an urbanized area,
11 the Secretary may provide an extension of the
12 1-year period if the Secretary finds that the ur-
13 banized area has encountered an unworkable
14 bidding environment or other extenuating cir-
15 cumstances. Before granting an extension, the
16 Secretary shall notify the Committee on Trans-
17 portation and Infrastructure and the Com-
18 mittee on Banking, Housing, and Urban Af-
19 fairs, providing a thorough justification for the
20 extension.

21 (7) CONDITIONS.—

22 (A) The provisions of section 1101(b) of
23 Public Law 109–59 shall apply to funds made
24 available under this subsection.

1 (B) The funds appropriated under this
2 subsection shall not be commingled with any
3 prior year funds.

4 (8) OVERSIGHT.—Notwithstanding any other
5 provision of law, 0.3 percent of the funds under this
6 subsection shall be available for administrative ex-
7 penses and program management oversight and shall
8 remain available for obligation until September 30,
9 2015.

10 (h) TRANSPORTATION INFRASTRUCTURE GRANTS
11 AND FINANCING.—

12 (1) IN GENERAL.—There is made available to
13 the Secretary of Transportation \$5,000,000,000 for
14 capital investments in surface transportation infra-
15 structure. The Secretary shall distribute funds pro-
16 vided under this subsection as discretionary grants
17 to be awarded to State and local governments or
18 transit agencies on a competitive basis for projects
19 that will have a significant impact on the Nation, a
20 metropolitan area, or a region.

21 (2) FEDERAL SHARE; LIMITATION ON OBLIGA-
22 TIONS.—The Federal share payable of the costs for
23 which a grant is made under this subsection, shall
24 be 100 percent.

1 (3) AVAILABILITY.—The amounts made avail-
2 able under this subsection shall be available for obli-
3 gation until the date that is two years after the date
4 of the enactment of this Act. The Secretary shall ob-
5 ligate amounts totaling not less than 50 percent of
6 the funds made available within one year of enact-
7 ment and obligate remaining amounts not later than
8 two years after enactment.

9 (4) PROJECT ELIGIBILITY.—Projects eligible for
10 funding provided under this subsection include—

11 (A) highway or bridge projects eligible
12 under title 23, United States Code, including
13 interstate rehabilitation, improvements to the
14 rural collector road system, the reconstruction
15 of overpasses and interchanges, bridge replace-
16 ments, seismic retrofit projects for bridges, and
17 road realignments;

18 (B) public transportation projects eligible
19 under chapter 53 of title 49, United States
20 Code, including investments in projects partici-
21 pating in the New Starts or Small Starts pro-
22 grams that will expedite the completion of those
23 projects and their entry into revenue service;

24 (C) passenger and freight rail transpor-
25 tation projects; and

1 (D) port infrastructure investments, in-
2 cluding projects that connect ports to other
3 modes of transportation and improve the effi-
4 ciency of freight movement.

5 (5) TIFIA PROGRAM.—The Secretary may
6 transfer to the Federal Highway Administration
7 funds made available under this subsection for the
8 purpose of paying the subsidy and administrative
9 costs of projects eligible for Federal credit assistance
10 under chapter 6 of title 23, United States Code, if
11 the Secretary finds that such use of the funds would
12 advance the purposes of this subsection.

13 (6) PROJECT PRIORITY.—The Secretary shall
14 give priority to projects that are expected to be com-
15 pleted within 3 years of the date of the enactment
16 of this Act.

17 (7) DEADLINE FOR ISSUANCE OF COMPETITION
18 CRITERIA.—The Secretary shall publish criteria on
19 which to base the competition for any grants award-
20 ed under this subsection not later than 90 days after
21 enactment of this Act. The Secretary shall require
22 applications for funding provided under this sub-
23 section to be submitted not later than 180 days after
24 the publication of the criteria, and announce all
25 projects selected to be funded from such funds not

1 later than 1 year after the date of the enactment of
2 the Act.

3 (8) APPLICABILITY OF TITLE 40.—Each project
4 conducted using funds provided under this sub-
5 section shall comply with the requirements of sub-
6 chapter IV of chapter 31 of title 40, United States
7 Code.

8 (9) ADMINISTRATIVE EXPENSES.—The Sec-
9 retary may retain up to one half of one percent of
10 the funds provided under this subsection, and may
11 transfer portions of those funds to the Administra-
12 tors of the Federal Highway Administration, the
13 Federal Transit Administration, the Federal Rail-
14 road Administration and the Maritime Administra-
15 tion, to fund the award and oversight of grants
16 made under this subsection. Funds retained shall re-
17 main available for obligation until September 30,
18 2015.

19 (i) LOCAL HIRING.—

20 (1) IN GENERAL.—In the case of the funding
21 made available under subsections (a) through (h) of
22 this section, the Secretary of Transportation may es-
23 tablish standards under which a contract for con-
24 struction may be advertised that contains require-
25 ments for the employment of individuals residing in

1 or adjacent to any of the areas in which the work
2 is to be performed to perform construction work re-
3 quired under the contract, provided that—

4 (A) all or part of the construction work
5 performed under the contract occurs in an area
6 designated by the Secretary as an area of high
7 unemployment, using data reported by the
8 United States Department of Labor, Bureau of
9 Labor Statistics;

10 (B) the estimated cost of the project of
11 which the contract is a part is greater than \$10
12 million, except that the estimated cost of the
13 project in the case of construction funded under
14 subsection (c) shall be greater than \$50 million;
15 and

16 (C) the recipient may not require the hir-
17 ing of individuals who do not have the nec-
18 essary skills to perform work in any craft or
19 trade; provided that the recipient may require
20 the hiring of such individuals if the recipient es-
21 tablishes reasonable provisions to train such in-
22 dividuals to perform any such work under the
23 contract effectively.

24 (2) PROJECT STANDARDS.—

1 (A) IN GENERAL.—Any standards estab-
2 lished by the Secretary under this section shall
3 ensure that any requirements specified under
4 subsection (c)(1)—

5 (i) do not compromise the quality of
6 the project;

7 (ii) are reasonable in scope and appli-
8 cation;

9 (iii) do not unreasonably delay the
10 completion of the project; and

11 (iv) do not unreasonably increase the
12 cost of the project.

13 (B) AVAILABLE PROGRAMS.—The Sec-
14 retary shall make available to recipients the
15 workforce development and training programs
16 set forth in section 24604(e)(1)(D) of this title
17 to assist recipients who wish to establish train-
18 ing programs that satisfy the provisions of sec-
19 tion (c)(1)(C). The Secretary of Labor shall
20 make available its qualifying workforce and
21 training development programs to recipients
22 who wish to establish training programs that
23 satisfy the provisions of section (c)(1)(C).

1 (3) IMPLEMENTING REGULATIONS.—The Sec-
 2 retary shall promulgate final regulations to imple-
 3 ment the authority of this subsection.

4 (j) ADMINISTRATIVE PROVISIONS.—

5 (1) APPLICABILITY OF TITLE 40.—Each project
 6 conducted using funds provided under this subtitle
 7 shall comply with the requirements of subchapter IV
 8 of chapter 31 of title 40, United States Code.

9 (2) BUY AMERICAN.—Section 1605 of division
 10 A of the American Recovery and Reinvestment Act
 11 of 2009 (Public Law 111–5) applies to each project
 12 conducted using funds provided under this subtitle.

13 **Subtitle E—Building and Upgrad-**
 14 **ing Infrastructure for Long-**
 15 **Term Development**

16 **SEC. 242. SHORT TITLE.**

17 This subtitle may be cited as the “Building and Up-
 18 grading Infrastructure for Long-Term Development Act”.

19 **SEC. 243. FINDINGS AND PURPOSE.**

20 (a) FINDINGS.—Congress finds that—

21 (1) infrastructure has always been a vital ele-
 22 ment of the economic strength of the United States
 23 and a key indicator of the international leadership of
 24 the United States;

1 (2) the Erie Canal, the Hoover Dam, the rail-
2 roads, and the interstate highway system are all tes-
3 taments to American ingenuity and have helped pro-
4 pel and maintain the United States as the world's
5 largest economy;

6 (3) according to the World Economic Forum's
7 Global Competitiveness Report, the United States
8 fell to second place in 2009, and dropped to fourth
9 place overall in 2010, however, in the "Quality of
10 overall infrastructure" category of the same report,
11 the United States ranked twenty-third in the world;

12 (4) according to the World Bank's 2010 Logis-
13 tic Performance Index, the capacity of countries to
14 efficiently move goods and connect manufacturers
15 and consumers with international markets is improv-
16 ing around the world, and the United States now
17 ranks seventh in the world in logistics-related infra-
18 structure behind countries from both Europe and
19 Asia;

20 (5) according to a January 2009 report from
21 the University of Massachusetts/Alliance for Amer-
22 ican Manufacturing entitled "Employment, Produc-
23 tivity and Growth," infrastructure investment is a
24 "highly effective engine of job creation";

1 (6) according to the American Society of Civil
2 Engineers, the current condition of the infrastruc-
3 ture in the United States earns a grade point aver-
4 age of D, and an estimated \$2,200,000,000,000 in-
5 vestment is needed over the next 5 years to bring
6 American infrastructure up to adequate condition;

7 (7) according to the National Surface Trans-
8 portation Policy and Revenue Study Commission,
9 \$225,000,000,000 is needed annually from all
10 sources for the next 50 years to upgrade the United
11 States surface transportation system to a state of
12 good repair and create a more advanced system;

13 (8) the current infrastructure financing mecha-
14 nisms of the United States, both on the Federal and
15 State level, will fail to meet current and foreseeable
16 demands and will create large funding gaps;

17 (9) published reports state that there may not
18 be enough demand for municipal bonds to maintain
19 the same level of borrowing at the same rates, re-
20 sulting in significantly decreased infrastructure in-
21 vestment at the State and local level;

22 (10) current funding mechanisms are not read-
23 ily scalable and do not—

24 (A) serve large in-State or cross jurisdic-
25 tion infrastructure projects, projects of regional

1 or national significance, or projects that cross
2 sector silos;

3 (B) sufficiently catalyze private sector in-
4 vestment; or

5 (C) ensure the optimal return on public re-
6 sources;

7 (11) although grant programs of the United
8 States Government must continue to play a central
9 role in financing the transportation, environment,
10 and energy infrastructure needs of the United
11 States, current and foreseeable demands on existing
12 Federal, State, and local funding for infrastructure
13 expansion clearly exceed the resources to support
14 these programs by margins wide enough to prompt
15 serious concerns about the United States ability to
16 sustain long-term economic development, produc-
17 tivity, and international competitiveness;

18 (12) the capital markets, including pension
19 funds, private equity funds, mutual funds, sovereign
20 wealth funds, and other investors, have a growing
21 interest in infrastructure investment and represent
22 hundreds of billions of dollars of potential invest-
23 ment; and

24 (13) the establishment of a United States Gov-
25 ernment-owned, independent, professionally managed

1 institution that could provide credit support to quali-
2 fied infrastructure projects of regional and national
3 significance, making transparent merit-based invest-
4 ment decisions based on the commercial viability of
5 infrastructure projects, would catalyze the participa-
6 tion of significant private investment capital.

7 (b) PURPOSE.—The purpose of this Act is to facili-
8 tate investment in, and long-term financing of, economi-
9 cally viable infrastructure projects of regional or national
10 significance in a manner that both complements existing
11 Federal, State, local, and private funding sources for these
12 projects and introduces a merit-based system for financing
13 such projects, in order to mobilize significant private sec-
14 tor investment, create jobs, and ensure United States com-
15 petitiveness through an institution that limits the need for
16 ongoing Federal funding.

17 **SEC. 244. DEFINITIONS.**

18 For purposes of this Act, the following definitions
19 shall apply:

20 (1) AIFA.—The term “AIFA” means the
21 American Infrastructure Financing Authority estab-
22 lished under this Act.

23 (2) BLIND TRUST.—The term “blind trust”
24 means a trust in which the beneficiary has no knowl-
25 edge of the specific holdings and no rights over how

1 those holdings are managed by the fiduciary of the
2 trust prior to the dissolution of the trust.

3 (3) BOARD OF DIRECTORS.—The term “Board
4 of Directors” means Board of Directors of AIFA.

5 (4) CHAIRPERSON.—The term “Chairperson”
6 means the Chairperson of the Board of Directors of
7 AIFA.

8 (5) CHIEF EXECUTIVE OFFICER.—The term
9 “chief executive officer” means the chief executive
10 officer of AIFA, appointed under section 247.

11 (6) COST.—The term “cost” has the same
12 meaning as in section 502 of the Federal Credit Re-
13 form Act of 1990 (2 U.S.C. 661a).

14 (7) DIRECT LOAN.—The term “direct loan” has
15 the same meaning as in section 502 of the Federal
16 Credit Reform Act of 1990 (2 U.S.C. 661a).

17 (8) ELIGIBLE ENTITY.—The term “eligible enti-
18 ty” means an individual, corporation, partnership
19 (including a public-private partnership), joint ven-
20 ture, trust, State, or other non-Federal govern-
21 mental entity, including a political subdivision or any
22 other instrumentality of a State, or a revolving fund.

23 (9) INFRASTRUCTURE PROJECT.—

24 (A) IN GENERAL.—The term “eligible in-
25 frastructure project” means any non-Federal

1 transportation, water, or energy infrastructure
2 project, or an aggregation of such infrastruc-
3 ture projects, as provided in this Act.

4 (B) TRANSPORTATION INFRASTRUCTURE
5 PROJECT.—The term “transportation infra-
6 structure project” means the construction, al-
7 teration, or repair, including the facilitation of
8 intermodal transit, of the following subsectors:

- 9 (i) Highway or road.
- 10 (ii) Bridge.
- 11 (iii) Mass transit.
- 12 (iv) Inland waterways.
- 13 (v) Commercial ports.
- 14 (vi) Airports.
- 15 (vii) Air traffic control systems.
- 16 (viii) Passenger rail, including high-
17 speed rail.
- 18 (ix) Freight rail systems.

19 (C) WATER INFRASTRUCTURE PROJECT.—
20 The term “water infrastructure project” means
21 the construction, consolidation, alteration, or
22 repair of the following subsectors:

- 23 (i) Waterwaste treatment facility.
- 24 (ii) Storm water management system.
- 25 (iii) Dam.

- 1 (iv) Solid waste disposal facility.
- 2 (v) Drinking water treatment facility.
- 3 (vi) Levee.
- 4 (vii) Open space management system.

5 (D) ENERGY INFRASTRUCTURE
 6 PROJECT.—The term “energy infrastructure
 7 project” means the construction, alteration, or
 8 repair of the following subsectors:

- 9 (i) Pollution reduced energy genera-
 10 tion.
- 11 (ii) Transmission and distribution.
- 12 (iii) Storage.
- 13 (iv) Energy efficiency enhancements
 14 for buildings, including public and com-
 15 mercial buildings.

16 (E) BOARD AUTHORITY TO MODIFY SUB-
 17 SECTORS.—The Board of Directors may make
 18 modifications, at the discretion of the Board, to
 19 the subsectors described in this paragraph by a
 20 vote of not fewer than 5 of the voting members
 21 of the Board of Directors.

22 (10) INVESTMENT PROSPECTUS.—

23 (A) The term “investment prospectus”
 24 means the processes and publications described
 25 below that will guide the priorities and strategic

1 focus for AIFA's investments. The investment
2 prospectus shall follow rulemaking procedures
3 under section 553 of title 5, United States
4 Code.

5 (B) AIFA shall publish a detailed descrip-
6 tion of its strategy in an investment prospectus
7 within one year of the enactment of this sub-
8 chapter. The investment prospectus shall—

9 (i) specify what AIFA shall consider
10 significant to the economic competitiveness
11 of the United States or a region thereof in
12 a manner consistent with the primary ob-
13 jective;

14 (ii) specify the priorities and strategic
15 focus of AIFA in forwarding its strategic
16 objectives and carrying out AIFA strategy;

17 (iii) specify the priorities and strategic
18 focus of AIFA in promoting greater effi-
19 ciency in the movement of freight;

20 (iv) specify the priorities and strategic
21 focus of AIFA in promoting the use of in-
22 novation and best practices in the plan-
23 ning, design, development and delivery of
24 projects;

1 (v) describe in detail the framework
2 and methodology for calculating applica-
3 tion qualification scores and associated
4 ranges as specified in this subchapter,
5 along with the data to be requested from
6 applicants and the mechanics of calcula-
7 tions to be applied to that data to deter-
8 mine qualification scores and ranges;

9 (vi) describe how selection criteria will
10 be applied by the Chief Executive Officer
11 in determining the competitiveness of an
12 application and its qualification score and
13 range relative to other current applications
14 and previously funded applications; and

15 (vii) describe how the qualification
16 score and range methodology and project
17 selection framework are consistent with
18 maximizing AIFA goals in both urban and
19 rural areas.

20 (C) The investment prospectus and any
21 subsequent updates thereto shall be approved
22 by a majority vote of the Board of Directors
23 prior to publication.

1 (D) AIFA shall update the investment pro-
2 spectus on every biennial anniversary of its
3 original publication.

4 (11) INVESTMENT-GRADE RATING.—The term
5 “investment-grade rating” means a rating of BBB
6 minus, Baa3, or higher assigned to an infrastructure
7 project by a ratings agency.

8 (12) LOAN GUARANTEE.—The term “loan guar-
9 antee” has the same meaning as in section 502 of
10 the Federal Credit Reform Act of 1990 (2 U.S.C.
11 661a).

12 (13) PUBLIC-PRIVATE PARTNERSHIP.—The
13 term “public-private partnership” means any eligible
14 entity—

15 (A)(i) which is undertaking the develop-
16 ment of all or part of an infrastructure project
17 that will have a public benefit, pursuant to re-
18 quirements established in one or more contracts
19 between the entity and a State or an instru-
20 mentality of a State; or

21 (ii) the activities of which, with respect to
22 such an infrastructure project, are subject to
23 regulation by a State or any instrumentality of
24 a State;

1 (B) which owns, leases, or operates or will
2 own, lease, or operate, the project in whole or
3 in part; and

4 (C) the participants in which include not
5 fewer than 1 nongovernmental entity with sig-
6 nificant investment and some control over the
7 project or project vehicle.

8 (14) RURAL INFRASTRUCTURE PROJECT.—The
9 term “rural infrastructure project” means an infra-
10 structure project in a rural area, as that term is de-
11 fined in section 343(a)(13)(A) of the Consolidated
12 Farm and Rural Development Act (7 U.S.C.
13 1991(a)(13)(A)).

14 (15) SECRETARY.—Unless the context other-
15 wise requires, the term “Secretary” means the Sec-
16 retary of the Treasury or the designee thereof.

17 (16) SENIOR MANAGEMENT.—The term “senior
18 management” means the chief financial officer, chief
19 risk officer, chief compliance officer, general counsel,
20 chief lending officer, and chief operations officer of
21 AIFA established under section 249, and such other
22 officers as the Board of Directors may, by majority
23 vote, add to senior management.

24 (17) STATE.—The term “State” includes the
25 District of Columbia, Puerto Rico, Guam, American

1 Samoa, the Virgin Islands, the Commonwealth of
2 Northern Mariana Islands, and any other territory
3 of the United States.

4 **PART I—AMERICAN INFRASTRUCTURE**
5 **FINANCING AUTHORITY**

6 **SEC. 245. ESTABLISHMENT AND GENERAL AUTHORITY OF**
7 **AIFA.**

8 (a) ESTABLISHMENT OF AIFA.—The American In-
9 frastructure Financing Authority is established as a whol-
10 ly owned Government corporation.

11 (b) GENERAL AUTHORITY OF AIFA.—AIFA shall
12 provide direct loans and loan guarantees to facilitate infra-
13 structure projects that are both economically viable and
14 of regional or national significance, and shall have such
15 other authority, as provided in this Act.

16 (c) INCORPORATION.—

17 (1) IN GENERAL.—The Board of Directors first
18 appointed shall be deemed the incorporator of AIFA,
19 and the incorporation shall be held to have been ef-
20 fected from the date of the first meeting of the
21 Board of Directors.

22 (2) CORPORATE OFFICE.—AIFA shall—

23 (A) maintain an office in Washington, DC;
24 and

1 (B) for purposes of venue in civil actions,
 2 be considered to be a resident of Washington,
 3 DC.

4 (d) RESPONSIBILITY OF THE SECRETARY.—The Sec-
 5 retary shall take such action as may be necessary to assist
 6 in implementing AIFA, and in carrying out the purpose
 7 of this Act.

8 (e) RULE OF CONSTRUCTION.—Chapter 91 of title
 9 31, United States Code, does not apply to AIFA, unless
 10 otherwise specifically provided in this Act.

11 **SEC. 246. VOTING MEMBERS OF THE BOARD OF DIREC-**
 12 **TORS.**

13 (a) VOTING MEMBERSHIP OF THE BOARD OF DIREC-
 14 TORS.—

15 (1) IN GENERAL.—AIFA shall have a Board of
 16 Directors consisting of 7 voting members appointed
 17 by the President, by and with the advice and consent
 18 of the Senate, not more than 4 of whom shall be
 19 from the same political party.

20 (2) CHAIRPERSON.—One of the voting members
 21 of the Board of Directors shall be designated by the
 22 President to serve as Chairperson thereof.

23 (3) CONGRESSIONAL RECOMMENDATIONS.—Not
 24 later than 30 days after the date of enactment of
 25 this Act, the majority leader of the Senate, the mi-

1 nORITY leader of the Senate, the Speaker of the
2 House of Representatives, and the minority leader of
3 the House of Representatives shall each submit a
4 recommendation to the President for appointment of
5 a member of the Board of Directors, after consulta-
6 tion with the appropriate committees of Congress.

7 (b) VOTING RIGHTS.—Each voting member of the
8 Board of Directors shall have an equal vote in all decisions
9 of the Board of Directors.

10 (c) QUALIFICATIONS OF VOTING MEMBERS.—Each
11 voting member of the Board of Directors shall—

12 (1) be a citizen of the United States; and

13 (2) have significant demonstrated expertise in—

14 (A) the management and administration of
15 a financial institution relevant to the operation
16 of AIFA; or a public financial agency or author-
17 ity;

18 (B) the financing, development, or oper-
19 ation of infrastructure projects; or

20 (C) analyzing the economic benefits of in-
21 frastructure investment.

22 (d) TERMS.—

23 (1) IN GENERAL.—Except as otherwise pro-
24 vided in this Act, each voting member of the Board
25 of Directors shall be appointed for a term of 4 years.

1 (2) INITIAL STAGGERED TERMS.—Of the voting
2 members first appointed to the Board of Directors—

3 (A) the initial Chairperson and 3 of the
4 other voting members shall each be appointed
5 for a term of 4 years; and

6 (B) the remaining 3 voting members shall
7 each be appointed for a term of 2 years.

8 (3) DATE OF INITIAL NOMINATIONS.—The ini-
9 tial nominations for the appointment of all voting
10 members of the Board of Directors shall be made
11 not later than 60 days after the date of enactment
12 of this Act.

13 (4) BEGINNING OF TERM.—The term of each of
14 the initial voting members appointed under this sec-
15 tion shall commence immediately upon the date of
16 appointment, except that, for purposes of calculating
17 the term limits specified in this subsection, the ini-
18 tial terms shall each be construed as beginning on
19 January 22 of the year following the date of the ini-
20 tial appointment.

21 (5) VACANCIES.—A vacancy in the position of
22 a voting member of the Board of Directors shall be
23 filled by the President, and a member appointed to
24 fill a vacancy on the Board of Directors occurring
25 before the expiration of the term for which the pred-

1 cessor was appointed shall be appointed only for
2 the remainder of that term.

3 (e) MEETINGS.—

4 (1) OPEN TO THE PUBLIC; NOTICE.—Except as
5 provided in paragraph (3), all meetings of the Board
6 of Directors shall be—

7 (A) open to the public; and

8 (B) preceded by reasonable public notice.

9 (2) FREQUENCY.—The Board of Directors shall
10 meet not later than 60 days after the date on which
11 all members of the Board of Directors are first ap-
12 pointed, at least quarterly thereafter, and otherwise
13 at the call of either the Chairperson or 5 voting
14 members of the Board of Directors.

15 (3) EXCEPTION FOR CLOSED MEETINGS.—The
16 voting members of the Board of Directors may, by
17 majority vote, close a meeting to the public if, dur-
18 ing the meeting to be closed, there is likely to be dis-
19 closed proprietary or sensitive information regarding
20 an infrastructure project under consideration for as-
21 sistance under this Act. The Board of Directors
22 shall prepare minutes of any meeting that is closed
23 to the public, and shall make such minutes available
24 as soon as practicable, not later than 1 year after
25 the date of the closed meeting, with any necessary

1 redactions to protect any proprietary or sensitive in-
2 formation.

3 (4) QUORUM.—For purposes of meetings of the
4 Board of Directors, 5 voting members of the Board
5 of Directors shall constitute a quorum.

6 (f) COMPENSATION OF MEMBERS.—Each voting
7 member of the Board of Directors shall be compensated
8 at a rate equal to the daily equivalent of the annual rate
9 of basic pay prescribed for level III of the Executive
10 Schedule under section 5314 of title 5, United States
11 Code, for each day (including travel time) during which
12 the member is engaged in the performance of the duties
13 of the Board of Directors.

14 (g) CONFLICTS OF INTEREST.—A voting member of
15 the Board of Directors may not participate in any review
16 or decision affecting an infrastructure project under con-
17 sideration for assistance under this Act, if the member has
18 or is affiliated with an entity who has a financial interest
19 in such project.

20 **SEC. 247. CHIEF EXECUTIVE OFFICER OF AIFA.**

21 (a) IN GENERAL.—The chief executive officer of
22 AIFA shall be a nonvoting member of the Board of Direc-
23 tors, who shall be responsible for all activities of AIFA,
24 and shall support the Board of Directors as set forth in

1 this Act and as the Board of Directors deems necessary
2 or appropriate.

3 (b) APPOINTMENT AND TENURE OF THE CHIEF EX-
4 ECUTIVE OFFICER.—

5 (1) IN GENERAL.—The President shall appoint
6 the chief executive officer, by and with the advice
7 and consent of the Senate.

8 (2) TERM.—The chief executive officer shall be
9 appointed for a term of 6 years.

10 (3) VACANCIES.—Any vacancy in the office of
11 the chief executive officer shall be filled by the Presi-
12 dent, and the person appointed to fill a vacancy in
13 that position occurring before the expiration of the
14 term for which the predecessor was appointed shall
15 be appointed only for the remainder of that term.

16 (c) QUALIFICATIONS.—The chief executive officer—

17 (1) shall have significant expertise in manage-
18 ment and administration of a financial institution,
19 or significant expertise in the financing and develop-
20 ment of infrastructure projects, or significant exper-
21 tise in analyzing the economic benefits of infrastruc-
22 ture investment; and

23 (2) may not—

24 (A) hold any other public office;

1 (B) have any financial interest in an infra-
2 structure project then being considered by the
3 Board of Directors, unless that interest is
4 placed in a blind trust; or

5 (C) have any financial interest in an in-
6 vestment institution or its affiliates or any
7 other entity seeking or likely to seek financial
8 assistance for any infrastructure project from
9 AIFA, unless any such interest is placed in a
10 blind trust for the tenure of the service of the
11 chief executive officer plus 2 additional years.

12 (d) RESPONSIBILITIES.—The chief executive officer
13 shall have such executive functions, powers, and duties as
14 may be prescribed by this Act, the bylaws of AIFA, or
15 the Board of Directors, including—

16 (1) responsibility for the development and im-
17 plementation of the strategy of AIFA, including—

18 (A) the development and submission to the
19 Board of Directors of the investment pro-
20 spectus, the annual business plans and budget;

21 (B) the development and submission to the
22 Board of Directors of a long-term strategic
23 plan; and

1 (C) the development, revision, and submis-
2 sion to the Board of Directors of internal poli-
3 cies; and

4 (2) responsibility for the management and over-
5 sight of the daily activities, decisions, operations,
6 and personnel of AIFA, including—

7 (A) the appointment of senior manage-
8 ment, subject to approval by the voting mem-
9 bers of the Board of Directors, and the hiring
10 and termination of all other AIFA personnel;

11 (B) requesting the detail, on a reimburs-
12 able basis, of personnel from any Federal agen-
13 cy having specific expertise not available from
14 within AIFA, following which request the head
15 of the Federal agency may detail, on a reim-
16 bursable basis, any personnel of such agency
17 reasonably requested by the chief executive offi-
18 cer;

19 (C) assessing and recommending in the
20 first instance, for ultimate approval or dis-
21 approval by the Board of Directors, compensa-
22 tion and adjustments to compensation of senior
23 management and other personnel of AIFA as
24 may be necessary for carrying out the functions
25 of AIFA;

1 (D) ensuring, in conjunction with the gen-
2 eral counsel of AIFA, that all activities of
3 AIFA are carried out in compliance with appli-
4 cable law;

5 (E) overseeing the involvement of AIFA in
6 all projects, including—

7 (i) developing eligible projects for
8 AIFA financial assistance;

9 (ii) determining the terms and condi-
10 tions of all financial assistance packages;

11 (iii) monitoring all infrastructure
12 projects assisted by AIFA, including re-
13 sponsibility for ensuring that the proceeds
14 of any loan made, guaranteed, or partici-
15 pated in are used only for the purposes for
16 which the loan or guarantee was made;

17 (iv) preparing and submitting for ap-
18 proval by the Board of Directors the docu-
19 ments required under paragraph (1); and

20 (v) ensuring the implementation of de-
21 cisions of the Board of Directors; and

22 (F) such other activities as may be nec-
23 essary or appropriate in carrying out this Act.

24 (e) COMPENSATION.—

1 (1) IN GENERAL.—Any compensation assess-
2 ment or recommendation by the chief executive offi-
3 cer under this section shall be without regard to the
4 provisions of chapter 51 or subchapter III of chapter
5 53 of title 5, United States Code.

6 (2) CONSIDERATIONS.—The compensation as-
7 sessment or recommendation required under this
8 subsection shall take into account merit principles,
9 where applicable, as well as the education, experi-
10 ence, level of responsibility, geographic differences,
11 and retention and recruitment needs in determining
12 compensation of personnel.

13 **SEC. 248. POWERS AND DUTIES OF THE BOARD OF DIREC-**
14 **TORS.**

15 The Board of Directors shall—

16 (1) as soon as is practicable after the date on
17 which all members are appointed, approve or dis-
18 approve senior management appointed by the chief
19 executive officer;

20 (2) not later than 180 days after the date on
21 which all members are appointed—

22 (A) develop and approve the bylaws of
23 AIFA, including bylaws for the regulation of
24 the affairs and conduct of the business of

1 AIFA, consistent with the purpose, goals, objec-
2 tives, and policies set forth in this Act;

3 (B) establish subcommittees, including an
4 audit committee that is composed solely of
5 members of the Board of Directors who are
6 independent of the senior management of
7 AIFA;

8 (C) develop and approve, in consultation
9 with senior management, a conflict-of-interest
10 policy for the Board of Directors and for senior
11 management;

12 (D) approve or disapprove internal policies
13 that the chief executive officer shall submit to
14 the Board of Directors, including—

15 (i) policies regarding the loan applica-
16 tion and approval process, including—

17 (I) disclosure and application
18 procedures to be followed by entities
19 in the course of nominating infra-
20 structure projects for assistance under
21 this Act;

22 (II) guidelines for the selection
23 and approval of projects;

1 (III) specific criteria for deter-
2 mining eligibility for project selection,
3 consistent with title II; and

4 (IV) standardized terms and con-
5 ditions, fee schedules, or legal require-
6 ments of a contract or program, so as
7 to carry out this Act; and

8 (ii) operational guidelines; and

9 (E) approve or disapprove a multi-year or
10 1-year business plan and budget for AIFA;

11 (3) ensure that AIFA is at all times operated
12 in a manner that is consistent with this Act, by—

13 (A) monitoring and assessing the effective-
14 ness of AIFA in achieving its strategic goals;

15 (B) periodically reviewing internal policies;

16 (C) reviewing and approving annual busi-
17 ness plans, annual budgets, and long-term
18 strategies submitted by the chief executive offi-
19 cer;

20 (D) reviewing and approving annual re-
21 ports submitted by the chief executive officer;

22 (E) engaging one or more external audi-
23 tors, as set forth in this Act; and

24 (F) reviewing and approving all changes to
25 the organization of senior management;

1 (4) appoint and fix, by a vote of 5 of the 7 vot-
2 ing members of the Board of Directors, and without
3 regard to the provisions of chapter 51 or subchapter
4 III of chapter 53 of title 5, United States Code, the
5 compensation and adjustments to compensation of
6 all AIFA personnel, and where, in appointing and
7 fixing any compensation or adjustments to com-
8 pensation under this paragraph, the Board shall—

9 (A) consult with, and seek to maintain
10 comparability with, other comparable Federal
11 personnel;

12 (B) consult with the Office of Personnel
13 Management; and

14 (C) carry out such duties consistent with
15 merit principles, where applicable, as well as the
16 education, experience, level of responsibility, ge-
17 ographic differences, and retention and recruit-
18 ment needs in determining compensation of per-
19 sonnel;

20 (5) establish such other criteria, requirements,
21 or procedures as the Board of Directors may con-
22 sider to be appropriate in carrying out this Act;

23 (6) serve as the primary liaison for AIFA in
24 interactions with Congress, the Executive Branch,
25 and State and local governments, and to represent

1 the interests of AIFA in such interactions and oth-
2 ers;

3 (7) approve by a vote of 5 of the 7 voting mem-
4 bers of the Board of Directors any changes to the
5 bylaws or internal policies of AIFA;

6 (8) have the authority and responsibility—

7 (A) to oversee entering into and carry out
8 such contracts, leases, cooperative agreements,
9 or other transactions as are necessary to carry
10 out this Act with—

11 (i) any Federal department or agency;

12 (ii) any State, territory, or possession
13 (or any political subdivision thereof, includ-
14 ing State infrastructure banks) of the
15 United States; and

16 (iii) any individual, public-private
17 partnership, firm, association, or corpora-
18 tion;

19 (B) to approve of the acquisition, lease,
20 pledge, exchange, and disposal of real and per-
21 sonal property by AIFA and otherwise approve
22 the exercise by AIFA of all of the usual inci-
23 dents of ownership of property, to the extent
24 that the exercise of such powers is appropriate
25 to and consistent with the purposes of AIFA;

1 (C) to determine the character of, and the
2 necessity for, the obligations and expenditures
3 of AIFA, and the manner in which the obliga-
4 tions and expenditures will be incurred, allowed,
5 and paid, subject to this Act and other Federal
6 law specifically applicable to wholly owned Fed-
7 eral corporations;

8 (D) to execute, in accordance with applica-
9 ble bylaws and regulations, appropriate instru-
10 ments;

11 (E) to approve other forms of credit en-
12 hancement that AIFA may provide to eligible
13 projects, as long as the forms of credit enhance-
14 ments are consistent with the purposes of this
15 Act and terms set forth in title II;

16 (F) to exercise all other lawful powers
17 which are necessary or appropriate to carry out,
18 and are consistent with, the purposes of AIFA;

19 (G) to sue or be sued in the corporate ca-
20 pacity of AIFA in any court of competent juris-
21 diction;

22 (H) to indemnify the members of the
23 Board of Directors and officers of AIFA for
24 any liabilities arising out of the actions of the
25 members and officers in such capacity, in ac-

1 cordance with, and subject to the limitations
2 contained in this Act;

3 (I) to review all financial assistance pack-
4 ages to all eligible infrastructure projects, as
5 submitted by the chief executive officer and to
6 approve, postpone, or deny the same by major-
7 ity vote;

8 (J) to review all restructuring proposals
9 submitted by the chief executive officer, includ-
10 ing assignation, pledging, or disposal of the in-
11 terest of AIFA in a project, including payment
12 or income from any interest owned or held by
13 AIFA, and to approve, postpone, or deny the
14 same by majority vote; and

15 (K) to enter into binding commitments, as
16 specified in approved financial assistance pack-
17 ages;

18 (9) delegate to the chief executive officer those
19 duties that the Board of Directors deems appro-
20 priate, to better carry out the powers and purposes
21 of the Board of Directors under this section; and

22 (10) to approve a maximum aggregate amount
23 of outstanding obligations of AIFA at any given
24 time, taking into consideration funding, and the size

1 of AIFA's addressable market for infrastructure
2 projects.

3 **SEC. 249. SENIOR MANAGEMENT.**

4 (a) IN GENERAL.—Senior management shall support
5 the chief executive officer in the discharge of the respon-
6 sibilities of the chief executive officer.

7 (b) APPOINTMENT OF SENIOR MANAGEMENT.—The
8 chief executive officer shall appoint such senior managers
9 as are necessary to carry out the purpose of AIFA, as
10 approved by a majority vote of the voting members of the
11 Board of Directors.

12 (c) TERM.—Each member of senior management
13 shall serve at the pleasure of the chief executive officer
14 and the Board of Directors.

15 (d) REMOVAL OF SENIOR MANAGEMENT.—Any mem-
16 ber of senior management may be removed, either by a
17 majority of the voting members of the Board of Directors
18 upon request by the chief executive officer, or otherwise
19 by vote of not fewer than 5 voting members of the Board
20 of Directors.

21 (e) SENIOR MANAGEMENT.—

22 (1) IN GENERAL.—Each member of senior
23 management shall report directly to the chief execu-
24 tive officer, other than the Chief Risk Officer, who
25 shall report directly to the Board of Directors.

1 (2) DUTIES AND RESPONSIBILITIES.—

2 (A) CHIEF FINANCIAL OFFICER.—The
3 Chief Financial Officer shall be responsible for
4 all financial functions of AIFA. At the discre-
5 tion of the Board of Directors, specific func-
6 tions of the Chief Financial Officer may be del-
7 egated externally.

8 (B) CHIEF RISK OFFICER.—The Chief
9 Risk Officer shall be responsible for all func-
10 tions of AIFA relating to—

11 (i) the creation of financial, credit,
12 and operational risk management guide-
13 lines and policies;

14 (ii) credit analysis for infrastructure
15 projects;

16 (iii) the creation of conforming stand-
17 ards for infrastructure finance agreements;

18 (iv) the monitoring of the financial,
19 credit, and operational exposure of AIFA;
20 and

21 (v) risk management and mitigation
22 actions, including by reporting such ac-
23 tions, or recommendations of such actions
24 to be taken, directly to the Board of Direc-
25 tors.

1 (C) CHIEF COMPLIANCE OFFICER.—The
2 Chief Compliance Officer shall be responsible
3 for all functions of AIFA relating to internal
4 audits, accounting safeguards, and the enforce-
5 ment of such safeguards and other applicable
6 requirements.

7 (D) GENERAL COUNSEL.—The General
8 Counsel shall be responsible for all functions of
9 AIFA relating to legal matters and, in consulta-
10 tion with the chief executive officer, shall be re-
11 sponsible for ensuring that AIFA complies with
12 all applicable law.

13 (E) CHIEF OPERATIONS OFFICER.—The
14 Chief Operations Officer shall be responsible for
15 all operational functions of AIFA, including
16 those relating to the continuing operations and
17 performance of all infrastructure projects in
18 which AIFA retains an interest and for all
19 AIFA functions related to human resources.

20 (F) CHIEF LENDING OFFICER.—The Chief
21 Lending Officer shall be responsible for—

22 (i) all functions of AIFA relating to
23 the development of project pipeline, finan-
24 cial structuring of projects, selection of in-
25 frastructure projects to be reviewed by the

1 Board of Directors, preparation of infra-
2 structure projects to be presented to the
3 Board of Directors, and set aside for rural
4 infrastructure projects;

5 (ii) the creation and management of—

6 (I) a Center for Excellence to
7 provide technical assistance to public
8 sector borrowers in the development
9 and financing of infrastructure
10 projects; and

11 (II) an Office of Rural Assistance
12 to provide technical assistance in the
13 development and financing of rural in-
14 frastructure projects; and

15 (iii) the establishment of guidelines to
16 ensure diversification of lending activities
17 by region, infrastructure project type, and
18 project size.

19 (f) CHANGES TO SENIOR MANAGEMENT.—The Board
20 of Directors, in consultation with the chief executive offi-
21 cer, may alter the structure of the senior management of
22 AIFA at any time to better accomplish the goals, objec-
23 tives, and purposes of AIFA, except that the functions of
24 the Chief Financial Officer set forth in subsection (e) shall

1 remain separate from the functions of the Chief Risk Offi-
2 cer set forth in subsection (e).

3 (g) CONFLICTS OF INTEREST.—No individual ap-
4 pointed to senior management may—

5 (1) hold any other public office;

6 (2) have any financial interest in an infrastruc-
7 ture project then being considered by the Board of
8 Directors, unless that interest is placed in a blind
9 trust; or

10 (3) have any financial interest in an investment
11 institution or its affiliates, AIFA or its affiliates, or
12 other entity then seeking or likely to seek financial
13 assistance for any infrastructure project from AIFA,
14 unless any such interest is placed in a blind trust
15 during the term of service of that individual in a
16 senior management position, and for a period of 2
17 years thereafter.

18 **SEC. 250. SPECIAL INSPECTOR GENERAL FOR AIFA.**

19 (a) IN GENERAL.—During the first 5 operating years
20 of AIFA, the Office of the Inspector General of the De-
21 partment of the Treasury shall have responsibility for
22 AIFA.

23 (b) OFFICE OF THE SPECIAL INSPECTOR GEN-
24 ERAL.—Effective 5 years after the date of enactment of
25 the commencement of the operations of AIFA, there is es-

1 tablished the Office of the Special Inspector General for
2 AIFA.

3 (c) APPOINTMENT OF INSPECTOR GENERAL; RE-
4 MOVAL.—

5 (1) HEAD OF OFFICE.—The head of the Office
6 of the Special Inspector General for AIFA shall be
7 the Special Inspector General for AIFA (in this Act
8 referred to as the “Special Inspector General”), who
9 shall be appointed by the President, by and with the
10 advice and consent of the Senate.

11 (2) BASIS OF APPOINTMENT.—The appoint-
12 ment of the Special Inspector General shall be made
13 on the basis of integrity and demonstrated ability in
14 accounting, auditing, financial analysis, law, man-
15 agement analysis, public administration, or inves-
16 tigation.

17 (3) TIMING OF NOMINATION.—The nomination
18 of an individual as Special Inspector General shall
19 be made as soon as is practicable after the effective
20 date under subsection (b).

21 (4) REMOVAL.—The Special Inspector General
22 shall be removable from office in accordance with
23 the provisions of section 3(b) of the Inspector Gen-
24 eral Act of 1978 (5 U.S.C. App.).

1 (5) RULE OF CONSTRUCTION.—For purposes of
2 section 7324 of title 5, United States Code, the Spe-
3 cial Inspector General shall not be considered an em-
4 ployee who determines policies to be pursued by the
5 United States in the nationwide administration of
6 Federal law.

7 (6) RATE OF PAY.—The annual rate of basic
8 pay of the Special Inspector General shall be the an-
9 nual rate of basic pay for an Inspector General
10 under section 3(e) of the Inspector General Act of
11 1978 (5 U.S.C. App.).

12 (d) DUTIES.—

13 (1) IN GENERAL.—It shall be the duty of the
14 Special Inspector General to conduct, supervise, and
15 coordinate audits and investigations of the business
16 activities of AIFA.

17 (2) OTHER SYSTEMS, PROCEDURES, AND CON-
18 TROLS.—The Special Inspector General shall estab-
19 lish, maintain, and oversee such systems, procedures,
20 and controls as the Special Inspector General con-
21 siders appropriate to discharge the duty under para-
22 graph (1).

23 (3) ADDITIONAL DUTIES.—In addition to the
24 duties specified in paragraphs (1) and (2), the In-
25 specter General shall also have the duties and re-

1 responsibilities of inspectors general under the Inspec-
2 tor General Act of 1978.

3 (e) POWERS AND AUTHORITIES.—

4 (1) IN GENERAL.—In carrying out the duties
5 specified in subsection (c), the Special Inspector
6 General shall have the authorities provided in section
7 6 of the Inspector General Act of 1978.

8 (2) ADDITIONAL AUTHORITY.—The Special In-
9 spector General shall carry out the duties specified
10 in subsection (c)(1) in accordance with section
11 4(b)(1) of the Inspector General Act of 1978.

12 (f) PERSONNEL, FACILITIES, AND OTHER RE-
13 SOURCES.—

14 (1) ADDITIONAL OFFICERS.—

15 (A) The Special Inspector General may se-
16 lect, appoint, and employ such officers and em-
17 ployees as may be necessary for carrying out
18 the duties of the Special Inspector General,
19 subject to the provisions of title 5, United
20 States Code, governing appointments in the
21 competitive service, and the provisions of chap-
22 ter 51 and subchapter III of chapter 53 of such
23 title, relating to classification and General
24 Schedule pay rates.

1 (B) The Special Inspector General may ex-
2 ercise the authorities of subsections (b) through
3 (i) of section 3161 of title 5, United States
4 Code (without regard to subsection (a) of that
5 section).

6 (2) RETENTION OF SERVICES.—The Special In-
7 specter General may obtain services as authorized by
8 section 3109 of title 5, United States Code, at daily
9 rates not to exceed the equivalent rate prescribed for
10 grade GS–15 of the General Schedule by section
11 5332 of such title.

12 (3) ABILITY TO CONTRACT FOR AUDITS, STUD-
13 IES, AND OTHER SERVICES.—The Special Inspector
14 General may enter into contracts and other arrange-
15 ments for audits, studies, analyses, and other serv-
16 ices with public agencies and with private persons,
17 and make such payments as may be necessary to
18 carry out the duties of the Special Inspector Gen-
19 eral.

20 (4) REQUEST FOR INFORMATION.—

21 (A) IN GENERAL.—Upon request of the
22 Special Inspector General for information or as-
23 sistance from any department, agency, or other
24 entity of the Federal Government, the head of
25 such entity shall, insofar as is practicable and

1 not in contravention of any existing law, furnish
2 such information or assistance to the Special
3 Inspector General, or an authorized designee.

4 (B) REFUSAL TO COMPLY.—Whenever in-
5 formation or assistance requested by the Spe-
6 cial Inspector General is, in the judgment of the
7 Special Inspector General, unreasonably refused
8 or not provided, the Special Inspector General
9 shall report the circumstances to the Secretary
10 of the Treasury, without delay.

11 (g) REPORTS.—

12 (1) ANNUAL REPORT.—Not later than 1 year
13 after the confirmation of the Special Inspector Gen-
14 eral, and every calendar year thereafter, the Special
15 Inspector General shall submit to the President a re-
16 port summarizing the activities of the Special In-
17 spector General during the previous 1-year period
18 ending on the date of such report.

19 (2) PUBLIC DISCLOSURES.—Nothing in this
20 subsection shall be construed to authorize the public
21 disclosure of information that is—

22 (A) specifically prohibited from disclosure
23 by any other provision of law;

24 (B) specifically required by Executive order
25 to be protected from disclosure in the interest

1 of national defense or national security or in
 2 the conduct of foreign affairs; or

3 (C) a part of an ongoing criminal inves-
 4 tigation.

5 **SEC. 251. OTHER PERSONNEL.**

6 Except as otherwise provided in the bylaws of AIFA,
 7 the chief executive officer, in consultation with the Board
 8 of Directors, shall appoint, remove, and define the duties
 9 of such qualified personnel as are necessary to carry out
 10 the powers, duties, and purpose of AIFA, other than sen-
 11 ior management, who shall be appointed in accordance
 12 with section 249.

13 **SEC. 252. COMPLIANCE.**

14 The provision of assistance by the Board of Directors
 15 pursuant to this Act shall not be construed as superseding
 16 any provision of State law or regulation otherwise applica-
 17 ble to an infrastructure project.

18 **PART II—TERMS AND LIMITATIONS ON DIRECT**
 19 **LOANS AND LOAN GUARANTEES**

20 **SEC. 253. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM**
 21 **AIFA AND TERMS AND LIMITATIONS OF**
 22 **LOANS.**

23 (a) IN GENERAL.—Any project whose use or purpose
 24 is private and for which no public benefit is created shall
 25 not be eligible for financial assistance from AIFA under

1 this Act. Financial assistance under this Act shall only
2 be made available if the applicant for such assistance has
3 demonstrated to the satisfaction of the Board of Directors
4 that the infrastructure project for which such assistance
5 is being sought—

6 (1) is not for the refinancing of an existing in-
7 frastructure project; and

8 (2) meets—

9 (A) any pertinent requirements set forth in
10 this Act;

11 (B) any criteria established by the Board
12 of Directors or chief executive officer in accord-
13 ance with this Act; and

14 (C) the definition of a transportation infra-
15 structure project, water infrastructure project,
16 or energy infrastructure project.

17 (b) CONSIDERATIONS.—The criteria established by
18 the Board of Directors pursuant to this Act shall provide
19 adequate consideration of—

20 (1) the economic, financial, technical, environ-
21 mental, and public benefits and costs of each infra-
22 structure project under consideration for financial
23 assistance under this Act, prioritizing infrastructure
24 projects that—

1 (A) contribute to regional or national eco-
2 nomic growth;

3 (B) offer value for money to the Govern-
4 ment;

5 (C) demonstrate a clear and significant
6 public benefit;

7 (D) lead to job creation; and

8 (E) mitigate environmental concerns;

9 (2) the means by which development of the in-
10 frastructure project under consideration is being fi-
11 nanced, including—

12 (A) the terms, conditions, and structure of
13 the proposed financing;

14 (B) the credit worthiness and standing of
15 the project sponsors, providers of equity, and
16 cofinanciers;

17 (C) the financial assumptions and projec-
18 tions on which the infrastructure project is
19 based; and

20 (D) whether there is sufficient State or
21 municipal political support for the successful
22 completion of the infrastructure project;

23 (3) the likelihood that the provision of assist-
24 ance by AIFA will cause such development to pro-

1 ceed more promptly and with lower costs than would
2 be the case without such assistance;

3 (4) the extent to which the provision of assist-
4 ance by AIFA maximizes the level of private invest-
5 ment in the infrastructure project or supports a
6 public-private partnership, while providing a signifi-
7 cant public benefit;

8 (5) the extent to which the provision of assist-
9 ance by AIFA can mobilize the participation of other
10 financing partners in the infrastructure project;

11 (6) the technical and operational viability of the
12 infrastructure project;

13 (7) the proportion of financial assistance from
14 AIFA;

15 (8) the geographic location of the project in an
16 effort to have geographic diversity of projects funded
17 by AIFA;

18 (9) the size of the project and its impact on the
19 resources of AIFA;

20 (10) the infrastructure sector of the project, in
21 an effort to have projects from more than one sector
22 funded by AIFA; and

23 (11) Encourages use of innovative procurement,
24 asset management, or financing to minimize the all-

1 in-life-cycle cost, and improve the cost-effectiveness
2 of a project.

3 (c) APPLICATION.—

4 (1) IN GENERAL.—Any eligible entity seeking
5 assistance from AIFA under this Act for an eligible
6 infrastructure project shall submit an application to
7 AIFA at such time, in such manner, and containing
8 such information as the Board of Directors or the
9 chief executive officer may require.

10 (2) REVIEW OF APPLICATIONS.—AIFA shall re-
11 view applications for assistance under this Act on an
12 ongoing basis. The chief executive officer, working
13 with the senior management, shall prepare eligible
14 infrastructure projects for review and approval by
15 the Board of Directors.

16 (3) DEDICATED REVENUE SOURCES.—The Fed-
17 eral credit instrument shall be repayable, in whole or
18 in part, from tolls, user fees, or other dedicated rev-
19 enue sources that also secure the infrastructure
20 project obligations.

21 (d) ELIGIBLE INFRASTRUCTURE PROJECT COSTS.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), to be eligible for assistance under this
24 Act, an infrastructure project shall have project

1 costs that are reasonably anticipated to equal or ex-
2 ceed \$100,000,000.

3 (2) RURAL INFRASTRUCTURE PROJECTS.—To
4 be eligible for assistance under this Act a rural in-
5 frastructure project shall have project costs that are
6 reasonably anticipated to equal or exceed
7 \$25,000,000.

8 (e) LOAN ELIGIBILITY AND MAXIMUM AMOUNTS.—

9 (1) IN GENERAL.—The amount of a direct loan
10 or loan guarantee under this Act shall not exceed
11 the lesser of 50 percent of the reasonably anticipated
12 eligible infrastructure project costs or, if the direct
13 loan or loan guarantee does not receive an invest-
14 ment grade rating, the amount of the senior project
15 obligations.

16 (2) MAXIMUM ANNUAL LOAN AND LOAN GUAR-
17 ANTEE VOLUME.—The aggregate amount of direct
18 loans and loan guarantees made by AIFA in any
19 single fiscal year may not exceed—

20 (A) during the first 2 fiscal years of the
21 operations of AIFA, \$10,000,000,000;

22 (B) during fiscal years 3 through 9 of the
23 operations of AIFA, \$20,000,000,000; or

24 (C) during any fiscal year thereafter,
25 \$50,000,000,000.

1 (f) STATE AND LOCAL PERMITS REQUIRED.—The
2 provision of assistance by the Board of Directors pursuant
3 to this Act shall not be deemed to relieve any recipient
4 of such assistance, or the related infrastructure project,
5 of any obligation to obtain required State and local per-
6 mits and approvals.

7 (g) EMPLOYEE PROTECTIONS.—As a condition for
8 the provision of financial assistance by the Board of Direc-
9 tors pursuant to this Act, the interests of employees af-
10 fected by the financial assistance shall be protected under
11 arrangements the Secretary of Labor concludes are fair
12 and equitable in accordance with section 5333(b)(2) of
13 title 49, United States Code.

14 **SEC. 254. LOAN TERMS AND REPAYMENT.**

15 (a) IN GENERAL.—A direct loan or loan guarantee
16 under this Act with respect to an eligible infrastructure
17 project shall be on such terms, subject to such conditions,
18 and contain such covenants, representations, warranties,
19 and requirements (including requirements for audits) as
20 the chief executive officer determines appropriate.

21 (b) TERMS.—A direct loan or loan guarantee under
22 this Act—

23 (1) shall—

24 (A) be payable, in whole or in part, from
25 tolls, user fees, or other dedicated revenue

1 sources that also secure the senior project obli-
2 gations (such as availability payments and dedi-
3 cated State or local revenues); and

4 (B) include a rate covenant, coverage re-
5 quirement, or similar security feature sup-
6 porting the project obligations; and

7 (2) may have a lien on revenues described in
8 paragraph (1), subject to any lien securing project
9 obligations.

10 (c) BASE INTEREST RATE.—The base interest rate
11 on a direct loan under this Act shall be not less than the
12 yield on United States Treasury obligations of a similar
13 maturity to the maturity of the direct loan.

14 (d) RISK ASSESSMENT.—Before entering into an
15 agreement for assistance under this Act, the chief execu-
16 tive officer, in consultation with the Director of the Office
17 of Management and Budget and considering rating agency
18 preliminary or final rating opinion letters of the project
19 under this section, shall estimate an appropriate Federal
20 credit subsidy amount for each direct loan and loan guar-
21 antee, taking into account such letter, as well as any com-
22 parable market rates available for such a loan or loan
23 guarantee, should any exist. The final credit subsidy cost
24 for each loan and loan guarantee shall be determined con-

1 sistent with the Federal Credit Reform Act, 2 U.S.C.
2 661a, et seq.

3 (e) CREDIT FEE.—

4 (1) IN GENERAL.—With respect to each agree-
5 ment for assistance under this Act, the chief execu-
6 tive officer may charge a credit fee to the recipient
7 of such assistance to pay for, over time, all or a por-
8 tion of the Federal credit subsidy determined under
9 subsection (d), with the remainder paid by the ac-
10 count established for AIFA.

11 (2) TREATMENT OF SOURCE OF FEES.—The
12 source of fees paid under this section shall not be a
13 loan or debt obligation guaranteed by the Federal
14 Government.

15 (3) CREDIT FEE ON A DIRECT LOAN.—In the
16 case of a direct loan, such credit fee shall be in addi-
17 tion to the base interest rate established under sub-
18 section (c).

19 (f) MATURITY DATE.—The final maturity date of a
20 direct loan or loan guaranteed by AIFA under this Act
21 shall be not later than 35 years after the date of substan-
22 tial completion of the infrastructure project, as determined
23 by the chief executive officer.

24 (g) RATING OPINION LETTER.—

1 (1) IN GENERAL.—The chief executive officer
2 shall require each applicant for assistance under this
3 Act to provide a rating opinion letter from at least
4 1 ratings agency, indicating that the senior obliga-
5 tions of the infrastructure project, which may be the
6 Federal credit instrument, have the potential to
7 achieve an investment-grade rating.

8 (2) RURAL INFRASTRUCTURE PROJECTS.—With
9 respect to a rural infrastructure project, a rating
10 agency opinion letter described in paragraph (1)
11 shall not be required, except that the loan or loan
12 guarantee shall receive an internal rating score,
13 using methods similar to the ratings agencies gen-
14 erated by AIFA, measuring the proposed direct loan
15 or loan guarantee against comparable direct loans or
16 loan guarantees of similar credit quality in a similar
17 sector.

18 (h) INVESTMENT-GRADE RATING REQUIREMENT.—

19 (1) LOANS AND LOAN GUARANTEES.—The exe-
20 cution of a direct loan or loan guarantee under this
21 Act shall be contingent on the senior obligations of
22 the infrastructure project receiving an investment-
23 grade rating.

24 (2) RATING OF AIFA OVERALL PORTFOLIO.—
25 The average rating of the overall portfolio of AIFA

1 shall be not less than investment grade after 5 years
2 of operation.

3 (i) TERMS AND REPAYMENT OF DIRECT LOANS.—

4 (1) SCHEDULE.—The chief executive officer
5 shall establish a repayment schedule for each direct
6 loan under this Act, based on the projected cash
7 flow from infrastructure project revenues and other
8 repayment sources.

9 (2) COMMENCEMENT.—Scheduled loan repay-
10 ments of principal or interest on a direct loan under
11 this Act shall commence not later than 5 years after
12 the date of substantial completion of the infrastruc-
13 ture project, as determined by the chief executive of-
14 ficer of AIFA.

15 (3) DEFERRED PAYMENTS OF DIRECT
16 LOANS.—

17 (A) AUTHORIZATION.—If, at any time
18 after the date of substantial completion of an
19 infrastructure project assisted under this Act,
20 the infrastructure project is unable to generate
21 sufficient revenues to pay the scheduled loan re-
22 payments of principal and interest on the direct
23 loan under this Act, the chief executive officer
24 may allow the obligor to add unpaid principal
25 and interest to the outstanding balance of the

1 direct loan, if the result would benefit the Gov-
2 ernment.

3 (B) INTEREST.—Any payment deferred
4 under subparagraph (A) shall—

5 (i) continue to accrue interest, in ac-
6 cordance with the terms of the obligation,
7 until fully repaid; and

8 (ii) be scheduled to be amortized over
9 the remaining term of the loan.

10 (C) CRITERIA.—

11 (i) IN GENERAL.—Any payment defer-
12 ral under subparagraph (A) shall be con-
13 tingent on the infrastructure project meet-
14 ing criteria established by the Board of Di-
15 rectors.

16 (ii) REPAYMENT STANDARDS.—The
17 criteria established under clause (i) shall
18 include standards for reasonable assurance
19 of repayment.

20 (4) PREPAYMENT OF DIRECT LOANS.—

21 (A) USE OF EXCESS REVENUES.—Any ex-
22 cess revenues that remain after satisfying
23 scheduled debt service requirements on the in-
24 frastructure project obligations and direct loan
25 and all deposit requirements under the terms of

1 any trust agreement, bond resolution, or similar
2 agreement securing project obligations under
3 this Act may be applied annually to prepay the
4 direct loan, without penalty.

5 (B) USE OF PROCEEDS OF REFI-
6 NANCING.—A direct loan under this Act may be
7 prepaid at any time, without penalty, from the
8 proceeds of refinancing from non-Federal fund-
9 ing sources.

10 (5) SALE OF DIRECT LOANS.—

11 (A) IN GENERAL.—As soon as is prac-
12 ticable after substantial completion of an infra-
13 structure project assisted under this Act, and
14 after notifying the obligor, the chief executive
15 officer may sell to another entity, or reoffer into
16 the capital markets, a direct loan for the infra-
17 structure project, if the chief executive officer
18 determines that the sale or reoffering can be
19 made on favorable terms for the Government.

20 (B) CONSENT OF OBLIGOR.—In making a
21 sale or reoffering under subparagraph (A), the
22 chief executive officer may not change the origi-
23 nal terms and conditions of the direct loan,
24 without the written consent of the obligor.

25 (j) LOAN GUARANTEES.—

1 (1) TERMS.—The terms of a loan guaranteed
 2 by AIFA under this Act shall be consistent with the
 3 terms set forth in this section for a direct loan, ex-
 4 cept that the rate on the guaranteed loan and any
 5 payment, pre-payment, or refinancing features shall
 6 be negotiated between the obligor and the lender,
 7 with the consent of the chief executive officer.

8 (2) GUARANTEED LENDER.—A guaranteed
 9 lender shall be limited to those lenders meeting the
 10 definition of that term in section 601(a) of title 23,
 11 United States Code.

12 (k) COMPLIANCE WITH FCRA; IN GENERAL.—Di-
 13 rect loans and loan guarantees authorized by this Act shall
 14 be subject to the provisions of the Federal Credit Reform
 15 Act of 1990 (2 U.S.C. 661 et seq.).

16 **SEC. 255. COMPLIANCE AND ENFORCEMENT.**

17 (a) CREDIT AGREEMENT.—Notwithstanding any
 18 other provision of law, each eligible entity that receives
 19 assistance under this Act from AIFA shall enter into a
 20 credit agreement that requires such entity to comply with
 21 all applicable policies and procedures of AIFA, in addition
 22 to all other provisions of the loan agreement.

23 (b) AIFA AUTHORITY ON NONCOMPLIANCE.—In any
 24 case in which a recipient of assistance under this Act is
 25 materially out of compliance with the loan agreement, or

1 any applicable policy or procedure of AIFA, the Board of
2 Directors may take action to cancel unutilized loan
3 amounts, or to accelerate the repayment terms of any out-
4 standing obligation.

5 (c) CONSTRUCTION.—Nothing in this Act is intended
6 to affect existing provisions of law applicable to the plan-
7 ning, development, construction, or operation of projects
8 funded under the Act.

9 **SEC. 256. AUDITS; REPORTS TO THE PRESIDENT AND CON-**
10 **GRESS.**

11 (a) ACCOUNTING.—The books of account of AIFA
12 shall be maintained in accordance with generally accepted
13 accounting principles, and shall be subject to an annual
14 audit by independent public accountants of nationally rec-
15 ognized standing appointed by the Board of Directors.

16 (b) REPORTS.—

17 (1) BOARD OF DIRECTORS.—Not later than 90
18 days after the last day of each fiscal year, the Board
19 of Directors shall submit to the President and Con-
20 gress a complete and detailed report with respect to
21 the preceding fiscal year, setting forth—

22 (A) a summary of the operations of AIFA,
23 for such fiscal year;

24 (B) a schedule of the obligations of AIFA
25 and capital securities outstanding at the end of

1 such fiscal year, with a statement of the
2 amounts issued and redeemed or paid during
3 such fiscal year;

4 (C) the status of infrastructure projects re-
5 ceiving funding or other assistance pursuant to
6 this Act during such fiscal year, including all
7 nonperforming loans, and including disclosure
8 of all entities with a development, ownership, or
9 operational interest in such infrastructure
10 projects;

11 (D) a description of the successes and
12 challenges encountered in lending to rural com-
13 munities, including the role of the Center for
14 Excellence and the Office of Rural Assistance
15 established under this Act; and

16 (E) an assessment of the risks of the port-
17 folio of AIFA, prepared by an independent
18 source.

19 (2) GAO.—Not later than 5 years after the
20 date of enactment of this Act, the Comptroller Gen-
21 eral of the United States shall conduct an evaluation
22 of, and shall submit to Congress a report on, activi-
23 ties of AIFA for the fiscal years covered by the re-
24 port that includes an assessment of the impact and
25 benefits of each funded infrastructure project, in-

1 including a review of how effectively each such infra-
 2 structure project accomplished the goals prioritized
 3 by the infrastructure project criteria of AIFA.

4 (c) BOOKS AND RECORDS.—

5 (1) IN GENERAL.—AIFA shall maintain ade-
 6 quate books and records to support the financial
 7 transactions of AIFA, with a description of financial
 8 transactions and infrastructure projects receiving
 9 funding, and the amount of funding for each such
 10 project maintained on a publically accessible data-
 11 base.

12 (2) AUDITS BY THE SECRETARY AND GAO.—
 13 The books and records of AIFA shall at all times be
 14 open to inspection by the Secretary of the Treasury,
 15 the Special Inspector General, and the Comptroller
 16 General of the United States.

17 **PART III—FUNDING OF AIFA**

18 **SEC. 257. ADMINISTRATIVE FEES.**

19 (a) IN GENERAL.—In addition to fees that may be
 20 collected under section 254(e), the chief executive officer
 21 shall establish and collect fees from eligible funding recipi-
 22 ents with respect to loans and loan guarantees under this
 23 Act that—

24 (1) are sufficient to cover all or a portion of the
 25 administrative costs to the Federal Government for

1 the operations of AIFA, including the costs of expert
2 firms, including counsel in the field of municipal and
3 project finance, and financial advisors to assist with
4 underwriting, credit analysis, or other independent
5 reviews, as appropriate;

6 (2) may be in the form of an application or
7 transaction fee, or other form established by the
8 chief executive officer; and

9 (3) may be based on the risk premium associ-
10 ated with the loan or loan guarantee, taking into
11 consideration—

12 (A) the price of United States Treasury
13 obligations of a similar maturity;

14 (B) prevailing market conditions;

15 (C) the ability of the infrastructure project
16 to support the loan or loan guarantee; and

17 (D) the total amount of the loan or loan
18 guarantee.

19 (b) AVAILABILITY OF AMOUNTS.—Amounts collected
20 under subsections (a)(1), (a)(2)(a)(3) shall be available
21 without further action, and the source of fees paid under
22 this section shall not be a loan or debt obligation guaran-
23 teed by the Federal Government.

1 **SEC. 258. EFFICIENCY OF AIFA.**

2 The chief executive officer shall, to the extent pos-
3 sible, take actions consistent with this Act to minimize the
4 risk and cost to the Government of AIFA activities. Fees
5 and premiums for loan guarantee or insurance coverage
6 will be set at levels that minimize administrative and Fed-
7 eral credit subsidy costs to the Government, as defined
8 in section 502 of the Federal Credit Reform Act of 1990,
9 of such coverage, while supporting achievement of the pro-
10 gram's objectives, consistent with policies as set forth in
11 the business plan.

12 **SEC. 259. FUNDING.**

13 (a) IN GENERAL.—There is hereby appropriated to
14 AIFA to carry out this Act, for the cost of direct loans
15 and loan guarantees subject to the limitations under sec-
16 tion 253, and for administrative costs, \$10,000,000,000,
17 to remain available until expended.

18 (b) COSTS DEFINED.—Such costs, including the
19 costs of modifying such loans, shall be as defined in sec-
20 tion 502 of the Federal Credit Reform Act of 1990.

21 (c) ADMINISTRATIVE COSTS.—Of the amounts appro-
22 priated under subsection (a), not more than \$25,000,000
23 for each of fiscal years 2012 through 2013, and not more
24 than \$50,000,000 for fiscal year 2014 may be used for
25 administrative costs of AIFA.

1 (d) OFFSETS OF SUBSIDY COSTS.—Not more than
 2 5 percent of such amount may be used to offset subsidy
 3 costs associated with rural projects.

4 **PART IV—EXTENSION OF EXEMPTION FROM AL-**
 5 **TERNATIVE MINIMUM TAX TREATMENT FOR**
 6 **CERTAIN TAX-EXEMPT BONDS**

7 **SEC. 260. EXTENSION OF EXEMPTION FROM ALTERNATIVE**
 8 **MINIMUM TAX TREATMENT FOR CERTAIN**
 9 **TAX-EXEMPT BONDS.**

10 (a) IN GENERAL.—Clause (vi) of section 57(a)(5)(C)
 11 of the Internal Revenue Code of 1986 is amended—

12 (1) by striking “January 1, 2011” in subclause

13 (I) and inserting “January 1, 2015”; and

14 (2) by striking “IN 2009 AND 2010” in the head-
 15 ing and inserting “DURING THE PERIOD 2009
 16 THROUGH 2014”.

17 (b) ADJUSTED CURRENT EARNINGS.—Clause (iv) of
 18 section 56(g)(4)(B) of the Internal Revenue Code of 1986
 19 is amended—

20 (1) by striking “January 1, 2011” in subclause

21 (I) and inserting “January 1, 2015”; and

22 (2) by striking “IN 2009 AND 2010” in the head-
 23 ing and inserting “DURING THE PERIOD 2009
 24 THROUGH 2014”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to obligations issued after Decem-
3 ber 31, 2010.

4 **Subtitle F—Project Rebuild**

5 **SEC. 261. PROJECT REBUILD.**

6 (a) DIRECT APPROPRIATIONS.—There is appro-
7 priated, out of any money in the Treasury not otherwise
8 appropriated, \$15,000,000,000, to remain available until
9 September 30, 2016, for assistance to eligible entities in-
10 cluding States and units of general local government (as
11 such terms are defined in section 102 of the Housing and
12 Community Development Act of 1974 (42 U.S.C. 5302)),
13 and qualified nonprofit organizations, businesses or con-
14 sortia of eligible entities for the redevelopment of aban-
15 doned and foreclosed-upon properties and for the stabiliza-
16 tion of affected neighborhoods.

17 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

18 (1) IN GENERAL.—Of the amounts appro-
19 priated, two thirds shall be allocated to States and
20 units of general local government based on a funding
21 formula established by the Secretary of Housing and
22 Urban Development (in this subtitle referred to as
23 the “Secretary”). Of the amounts appropriated, one
24 third shall be distributed competitively to eligible en-
25 tities.

1 (2) FORMULA TO BE DEVISED SWIFTLY.—The
2 funding formula required under paragraph (1) shall
3 be established and the Secretary shall announce for-
4 mula funding allocations, not later than 30 days
5 after the date of enactment of this section.

6 (3) FORMULA CRITERIA.—The Secretary may
7 establish a minimum grant size, and the funding for-
8 mula required under paragraph (1) shall ensure that
9 any amounts appropriated or otherwise made avail-
10 able under this section are allocated to States and
11 units of general local government with the greatest
12 need, as such need is determined in the discretion of
13 the Secretary based on—

14 (A) the number and percentage of home
15 foreclosures in each State or unit of general
16 local government;

17 (B) the number and percentage of homes
18 in default or delinquency in each State or unit
19 of general local government; and

20 (C) other factors such as established pro-
21 gram designs, grantee capacity and perform-
22 ance, number and percentage of commercial
23 foreclosures, overall economic conditions, and
24 other market needs data, as determined by the
25 Secretary.

1 (4) COMPETITION CRITERIA.—

2 (A) For the funds distributed competi-
3 tively, eligible entities shall be States, units of
4 general local government, nonprofit entities,
5 for-profit entities, and consortia of eligible enti-
6 ties that demonstrate capacity to use funding
7 within the period of this program.

8 (B) In selecting grantees, the Secretary
9 shall ensure that grantees are in areas with the
10 greatest number and percentage of residential
11 and commercial foreclosures and other market
12 needs data, as determined by the Secretary. Ad-
13 ditional award criteria shall include dem-
14 onstrated grantee capacity to execute projects
15 involving acquisition and rehabilitation or rede-
16 velopment of foreclosed residential and commer-
17 cial property and neighborhood stabilization, le-
18 verage, knowledge of market conditions and of
19 effective stabilization activities to address iden-
20 tified conditions, and any additional factors de-
21 termined by the Secretary.

22 (C) The Secretary may establish a min-
23 imum grant size.

24 (D) The Secretary shall publish competi-
25 tion criteria for any grants awarded under this

1 heading not later than 60 days after appropria-
2 tion of funds, and applications shall be due to
3 the Secretary within 120 days.

4 (c) USE OF FUNDS.—

5 (1) OBLIGATION AND EXPENDITURE.—The Sec-
6 retary shall obligate all funding within 150 days of
7 enactment of this Act. Any eligible entity that re-
8 ceives amounts pursuant to this section shall expend
9 all funds allocated to it within three years of the
10 date the funds become available to the grantee for
11 obligation. Furthermore, the Secretary shall by No-
12 tice establish intermediate expenditure benchmarks
13 at the one and two year dates from the date the
14 funds become available to the grantee for obligation.

15 (2) PRIORITIES.—

16 (A) JOB CREATION.—Each grantee or eli-
17 gible entity shall describe how its proposed use
18 of funds will prioritize job creation, and sec-
19 ondly, will address goals to stabilize neighbor-
20 hoods, reverse vacancy, or increase or stabilize
21 residential and commercial property values.

22 (B) TARGETING.—Any State or unit of
23 general local government that receives formula
24 amounts pursuant to this section shall, in dis-
25 tributing and targeting such amounts give pri-

1 ority emphasis and consideration to those met-
2 ropolitan areas, metropolitan cities, urban
3 areas, rural areas, low- and moderate-income
4 areas, and other areas with the greatest need,
5 including those—

6 (i) with the greatest percentage of
7 home foreclosures;

8 (ii) identified as likely to face a sig-
9 nificant rise in the rate of residential or
10 commercial foreclosures; and

11 (iii) with higher than national average
12 unemployment rate.

13 (C) LEVERAGE.—Each grantee or eligible
14 entity shall describe how its proposed use of
15 funds will leverage private funds.

16 (3) ELIGIBLE USES.—Amounts made available
17 under this section may be used to—

18 (A) establish financing mechanisms for the
19 purchase and redevelopment of abandoned and
20 foreclosed-upon properties, including such
21 mechanisms as soft-seconds, loan loss reserves,
22 and shared-equity loans for low- and moderate-
23 income homebuyers;

24 (B) purchase and rehabilitate properties
25 that have been abandoned or foreclosed upon,

1 in order to sell, rent, or redevelop such prop-
2 erties;

3 (C) establish and operate land banks for
4 properties that have been abandoned or fore-
5 closed upon;

6 (D) demolish blighted structures;

7 (E) redevelop abandoned, foreclosed, de-
8 molished, or vacant properties; and

9 (F) engage in other activities, as deter-
10 mined by the Secretary through notice, that are
11 consistent with the goals of creating jobs, stabi-
12 lizing neighborhoods, reversing vacancy reduc-
13 tion, and increasing or stabilizing residential
14 and commercial property values.

15 (d) LIMITATIONS.—

16 (1) ON PURCHASES.—Any purchase of a prop-
17 erty under this section shall be at a price not to ex-
18 ceed its current market value, taking into account
19 its current condition.

20 (2) REHABILITATION.—Any rehabilitation of an
21 eligible property under this section shall be to the
22 extent necessary to comply with applicable laws, and
23 other requirements relating to safety, quality, mar-
24 ketability, and habitability, in order to sell, rent, or

1 redevelop such properties or provide a renewable en-
2 ergy source or sources for such properties.

3 (3) SALE OF HOMES.—If an abandoned or fore-
4 closed-upon home is purchased, redeveloped, or oth-
5 erwise sold to an individual as a primary residence,
6 then such sale shall be in an amount equal to or less
7 than the cost to acquire and redevelop or rehabilitate
8 such home or property up to a decent, safe, market-
9 able, and habitable condition.

10 (4) ON DEMOLITION OF PUBLIC HOUSING.—
11 Public housing, as defined at section 3(b)(6) of the
12 United States Housing Act of 1937, may not be de-
13 molished with funds under this section.

14 (5) ON DEMOLITION ACTIVITIES.—No more
15 than 10 percent of any grant made under this sec-
16 tion may be used for demolition activities unless the
17 Secretary determines that such use represents an
18 appropriate response to local market conditions.

19 (6) ON USE OF FUNDS FOR NON-RESIDENTIAL
20 PROPERTY.—No more than 30 percent of any grant
21 made under this section may be used for eligible ac-
22 tivities under subparagraphs (A), (B), and (E) of
23 subsection (c)(3) that will not result in residential
24 use of the property involved unless the Secretary de-

1 termines that such use represents an appropriate re-
2 sponse to local market conditions.

3 (e) RULES OF CONSTRUCTION.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided by this section, amounts appropriated, reve-
6 nues generated, or amounts otherwise made avail-
7 able to eligible entities under this section shall be
8 treated as though such funds were community devel-
9 opment block grant funds under title I of the Hous-
10 ing and Community Development Act of 1974 (42
11 U.S.C. 5301 et seq.).

12 (2) NO MATCH.—No matching funds shall be
13 required in order for an eligible entity to receive any
14 amounts under this section.

15 (3) TENANT PROTECTIONS.—An eligible entity
16 receiving a grant under this section shall comply
17 with the 14th, 17th, 18th, 19th, 20th, 21st, 22nd,
18 and 23rd provisos under the heading “Department
19 of Housing and Urban Development—Community
20 Planning and Development—Community Develop-
21 ment Fund” in title XII of division A of the Amer-
22 ican Recovery and Reinvestment Act of
23 2009American Recovery and Reinvestment Act of
24 2009 (Public Law 111–5, 123 Stat. 218–19), as
25 amended by section 1497(b)(2) of the Dodd-Frank

1 Wall Street Reform and Consumer Protection Act
2 (Public Law 111–203, 124 Stat. 2211).

3 (4) VICINITY HIRING.—An eligible entity receiv-
4 ing a grant under this section shall comply with sec-
5 tion 1497(a)(8) of the Dodd-Frank Wall Street Re-
6 form and Consumer Protection Act (Public Law
7 111–203, 129 Stat. 2210).

8 (f) AUTHORITY TO SPECIFY ALTERNATIVE RE-
9 QUIREMENTS.—

10 (1) IN GENERAL.—In administering the pro-
11 gram under this section, the Secretary may specify
12 alternative requirements to any provision under title
13 I of the Housing and Community Development Act
14 of 1974 or under title I of the Cranston-Gonzalez
15 National Affordable Housing Act of 1990 (except for
16 those provisions in these laws related to fair hous-
17 ing, nondiscrimination, labor standards, and the en-
18 vironment) for the purpose of expediting and facili-
19 tating the use of funds under this section.

20 (2) NOTICE.—The Secretary shall provide writ-
21 ten notice of intent to the public via internet to exer-
22 cise the authority to specify alternative requirements
23 under paragraph.

24 (3) LOW AND MODERATE INCOME REQUIRE-
25 MENT.—

1 (A) IN GENERAL.—Notwithstanding the
2 authority of the Secretary under paragraph
3 (1)—

4 (i) all of the formula and competitive
5 grantee funds appropriated or otherwise
6 made available under this section shall be
7 used with respect to individuals and fami-
8 lies whose income does not exceed 120 per-
9 cent of area median income; and

10 (ii) not less than 25 percent of the
11 formula and competitive grantee funds ap-
12 propriated or otherwise made available
13 under this section shall be used for the
14 purchase and redevelopment of eligible
15 properties that will be used to house indi-
16 viduals or families whose incomes do not
17 exceed 50 percent of area median income.

18 (B) RECURRENT REQUIREMENT.—The
19 Secretary shall, by rule or order, ensure, to the
20 maximum extent practicable and for the longest
21 feasible term, that the sale, rental, or redevelop-
22 ment of abandoned and foreclosed-upon homes
23 and residential properties under this section re-
24 main affordable to individuals or families de-
25 scribed in subparagraph (A).

1 (g) NATIONWIDE DISTRIBUTION OF RESOURCES.—
2 Notwithstanding any other provision of this section or the
3 amendments made by this section, each State shall receive
4 not less than \$20,000,000 of formula funds.

5 (h) LIMITATION ON USE OF FUNDS WITH RESPECT
6 TO EMINENT DOMAIN.—No State or unit of general local
7 government may use any amounts received pursuant to
8 this section to fund any project that seeks to use the power
9 of eminent domain, unless eminent domain is employed
10 only for a public use, which shall not be construed to in-
11 clude economic development that primarily benefits pri-
12 vate entities.

13 (i) LIMITATION ON DISTRIBUTION OF FUNDS.—

14 (1) IN GENERAL.—None of the funds made
15 available under this section shall be distributed to—

16 (A) an organization which has been in-
17 dicted for a violation under Federal law relating
18 to an election for Federal office; or

19 (B) an organization which employs applica-
20 ble individuals.

21 (2) APPLICABLE INDIVIDUALS DEFINED.—In
22 this section, the term “applicable individual” means
23 an individual who—

24 (A) is—

1 (i) employed by the organization in a
2 permanent or temporary capacity;

3 (ii) contracted or retained by the or-
4 ganization; or

5 (iii) acting on behalf of, or with the
6 express or apparent authority of, the orga-
7 nization; and

8 (B) has been indicted for a violation under
9 Federal law relating to an election for Federal
10 office.

11 (j) RENTAL HOUSING PREFERENCES.—Each State
12 and local government receiving formula amounts shall es-
13 tablish procedures to create preferences for the develop-
14 ment of affordable rental housing.

15 (k) JOB CREATION.—If a grantee chooses to use
16 funds to create jobs by establishing and operating a pro-
17 gram to maintain eligible neighborhood properties, not
18 more than 10 percent of any grant may be used for that
19 purpose.

20 (l) PROGRAM SUPPORT AND CAPACITY BUILDING.—
21 The Secretary may use up to 0.75 percent of the funds
22 appropriated for capacity building of and support for eligi-
23 ble entities and grantees undertaking neighborhood sta-
24 bilization programs, staffing, training, technical assist-
25 ance, technology, monitoring, travel, enforcement, re-

1 search, and evaluation activities, subject to the following
2 requirements:

3 (1) Funds set aside for the purposes of this
4 subparagraph shall remain available until September
5 30, 2018.

6 (2) Any funds made available under this sub-
7 paragraph and used by the Secretary for personnel
8 expenses related to administering funding under this
9 subparagraph shall be transferred to “Personnel
10 Compensation and Benefits, Community Planning
11 and Development”.

12 (3) Any funds made available under this sub-
13 paragraph and used by the Secretary for training or
14 other administrative expenses shall be transferred to
15 “Administration, Operations, and Management,
16 Community Planning and Development” for non-
17 personnel expenses.

18 (4) Any funds made available under this sub-
19 paragraph and used by the Secretary for technology
20 shall be transferred to “Working Capital Fund”.

21 (m) ENFORCEMENT AND PREVENTION OF FRAUD
22 AND ABUSE.—The Secretary shall establish and imple-
23 ment procedures to prevent fraud and abuse of funds
24 under this section, and shall impose a requirement that
25 grantees have an internal auditor to continuously monitor

1 grantee performance to prevent fraud, waste, and abuse.
2 Grantees shall provide the Secretary and citizens with
3 quarterly progress reports. The Secretary shall recapture
4 funds from formula and competitive grantees that do not
5 expend 100 percent of allocated funds within 3 years of
6 the date that funds become available, and from underper-
7 forming or mismanaged grantees, and shall re-allocate
8 those funds by formula to target areas with the greatest
9 need, as determined by the Secretary through notice. The
10 Secretary may take an alternative sanctions action only
11 upon determining that such action is necessary to achieve
12 program goals in a timely manner.

13 (n) CONFORMANCE OF POLICIES AND PROCE-
14 DURES.—The Secretary of Housing and Urban Develop-
15 ment shall to the extent feasible conform policies and pro-
16 cedures for grants made under this section to the policies
17 and practices already in place for the grants made under
18 section 2301 of the Housing and Economic Recovery Act
19 of 2008 (42 U.S.C. 5301 note); title XII of division A
20 of the American Recovery and Reinvestment Act of 2009
21 (Public Law 111–5; 123 Stat. 203); or section 1497 of
22 the Dodd-Frank Wall Street Reform and Consumer Pro-
23 tection Act (42 U.S.C. 5301 note).

1 **TITLE III—ASSISTANCE FOR THE**
2 **UNEMPLOYED AND PATH-**
3 **WAYS BACK TO WORK**

4 **Subtitle A—Supporting**
5 **Unemployed Workers**

6 **SEC. 301. SHORT TITLE.**

7 This subtitle may be cited as the “Supporting Unem-
8 ployed Workers Act of 2013”.

9 **PART I—EXTENSION OF EMERGENCY UNEMPLOY-**
10 **MENT COMPENSATION AND CERTAIN EX-**
11 **TENDED BENEFITS PROVISIONS, AND ESTAB-**
12 **LISHMENT OF SELF-EMPLOYMENT ASSIST-**
13 **ANCE PROGRAM**

14 **SEC. 311. EXTENSION OF EMERGENCY UNEMPLOYMENT**
15 **COMPENSATION PROGRAM.**

16 (a) IN GENERAL.—Section 4007 of the Supplemental
17 Appropriations Act, 2008 (Public Law 110–252; 26
18 U.S.C. 3304 note) is amended by striking “January 1,
19 2014” and inserting “January 1, 2016”.

20 (b) FUNDING.—Section 4004(e)(1) of the Supple-
21 mental Appropriations Act, 2008 (Public Law 110–252;
22 26 U.S.C. 3304 note) is amended—

23 (1) in subparagraph (I), by striking “and” at
24 the end;

1 (2) in subparagraph (J), by inserting “and” at
2 the end; and

3 (3) by inserting after subparagraph (J) the fol-
4 lowing:

5 “(K) the amendments made by section
6 311(a) of the Supporting Unemployed Workers
7 Act of 2013; and”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect as if included in the enact-
10 ment of the Tax Relief, Unemployment Insurance Reau-
11 thorization, and Job Creation Act of 2010 (Public Law
12 111–312; 26 U.S.C. 3304 note).

13 **SEC. 312. TEMPORARY EXTENSION OF EXTENDED BENEFIT**
14 **PROVISIONS.**

15 (a) IN GENERAL.—Section 2005 of the Assistance for
16 Unemployed Workers and Struggling Families Act, as
17 contained in Public Law 111–5 (26 U.S.C. 3304 note),
18 is amended—

19 (1) by striking “December 31, 2013” each
20 place it appears and inserting “December 31,
21 2015”; and

22 (2) in subsection (c), by striking “June 30,
23 2014” and inserting “June 30, 2016”.

24 (b) EXTENSION OF MATCHING FOR STATES WITH
25 NO WAITING WEEK.—Section 5 of the Unemployment

1 Compensation Extension Act of 2008 (Public Law 110–
 2 449; 26 U.S.C. 3304 note) is amended by striking “June
 3 30, 2014” and inserting “June 30, 2016”.

4 (c) EXTENSION OF MODIFICATION OF INDICATORS
 5 UNDER THE EXTENDED BENEFIT PROGRAM.—Section
 6 203 of the Federal-State Extended Unemployment Com-
 7 pensation Act of 1970 (26 U.S.C. 3304 note) is amend-
 8 ed—

9 (1) in subsection (d), by striking “December
 10 31, 2013” and inserting “December 31, 2015”; and

11 (2) in subsection (f)(2), by striking “December
 12 31, 2013” and inserting “December 31, 2015”.

13 (d) EFFECTIVE DATE.—The amendments made by
 14 this section shall take effect as if included in the enact-
 15 ment of the Tax Relief, Unemployment Insurance Reau-
 16 thorization, and Job Creation Act of 2010 (Public Law
 17 111–312; 26 U.S.C. 3304 note).

18 **SEC. 313. ADDITIONAL EXTENDED UNEMPLOYMENT BENE-**
 19 **FITS UNDER THE RAILROAD UNEMPLOY-**
 20 **MENT INSURANCE ACT.**

21 (a) EXTENSION.—Section 2(c)(2)(D)(iii) of the Rail-
 22 road Unemployment Insurance Act (45 U.S.C.
 23 352(c)(2)(D)(iii)) is amended—

24 (1) by striking “June 30, 2013” and inserting
 25 “June 30, 2015”; and

1 (2) by striking “December 31, 2013” and in-
2 serting “December 31, 2015”.

3 (b) CLARIFICATION ON AUTHORITY TO USE
4 FUNDS.—Funds appropriated under either the first or
5 second sentence of clause (iv) of section 2(c)(2)(D) of the
6 Railroad Unemployment Insurance Act (45 U.S.C.
7 352(c)(2)(D)) shall be available to cover the cost of addi-
8 tional extended unemployment benefits provided under
9 such section 2(c)(2)(D) by reason of the amendments
10 made by subsection (a) as well as to cover the cost of such
11 benefits provided under such section 2(c)(2)(D), as in ef-
12 fect on the day before the date of the enactment of this
13 Act.

14 **PART II—REEMPLOYMENT NOW PROGRAM**

15 **SEC. 321. ESTABLISHMENT OF REEMPLOYMENT NOW PRO-**
16 **GRAM.**

17 (a) IN GENERAL.—There is established the Reem-
18 ployment NOW program to be carried out by the Sec-
19 retary of Labor in accordance with this part in order to
20 facilitate the reemployment of individuals who are receiv-
21 ing emergency unemployment compensation under title IV
22 of the Supplemental Appropriations Act, 2008 (Public
23 Law 110–252; 26 U.S.C. 3304 note) (hereafter in this
24 part referred to as “EUC claimants”).

1 (b) AUTHORIZATION AND APPROPRIATION.—There
2 are authorized to be appropriated \$4,000,000,000 for fis-
3 cal year 2014 to carry out the Reemployment NOW pro-
4 gram under this part.

5 **SEC. 322. DISTRIBUTION OF FUNDS.**

6 (a) IN GENERAL.—Of the amount made available
7 under section 321(b) to carry out this part, the Secretary
8 of Labor shall—

9 (1) reserve up to 1 percent for the costs of Fed-
10 eral administration and for carrying out rigorous
11 evaluations of the activities conducted under this
12 part; and

13 (2) allot the remainder of the funds not re-
14 served under paragraph (1) in accordance with the
15 requirements of subsection (b) and (c) to States that
16 have approved plans under section 323.

17 (b) ALLOTMENT FORMULA.—

18 (1) FORMULA FACTORS.—The Secretary of
19 Labor shall allot the funds available under sub-
20 section (a)(2) as follows—

21 (A) two-thirds of such funds shall be allot-
22 ted on the basis of the relative number of un-
23 employed individuals in each State, compared to
24 the total number of unemployed individuals in
25 all States; and

1 (B) one-third of such funds shall be allot-
2 ted on the basis of the relative number of indi-
3 viduals in each State who have been unem-
4 ployed for 27 weeks or more, compared to the
5 total number of individuals in all States who
6 have been unemployed for 27 weeks or more.

7 (2) CALCULATION.—For purposes of paragraph
8 (1), the number of unemployed individuals and the
9 number of individuals unemployed for 27 weeks or
10 more shall be based on the data for the most recent
11 12-month period, as determined by the Secretary.

12 (c) REALLOTMENT.—

13 (1) FAILURE TO SUBMIT STATE PLAN.—If a
14 State does not submit a State plan by the time spec-
15 ified in section 323(b), or a State does not receive
16 approval of a State plan, the amount the State
17 would have been eligible to receive pursuant to the
18 formula under subsection (b) shall be allotted to
19 States that receive approval of the State plan under
20 section 323 in accordance with the relative allot-
21 ments of such States as determined by the Secretary
22 under subsection (b).

23 (2) FAILURE TO IMPLEMENT ACTIVITIES ON A
24 TIMELY BASIS.—The Secretary of Labor may, in ac-
25 cordance with procedures and criteria established by

1 the Secretary, recapture the portion of the State al-
 2 lotment under this part that remains unobligated if
 3 the Secretary determines such funds are not being
 4 obligated at a rate sufficient to meet the purposes
 5 of this part. The Secretary shall reallocate such recap-
 6 tured funds to other States that are not subject to
 7 recapture in accordance with the relative share of
 8 the allotments of such States as determined by the
 9 Secretary under subsection (b).

10 (3) RECAPTURE OF FUNDS.—Funds recaptured
 11 under paragraph (2) shall be available for reobliga-
 12 tion not later than December 31, 2015.

13 **SEC. 323. STATE PLAN.**

14 (a) IN GENERAL.—For a State to be eligible to re-
 15 ceive an allotment under section 322, a State shall submit
 16 to the Secretary of Labor a State plan in such form and
 17 containing such information as the Secretary may require,
 18 which at a minimum shall include—

19 (1) a description of the activities to be carried
 20 out by the State to assist in the reemployment of eli-
 21 gible individuals to be served in accordance with this
 22 part, including which of the activities authorized in
 23 sections 324–328 the State intends to carry out and
 24 an estimate of the amounts the State intends to allo-
 25 cate to the activities, respectively;

1 (2) a description of the performance outcomes
2 to be achieved by the State through the activities
3 carried out under this part, including the employ-
4 ment outcomes to be achieved by participants and
5 the processes the State will use to track perform-
6 ance, consistent with guidance provided by the Sec-
7 retary of Labor regarding such outcomes and proc-
8 esses;

9 (3) a description of coordination of activities to
10 be carried out under this part with activities under
11 title I of the Workforce Investment Act of 1998, the
12 Wagner-Peyser Act, and other appropriate Federal
13 programs;

14 (4) the timelines for implementation of the ac-
15 tivities described in the plan and the number of
16 EUC claimants expected to be enrolled in such ac-
17 tivities by quarter;

18 (5) assurances that the State will participate in
19 the evaluation activities carried out by the Secretary
20 of Labor under this section;

21 (6) assurances that the State will provide ap-
22 propriate reemployment services, including coun-
23 seling, to any EUC claimant who participates in any
24 of the programs authorized under this part; and

1 (7) assurances that the State will report such
2 information as the Secretary may require relating to
3 fiscal, performance and other matters, including em-
4 ployment outcomes and effects, which the Secretary
5 determines are necessary to effectively monitor the
6 activities carried out under this part.

7 (b) PLAN SUBMISSION AND APPROVAL.—A State
8 plan under this section shall be submitted to the Secretary
9 of Labor for approval not later than 30 days after the
10 Secretary issues guidance relating to submission of such
11 plan. The Secretary shall approve such plans if the Sec-
12 retary determines that the plans meet the requirements
13 of this part and are appropriate and adequate to carry
14 out the purposes of this part.

15 (c) PLAN MODIFICATIONS.—A State may submit
16 modifications to a State plan that has been approved
17 under this part, and the Secretary of Labor may approve
18 such modifications, if the plan as modified would meet the
19 requirements of this part and are appropriate and ade-
20 quate to carry out the purposes of this part.

21 **SEC. 324. BRIDGE TO WORK PROGRAM.**

22 (a) IN GENERAL.—A State may use funds allotted
23 to the State under this part to establish and administer
24 a Bridge to Work program described in this section.

1 (b) DESCRIPTION OF PROGRAM.—In order to in-
2 crease individuals’ opportunities to move to permanent
3 employment, a State may establish a Bridge to Work pro-
4 gram to provide an EUC claimant with short-term work
5 experience placements with an eligible employer, during
6 which time such individual—

7 (1) shall be paid emergency unemployment
8 compensation payable under title IV of the Supple-
9 mental Appropriations Act, 2008 (Public Law 110–
10 252; 26 U.S.C. 3304 note), as wages for work per-
11 formed, and as specified in subsection (c);

12 (2) shall be paid the additional amount de-
13 scribed in subsection (e) as augmented wages for
14 work performed; and

15 (3) may be paid compensation in addition to
16 the amounts described in paragraphs (1) and (2) by
17 a State or by a participating employer as wages for
18 work performed.

19 (c) PROGRAM ELIGIBILITY AND OTHER REQUIRE-
20 MENTS.—For purposes of this program—

21 (1) individuals who, except for the requirements
22 described in paragraph (3), are eligible to receive
23 emergency unemployment compensation payments
24 under title IV of the Supplemental Appropriations
25 Act, 2008 (Public Law 110–252; 26 U.S.C. 3304

1 note), and who choose to participate in the program
2 described in subsection (b), shall receive such pay-
3 ments as wages for work performed during their vol-
4 untary participation in the program described under
5 subsection (b);

6 (2) the wages payable to individuals described
7 in paragraph (1) shall be paid from the emergency
8 unemployment compensation account for such indi-
9 vidual as described in section 4002 of the Supple-
10 mental Appropriations Act, 2008 (Public Law 110–
11 252; 26 U.S.C. 3304 note), and the amount in such
12 individual’s account shall be reduced accordingly;

13 (3) the wages payable to an individual described
14 in paragraph (1) shall be payable in the same
15 amount, at the same interval, on the same terms,
16 and subject to the same conditions under title IV of
17 the Supplemental Appropriations Act, 2008 (Public
18 Law 110–252; 26 U.S.C. 3304 note), except that—

19 (A) State requirements applied under such
20 Act relating to availability for work and active
21 search for work are not applicable to such indi-
22 viduals who participate for at least 25 hours
23 per week in the program described in subsection
24 (b) for the duration of such individual’s partici-
25 pation in the program;

1 (B) State requirements applied under such
2 Act relating to disqualifying income regarding
3 wages earned shall not apply to such individuals
4 who participate for at least 25 hours per week
5 in the program described in subsection (b), and
6 shall not apply with respect to—

7 (i) the wages described under sub-
8 section (b); and

9 (ii) any wages, in addition to those de-
10 scribed under subsection (b), whether paid
11 by a State or a participating employer for
12 the same work activities;

13 (C) State prohibitions or limitations ap-
14 plied under such Act relating to employment
15 status shall not apply to such individuals who
16 participate in the program described in sub-
17 section (b); and

18 (D) State requirements applied under such
19 Act relating to an individual's acceptance of an
20 offer of employment shall not apply with regard
21 to an offer of long-term employment from a
22 participating employer made to such individual
23 who is participating in the program described in
24 subsection (b) in a work experience provided by
25 such employer, where such long-term employ-

1 ment is expected to commence or commences at
2 the conclusion of the duration specified in para-
3 graph (4)(A);

4 (4) the program shall be structured so that in-
5 dividuals described in paragraph (1) may participate
6 in the program for up to—

7 (A) 8 weeks, and

8 (B) 38 hours for each such week;

9 (5) a State shall ensure that all individuals par-
10 ticipating in the program are covered by a workers'
11 compensation insurance program; and

12 (6) the program meets such other requirements
13 as the Secretary of Labor determines to be appro-
14 priate in guidance issued by the Secretary.

15 (d) STATE REQUIREMENTS.—

16 (1) CERTIFICATION OF ELIGIBLE EMPLOYER.—

17 A State may certify as eligible for participation in
18 the program under this section any employer that
19 meets the eligibility criteria as established in guid-
20 ance by the Secretary of Labor, except that an em-
21 ployer shall not be certified as eligible for participa-
22 tion in the program described under subsection

23 (b)—

24 (A) if such employer—

1 (i) is a Federal, State, or local govern-
2 ment entity;

3 (ii) would engage an eligible individual
4 in work activities under any employer's
5 grant, contract, or subcontract with a Fed-
6 eral, State, or local government entity, ex-
7 cept with regard to work activities under
8 any employer's supply contract or sub-
9 contract;

10 (iii) is delinquent with respect to any
11 taxes or employer contributions described
12 under sections 3301 and 3302(a)(1) of the
13 Internal Revenue Code of 1986 or with re-
14 spect to any related reporting require-
15 ments;

16 (iv) is engaged in the business of sup-
17 plying workers to other employers and
18 would participate in the program for the
19 purpose of supplying individuals partici-
20 pating in the program to other employers;
21 or

22 (v) has previously participated in the
23 program and the State has determined
24 that such employer has failed to abide by
25 any of the requirements specified in sub-

1 sections (h), (i), or (j), or by any other re-
2 quirements that the Secretary may estab-
3 lish for employers under subsection (c)(6);
4 and

5 (B) unless such employer provides assur-
6 ances that it has not displaced existing workers
7 pursuant to the requirements of subsection (h).

8 (2) AUTHORIZED ACTIVITIES.—Funds allotted
9 to a State under this part for the program—

10 (A) shall be used to—

11 (i) recruit employers for participation
12 in the program;

13 (ii) review and certify employers iden-
14 tified by eligible individuals seeking to par-
15 ticipate in the program;

16 (iii) ensure that reemployment and
17 counseling services are available for pro-
18 gram participants, including services de-
19 scribing the program under subsection (b),
20 prior to an individual's participation in
21 such program;

22 (iv) establish and implement processes
23 to monitor the progress and performance
24 of individual participants for the duration
25 of the program;

1 (v) prevent misuse of the program;
2 and

3 (vi) pay augmented wages to eligible
4 individuals, if necessary, as described in
5 subsection (e); and

6 (B) may be used—

7 (i) to pay workers' compensation in-
8 surance premiums to cover all individuals
9 participating in the program, except that,
10 if a State opts not to make such payments
11 directly to a State administered workers'
12 compensation program, the State involved
13 shall describe in the approved State plan
14 the means by which such State shall en-
15 sure workers' compensation or equivalent
16 coverage for all individuals who participate
17 in the program;

18 (ii) to pay compensation to a partici-
19 pating individual that is in addition to the
20 amounts described in subsections (c)(1)
21 and (e) as wages for work performed;

22 (iii) to provide supportive services,
23 such as transportation, child care, and de-
24 pendent care, that would enable individuals
25 to participate in the program;

1 (iv) for the administration and over-
2 sight of the program; and
3 (v) to fulfill additional program re-
4 quirements included in the approved State
5 plan.

6 (e) PAYMENT OF AUGMENTED WAGES IF NEC-
7 ESSARY.—In the event that the wages described in sub-
8 section (c)(1) are not sufficient to equal or exceed the min-
9 imum wages that are required to be paid by an employer
10 under section 6(a)(1) of the Fair Labor Standards Act
11 of 1938 (29 U.S.C. 206(a)(1)) or the applicable State or
12 local minimum wage law, whichever is higher, a State shall
13 pay augmented wages to a program participant in any
14 amount necessary to cover the difference between—

15 (1) such minimum wages amount; and
16 (2) the wages payable under subsection (c)(1).

17 (f) EFFECT OF WAGES ON ELIGIBILITY FOR OTHER
18 PROGRAMS.—None of the wages paid under this section
19 shall be considered as income for the purposes of deter-
20 mining eligibility for and the amount of income transfer
21 and in-kind aid furnished under any Federal or federally
22 assisted program based on need.

23 (g) EFFECT OF WAGES, WORK ACTIVITIES, AND
24 PROGRAM PARTICIPATION ON CONTINUING ELIGIBILITY
25 FOR EMERGENCY UNEMPLOYMENT COMPENSATION.—

1 Any wages paid under this section and any additional
2 wages paid by an employer to an individual described in
3 subsection (c)(1), and any work activities performed by
4 such individual as a participant in the program, shall not
5 be construed so as to render such individual ineligible to
6 receive emergency unemployment compensation under title
7 IV of the Supplemental Appropriations Act, 2008 (Public
8 Law 110–252; 26 U.S.C. 3304 note).

9 (h) NONDISPLACEMENT OF EMPLOYEES.—

10 (1) PROHIBITION.—An employer shall not use a
11 program participant to displace (including a partial
12 displacement, such as a reduction in the hours of
13 non-overtime work, wages, or employment benefits)
14 any current employee (as of the date of the partici-
15 pation).

16 (2) OTHER PROHIBITIONS.—An employer shall
17 not permit a program participant to perform work
18 activities related to any job for which—

19 (A) any other individual is on layoff from
20 the same or any substantially equivalent posi-
21 tion;

22 (B) the employer has terminated the em-
23 ployment of any employee or otherwise reduced
24 the workforce of the employer with the inten-
25 tion of filling or partially filling the vacancy so

1 created with the work activities to be performed
2 by a program participant;

3 (C) there is a strike or lock out at the
4 worksite that is the participant's place of em-
5 ployment; or

6 (D) the job is created in a manner that
7 will infringe in any way upon the promotional
8 opportunities of currently employed individuals
9 (as of the date of the participation).

10 (i) PROHIBITION ON IMPAIRMENT OF CONTRACTS.—

11 An employer shall not, by means of assigning work activi-
12 ties under this section, impair an existing contract for
13 services or a collective bargaining agreement, and no such
14 activity that would be inconsistent with the terms of a col-
15 lective bargaining agreement shall be undertaken without
16 the written concurrence of the labor organization that is
17 signatory to the collective bargaining agreement.

18 (j) LIMITATION ON EMPLOYER PARTICIPATION.—If,

19 after 24 weeks of participation in the program, an em-
20 ployer has not made an offer of suitable long-term employ-
21 ment to any individual described under subsection (c)(1)
22 who was placed with such employer and has completed the
23 program, a State shall bar such employer from further
24 participation in the program. States may impose addi-
25 tional conditions on participating employers to ensure that

1 an appropriate number of participants receive offers of
2 suitable long-term employment.

3 (k) FAILURE TO MEET PROGRAM REQUIREMENTS.—

4 If a State makes a determination based on information
5 provided to the State, or acquired by the State by means
6 of its administration and oversight functions, that a par-
7 ticipating employer under this section has violated a re-
8 quirement of this section, the State shall bar such em-
9 ployer from further participation in the program. The
10 State shall establish a process whereby an individual de-
11 scribed in subsection (c)(1), or any other affected indi-
12 vidual or entity, may file a complaint with the State relat-
13 ing to a violation of any requirement or prohibition under
14 this section.

15 (l) PARTICIPANT OPTION TO TERMINATE PARTICIPA-
16 TION IN BRIDGE TO WORK PROGRAM.—

17 (1) TERMINATION.—An individual who is par-
18 ticipating in a program described in subsection (b)
19 may opt to discontinue participation in such pro-
20 gram.

21 (2) CONTINUED ELIGIBILITY FOR EMERGENCY
22 UNEMPLOYMENT COMPENSATION.—An individual
23 who opts to discontinue participation in such pro-
24 gram, is terminated from such program by a partici-
25 pating employer, or who has completed participation

1 in such program, and who continues to meet the eli-
2 gibility requirements for emergency unemployment
3 compensation under title IV of the Supplemental
4 Appropriations Act, 2008 (Public Law 110–252; 26
5 U.S.C. 3304 note), shall receive emergency unem-
6 ployment compensation payments with respect to
7 subsequent weeks of unemployment, to the extent
8 that amounts remain in the account established for
9 such individual under section 4002(b) of such Act or
10 to the extent that such individual commences receiv-
11 ing the amounts described in subsections (c), (d), or
12 (e) of such section, respectively.

13 (m) EFFECT OF OTHER LAWS.—Unless otherwise
14 provided in this section, nothing in this section shall be
15 construed to alter or affect the rights or obligations under
16 any Federal, State, or local laws with respect to any indi-
17 vidual described in subsection (c)(1) and with respect to
18 any participating employer under this section.

19 (n) TREATMENT OF PAYMENTS.—All wages or other
20 payments to an individual under this section shall be treat-
21 ed as payments of unemployment compensation for pur-
22 poses of section 209 of the Social Security Act (42 U.S.C.
23 409) and for purposes of subtitle A and sections 3101,
24 3111, and 3301 of the Internal Revenue Code of 1986.

1 **SEC. 325. WAGE INSURANCE.**

2 (a) IN GENERAL.—A State may use the funds allot-
3 ted to the State under this part to provide a wage insur-
4 ance program for EUC claimants.

5 (b) BENEFITS.—The wage insurance program pro-
6 vided under this section may use funds allotted to the
7 State under this part to pay, for a period not to exceed
8 2 years, to a worker described in subsection (c), up to 50
9 percent of the difference between—

10 (1) the wages received by the worker at the
11 time of separation; and

12 (2) the wages received by the worker for reem-
13 ployment.

14 (c) INDIVIDUAL ELIGIBILITY.—The benefits de-
15 scribed in subsection (b) may be paid to an individual who
16 is an EUC claimant at the time such individual obtains
17 reemployment and who—

18 (1) is at least 50 years of age;

19 (2) earns not more than \$50,000 per year in
20 wages from reemployment;

21 (3) is employed on a full-time basis as defined
22 by the law of the State; and

23 (4) is not employed by the employer from which
24 the individual was last separated.

25 (d) TOTAL AMOUNT OF PAYMENTS.—A State shall
26 establish a maximum amount of payments per individual

1 for purposes of payments described in subsection (b) dur-
2 ing the eligibility period described in such subsection.

3 (e) NON-DISCRIMINATION REGARDING WAGES.—An
4 employer shall not pay a worker described in subsection
5 (c) less than such employer pays to a regular worker in
6 the same or substantially equivalent position.

7 **SEC. 326. ENHANCED REEMPLOYMENT STRATEGIES.**

8 (a) IN GENERAL.—A State may use funds allotted
9 under this part to provide a program of enhanced reem-
10 ployment services to EUC claimants. In addition to the
11 provision of services to such claimants, the program may
12 include the provision of reemployment services to individ-
13 uals who are unemployed and have exhausted their rights
14 to emergency unemployment compensation under title IV
15 of the Supplemental Appropriations Act, 2008, (Public
16 Law 110–252; 26 U.S.C. 3304 note). The program shall
17 provide reemployment services that are more intensive
18 than the reemployment services provided by the State
19 prior to the receipt of the allotment under this part.

20 (b) TYPES OF SERVICES.—The enhanced reemploy-
21 ment services described in subsection (a) may include serv-
22 ices such as—

23 (1) assessments, counseling, and other intensive
24 services that are provided by staff on a one-to-one
25 basis and may be customized to meet the reemploy-

1 ment needs of EUC claimants and individuals de-
2 scribed in subsection (a);

3 (2) comprehensive assessments designed to
4 identify alternative career paths;

5 (3) case management;

6 (4) reemployment services that are provided
7 more frequently and more intensively than such re-
8 employment services have previously been provided
9 by the State; and

10 (5) services that are designed to enhance com-
11 munication skills, interviewing skills, and other skills
12 that would assist in obtaining reemployment.

13 **SEC. 327. SELF-EMPLOYMENT PROGRAMS.**

14 A State may use funds allotted to the State under
15 this part, in an amount specified under an approved State
16 plan, for the administrative costs associated with starting
17 up the self-employment assistance program described in
18 section 4001(i) of the Supplemental Appropriations Act,
19 2008, (Public Law 110–252; 26 U.S.C. 3304 note).

20 **SEC. 328. ADDITIONAL INNOVATIVE PROGRAMS.**

21 (a) IN GENERAL.—A State may use funds allotted
22 under this part to provide a program for innovative activi-
23 ties, which use a strategy that is different from the reem-
24 ployment strategies described in sections 324–327 and
25 which are designed to facilitate the reemployment of EUC

1 claimants. In addition to the provision of activities to such
2 claimants, the program may include the provision of activi-
3 ties to individuals who are unemployed and have exhausted
4 their rights to emergency unemployment compensation
5 under title IV of the Supplemental Appropriations Act,
6 2008, (Public Law 110–252; 26 U.S.C. 3304 note).

7 (b) CONDITIONS.—The innovative activities approved
8 in accordance with subsection (a)—

9 (1) shall directly benefit EUC claimants and, if
10 applicable, individuals described in subsection (a), ei-
11 ther as a benefit paid to such claimant or individual
12 or as a service provided to such claimant or indi-
13 vidual;

14 (2) shall not result in a reduction in the dura-
15 tion or amount of, emergency unemployment com-
16 pensation for which EUC claimants would otherwise
17 be eligible;

18 (3) shall not include a reduction in the dura-
19 tion, amount of or eligibility for regular compensa-
20 tion or extended benefits;

21 (4) shall not be used to displace (including a
22 partial displacement, such as a reduction in the
23 hours of non-overtime work, wages, or employment
24 benefits) any currently employed employee (as of the
25 date of the participation) or allow a program partici-

1 pant to perform work activities related to any job for
2 which—

3 (A) any other individual is on layoff from
4 the same or any substantially equivalent job;

5 (B) the employer has terminated the em-
6 ployment of any regular employee or otherwise
7 reduced the workforce of the employer with the
8 intention of filling or partially filling the va-
9 cancy so created with the work activities to be
10 performed by a program participant;

11 (C) there is a strike or lock out at the
12 worksite that is the participant's place of em-
13 ployment; or

14 (D) the job is created in a manner that
15 will infringe in any way upon the promotional
16 opportunities of currently employed individuals
17 (as of the date of the participation); and

18 (5) shall not be in violation of any Federal,
19 State, or local law.

20 **SEC. 329. GUIDANCE AND ADDITIONAL REQUIREMENTS.**

21 The Secretary of Labor may establish through guid-
22 ance, without regard to the requirements of section 553
23 of title 5, United States Code, such additional require-
24 ments, including requirements regarding the allotment, re-
25 capture, and reallocation of funds, and reporting require-

1 ments, as the Secretary determines to be necessary to en-
 2 sure fiscal integrity, effective monitoring, and appropriate
 3 and prompt implementation of the activities under this
 4 Act.

5 **SEC. 330. REPORT OF INFORMATION AND EVALUATIONS TO**
 6 **CONGRESS AND THE PUBLIC.**

7 The Secretary of Labor shall provide to the appro-
 8 priate Committees of the Congress and make available to
 9 the public the information reported pursuant to section
 10 329 and the evaluations of activities carried out pursuant
 11 to the funds reserved under section 322(a)(1).

12 **SEC. 331. STATE.**

13 For purposes of this part, the term “State” has the
 14 meaning given that term in section 205 of the Federal-
 15 State Extended Unemployment Compensation Act of 1970
 16 (26 U.S.C. 3304 note).

17 **PART III—SHORT-TIME COMPENSATION**
 18 **PROGRAM**

19 **SEC. 341. TEMPORARY FINANCING OF SHORT-TIME COM-**
 20 **PENSATION PAYMENTS IN STATES WITH PRO-**
 21 **GRAMS IN LAW.**

22 (a) PAYMENTS TO STATES.—

23 (1) IN GENERAL.—Subject to paragraph (3),
 24 there shall be paid to a State an amount equal to
 25 100 percent of the amount of short-time compensa-

1 tion paid under a short-time compensation program
2 (as defined in section 3306(v) of the Internal Rev-
3 enue Code of 1986) under the provisions of the
4 State law.

5 (2) TERMS OF PAYMENTS.—Payments made to
6 a State under paragraph (1) shall be payable by way
7 of reimbursement in such amounts as the Secretary
8 estimates the State will be entitled to receive under
9 this section for each calendar month, reduced or in-
10 creased, as the case may be, by any amount by
11 which the Secretary finds that the Secretary's esti-
12 mates for any prior calendar month were greater or
13 less than the amounts which should have been paid
14 to the State. Such estimates may be made on the
15 basis of such statistical, sampling, or other method
16 as may be agreed upon by the Secretary and the
17 State agency of the State involved.

18 (3) LIMITATIONS ON PAYMENTS.—

19 (A) GENERAL PAYMENT LIMITATIONS.—

20 No payments shall be made to a State under
21 this section for short-time compensation paid to
22 an individual by the State during a benefit year
23 in excess of 26 times the amount of regular
24 compensation (including dependents' allow-

1 ances) under the State law payable to such in-
2 dividual for a week of total unemployment.

3 (B) EMPLOYER LIMITATIONS.—No pay-
4 ments shall be made to a State under this sec-
5 tion for benefits paid to an individual by the
6 State under a short-time compensation program
7 if such individual is employed by the partici-
8 pating employer on a seasonal, temporary, or
9 intermittent basis.

10 (b) APPLICABILITY.—

11 (1) IN GENERAL.—Payments to a State under
12 subsection (a) shall be available for weeks of unem-
13 ployment—

14 (A) beginning on or after the date of the
15 enactment of this Act; and

16 (B) ending on or before the date that is 3
17 years and 6 months after the date of the enact-
18 ment of this Act.

19 (2) THREE-YEAR FUNDING LIMITATION FOR
20 COMBINED PAYMENTS UNDER THIS SECTION AND
21 SECTION 343.—States may receive payments under
22 this section and section 343 with respect to a total
23 of not more than 156 weeks.

24 (c) TWO-YEAR TRANSITION PERIOD FOR EXISTING
25 PROGRAMS.—During any period that the transition provi-

1 sion under section 341(a)(3) is applicable to a State with
2 respect to a short-time compensation program, such State
3 shall be eligible for payments under this section. Subject
4 to paragraphs (1)(B) and (2) of subsection (b), if at any
5 point after the date of the enactment of this Act the State
6 enacts a State law providing for the payment of short-
7 time compensation under a short-time compensation pro-
8 gram that meets the definition of such a program under
9 section 3306(v) of the Internal Revenue Code of 1986, the
10 State shall be eligible for payments under this section
11 after the effective date of such enactment.

12 (d) FUNDING AND CERTIFICATIONS.—

13 (1) FUNDING.—There are appropriated, out of
14 moneys in the Treasury not otherwise appropriated,
15 such sums as may be necessary for purposes of car-
16 rying out this section.

17 (2) CERTIFICATIONS.—The Secretary shall
18 from time to time certify to the Secretary of the
19 Treasury for payment to each State the sums pay-
20 able to such State under this section.

21 (e) DEFINITIONS.—In this section:

22 (1) SECRETARY.—The term “Secretary” means
23 the Secretary of Labor.

24 (2) STATE; STATE AGENCY; STATE LAW.—The
25 terms “State”, “State agency”, and “State law”

1 have the meanings given those terms in section 205
2 of the Federal-State Extended Unemployment Com-
3 pensation Act of 1970 (26 U.S.C. 3304 note).

4 **SEC. 342. TEMPORARY FINANCING OF SHORT-TIME COM-**
5 **PENSATION AGREEMENTS.**

6 (a) FEDERAL-STATE AGREEMENTS.—

7 (1) IN GENERAL.—Any State which desires to
8 do so may enter into, and participate in, an agree-
9 ment under this section with the Secretary provided
10 that such State's law does not provide for the pay-
11 ment of short-time compensation under a short-time
12 compensation program (as defined in section
13 3306(v) of the Internal Revenue Code of 1986).

14 (2) ABILITY TO TERMINATE.—Any State which
15 is a party to an agreement under this section may,
16 upon providing 30 days' written notice to the Sec-
17 retary, terminate such agreement.

18 (b) PROVISIONS OF FEDERAL-STATE AGREEMENT.—

19 (1) IN GENERAL.—Any agreement under this
20 section shall provide that the State agency of the
21 State will make payments of short-time compensa-
22 tion under a plan approved by the State. Such plan
23 shall provide that payments are made in accordance
24 with the requirements under section 3306(v) of the
25 Internal Revenue Code of 1986.

1 (2) LIMITATIONS ON PLANS.—

2 (A) GENERAL PAYMENT LIMITATIONS.—A
3 short-time compensation plan approved by a
4 State shall not permit the payment of short-
5 time compensation to an individual by the State
6 during a benefit year in excess of 26 times the
7 amount of regular compensation (including de-
8 pendents' allowances) under the State law pay-
9 able to such individual for a week of total un-
10 employment.

11 (B) EMPLOYER LIMITATIONS.—A short-
12 time compensation plan approved by a State
13 shall not provide payments to an individual if
14 such individual is employed by the participating
15 employer on a seasonal, temporary, or intermit-
16 tent basis.

17 (3) EMPLOYER PAYMENT OF COSTS.—Any
18 short-time compensation plan entered into by an em-
19 ployer must provide that the employer will pay the
20 State an amount equal to one-half of the amount of
21 short-time compensation paid under such plan. Such
22 amount shall be deposited in the State's unemploy-
23 ment fund and shall not be used for purposes of cal-
24 culating an employer's contribution rate under sec-

1 tion 3303(a)(1) of the Internal Revenue Code of
2 1986.

3 (c) PAYMENTS TO STATES.—

4 (1) IN GENERAL.—There shall be paid to each
5 State with an agreement under this section an
6 amount equal to—

7 (A) one-half of the amount of short-time
8 compensation paid to individuals by the State
9 pursuant to such agreement; and

10 (B) any additional administrative expenses
11 incurred by the State by reason of such agree-
12 ment (as determined by the Secretary).

13 (2) TERMS OF PAYMENTS.—Payments made to
14 a State under paragraph (1) shall be payable by way
15 of reimbursement in such amounts as the Secretary
16 estimates the State will be entitled to receive under
17 this section for each calendar month, reduced or in-
18 creased, as the case may be, by any amount by
19 which the Secretary finds that the Secretary's esti-
20 mates for any prior calendar month were greater or
21 less than the amounts which should have been paid
22 to the State. Such estimates may be made on the
23 basis of such statistical, sampling, or other method
24 as may be agreed upon by the Secretary and the
25 State agency of the State involved.

1 (3) FUNDING.—There are appropriated, out of
2 moneys in the Treasury not otherwise appropriated,
3 such sums as may be necessary for purposes of car-
4 rying out this section.

5 (4) CERTIFICATIONS.—The Secretary shall
6 from time to time certify to the Secretary of the
7 Treasury for payment to each State the sums pay-
8 able to such State under this section.

9 (d) APPLICABILITY.—

10 (1) IN GENERAL.—An agreement entered into
11 under this section shall apply to weeks of unemploy-
12 ment—

13 (A) beginning on or after the date on
14 which such agreement is entered into; and

15 (B) ending on or before the date that is 2
16 years and 13 weeks after the date of the enact-
17 ment of this Act.

18 (2) TWO-YEAR FUNDING LIMITATION.—States
19 may receive payments under this section with re-
20 spect to a total of not more than 104 weeks.

21 (e) SPECIAL RULE.—If a State has entered into an
22 agreement under this section and subsequently enacts a
23 State law providing for the payment of short-time com-
24 pensation under a short-time compensation program that
25 meets the definition of such a program under section

1 3306(v) of the Internal Revenue Code of 1986, the
2 State—

3 (1) shall not be eligible for payments under this
4 section for weeks of unemployment beginning after
5 the effective date of such State law; and

6 (2) subject to paragraphs (1)(B) and (2) of sec-
7 tion 342(b), shall be eligible to receive payments
8 under section 342 after the effective date of such
9 State law.

10 (f) DEFINITIONS.—In this section:

11 (1) SECRETARY.—The term “Secretary” means
12 the Secretary of Labor.

13 (2) STATE; STATE AGENCY; STATE LAW.—The
14 terms “State”, “State agency”, and “State law”
15 have the meanings given those terms in section 205
16 of the Federal-State Extended Unemployment Com-
17 pensation Act of 1970 (26 U.S.C. 3304 note).

18 **SEC. 343. GRANTS FOR SHORT-TIME COMPENSATION PRO-**
19 **GRAMS.**

20 (a) GRANTS.—

21 (1) FOR IMPLEMENTATION OR IMPROVED AD-
22 MINISTRATION.—The Secretary shall award grants
23 to States that enact short-time compensation pro-
24 grams (as defined in subsection (i)(2)) for the pur-

pose of implementation or improved administration of such programs.

(2) FOR PROMOTION AND ENROLLMENT.—The Secretary shall award grants to States that are eligible and submit plans for a grant under paragraph (1) for such States to promote and enroll employers in short-time compensation programs (as so defined).

(3) ELIGIBILITY.—

(A) IN GENERAL.—The Secretary shall determine eligibility criteria for the grants under paragraph (1) and (2).

(B) CLARIFICATION.—A State administering a short-time compensation program, including a program being administered by a State that is participating in the transition under the provisions of sections 341(a)(3) and 342(c), that does not meet the definition of a short-time compensation program under section 3306(v) of the Internal Revenue Code of 1986, and a State with an agreement under section 343, shall not be eligible to receive a grant under this section until such time as the State law of the State provides for payments under a

1 short-time compensation program that meets
2 such definition and such law.

3 (b) AMOUNT OF GRANTS.—

4 (1) IN GENERAL.—The maximum amount avail-
5 able for making grants to a State under paragraphs
6 (1) and (2) shall be equal to the amount obtained
7 by multiplying \$700,000,000 (less the amount used
8 by the Secretary under subsection (e)) by the same
9 ratio as would apply under subsection (a)(2)(B) of
10 section 903 of the Social Security Act (42 U.S.C.
11 1103) for purposes of determining such State's
12 share of any excess amount (as described in sub-
13 section (a)(1) of such section) that would have been
14 subject to transfer to State accounts, as of October
15 1, 2013, under the provisions of subsection (a) of
16 such section.

17 (2) AMOUNT AVAILABLE FOR DIFFERENT
18 GRANTS.—Of the maximum incentive payment deter-
19 mined under paragraph (1) with respect to a
20 State—

21 (A) one-third shall be available for a grant
22 under subsection (a)(1); and

23 (B) two-thirds shall be available for a
24 grant under subsection (a)(2).

25 (c) GRANT APPLICATION AND DISBURSAL.—

1 (1) APPLICATION.—Any State seeking a grant
2 under paragraph (1) or (2) of subsection (a) shall
3 submit an application to the Secretary at such time,
4 in such manner, and complete with such information
5 as the Secretary may require. In no case may the
6 Secretary award a grant under this section with re-
7 spect to an application that is submitted after De-
8 cember 31, 2014.

9 (2) NOTICE.—The Secretary shall, within 30
10 days after receiving a complete application, notify
11 the State agency of the State of the Secretary's find-
12 ings with respect to the requirements for a grant
13 under paragraph (1) or (2) (or both) of subsection
14 (a).

15 (3) CERTIFICATION.—If the Secretary finds
16 that the State law provisions meet the requirements
17 for a grant under subsection (a), the Secretary shall
18 thereupon make a certification to that effect to the
19 Secretary of the Treasury, together with a certifi-
20 cation as to the amount of the grant payment to be
21 transferred to the State account in the Unemploy-
22 ment Trust Fund (as established in section 904(a)
23 of the Social Security Act (42 U.S.C. 1104(a))) pur-
24 suant to that finding. The Secretary of the Treasury
25 shall make the appropriate transfer to the State ac-

1 count within 7 days after receiving such certifi-
2 cation.

3 (4) REQUIREMENT.—No certification of compli-
4 ance with the requirements for a grant under para-
5 graph (1) or (2) of subsection (a) may be made with
6 respect to any State whose—

7 (A) State law is not otherwise eligible for
8 certification under section 303 of the Social Se-
9 curity Act (42 U.S.C. 503) or approvable under
10 section 3304 of the Internal Revenue Code of
11 1986; or

12 (B) short-time compensation program is
13 subject to discontinuation or is not scheduled to
14 take effect within 12 months of the certifi-
15 cation.

16 (d) USE OF FUNDS.—The amount of any grant
17 awarded under this section shall be used for the implemen-
18 tation of short-time compensation programs and the over-
19 all administration of such programs and the promotion
20 and enrollment efforts associated with such programs,
21 such as through—

22 (1) the creation or support of rapid response
23 teams to advise employers about alternatives to lay-
24 offs;

1 (2) the provision of education or assistance to
2 employers to enable them to assess the feasibility of
3 participating in short-time compensation programs;
4 and

5 (3) the development or enhancement of systems
6 to automate—

7 (A) the submission and approval of plans;
8 and

9 (B) the filing and approval of new and on-
10 going short-time compensation claims.

11 (e) ADMINISTRATION.—The Secretary is authorized
12 to use 0.25 percent of the funds available under subsection
13 (g) to provide for outreach and to share best practices with
14 respect to this section and short-time compensation pro-
15 grams.

16 (f) RECOUPMENT.—The Secretary shall establish a
17 process under which the Secretary shall recoup the
18 amount of any grant awarded under paragraph (1) or (2)
19 of subsection (a) if the Secretary determines that, during
20 the 5-year period beginning on the first date that any such
21 grant is awarded to the State, the State—

22 (1) terminated the State’s short-time compensa-
23 tion program; or

1 (2) failed to meet appropriate requirements
2 with respect to such program (as established by the
3 Secretary).

4 (g) FUNDING.—There are appropriated, out of mon-
5 eys in the Treasury not otherwise appropriated, to the
6 Secretary, \$700,000,000 to carry out this section, to re-
7 main available without fiscal year limitation.

8 (h) REPORTING.—The Secretary may establish re-
9 porting requirements for States receiving a grant under
10 this section in order to provide oversight of grant funds.

11 (i) DEFINITIONS.—In this section:

12 (1) SECRETARY.—The term “Secretary” means
13 the Secretary of Labor.

14 (2) SHORT-TIME COMPENSATION PROGRAM.—
15 The term “short-time compensation program” has
16 the meaning given such term in section 3306(v) of
17 the Internal Revenue Code of 1986.

18 (3) STATE; STATE AGENCY; STATE LAW.—The
19 terms “State”, “State agency”, and “State law”
20 have the meanings given those terms in section 205
21 of the Federal-State Extended Unemployment Com-
22 pensation Act of 1970 (26 U.S.C. 3304 note).

1 **SEC. 344. ASSISTANCE AND GUIDANCE IN IMPLEMENTING**
2 **PROGRAMS.**

3 (a) IN GENERAL.—In order to assist States in estab-
4 lishing, qualifying, and implementing short-time com-
5 pensation programs (as defined in section 3306(v) of the
6 Internal Revenue Code of 1986), the Secretary of Labor
7 (in this section referred to as the “Secretary”) shall—

8 (1) develop model legislative language which
9 may be used by States in developing and enacting
10 such programs and periodically review and revise
11 such model legislative language;

12 (2) provide technical assistance and guidance in
13 developing, enacting, and implementing such pro-
14 grams;

15 (3) establish reporting requirements for States,
16 including reporting on—

17 (A) the number of estimated averted lay-
18 offs;

19 (B) the number of participating employers
20 and workers; and

21 (C) such other items as the Secretary of
22 Labor determines are appropriate.

23 (b) MODEL LANGUAGE AND GUIDANCE.—The model
24 language and guidance developed under subsection (a)
25 shall allow sufficient flexibility by States and participating

1 employers while ensuring accountability and program in-
2 tegrity.

3 (c) CONSULTATION.—In developing the model legisla-
4 tive language and guidance under subsection (a), and in
5 order to meet the requirements of subsection (b), the Sec-
6 retary shall consult with employers, labor organizations,
7 State workforce agencies, and other program experts.

8 **SEC. 345. REPORTS.**

9 (a) REPORTS.—

10 (1) IN GENERAL.—Not later than 4 years after
11 the date of the enactment of this Act, the Secretary
12 of Labor shall submit to Congress and to the Presi-
13 dent a report or reports on the implementation of
14 the provisions of this Act.

15 (2) REQUIREMENTS.—Any report under para-
16 graph (1) shall at a minimum include the following:

17 (A) A description of best practices by
18 States and employers in the administration,
19 promotion, and use of short-time compensation
20 programs (as defined in section 3306(v) of the
21 Internal Revenue Code of 1986).

22 (B) An analysis of the significant chal-
23 lenges to State enactment and implementation
24 of short-time compensation programs.

1 (C) A survey of employers in States that
 2 have not enacted a short-time compensation
 3 program or entered into an agreement with the
 4 Secretary on a short-time compensation plan to
 5 determine the level of interest among such em-
 6 ployers in participating in short-time compensa-
 7 tion programs.

8 (b) FUNDING.—There are appropriated, out of any
 9 moneys in the Treasury not otherwise appropriated, to the
 10 Secretary of Labor, \$1,500,000 to carry out this section,
 11 to remain available without fiscal year limitation.

12 **Subtitle B—Long-Term**
 13 **Unemployed Hiring Preferences**

14 **SEC. 351. LONG-TERM UNEMPLOYED WORKERS WORK OP-**
 15 **PORTUNITY TAX CREDITS.**

16 (a) IN GENERAL.—Paragraph (3) of section 51(b) of
 17 the Internal Revenue Code is amended by inserting
 18 “\$10,000 per year in the case of any individual who is
 19 a qualified long-term unemployed individual by reason of
 20 subsection (d)(11), and” before “\$12,000 per year”.

21 (b) LONG-TERM UNEMPLOYED INDIVIDUALS TAX
 22 CREDITS.—Subsection (d) of section 51 of the Internal
 23 Revenue Code is amended—

24 (1) in paragraph (1), by striking “or” at the
 25 end of subparagraph (H), by striking the period at

1 the end of subparagraph (I) and inserting “, or”,
2 and by inserting after subparagraph (I) the fol-
3 lowing:

4 “(J) a qualified long-term unemployed in-
5 dividual.”, and

6 (2) by redesignating paragraphs (11) through
7 (14) as paragraphs (12) through (15), respectively,
8 and by inserting after paragraph (10) the following
9 new paragraph:

10 “(11) QUALIFIED LONG-TERM UNEMPLOYED
11 INDIVIDUAL.—

12 “(A) IN GENERAL.—The term ‘qualified
13 long-term unemployed individual’ means any in-
14 dividual who was not a student for at least 6
15 months during the 1-year period ending on the
16 hiring date and is certified by the designated
17 local agency as having aggregate periods of un-
18 employment during the 1-year period ending on
19 the hiring date which equal or exceed 6 months.

20 “(B) STUDENT.—For purposes of this sub-
21 section, a student is an individual enrolled at
22 least half-time in a program that leads to a de-
23 gree, certificate, or other recognized educational
24 credential for at least 6 months whether or not

1 consecutive during the 1-year period ending on
2 the hiring date.”.

3 (c) SIMPLIFIED CERTIFICATION.—Section 51(d) of
4 the Internal Revenue Code, as amended by subsection (b),
5 is amended by adding at the end the following new para-
6 graph:

7 “(16) CREDIT ALLOWED FOR QUALIFIED LONG-
8 TERM UNEMPLOYED INDIVIDUALS.—

9 “(A) IN GENERAL.—Any qualified long-
10 term unemployed individual under paragraph
11 (11) will be treated as certified by the des-
12 ignated local agency as having aggregate peri-
13 ods of unemployment if the individual is cer-
14 tified by the designated local agency as being in
15 receipt of unemployment compensation under
16 State or Federal law for not less than 6 months
17 during the 1-year period ending on the hiring
18 date.

19 “(B) REGULATORY AUTHORITY.—The Sec-
20 retary in his discretion may provide alternative
21 methods for certification.”.

22 (d) CREDIT MADE AVAILABLE TO TAX-EXEMPT EM-
23 PLOYERS IN CERTAIN CIRCUMSTANCES.—Section 3111(e)
24 of the Internal Revenue Code is amended—

1 (1) in the heading for the subsection is amend-
2 ed by inserting “AND QUALIFIED LONG-TERM UN-
3 EMPLOYED INDIVIDUALS” after “QUALIFIED VET-
4 ERANS”,

5 (2) in paragraph (1) by inserting “or qualified
6 long-term unemployed individual” after “qualified
7 veteran”,

8 (3) in paragraph (2) by inserting “and qualified
9 long-term unemployed individuals” after “qualified
10 veterans”,

11 (4) in paragraph (3)(C) by inserting “and
12 qualified long-term unemployed individual, as the
13 case may be,” after “qualified veteran”,

14 (5) in paragraph (4) by inserting “or qualified
15 long-term unemployed individual” after “qualified
16 veteran” both places it appears, and

17 (6) in paragraph (5) by striking “and” at the
18 end of subparagraph (A), by striking the period at
19 the end of subparagraph (B) and inserting “, and”,
20 and by adding at the end the following:

21 “(C) the term ‘qualified long-term unem-
22 ployed individual’ has meaning given such term
23 by section 51(d)(11).”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to individuals who begin work for
3 the employer after the date of the enactment of this Act.

4 **Subtitle C—Pathways Back to**
5 **Work**

6 **SEC. 361. SHORT TITLE.**

7 This subtitle may be cited as the “Pathways Back
8 to Work Act of 2013”.

9 **SEC. 362. AUTHORIZATION OF APPROPRIATIONS.**

10 There is authorized to be appropriated to the Sec-
11 retary of Labor \$5,000,000,000 to carry out this subtitle.

12 **SEC. 363. AVAILABILITY OF FUNDS.**

13 (a) IN GENERAL.—Of the amounts available under
14 section 362(b), the Secretary of Labor shall—

15 (1) allot \$2,000,000,000 in accordance with
16 section 364 to provide subsidized employment to un-
17 employed, low-income adults;

18 (2) allot \$1,500,000,000 in accordance with
19 section 365 to provide summer and year-round em-
20 ployment opportunities to low-income youth; and

21 (3) award \$1,500,000,000 in competitive grants
22 in accordance with section 366 to local entities to
23 carry out work-based training and other work-re-
24 lated and educational strategies and activities of
25 demonstrated effectiveness to unemployed, low-in-

1 come adults and low-income youth to provide the
2 skills and assistance needed to obtain employment.

3 (b) RESERVATION.—The Secretary of Labor may re-
4 serve not more than 1 percent of amounts available under
5 each of paragraphs (1) through (3) of subsection (a) for
6 the costs of technical assistance, evaluations and Federal
7 administration of this Act.

8 (c) PERIOD OF AVAILABILITY.—The amounts appro-
9 priated under this Act shall be available for obligation by
10 the Secretary of Labor until December 31, 2014, and shall
11 be available for expenditure by grantees and subgrantees
12 until September 30, 2015.

13 **SEC. 364. SUBSIDIZED EMPLOYMENT FOR UNEMPLOYED,**
14 **LOW-INCOME ADULTS.**

15 (a) IN GENERAL.—

16 (1) ALLOTMENTS.—From the funds available
17 under section 363(a)(1), the Secretary of Labor
18 shall make an allotment under subsection (b) to each
19 State that has a State plan approved under sub-
20 section (c) and to each outlying area and Native
21 American grantee under section 166 of the Work-
22 force Investment Act of 1998 that meets the re-
23 quirements of this section, for the purpose of pro-
24 viding subsidized employment opportunities to unem-
25 ployed, low-income adults.

1 (2) GUIDANCE.—Not later than 30 days after
2 the date of enactment of this Act, the Secretary of
3 Labor, in coordination with the Secretary of Health
4 and Human Services, shall issue guidance regarding
5 the implementation of this section. Such guidance
6 shall, consistent with this section, include procedures
7 for the submission and approval of State and local
8 plans and the allotment and allocation of funds, in-
9 cluding reallocation and reallocation of such funds,
10 that promote the expeditious and effective implemen-
11 tation of the activities authorized under this section.

12 (b) STATE ALLOTMENTS.—

13 (1) RESERVATIONS FOR OUTLYING AREAS AND
14 TRIBES.—Of the funds described subsection (a)(1),
15 the Secretary shall reserve—

16 (A) not more than one-quarter of one per-
17 cent to provide assistance to outlying areas to
18 provide subsidized employment to low-income
19 adults who are unemployed; and

20 (B) 1.5 percent to provide assistance to
21 grantees of the Native American programs
22 under section 166 of the Workforce Investment
23 Act of 1998 to provide subsidized employment
24 to low-income adults who are unemployed.

1 (2) STATES.—After determining the amounts to
2 be reserved under paragraph (1), the Secretary of
3 Labor shall allot the remainder of the amounts de-
4 scribed in subsection (a)(1) among the States as fol-
5 lows—

6 (A) one-third shall be allotted on the basis
7 of the relative number of unemployed individ-
8 uals in areas of substantial unemployment in
9 each State, compared to the total number of
10 unemployed individuals in areas of substantial
11 unemployment in all States;

12 (B) one-third shall be allotted on the basis
13 of the relative excess number of unemployed in-
14 dividuals in each State, compared to the total
15 excess number of unemployed individuals in all
16 States; and

17 (C) one-third shall be allotted on the basis
18 of the relative number of disadvantaged adults
19 and youth in each State, compared to the total
20 number of disadvantaged adults and youth in
21 all States.

22 (3) DEFINITIONS.—For purposes of the for-
23 mula described in paragraph (2)—

24 (A) AREA OF SUBSTANTIAL UNEMPLOY-
25 MENT.—The term “area of substantial unem-

1 ployment” means any contiguous area with a
2 population of at least 10,000 and that has an
3 average rate of unemployment of at least 6.5
4 percent for the most recent 12 months, as de-
5 termined by the Secretary.

6 (B) DISADVANTAGED ADULTS AND
7 YOUTH.—The term “disadvantaged adults and
8 youth” means an individual who is age 16 and
9 older (subject to section 132(b)(1)(B)(v)(I) of
10 the Workforce Investment Act of 1998) who re-
11 ceived an income, or is a member of a family
12 that received a total family income, that, in re-
13 lation to family size, does not exceed the higher
14 of—

15 (i) the poverty line; or

16 (ii) 70 percent of the lower living
17 standard income level.

18 (C) EXCESS NUMBER.—The term “excess
19 number” means, used with respect to the excess
20 number of unemployed individuals within a
21 State, the higher of—

22 (i) the number that represents the
23 number of unemployed individuals in ex-
24 cess of 4.5 percent of the civilian labor
25 force in the State; or

1 (ii) the number that represents the
2 number of unemployed individuals in ex-
3 cess of 4.5 percent of the civilian labor
4 force in areas of substantial unemployment
5 in such State.

6 (4) REALLOTMENT.—If the Governor of a State
7 does not submit a State plan by the time specified
8 in subsection (c), or a State does not receive ap-
9 proval of a State plan, the amount the State would
10 have been eligible to receive pursuant to the formula
11 under paragraph (2) shall be added to the amounts
12 available for the competitive grants under section
13 363(a)(3).

14 (c) STATE PLAN.—

15 (1) IN GENERAL.—For a State to be eligible to
16 receive an allotment of the funds under subsection
17 (b), the Governor of the State shall submit to the
18 Secretary of Labor a State plan in such form and
19 containing such information as the Secretary may
20 require. At a minimum, such plan shall include—

21 (A) a description of the strategies and ac-
22 tivities to be carried out by the State, in coordi-
23 nation with employers in the State, to provide
24 subsidized employment opportunities to unem-
25 ployed, low-income adults, including strategies

1 relating to the level and duration of subsidies
2 consistent with subsection (e)(2);

3 (B) a description of the requirements the
4 State will apply relating to the eligibility of un-
5 employed, low-income adults, consistent with
6 section 368(6), for subsidized employment op-
7 portunities, which may include criteria to target
8 assistance to particular categories of such
9 adults, such as individuals with disabilities or
10 individuals who have exhausted all rights to un-
11 employment compensation;

12 (C) a description of how the funds allotted
13 to provide subsidized employment opportunities
14 will be administered in the State and local
15 areas, in accordance with subsection (d);

16 (D) a description of the performance out-
17 comes to be achieved by the State through the
18 activities carried out under this section and the
19 processes the State will use to track perform-
20 ance, consistent with guidance provided by the
21 Secretary of Labor regarding such outcomes
22 and processes and with section 367(b);

23 (E) a description of the coordination of ac-
24 tivities to be carried out with the funds pro-
25 vided under this section with activities under

1 title I of the Workforce Investment Act of
2 1998, the TANF program under part A of title
3 IV of the Social Security Act, and other appro-
4 priate Federal and State programs that may as-
5 sist unemployed, low-income adults in obtaining
6 and retaining employment;

7 (F) a description of the timelines for im-
8 plementation of the activities described in sub-
9 paragraph (A), and the number of unemployed,
10 low-income adults expected to be placed in sub-
11 sidized employment by quarter;

12 (G) assurances that the State will report
13 such information as the Secretary of Labor may
14 require relating to fiscal, performance and other
15 matters that the Secretary determines is nec-
16 essary to effectively monitor the activities car-
17 ried out under this section; and

18 (H) assurances that the State will ensure
19 compliance with the labor standards and protec-
20 tions described in section 367(a) of this Act.

21 (2) SUBMISSION AND APPROVAL OF STATE
22 PLAN.—

23 (A) SUBMISSION WITH OTHER PLANS.—

24 The State plan described in this subsection may
25 be submitted in conjunction with the State plan

1 modification or request for funds required
2 under section 365, and may be submitted as a
3 modification to a State plan that has been ap-
4 proved under section 112 of the Workforce In-
5 vestment Act of 1998.

6 (B) SUBMISSION AND APPROVAL.—

7 (i) SUBMISSION.—The Governor shall
8 submit a plan to the Secretary of Labor
9 not later than 75 days after the enactment
10 of this Act and the Secretary of Labor
11 shall make a determination regarding the
12 approval or disapproval of such plans not
13 later than 45 days after the submission of
14 such plan. If the plan is disapproved, the
15 Secretary of Labor may provide a reason-
16 able period of time in which a disapproved
17 plan may be amended and resubmitted for
18 approval.

19 (ii) APPROVAL.—The Secretary of
20 Labor shall approve a State plan that the
21 Secretary determines is consistent with re-
22 quirements of this section and reasonably
23 appropriate and adequate to carry out the
24 purposes of this section. If the plan is ap-

1 proved, the Secretary shall allot funds to
2 States within 30 days after such approval.

3 (3) MODIFICATIONS TO STATE PLAN.—The
4 Governor may submit a modification to a State plan
5 under this subsection consistent with the require-
6 ments of this section.

7 (d) ADMINISTRATION WITHIN THE STATE.—

8 (1) OPTION.—The State may administer the
9 funds for activities under this section through—

10 (A) the State and local entities responsible
11 for the administration of the adult formula pro-
12 gram under title I–B of the Workforce Invest-
13 ment Act of 1998;

14 (B) the entities responsible for the admin-
15 istration of the TANF program under part A of
16 title IV of the Social Security Act; or

17 (C) a combination of the entities described
18 in subparagraphs (A) and (B).

19 (2) WITHIN-STATE ALLOCATIONS.—

20 (A) ALLOCATION OF FUNDS.—The Gov-
21 ernor may reserve up to 5 percent of the allot-
22 ment under subsection (b)(2) for administration
23 and technical assistance, and shall allocate the
24 remainder, in accordance with the option elect-
25 ed under paragraph (1)—

1 (i) among local workforce investment
2 areas within the State in accordance with
3 the factors identified in subsection (b)(2),
4 except that for purposes of such allocation
5 references to a State in such paragraph
6 shall be deemed to be references to a local
7 workforce investment area and references
8 to all States shall be deemed to be ref-
9 erences to all local areas in the State in-
10 volved, of which not more than 10 percent
11 of the funds allocated to a local workforce
12 investment area may be used for the costs
13 of administration of this section; or

14 (ii) through entities responsible for
15 the administration of the TANF program
16 under part A of title IV of the Social Secu-
17 rity Act in local areas in such manner as
18 the State may determine appropriate.

19 (B) LOCAL PLANS.—

20 (i) IN GENERAL.—In the case where
21 the responsibility for the administration of
22 activities is to be carried out by the enti-
23 ties described under paragraph (1)(A), in
24 order to receive an allocation under sub-
25 paragraph (A)(i), a local workforce invest-

1 ment board, in partnership with the chief
2 elected official of the local workforce in-
3 vestment area involved, shall submit to the
4 Governor a local plan for the use of such
5 funds under this section not later than 30
6 days after the submission of the State
7 plan. Such local plan may be submitted as
8 a modification to a local plan approved
9 under section 118 of the Workforce Invest-
10 ment Act of 1998.

11 (ii) CONTENTS.—The local plan de-
12 scribed in clause (i) shall contain the ele-
13 ments described in subparagraphs (A)–(H)
14 of subsection (c)(1), as applied to the local
15 workforce investment area.

16 (iii) APPROVAL.—The Governor shall
17 approve or disapprove the local plan sub-
18 mitted under clause (i) within 30 days
19 after submission, or if later, 30 days after
20 the approval of the State plan. The Gov-
21 ernor shall approve the plan unless the
22 Governor determines that the plan is in-
23 consistent with requirements of this section
24 or is not reasonably appropriate and ade-
25 quate to carry out the purposes of this sec-

1 tion. If the Governor has not made a de-
2 termination within the period specified
3 under the first sentence of this clause, the
4 plan shall be considered approved. If the
5 plan is disapproved, the Governor may pro-
6 vide a reasonable period of time in which
7 a disapproved plan may be amended and
8 resubmitted for approval. The Governor
9 shall allocate funds to local workforce in-
10 vestment areas with approved plans within
11 30 days after such approval.

12 (C) REALLOCATION OF FUNDS TO LOCAL
13 AREAS.—If a local workforce investment board
14 does not submit a local plan by the time speci-
15 fied in subparagraph (B) or the Governor does
16 not approve a local plan, the amount the local
17 workforce investment area would have been eli-
18 gible to receive pursuant to the formula under
19 subparagraph (A)(i) shall be allocated to local
20 workforce investment areas that receive ap-
21 proval of the local plan under subparagraph
22 (B). Such reallocations shall be made in accord-
23 ance with the relative share of the allocations to
24 such local workforce investment areas applying

1 the formula factors described under subpara-
2 graph (A)(i).

3 (e) USE OF FUNDS.—

4 (1) IN GENERAL.—The funds under this section
5 shall be used to provide subsidized employment for
6 unemployed, low-income adults. The State and local
7 entities described in subsection (d)(1) may use a va-
8 riety of strategies in recruiting employers and identi-
9 fying appropriate employment opportunities, with a
10 priority to be provided to employment opportunities
11 likely to lead to unsubsidized employment in emerg-
12 ing or in-demand occupations in the local area.
13 Funds under this section may be used to provide
14 support services, such as transportation and child
15 care, that are necessary to enable the participation
16 of individuals in subsidized employment opportuni-
17 ties.

18 (2) LEVEL OF SUBSIDY AND DURATION.—The
19 States or local entities described in subsection (d)(1)
20 may determine the percentage of the wages and
21 costs of employing a participant for which an em-
22 ployer may receive a subsidy with the funds provided
23 under this section, and the duration of such subsidy,
24 in accordance with guidance issued by the Secretary.
25 The State or local entities may establish criteria for

1 determining such percentage or duration using ap-
2 propriate factors such as the size of the employer
3 and types of employment.

4 (f) COORDINATION OF FEDERAL ADMINISTRATION.—
5 The Secretary of Labor shall administer this section in
6 coordination with the Secretary of Health and Human
7 Services to ensure the effective implementation of this sec-
8 tion.

9 **SEC. 365. SUMMER EMPLOYMENT AND YEAR-ROUND EM-**
10 **PLOYMENT OPPORTUNITIES FOR LOW-IN-**
11 **COME YOUTH.**

12 (a) IN GENERAL.—From the funds available under
13 section 363(a)(2), the Secretary of Labor shall make an
14 allotment under subsection (c) to each State that has a
15 State plan modification (or other form of request for funds
16 specified in guidance under subsection (b)) approved
17 under subsection (d) and to each outlying area and Native
18 American grantee under section 166 of the Workforce In-
19 vestment Act of 1998 that meets the requirements of this
20 section, for the purpose of providing summer employment
21 and year-round employment opportunities to low-income
22 youth.

23 (b) GUIDANCE AND APPLICATION OF REQUIRE-
24 MENTS.—

1 (1) GUIDANCE.—Not later than 20 days after
2 the date of enactment of this Act, the Secretary of
3 Labor shall issue guidance regarding the implemen-
4 tation of this section. Such guidance shall, consistent
5 with this section, include procedures for the submis-
6 sion and approval of State plan modifications, or for
7 forms of requests for funds by the State as may be
8 identified in such guidance, local plan modifications,
9 or other forms of requests for funds from local work-
10 force investment areas as may be identified in such
11 guidance, and the allotment and allocation of funds,
12 including reallotment and reallocation of such funds,
13 that promote the expeditious and effective implemen-
14 tation of the activities authorized under this section.

15 (2) REQUIREMENTS.—Except as otherwise pro-
16 vided in the guidance described in paragraph (1)
17 and in this section and other provisions of this Act,
18 the funds provided for activities under this section
19 shall be administered in accordance with subtitles B
20 and E of title I of the Workforce Investment Act of
21 1998 relating to youth activities.

22 (c) STATE ALLOTMENTS.—

23 (1) RESERVATIONS FOR OUTLYING AREAS AND
24 TRIBES.—Of the funds described subsection (a), the
25 Secretary shall reserve—

1 (A) not more than one-quarter of one per-
2 cent to provide assistance to outlying areas to
3 provide summer and year-round employment
4 opportunities to low-income youth; and

5 (B) 1.5 percent to provide assistance to
6 grantees of the Native American programs
7 under section 166 of the Workforce Investment
8 Act of 1998 to provide summer and year-round
9 employment opportunities to low-income youth.

10 (2) STATES.—After determining the amounts to
11 be reserved under paragraph (1), the Secretary of
12 Labor shall allot the remainder of the amounts de-
13 scribed in subsection (a) among the States in ac-
14 cordance with the factors described in section
15 364(b)(2) of this Act.

16 (3) REALLOTMENT.—If the Governor of a State
17 does not submit a State plan modification or other
18 request for funds specified in guidance under sub-
19 section (b) by the time specified in subsection
20 (d)(2)(B), or a State does not receive approval of
21 such State plan modification or request, the amount
22 the State would have been eligible to receive pursu-
23 ant to the formula under paragraph (2) shall be
24 added to the amounts available for the competitive
25 grants under section 363(a)(3).

1 (d) STATE PLAN MODIFICATION.—

2 (1) IN GENERAL.—For a State to be eligible to
3 receive an allotment of the funds under subsection
4 (c), the Governor of the State shall submit to the
5 Secretary of Labor a modification to a State plan
6 approved under section 112 of the Workforce Invest-
7 ment Act of 1998, or other request for funds de-
8 scribed in guidance in subsection (b), in such form
9 and containing such information as the Secretary
10 may require. At a minimum, such plan modification
11 or request shall include—

12 (A) a description of the strategies and ac-
13 tivities to be carried out to provide summer em-
14 ployment opportunities and year-round employ-
15 ment opportunities, including the linkages to
16 educational activities, consistent with subsection
17 (f);

18 (B) a description of the requirements the
19 States will apply relating to the eligibility of
20 low-income youth, consistent with section
21 368(4), for summer employment opportunities
22 and year-round employment opportunities,
23 which may include criteria to target assistance
24 to particular categories of such low-income

1 youth, such as youth with disabilities, con-
2 sistent with subsection (f);

3 (C) a description of the performance out-
4 comes to be achieved by the State through the
5 activities carried out under this section and the
6 processes the State will use to track perform-
7 ance, consistent with guidance provided by the
8 Secretary of Labor regarding such outcomes
9 and processes and with section 367(b);

10 (D) a description of the timelines for im-
11 plementation of the activities described in sub-
12 paragraph (A), and the number of low-income
13 youth expected to be placed in summer employ-
14 ment opportunities, and year-round employment
15 opportunities, respectively, by quarter;

16 (E) assurances that the State will report
17 such information as the Secretary may require
18 relating to fiscal, performance and other mat-
19 ters that the Secretary determines is necessary
20 to effectively monitor the activities carried out
21 under this section; and

22 (F) assurances that the State will ensure
23 compliance with the labor standards protections
24 described in section 367(a).

1 (2) SUBMISSION AND APPROVAL OF STATE
2 PLAN MODIFICATION OR REQUEST.—

3 (A) SUBMISSION.—The Governor shall
4 submit a modification of the State plan or other
5 request for funds described in guidance in sub-
6 section (b) to the Secretary of Labor not later
7 than 30 days after the issuance of such guid-
8 ance. The State plan modification or request for
9 funds required under this subsection may be
10 submitted in conjunction with the State plan re-
11 quired under section 364.

12 (B) APPROVAL.—The Secretary of Labor
13 shall approve the plan or request submitted
14 under subparagraph (A) within 30 days after
15 submission, unless the Secretary determines
16 that the plan or request is inconsistent with the
17 requirements of this section. If the Secretary
18 has not made a determination within 30 days,
19 the plan or request shall be considered ap-
20 proved. If the plan or request is disapproved,
21 the Secretary may provide a reasonable period
22 of time in which a disapproved plan or request
23 may be amended and resubmitted for approval.
24 If the plan or request is approved, the Sec-

1 retary shall allot funds to States within 30 days
2 after such approval.

3 (3) MODIFICATIONS TO STATE PLAN OR RE-
4 QUEST.—The Governor may submit further modi-
5 fications to a State plan or request for funds identi-
6 fied under subsection (b) to carry out this section in
7 accordance with the requirements of this section.

8 (e) WITHIN-STATE ALLOCATION AND ADMINISTRA-
9 TION.—

10 (1) IN GENERAL.—Of the funds allotted to the
11 State under subsection (c), the Governor—

12 (A) may reserve up to 5 percent of the al-
13 lotment for administration and technical assist-
14 ance; and

15 (B) shall allocate the remainder of the al-
16 lotment among local workforce investment areas
17 within the State in accordance with the factors
18 identified in section 364(b)(2), except that for
19 purposes of such allocation references to a
20 State in such paragraph shall be deemed to be
21 references to a local workforce investment area
22 and references to all States shall be deemed to
23 be references to all local areas in the State in-
24 volved. Not more than 10 percent of the funds
25 allocated to a local workforce investment area

1 may be used for the costs of administration of
2 this section.

3 (2) LOCAL PLAN.—

4 (A) SUBMISSION.—In order to receive an
5 allocation under paragraph (1)(B), the local
6 workforce investment board, in partnership with
7 the chief elected official for the local workforce
8 investment area involved, shall submit to the
9 Governor a modification to a local plan ap-
10 proved under section 118 of the Workforce In-
11 vestment Act of 1998, or other form of request
12 for funds as may be identified in the guidance
13 issued under subsection (b), not later than 30
14 days after the submission by the State of the
15 modification to the State plan or other request
16 for funds identified in subsection (b), describing
17 the strategies and activities to be carried out
18 under this section.

19 (B) APPROVAL.—The Governor shall ap-
20 prove the local plan submitted under subpara-
21 graph (A) within 30 days after submission, un-
22 less the Governor determines that the plan is
23 inconsistent with requirements of this section.
24 If the Governor has not made a determination
25 within 30 days, the plan shall be considered ap-

1 proved. If the plan is disapproved, the Governor
2 may provide a reasonable period of time in
3 which a disapproved plan may be amended and
4 resubmitted for approval. The Governor shall
5 allocate funds to local workforce investment
6 areas with approved plans within 30 days after
7 approval.

8 (3) REALLOCATION.—If a local workforce in-
9 vestment board does not submit a local plan modi-
10 fication (or other request for funds identified in
11 guidance under subsection (b)) by the time specified
12 in paragraph (2), or does not receive approval of a
13 local plan, the amount the local workforce invest-
14 ment area would have been eligible to receive pursu-
15 ant to the formula under paragraph (1)(B) shall be
16 allocated to local workforce investment areas that re-
17 ceive approval of the local plan modification or re-
18 quest for funds under paragraph (2). Such realloca-
19 tions shall be made in accordance with the relative
20 share of the allocations to such local workforce in-
21 vestment areas applying the formula factors de-
22 scribed under paragraph (1)(B).

23 (f) USE OF FUNDS.—

24 (1) IN GENERAL.—The funds provided under
25 this section shall be used—

1 (A) to provide summer employment oppor-
2 tunities for low-income youth, ages 16 through
3 24, with direct linkages to academic and occu-
4 pational learning, and may include the provision
5 of supportive services, such as transportation or
6 child care, necessary to enable such youth to
7 participate; and

8 (B) to provide year round employment op-
9 portunities, which may be combined with other
10 activities authorized under section 129 of the
11 Workforce Investment Act of 1998, to low-in-
12 come youth, ages 16 through 24, with a priority
13 to out-of school youth who are—

14 (i) high school dropouts; or

15 (ii) recipients of a secondary school
16 diploma or its equivalent but who are basic
17 skills deficient unemployed or under-
18 employed.

19 (2) PROGRAM PRIORITIES.—In administering
20 the funds under this section, the local board and
21 local chief elected officials shall give a priority to—

22 (A) identifying employment opportunities
23 that are—

1 (i) in emerging or in-demand occupa-
 2 tions in the local workforce investment
 3 area; or

4 (ii) in the public or nonprofit sector
 5 that meet community needs; and

6 (B) linking year-round program partici-
 7 pants to training and educational activities that
 8 will provide such participants an industry-recog-
 9 nized certificate or credential.

10 (3) PERFORMANCE ACCOUNTABILITY.—For ac-
 11 tivities funded under this section, in lieu of the re-
 12 quirements described in section 136 of the Work-
 13 force Investment Act of 1998, State and local work-
 14 force investment areas shall provide such reports as
 15 the Secretary of Labor may require regarding the
 16 performance outcomes described in section
 17 367(a)(5).

18 **SEC. 366. WORK-BASED EMPLOYMENT STRATEGIES OF**
 19 **DEMONSTRATED EFFECTIVENESS.**

20 (a) IN GENERAL.—From the funds available under
 21 section 363(a)(3), the Secretary of Labor shall award
 22 grants on a competitive basis to eligible entities to carry
 23 out work-based strategies of demonstrated effectiveness.

24 (b) USE OF FUNDS.—The grants awarded under this
 25 section shall be used to support strategies and activities

1 of demonstrated effectiveness that are designed to provide
2 unemployed, low-income adults or low-income youth with
3 the skills that will lead to employment as part of or upon
4 completion of participation in such activities. Such strate-
5 gies and activities may include—

6 (1) on-the-job training, registered apprentice-
7 ship programs, or other programs that combine work
8 with skills development;

9 (2) sector-based training programs that have
10 been designed to meet the specific requirements of
11 an employer or group of employers in that sector
12 and where employers are committed to hiring indi-
13 viduals upon successful completion of the training;

14 (3) training that supports an industry sector or
15 an employer-based or labor-management committee
16 industry partnership which includes a significant
17 work-experience component;

18 (4) acquisition of industry-recognized creden-
19 tials in a field identified by the State or local work-
20 force investment area as a growth sector or demand
21 industry in which there are likely to be significant
22 job opportunities in the short term;

23 (5) connections to immediate work opportuni-
24 ties, including subsidized employment opportunities,
25 or summer employment opportunities for youth, that

1 includes concurrent skills training and other sup-
2 ports;

3 (6) career academies that provide students with
4 the academic preparation and training, including
5 paid internships and concurrent enrollment in com-
6 munity colleges or other postsecondary institutions,
7 needed to pursue a career pathway that leads to
8 postsecondary credentials and high-demand jobs;
9 and

10 (7) adult basic education and integrated basic
11 education and training models for low-skilled adults,
12 hosted at community colleges or at other sites, to
13 prepare individuals for jobs that are in demand in
14 a local area.

15 (c) ELIGIBLE ENTITY.—An eligible entity shall in-
16 clude a local chief elected official, in collaboration with the
17 local workforce investment board for the local workforce
18 investment area involved (which may include a partnership
19 with of such officials and boards in the region and in the
20 State), or an entity eligible to apply for an Indian and
21 Native American grant under section 166 of the Work-
22 force Investment Act of 1998, and may include, in part-
23 nership with such officials, boards, and entities, the fol-
24 lowing—

25 (1) employers or employer associations;

1 (2) adult education providers and postsecondary
2 educational institutions, including community col-
3 leges;

4 (3) community-based organizations;

5 (4) joint labor-management committees;

6 (5) work-related intermediaries; or

7 (6) other appropriate organizations.

8 (d) APPLICATION.—An eligible entity seeking to re-
9 ceive a grant under this section shall submit to the Sec-
10 retary of Labor an application at such time, in such man-
11 ner, and containing such information as the Secretary may
12 require. At a minimum, the application shall—

13 (1) describe the strategies and activities of dem-
14 onstrated effectiveness that the eligible entities will
15 carry out to provide unemployed, low-income adults
16 and low-income youth with the skills that will lead
17 to employment upon completion of participation in
18 such activities;

19 (2) describe the requirements that will apply re-
20 lating to the eligibility of unemployed, low-income
21 adults or low-income youth, consistent with para-
22 graphs (4) and (6) of section 368, for activities car-
23 ried out under this section, which may include cri-
24 teria to target assistance to particular categories of
25 such adults and youth, such as individuals with dis-

1 abilities or individuals who have exhausted all rights
2 to unemployment compensation;

3 (3) describe how the strategies and activities
4 address the needs of the target populations identi-
5 fied in paragraph (2) and the needs of employers in
6 the local area;

7 (4) describe the expected outcomes to be
8 achieved by implementing the strategies and activi-
9 ties;

10 (5) provide evidence that the funds provided
11 may be expended expeditiously and efficiently to im-
12 plement the strategies and activities;

13 (6) describe how the strategies and activities
14 will be coordinated with other Federal, State and
15 local programs providing employment, education and
16 supportive activities;

17 (7) provide evidence of employer commitment to
18 participate in the activities funded under this sec-
19 tion, including identification of anticipated occupa-
20 tional and skill needs;

21 (8) provide assurances that the grant recipient
22 will report such information as the Secretary may
23 require relating to fiscal, performance and other
24 matters that the Secretary determines is necessary

1 to effectively monitor the activities carried out under
2 this section; and

3 (9) provide assurances that the use of the funds
4 provided under this section will comply with the
5 labor standards and protections described section
6 367(a).

7 (e) PRIORITY IN AWARDS.—In awarding grants
8 under this section, the Secretary of Labor shall give a pri-
9 ority to applications submitted by eligible entities from
10 areas of high poverty and high unemployment, as defined
11 by the Secretary, such as Public Use Microdata Areas
12 (PUMAs) as designated by the Census Bureau.

13 (f) COORDINATION OF FEDERAL ADMINISTRATION.—
14 The Secretary of Labor shall administer this section in
15 coordination with the Secretary of Education, Secretary
16 of Health and Human Services, and other appropriate
17 agency heads, to ensure the effective implementation of
18 this section.

19 **SEC. 367. GENERAL REQUIREMENTS.**

20 (a) LABOR STANDARDS AND PROTECTIONS.—Activi-
21 ties provided with funds under this Act shall be subject
22 to the requirements and restrictions, including the labor
23 standards, described in section 181 of the Workforce In-
24 vestment Act of 1998 and the nondiscrimination provi-

1 sions of section 188 of such Act, in addition to other appli-
2 cable Federal laws.

3 (b) REPORTING.—The Secretary may require the re-
4 porting of information relating to fiscal, performance and
5 other matters that the Secretary determines is necessary
6 to effectively monitor the activities carried out with funds
7 provided under this Act. At a minimum, grantees and sub-
8 grantees shall provide information relating to—

9 (1) the number individuals participating in ac-
10 tivities with funds provided under this Act and the
11 number of such individuals who have completed such
12 participation;

13 (2) the expenditures of funds provided under
14 the Act;

15 (3) the number of jobs created pursuant to the
16 activities carried out under this Act;

17 (4) the demographic characteristics of individ-
18 uals participating in activities under this Act; and

19 (5) the performance outcomes of individuals
20 participating in activities under this Act, including—

21 (A) for adults participating in activities
22 funded under section 364 of this Act—

23 (i) entry in unsubsidized employment,

24 (ii) retention in unsubsidized employ-

25 ment, and

1 (iii) earnings in unsubsidized employ-
2 ment;

3 (B) for low-income youth participating in
4 summer employment activities under sections
5 365 and 366—

6 (i) work readiness skill attainment
7 using an employer validated checklist; and

8 (ii) placement in or return to sec-
9 ondary or postsecondary education or
10 training, or entry into unsubsidized em-
11 ployment;

12 (C) for low-income youth participating in
13 year-round employment activities under section
14 365 or in activities under section 366—

15 (i) placement in or return to post-sec-
16 ondary education;

17 (ii) attainment of high school diploma
18 or its equivalent;

19 (iii) attainment of an industry-recog-
20 nized credential; and

21 (iv) entry into unsubsidized employ-
22 ment, retention, and earnings as described
23 in subparagraph (A); and

24 (D) for unemployed, low-income adults
25 participating in activities under section 366—

1 (i) entry into unsubsidized employ-
2 ment, retention, and earnings as described
3 in subparagraph (A); and

4 (ii) the attainment of industry-recog-
5 nized credentials.

6 (c) ACTIVITIES REQUIRED TO BE ADDITIONAL.—
7 Funds provided under this Act shall only be used for ac-
8 tivities that are in addition to activities that would other-
9 wise be available in the State or local area in the absence
10 of such funds.

11 (d) ADDITIONAL REQUIREMENTS.—The Secretary of
12 Labor may establish such additional requirements as the
13 Secretary determines may be necessary to ensure fiscal in-
14 tegrity, effective monitoring, and the appropriate and
15 prompt implementation of the activities under this Act.

16 (e) REPORT OF INFORMATION AND EVALUATIONS TO
17 CONGRESS AND THE PUBLIC.—The Secretary of Labor
18 shall provide to the appropriate Committees of the Con-
19 gress and make available to the public the information re-
20 ported pursuant to subsection (b) and the evaluations of
21 activities carried out pursuant to the funds reserved under
22 section 363(b).

23 **SEC. 368. DEFINITIONS.**

24 In this Act:

1 (1) LOCAL CHIEF ELECTED OFFICIAL.—The
2 term “local chief elected official” means the chief
3 elected executive officer of a unit of local govern-
4 ment in a local workforce investment area or in the
5 case where more than one unit of general govern-
6 ment, the individuals designated under an agreement
7 described in section 117(c)(1)(B) of the Workforce
8 Investment Act of 1998.

9 (2) LOCAL WORKFORCE INVESTMENT AREA.—
10 The term “local workforce investment area” means
11 such area designated under section 116 of the Work-
12 force Investment Act of 1998.

13 (3) LOCAL WORKFORCE INVESTMENT BOARD.—
14 The term “local workforce investment board” means
15 such board established under section 117 of the
16 Workforce Investment Act of 1998.

17 (4) LOW-INCOME YOUTH.—The term “low-in-
18 come youth” means an individual who—

19 (A) is aged 16 through 24;

20 (B) meets the definition of a low-income
21 individual provided in section 101(25) of the
22 Workforce Investment Act of 1998, except that
23 States, local workforce investment areas under
24 section 365 and eligible entities under section
25 366(c), subject to approval in the applicable

1 State plans, local plans, and applications for
2 funds, may increase the income level specified
3 in subparagraph (B)(i) of such section to an
4 amount not in excess of 200 percent of the pov-
5 erty line for purposes of determining eligibility
6 for participation in activities under sections 365
7 and 366 of this Act; and

8 (C) is in one or more of the categories
9 specified in section 101(13)(C) of the Work-
10 force Investment Act of 1998.

11 (5) OUTLYING AREA.—The term “outlying
12 area” means the United States Virgin Islands,
13 Guam, American Samoa, the Commonwealth of the
14 Northern Mariana Islands, and the Republic of
15 Palau.

16 (6) UNEMPLOYED, LOW-INCOME ADULT.—The
17 term “unemployed, low-income adult” means an in-
18 dividual who—

19 (A) is age 18 or older;

20 (B) is without employment and is seeking
21 assistance under this Act to obtain employment;
22 and

23 (C) meets the definition of a “low-income
24 individual” under section 101(25) of the Work-
25 force Investment Act of 1998, except that for

1 that States, local entities described in section
 2 364(d)(1) and eligible entities under section
 3 366(c), subject to approval in the applicable
 4 State plans, local plans, and applications for
 5 funds, may increase the income level specified
 6 in subparagraph (B)(i) of such section to an
 7 amount not in excess of 200 percent of the pov-
 8 erty line for purposes of determining eligibility
 9 for participation in activities under sections 364
 10 and 366 of this Act.

11 (7) STATE.—The term “State” means each of
 12 the several States of the United States, the District
 13 of Columbia, and Puerto Rico.

14 **Subtitle D—Prohibition of Dis-**
 15 **crimination in Employment on**
 16 **the Basis of an Individual’s Sta-**
 17 **tus as Unemployed**

18 **SEC. 371. SHORT TITLE.**

19 This subtitle may be cited as the “Fair Employment
 20 Opportunity Act of 2013”.

21 **SEC. 372. FINDINGS AND PURPOSE.**

22 (a) FINDINGS.—Congress finds that denial of em-
 23 ployment opportunities to individuals because of their sta-
 24 tus as unemployed is discriminatory and burdens com-
 25 merce by—

1 (1) reducing personal consumption and under-
2 mining economic stability and growth;

3 (2) squandering human capital essential to the
4 Nation's economic vibrancy and growth;

5 (3) increasing demands for Federal and State
6 unemployment insurance benefits, reducing trust
7 fund assets, and leading to higher payroll taxes for
8 employers, cuts in benefits for jobless workers, or
9 both;

10 (4) imposing additional burdens on publicly
11 funded health and welfare programs; and

12 (5) depressing income, property, and other tax
13 revenues that the Federal Government, States, and
14 localities rely on to support operations and institu-
15 tions essential to commerce.

16 (b) PURPOSES.—The purposes of this subtitle are—

17 (1) to prohibit employers and employment agen-
18 cies from disqualifying an individual from employ-
19 ment opportunities because of that individual's sta-
20 tus as unemployed;

21 (2) to prohibit employers and employment agen-
22 cies from publishing or posting any advertisement or
23 announcement for an employment opportunity that
24 indicates that an individual's status as unemployed
25 disqualifies that individual for the opportunity; and

1 (3) to eliminate the burdens imposed on com-
2 merce due to the exclusion of such individuals from
3 employment.

4 **SEC. 373. DEFINITIONS.**

5 As used in this subtitle—

6 (1) the term “affected individual” means any
7 person who was subject to an unlawful employment
8 practice solely because of that individual’s status as
9 unemployed;

10 (2) the term “Commission” means the Equal
11 Employment Opportunity Commission;

12 (3) the term “employee” means—

13 (A) an employee as defined in section
14 701(f) of the Civil Rights Act of 1964 (42
15 U.S.C. 2000e(f));

16 (B) a State employee to which section
17 302(a)(1) of the Government Employee Rights
18 Act of 1991 (42 U.S.C. 2000e–16b(a)(1)) ap-
19 plies;

20 (C) a covered employee, as defined in sec-
21 tion 101 of the Congressional Accountability
22 Act of 1995 (2 U.S.C. 1301) or section 411(c)
23 of title 3, United States Code; or

1 (D) an employee or applicant to which sec-
2 tion 717(a) of the Civil Rights Act of 1964 (42
3 U.S.C. 2000e–16(a)) applies;

4 (4) the term “employer” means—

5 (A) a person engaged in an industry affect-
6 ing commerce (as defined in section 701(h) of
7 the Civil Rights Act of 1964 (42 U.S.C.
8 2000e(h)) who has 15 or more employees for
9 each working day in each of 20 or more cal-
10 endar weeks in the current or preceding cal-
11 endar year, and any agent of such a person, but
12 does not include a bona fide private member-
13 ship club that is exempt from taxation under
14 section 501(c) of the Internal Revenue Code of
15 1986;

16 (B) an employing authority to which sec-
17 tion 302(a)(1) of the Government Employee
18 Rights Act of 1991 applies;

19 (C) an employing office, as defined in sec-
20 tion 101 of the Congressional Accountability
21 Act of 1995 or section 411(c) of title 3, United
22 States Code; or

23 (D) an entity to which section 717(a) of
24 the Civil Rights Act of 1964 (42 U.S.C. 2000e–
25 16(a)) applies;

1 (5) the term “employment agency” means any
2 person regularly undertaking with or without com-
3 pensation to procure employees for an employer or
4 to procure for individuals opportunities to work as
5 employees for an employer and includes an agent of
6 such a person, and any person who maintains an
7 Internet website or print medium that publishes ad-
8 vertisements or announcements of openings in jobs
9 for employees;

10 (6) the term “person” has the meaning given
11 the term in section 701(a) of the Civil Rights Act
12 of 1964 (42 U.S.C. 2000e(a)); and

13 (7) the term “status as unemployed”, used with
14 respect to an individual, means that the individual,
15 at the time of application for employment or at the
16 time of action alleged to violate this subtitle, does
17 not have a job, is available for work and is searching
18 for work.

19 **SEC. 374. PROHIBITED ACTS.**

20 (a) EMPLOYERS.—It shall be an unlawful employ-
21 ment practice for an employer to—

22 (1) publish in print, on the Internet, or in any
23 other medium, an advertisement or announcement
24 for an employee for any job that includes—

1 (A) any provision stating or indicating that
2 an individual's status as unemployed disquali-
3 fies the individual for any employment oppor-
4 tunity; or

5 (B) any provision stating or indicating that
6 an employer will not consider or hire an indi-
7 vidual for any employment opportunity based
8 on that individual's status as unemployed;

9 (2) fail or refuse to consider for employment, or
10 fail or refuse to hire, an individual as an employee
11 because of the individual's status as unemployed; or

12 (3) direct or request that an employment agen-
13 cy take an individual's status as unemployed into ac-
14 count to disqualify an applicant for consideration,
15 screening, or referral for employment as an em-
16 ployee.

17 (b) EMPLOYMENT AGENCIES.—It shall be an unlaw-
18 ful employment practice for an employment agency to—

19 (1) publish, in print or on the Internet or in
20 any other medium, an advertisement or announce-
21 ment for any vacancy in a job, as an employee, that
22 includes—

23 (A) any provision stating or indicating that
24 an individual's status as unemployed disquali-

1 fies the individual for any employment oppor-
2 tunity; or

3 (B) any provision stating or indicating that
4 the employment agency or an employer will not
5 consider or hire an individual for any employ-
6 ment opportunity based on that individual's sta-
7 tus as unemployed;

8 (2) screen, fail or refuse to consider, or fail or
9 refuse to refer an individual for employment as an
10 employee because of the individual's status as unem-
11 ployed; or

12 (3) limit, segregate, or classify any individual in
13 any manner that would limit or tend to limit the in-
14 dividual's access to information about jobs, or con-
15 sideration, screening, or referral for jobs, as employ-
16 ees, solely because of an individual's status as unem-
17 ployed.

18 (c) INTERFERENCE WITH RIGHTS, PROCEEDINGS OR
19 INQUIRIES.—It shall be unlawful for any employer or em-
20 ployment agency to—

21 (1) interfere with, restrain, or deny the exercise
22 of or the attempt to exercise, any right provided
23 under this subtitle; or

1 (2) fail or refuse to hire, to discharge, or in any
2 other manner to discriminate against any individual,
3 as an employee, because such individual—

4 (A) opposed any practice made unlawful by
5 this subtitle;

6 (B) has asserted any right, filed any
7 charge, or has instituted or caused to be insti-
8 tuted any proceeding, under or related to this
9 subtitle;

10 (C) has given, or is about to give, any in-
11 formation in connection with any inquiry or
12 proceeding relating to any right provided under
13 this subtitle; or

14 (D) has testified, or is about to testify, in
15 any inquiry or proceeding relating to any right
16 provided under this subtitle.

17 (d) CONSTRUCTION.—Nothing in this subtitle is in-
18 tended to preclude an employer or employment agency
19 from considering an individual's employment history, or
20 from examining the reasons underlying an individual's sta-
21 tus as unemployed, in assessing an individual's ability to
22 perform a job or in otherwise making employment deci-
23 sions about that individual. Such consideration or exam-
24 ination may include an assessment of whether an individ-
25 ual's employment in a similar or related job for a period

1 of time reasonably proximate to the consideration of such
2 individual for employment is job-related or consistent with
3 business necessity.

4 **SEC. 375. ENFORCEMENT.**

5 (a) ENFORCEMENT POWERS.—With respect to the
6 administration and enforcement of this subtitle—

7 (1) the Commission shall have the same powers
8 as the Commission has to administer and enforce—

9 (A) title VII of the Civil Rights Act of
10 1964 (42 U.S.C. 2000e et seq.); or

11 (B) sections 302 and 304 of the Govern-
12 ment Employee Rights Act of 1991 (42 U.S.C.
13 2000e–16b and 2000e–16c), in the case of an
14 affected individual who would be covered by
15 such title, or by section 302(a)(1) of the Gov-
16 ernment Employee Rights Act of 1991 (42
17 U.S.C. 2000e–16b(a)(1)), respectively;

18 (2) the Librarian of Congress shall have the
19 same powers as the Librarian of Congress has to ad-
20 minister and enforce title VII of the Civil Rights Act
21 of 1964 (42 U.S.C. 2000e et seq.) in the case of an
22 affected individual who would be covered by such
23 title;

24 (3) the Board (as defined in section 101 of the
25 Congressional Accountability Act of 1995 (2 U.S.C.

1 1301)) shall have the same powers as the Board has
2 to administer and enforce the Congressional Ac-
3 countability Act of 1995 (2 U.S.C. 1301 et seq.) in
4 the case of an affected individual who would be cov-
5 ered by section 201(a)(1) of such Act (2 U.S.C.
6 1311(a)(1));

7 (4) the Attorney General shall have the same
8 powers as the Attorney General has to administer
9 and enforce—

10 (A) title VII of the Civil Rights Act of
11 1964 (42 U.S.C. 2000e et seq.); or

12 (B) sections 302 and 304 of the Govern-
13 ment Employee Rights Act of 1991 (42 U.S.C.
14 2000e–16b and 2000e–16c); in the case of an
15 affected individual who would be covered by
16 such title, or of section 302(a)(1) of the Gov-
17 ernment Employee Rights Act of 1991 (42
18 U.S.C. 2000e–16b(a)(1)), respectively;

19 (5) the President, the Commission, and the
20 Merit Systems Protection Board shall have the same
21 powers as the President, the Commission, and the
22 Board, respectively, have to administer and enforce
23 chapter 5 of title 3, United States Code, in the case
24 of an affected individual who would be covered by
25 section 411 of such title; and

1 (6) a court of the United States shall have the
2 same jurisdiction and powers as the court has to en-
3 force—

4 (A) title VII of the Civil Rights Act of
5 1964 (42 U.S.C. 2000e et seq.) in the case of
6 a claim alleged by such individual for a viola-
7 tion of such title;

8 (B) sections 302 and 304 of the Govern-
9 ment Employee Rights Act of 1991 (42 U.S.C.
10 2000e–16b and 2000e–16c) in the case of a
11 claim alleged by such individual for a violation
12 of section 302(a)(1) of such Act (42 U.S.C.
13 2000e–16b(a)(1));

14 (C) the Congressional Accountability Act
15 of 1995 (2 U.S.C. 1301 et seq.) in the case of
16 a claim alleged by such individual for a viola-
17 tion of section 201(a)(1) of such Act (2 U.S.C.
18 1311(a)(1)); and

19 (D) chapter 5 of title 3, United States
20 Code, in the case of a claim alleged by such in-
21 dividual for a violation of section 411 of such
22 title.

23 (b) PROCEDURES.—The procedures applicable to a
24 claim alleged by an individual for a violation of this sub-
25 title are—

1 (1) the procedures applicable for a violation of
2 title VII of the Civil Rights Act of 1964 (42 U.S.C.
3 2000e et seq.) in the case of a claim alleged by such
4 individual for a violation of such title;

5 (2) the procedures applicable for a violation of
6 section 302(a)(1) of the Government Employee
7 Rights Act of 1991 (42 U.S.C. 2000e–16b(a)(1)) in
8 the case of a claim alleged by such individual for a
9 violation of such section;

10 (3) the procedures applicable for a violation of
11 section 201(a)(1) of the Congressional Account-
12 ability Act of 1995 (2 U.S.C. 1311(a)(1)) in the
13 case of a claim alleged by such individual for a viola-
14 tion of such section; and

15 (4) the procedures applicable for a violation of
16 section 411 of title 3, United States Code, in the
17 case of a claim alleged by such individual for a viola-
18 tion of such section.

19 (c) REMEDIES.—

20 (1) In any claim alleging a violation of section
21 374(a)(1) or 374(b)(1) of this subtitle, an indi-
22 vidual, or any person acting on behalf of the indi-
23 vidual as set forth in section 375(a) of this subtitle,
24 may be awarded, as appropriate:

1 (A) An order enjoining the respondent
2 from engaging in the unlawful employment
3 practice.

4 (B) Reimbursement of costs expended as a
5 result of the unlawful employment practice.

6 (C) An amount in liquidated damages not
7 to exceed \$1,000 for each day of the violation.

8 (D) Reasonable attorney's fees (including
9 expert fees) and costs attributable to the pur-
10 suit of a claim under this subtitle, except that
11 no person identified in section 733(a) of this
12 subtitle shall be eligible to receive attorney's
13 fees.

14 (2) In any claim alleging a violation of any
15 other subsection of this subtitle, an individual, or
16 any person acting on behalf of the individual as set
17 forth in section 375(a) of this subtitle, may be
18 awarded, as appropriate, the remedies available for
19 a violation of title VII of the Civil Rights Act of
20 1964 (42 U.S.C. 2000e et seq.), section 302(a)(1) of
21 the Government Employee Rights Act of 1991 (42
22 U.S.C. 2000e-16b(a)(1)), section 201(a)(1) of the
23 Congressional Accountability Act of 1995 (2 U.S.C.
24 1311(a)(1)), and section 411 of title 3, United
25 States Code, except that in a case in which wages,

1 salary, employment benefits, or other compensation
2 have not been denied or lost to the individual, dam-
3 ages may be awarded in an amount not to exceed
4 \$5,000.

5 **SEC. 376. FEDERAL AND STATE IMMUNITY.**

6 (a) ABROGATION OF STATE IMMUNITY.—A State
7 shall not be immune under the 11th Amendment to the
8 Constitution from a suit brought in a Federal court of
9 competent jurisdiction for a violation of this subtitle.

10 (b) WAIVER OF STATE IMMUNITY.—

11 (1) IN GENERAL.—

12 (A) WAIVER.—A State’s receipt or use of
13 Federal financial assistance for any program or
14 activity of a State shall constitute a waiver of
15 sovereign immunity, under the 11th Amend-
16 ment to the Constitution or otherwise, to a suit
17 brought by an employee or applicant for em-
18 ployment of that program or activity under this
19 subtitle for a remedy authorized under section
20 375(c) of this subtitle.

21 (B) DEFINITION.—In this paragraph, the
22 term “program or activity” has the meaning
23 given the term in section 606 of the Civil
24 Rights Act of 1964 (42 U.S.C. 2000d–4a).

1 (2) EFFECTIVE DATE.—With respect to a par-
2 ticular program or activity, paragraph (1) applies to
3 conduct occurring on or after the day, after the date
4 of enactment of this Act, on which a State first re-
5 ceives or uses Federal financial assistance for that
6 program or activity.

7 (c) REMEDIES AGAINST STATE OFFICIALS.—An offi-
8 cial of a State may be sued in the official capacity of the
9 official by any employee or applicant for employment who
10 has complied with the applicable procedures of this sub-
11 title, for relief that is authorized under this subtitle.

12 (d) REMEDIES AGAINST THE UNITED STATES AND
13 THE STATES.—Notwithstanding any other provision of
14 this subtitle, in an action or administrative proceeding
15 against the United States or a State for a violation of this
16 subtitle, remedies (including remedies at law and in eq-
17 uity) are available for the violation to the same extent as
18 such remedies would be available against a non-govern-
19 mental entity.

20 **SEC. 377. RELATIONSHIP TO OTHER LAWS.**

21 This subtitle shall not invalidate or limit the rights,
22 remedies, or procedures available to an individual claiming
23 discrimination prohibited under any other Federal law or
24 regulation or any law or regulation of a State or political
25 subdivision of a State.

1 **SEC. 378. SEVERABILITY.**

2 If any provision of this subtitle, or the application
3 of the provision to any person or circumstance, is held to
4 be invalid, the remainder of this subtitle and the applica-
5 tion of the provision to any other person or circumstances
6 shall not be affected by the invalidity.

7 **SEC. 379. EFFECTIVE DATE.**

8 This subtitle shall take effect on the date of enact-
9 ment of this Act and shall not apply to conduct occurring
10 before the effective date.

11 **TITLE IV—OFFSETS**

12 **Subtitle A—28 Percent Limitation**
13 **on Certain Deductions and Ex-**
14 **clusions**

15 **SEC. 401. 28 PERCENT LIMITATION ON CERTAIN DEDUC-**
16 **TIONS AND EXCLUSIONS.**

17 (a) IN GENERAL.—Part I of subchapter B of chapter
18 1 of the Internal Revenue Code of 1986 is amended by
19 adding at the end the following new section:

20 **“SEC. 69. LIMITATION ON CERTAIN DEDUCTIONS AND EX-**
21 **CLUSIONS.**

22 “(a) IN GENERAL.—In the case of an individual for
23 any taxable year, if—

24 “(1) the taxpayer’s adjusted gross income is
25 above—

1 “(A) \$250,000 in the case of a joint return
2 within the meaning of section 6013,

3 “(B) \$225,000 in the case of a head of
4 household return,

5 “(C) \$125,000 in the case of a married fil-
6 ing separately return, or

7 “(D) \$200,000 in all other cases; and

8 “(2) the taxpayer’s adjusted taxable income for
9 such taxable year exceeds the minimum marginal
10 rate amount, then the tax imposed under section 1
11 with respect to such taxpayer for such taxable year
12 shall be increased by the amount determined under
13 subsection (b). If the taxpayer is subject to tax
14 under section 55, then in lieu of an increase in tax
15 under section 1, the tax imposed under section 55
16 with respect to such taxpayer for such taxable year
17 shall be increased by the amount determined under
18 subsection (c).

19 “(b) ADDITIONAL AMOUNT.—The amount deter-
20 mined under this subsection with respect to any taxpayer
21 for any taxable year is the excess (if any) of—

22 “(1) the tax which would be imposed under sec-
23 tion 1 with respect to such taxpayer for such taxable
24 year if ‘adjusted taxable income’ were substituted

1 for ‘taxable income’ each place it appears therein,
2 over

3 “(2) the sum of—

4 “(A) the tax which would be imposed
5 under such section with respect to such tax-
6 payer for such taxable year on the greater of—

7 “(i) taxable income, or

8 “(ii) the minimum marginal rate
9 amount, plus

10 “(B) 28 percent of the excess (if any) of
11 the taxpayer’s adjusted taxable income over the
12 greater of—

13 “(i) the taxpayer’s taxable income, or

14 “(ii) the minimum marginal rate
15 amount.

16 “(c) ADDITIONAL AMT AMOUNT.—

17 “(1) The amount determined under this sub-
18 section with respect to any taxpayer for any taxable
19 year is the additional amount computed under sub-
20 section (b) multiplied by the ratio that—

21 “(A) the result of—

22 “(i) all itemized deductions (before
23 the application of section 68), plus

24 “(ii) the specified above-the-line de-
25 ductions and specified exclusions, minus

1 “(iii) the amount of deductions dis-
2 allowed under section 56(b)(1)(A) and (B),
3 minus

4 “(iv) the non-preference disallowed de-
5 ductions, bears to—

6 “(B) the sum of—

7 “(i) the total of itemized deductions
8 (after the application of section 68), plus

9 “(ii) the specified above-the-line de-
10 ductions and specified exclusions.

11 “(2) If the top of the AMT exemption phase-
12 out range for the taxpayer exceeds the minimum
13 marginal rate amount for the taxpayer and if the
14 taxpayer’s alternative minimum taxable income does
15 not exceed the top of the AMT exemption phase-out
16 range, the taxpayer must increase its additional
17 AMT amount by 7 percent of the excess of—

18 “(A) the lesser of—

19 “(i) the top of the AMT exemption
20 phase-out range, or

21 “(ii) the taxpayer’s alternative min-
22 imum taxable income, computed—

23 “(I) without regard to any
24 itemized deduction or any specified
25 above-the-line deduction, and

1 “(II) by including the amount of
2 any specified exclusion; over

3 “(B) the greater of—

4 “(i) the taxpayer’s alternative min-
5 imum taxable income, or

6 “(ii) the minimum marginal rate
7 amount.

8 “(d) MINIMUM MARGINAL RATE AMOUNT.—For pur-
9 poses of this section, the term ‘minimum marginal rate
10 amount’ means, with respect to any taxpayer for any tax-
11 able year, the highest amount of the taxpayer’s taxable
12 income which would be subject to a marginal rate of tax
13 under section 1 that is less than 36 percent with respect
14 to such taxable year.

15 “(e) ADJUSTED TAXABLE INCOME.—For purposes of
16 this section—

17 “(1) IN GENERAL.—The term ‘adjusted taxable
18 income’ means taxable income computed—

19 “(A) without regard to any itemized deduc-
20 tion or any specified above-the-line deduction,
21 and

22 “(B) by including in gross income any
23 specified exclusion.

1 “(2) SPECIFIED ABOVE-THE-LINE DEDUC-
2 TION.—The term ‘specified above-the-line deduction’
3 means—

4 “(A) the deduction provided under section
5 162(l) (relating to special rules for health insur-
6 ance costs of self-employed individuals),

7 “(B) the deduction provided under section
8 199 (relating to income attributable to domestic
9 production activities), and

10 “(C) the deductions provided under the fol-
11 lowing paragraphs of section 62(a):

12 “(i) Paragraph (2) (relating to certain
13 trade and business deductions of employ-
14 ees), other than subparagraph (A) thereof.

15 “(ii) Paragraph (15) (relating to mov-
16 ing expenses).

17 “(iii) Paragraph (16) (relating to Ar-
18 cher MSAs).

19 “(iv) Paragraph (17) (relating to in-
20 terest on education loans).

21 “(v) Paragraph (18) (relating to high-
22 er education expenses).

23 “(vi) Paragraph (19) (relating to
24 health savings accounts).

1 “(3) SPECIFIED EXCLUSION.—The term ‘speci-
2 fied exclusion’ means—

3 “(A) any interest excluded under section
4 103,

5 “(B) any exclusion with respect to the cost
6 described in section 6051(a)(14) (without re-
7 gard to subparagraph (B) thereof), and

8 “(C) any foreign earned income excluded
9 under section 911.

10 “(f) NON-PREFERENCE DISALLOWED DEDUC-
11 TIONS.—For purposes of this section, the term ‘AMT-al-
12 lowed deductions’ means all itemized deductions dis-
13 allowed by section 68 multiplied by the ratio that—

14 “(1) a taxpayer’s itemized deductions for the
15 taxable year that are subject to section 68 (that is,
16 not including those excluded under section 68(c))
17 and that are not limited under section 56(b)(1)(A)
18 or (B), bears to

19 “(2) the taxpayer’s itemized deductions for the
20 taxable year that are subject to section 68 (that is,
21 not including those excluded under section 68(c)).

22 “(g) REGULATIONS.—The Secretary shall prescribe
23 such regulations as may be appropriate to carry out this
24 section, including regulations which provide appropriate
25 adjustments to the additional AMT amount.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning on or
3 after January 1, 2013.

4 **Subtitle B—Tax Carried Interest in**
5 **Investment Partnerships as Or-**
6 **inary Income**

7 **SEC. 411. PARTNERSHIP INTERESTS TRANSFERRED IN**
8 **CONNECTION WITH PERFORMANCE OF SERV-**
9 **ICES.**

10 (a) MODIFICATION TO ELECTION TO INCLUDE PART-
11 NERSHIP INTEREST IN GROSS INCOME IN YEAR OF
12 TRANSFER.—Subsection (c) of section 83 of the Internal
13 Revenue Code of 1986 is amended by redesignating para-
14 graph (4) as paragraph (5) and by inserting after para-
15 graph (3) the following new paragraph:

16 “(4) PARTNERSHIP INTERESTS.—Except as
17 provided by the Secretary—

18 “(A) IN GENERAL.—In the case of any
19 transfer of an interest in a partnership in con-
20 nection with the provision of services to (or for
21 the benefit of) such partnership—

22 “(i) the fair market value of such in-
23 terest shall be treated for purposes of this
24 section as being equal to the amount of the
25 distribution which the partner would re-

ceive if the partnership sold (at the time of the transfer) all of its assets at fair market value and distributed the proceeds of such sale (reduced by the liabilities of the partnership) to its partners in liquidation of the partnership, and

“(ii) the person receiving such interest shall be treated as having made the election under subsection (b)(1) unless such person makes an election under this paragraph to have such subsection not apply.

“(B) ELECTION.—The election under subparagraph (A)(ii) shall be made under rules similar to the rules of subsection (b)(2).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to interests in partnerships transferred after December 31, 2013.

SEC. 412. SPECIAL RULES FOR PARTNERS PROVIDING INVESTMENT MANAGEMENT SERVICES TO PARTNERSHIPS.

(a) IN GENERAL.—Part I of subchapter K of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

1 **“SEC. 710. SPECIAL RULES FOR PARTNERS PROVIDING IN-**
2 **VESTMENT MANAGEMENT SERVICES TO**
3 **PARTNERSHIPS.**

4 “(a) TREATMENT OF DISTRIBUTIVE SHARE OF
5 PARTNERSHIP ITEMS.—For purposes of this title, in the
6 case of an investment services partnership interest—

7 “(1) IN GENERAL.—Notwithstanding section
8 702(b)—

9 “(A) an amount equal to the net capital
10 gain with respect to such interest for any part-
11 nership taxable year shall be treated as ordi-
12 nary income, and

13 “(B) subject to the limitation of paragraph
14 (2), an amount equal to the net capital loss
15 with respect to such interest for any partner-
16 ship taxable year shall be treated as an ordi-
17 nary loss.

18 “(2) RECHARACTERIZATION OF LOSSES LIM-
19 ITED TO RECHARACTERIZED GAINS.—The amount
20 treated as ordinary loss under paragraph (1)(B) for
21 any taxable year shall not exceed the excess (if any)
22 of—

23 “(A) the aggregate amount treated as ordi-
24 nary income under paragraph (1)(A) with re-
25 spect to the investment services partnership in-

1 terest for all preceding partnership taxable
2 years to which this section applies, over

3 “(B) the aggregate amount treated as or-
4 dinary loss under paragraph (1)(B) with re-
5 spect to such interest for all preceding partner-
6 ship taxable years to which this section applies.

7 “(3) ALLOCATION TO ITEMS OF GAIN AND
8 LOSS.—

9 “(A) NET CAPITAL GAIN.—The amount
10 treated as ordinary income under paragraph
11 (1)(A) shall be allocated ratably among the
12 items of long-term capital gain taken into ac-
13 count in determining such net capital gain.

14 “(B) NET CAPITAL LOSS.—The amount
15 treated as ordinary loss under paragraph (1)(B)
16 shall be allocated ratably among the items of
17 long-term capital loss and short-term capital
18 loss taken into account in determining such net
19 capital loss.

20 “(4) TERMS RELATING TO CAPITAL GAINS AND
21 LOSSES.—For purposes of this section—

22 “(A) IN GENERAL.—Net capital gain, long-
23 term capital gain, and long-term capital loss,
24 with respect to any investment services partner-
25 ship interest for any taxable year, shall be de-

1 terminated under section 1222, except that such
2 section shall be applied—

3 “(i) without regard to the recharacter-
4 ization of any item as ordinary income or
5 ordinary loss under this section,

6 “(ii) by only taking into account items
7 of gain and loss taken into account by the
8 holder of such interest under section 702
9 with respect to such interest for such tax-
10 able year,

11 “(iii) by treating property which is
12 taken into account in determining gains
13 and losses to which section 1231 applies as
14 capital assets held for more than 1 year,
15 and

16 “(iv) without regard to section 1202.

17 “(B) NET CAPITAL LOSS.—The term ‘net
18 capital loss’ means the excess of the losses from
19 sales or exchanges of capital assets over the
20 gains from such sales or exchanges. Rules simi-
21 lar to the rules of clauses (i) through (iv) of
22 subparagraph (A) shall apply for purposes of
23 the preceding sentence.

24 “(5) SPECIAL RULES FOR DIVIDENDS.—

1 “(A) INDIVIDUALS.—Any dividend allo-
2 cated to any investment services partnership in-
3 terest shall not be treated as qualified dividend
4 income for purposes of section 1(h).

5 “(B) CORPORATIONS.—No deduction shall
6 be allowed under section 243 or 245 with re-
7 spect to any dividend allocated to any invest-
8 ment services partnership interest.

9 “(b) DISPOSITIONS OF PARTNERSHIP INTERESTS.—
10 “(1) GAIN.—

11 “(A) IN GENERAL.—Any gain on the dis-
12 position of an investment services partnership
13 interest shall be—

14 “(i) treated as ordinary income, and

15 “(ii) recognized notwithstanding any
16 other provision of this subtitle.

17 “(B) EXCEPTIONS; CERTAIN TRANSFERS
18 TO CHARITIES AND RELATED PERSONS.—Sub-
19 paragraph (A) shall not apply to—

20 “(i) a disposition by gift,

21 “(ii) a transfer at death, or

22 “(iii) other disposition identified by
23 the Secretary as a disposition with respect
24 to which it would be inconsistent with the
25 purposes of this section to apply subpara-

graph (A), if such gift, transfer, or other disposition is to an organization described in section 170(b)(1)(A) (other than any organization described in section 509(a)(3) or any fund or account described in section 4966(d)(2)) or a person with respect to whom the transferred interest is an investment services partnership interest.

“(2) LOSS.—Any loss on the disposition of an investment services partnership interest shall be treated as an ordinary loss to the extent of the excess (if any) of—

“(A) the aggregate amount treated as ordinary income under subsection (a) with respect to such interest for all partnership taxable years to which this section applies, over

“(B) the aggregate amount treated as ordinary loss under subsection (a) with respect to such interest for all partnership taxable years to which this section applies.

“(3) ELECTION WITH RESPECT TO CERTAIN EXCHANGES.—Paragraph (1)(A)(ii) shall not apply to the contribution of an investment services partnership interest to a partnership in exchange for an interest in such partnership if—

1 “(A) the taxpayer makes an irrevocable
 2 election to treat the partnership interest re-
 3 ceived in the exchange as an investment serv-
 4 ices partnership interest, and

5 “(B) the taxpayer agrees to comply with
 6 such reporting and recordkeeping requirements
 7 as the Secretary may prescribe.

8 “(4) DISTRIBUTIONS OF PARTNERSHIP PROP-
 9 ERTY.—

10 “(A) IN GENERAL.—In the case of any dis-
 11 tribution of property by a partnership with re-
 12 spect to any investment services partnership in-
 13 terest held by a partner, the partner receiving
 14 such property shall recognize gain equal to the
 15 excess (if any) of—

16 “(i) the fair market value of such
 17 property at the time of such distribution,
 18 over

19 “(ii) the adjusted basis of such prop-
 20 erty in the hands of such partner (deter-
 21 mined without regard to subparagraph
 22 (C)).

23 “(B) TREATMENT OF GAIN AS ORDINARY
 24 INCOME.—Any gain recognized by such partner
 25 under subparagraph (A) shall be treated as or-

1 dinary income to the same extent and in the
2 same manner as the increase in such partner's
3 distributive share of the taxable income of the
4 partnership would be treated under subsection
5 (a) if, immediately prior to the distribution, the
6 partnership had sold the distributed property at
7 fair market value and all of the gain from such
8 disposition were allocated to such partner. For
9 purposes of applying paragraphs (2) and (3) of
10 subsection (a), any gain treated as ordinary in-
11 come under this subparagraph shall be treated
12 as an amount treated as ordinary income under
13 subsection (a)(1)(A).

14 “(C) ADJUSTMENT OF BASIS.—In the case
15 a distribution to which subparagraph (A) ap-
16 plies, the basis of the distributed property in
17 the hands of the distributee partner shall be the
18 fair market value of such property.

19 “(D) SPECIAL RULES WITH RESPECT TO
20 MERGERS, DIVISIONS, AND TECHNICAL TERMI-
21 NATIONS.—In the case of a taxpayer which sat-
22 isfies requirements similar to the requirements
23 of subparagraphs (A) and (B) of paragraph (3),
24 this paragraph and paragraph (1)(A)(ii) shall
25 not apply to the distribution of a partnership

1 interest if such distribution is in connection
2 with a contribution (or deemed contribution) of
3 any property of the partnership to which sec-
4 tion 721 applies pursuant to a transaction de-
5 scribed in paragraph (1)(B) or (2) of section
6 708(b).

7 “(c) INVESTMENT SERVICES PARTNERSHIP INTER-
8 EST.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘investment serv-
10 ices partnership interest’ means any interest in an
11 investment partnership acquired or held by any per-
12 son in connection with the conduct of a trade or
13 business described in paragraph (2) by such person
14 (or any person related to such person). An interest
15 in an investment partnership held by any person—

16 “(A) shall not be treated as an investment
17 services partnership interest for any period be-
18 fore the first date on which it is so held in con-
19 nection with such a trade or business,

20 “(B) shall not cease to be an investment
21 services partnership interest merely because
22 such person holds such interest other than in
23 connection with such a trade or business, and

24 “(C) shall be treated as an investment
25 services partnership interest if acquired from a

1 related person in whose hands such interest was
2 an investment services partnership interest.

3 “(2) BUSINESSES TO WHICH THIS SECTION AP-
4 PLIES.—A trade or business is described in this
5 paragraph if such trade or business primarily in-
6 volves the performance of any of the following serv-
7 ices with respect to assets held (directly or indi-
8 rectly) by the investment partnership referred to in
9 paragraph (1):

10 “(A) Advising as to the advisability of in-
11 vesting in, purchasing, or selling any specified
12 asset.

13 “(B) Managing, acquiring, or disposing of
14 any specified asset.

15 “(C) Arranging financing with respect to
16 acquiring specified assets.

17 “(D) Any activity in support of any service
18 described in subparagraphs (A) through (C).

19 “(3) INVESTMENT PARTNERSHIP.—

20 “(A) IN GENERAL.—The term ‘investment
21 partnership’ means any partnership if, at the
22 end of any calendar quarter ending after De-
23 cember 31, 2012—

24 “(i) substantially all of the assets of
25 the partnership are specified assets (deter-

1 mined without regard to any section 197
2 intangible within the meaning of section
3 197(d)), and

4 “(ii) more than half of the contributed
5 capital of the partnership is attributable to
6 contributions of property by one or more
7 persons in exchange for interests in the
8 partnership which (in the hands of such
9 persons) constitute property held for the
10 production of income.

11 “(B) SPECIAL RULES FOR DETERMINING
12 IF PROPERTY HELD FOR THE PRODUCTION OF
13 INCOME.—Except as otherwise provided by the
14 Secretary, for purposes of determining whether
15 any interest in a partnership constitutes prop-
16 erty held for the production of income under
17 subparagraph (A)(ii)—

18 “(i) any election under subsection (e)
19 or (f) of section 475 shall be disregarded,
20 and

21 “(ii) paragraph (5)(B) shall not apply.

22 “(C) ANTIABUSE RULES.—The Secretary
23 may issue regulations or other guidance which
24 prevent the avoidance of the purposes of sub-
25 paragraph (A), including regulations or other

1 guidance which treat convertible and contingent
2 debt (and other debt having the attributes of
3 equity) as a capital interest in the partnership.

4 “(D) CONTROLLED GROUPS OF ENTI-
5 TIES.—

6 “(i) IN GENERAL.—In the case of a
7 controlled group of entities, if an interest
8 in the partnership received in exchange for
9 a contribution to the capital of the part-
10 nership by any member of such controlled
11 group would (in the hands of such mem-
12 ber) constitute property not held for the
13 production of income, then any interest in
14 such partnership held by any member of
15 such group shall be treated for purposes of
16 subparagraph (A) as constituting (in the
17 hands of such member) property not held
18 for the production of income.

19 “(ii) CONTROLLED GROUP OF ENTI-
20 TIES.—For purposes of clause (i), the term
21 ‘controlled group of entities’ means a con-
22 trolled group of corporations as defined in
23 section 1563(a)(1), applied without regard
24 to subsections (a)(4) and (b)(2) of section
25 1563. A partnership or any other entity

1 (other than a corporation) shall be treated
2 as a member of a controlled group of enti-
3 ties if such entity is controlled (within the
4 meaning of section 954(d)(3)) by members
5 of such group (including any entity treated
6 as a member of such group by reason of
7 this sentence).

8 “(4) SPECIFIED ASSET.—The term ‘specified
9 asset’ means securities (as defined in section
10 475(c)(2) without regard to the last sentence there-
11 of), real estate held for rental or investment, inter-
12 ests in partnerships, commodities (as defined in sec-
13 tion 475(e)(2)), cash or cash equivalents, or options
14 or derivative contracts with respect to any of the
15 foregoing.

16 “(5) RELATED PERSONS.—

17 “(A) IN GENERAL.—A person shall be
18 treated as related to another person if the rela-
19 tionship between such persons is described in
20 section 267(b) or 707(b).

21 “(B) ATTRIBUTION OF PARTNER SERV-
22 ICES.—Any service described in paragraph (2)
23 which is provided by a partner of a partnership
24 shall be treated as also provided by such part-
25 nership.

1 “(d) EXCEPTION FOR CERTAIN CAPITAL INTER-
2 ESTS.—

3 “(1) IN GENERAL.—In the case of any portion
4 of an investment services partnership interest which
5 is a qualified capital interest, all items of gain and
6 loss (and any dividends) which are allocated to such
7 qualified capital interest shall not be taken into ac-
8 count under subsection (a) if—

9 “(A) allocations of items are made by the
10 partnership to such qualified capital interest in
11 the same manner as such allocations are made
12 to other qualified capital interests held by part-
13 ners who do not provide any services described
14 in subsection (c)(2) and who are not related to
15 the partner holding the qualified capital inter-
16 est, and

17 “(B) the allocations made to such other in-
18 terests are significant compared to the alloca-
19 tions made to such qualified capital interest.

20 “(2) AUTHORITY TO PROVIDE EXCEPTIONS TO
21 ALLOCATION REQUIREMENTS.—To the extent pro-
22 vided by the Secretary in regulations or other guid-
23 ance—

24 “(A) ALLOCATIONS TO PORTION OF QUALI-
25 FIED CAPITAL INTEREST.—Paragraph (1) may

1 be applied separately with respect to a portion
2 of a qualified capital interest.

3 “(B) NO OR INSIGNIFICANT ALLOCATIONS
4 TO NONSERVICE PROVIDERS.—In any case in
5 which the requirements of paragraph (1)(B) are
6 not satisfied, items of gain and loss (and any
7 dividends) shall not be taken into account under
8 subsection (a) to the extent that such items are
9 properly allocable under such regulations or
10 other guidance to qualified capital interests.

11 “(C) ALLOCATIONS TO SERVICE PRO-
12 VIDERS’ QUALIFIED CAPITAL INTERESTS WHICH
13 ARE LESS THAN OTHER ALLOCATIONS.—Alloca-
14 tions shall not be treated as failing to meet the
15 requirement of paragraph (1)(A) merely be-
16 cause the allocations to the qualified capital in-
17 terest represent a lower return than the alloca-
18 tions made to the other qualified capital inter-
19 ests referred to in such paragraph.

20 “(3) SPECIAL RULE FOR CHANGES IN SERVICES
21 AND CAPITAL CONTRIBUTIONS.—In the case of an
22 interest in a partnership which was not an invest-
23 ment services partnership interest and which, by
24 reason of a change in the services with respect to as-
25 sets held (directly or indirectly) by the partnership

1 or by reason of a change in the capital contributions
2 to such partnership, becomes an investment services
3 partnership interest, the qualified capital interest of
4 the holder of such partnership interest immediately
5 after such change shall not, for purposes of this sub-
6 section, be less than the fair market value of such
7 interest (determined immediately before such
8 change).

9 “(4) SPECIAL RULE FOR TIERED PARTNER-
10 SHIPS.—Except as otherwise provided by the Sec-
11 retary, in the case of tiered partnerships, all items
12 which are allocated in a manner which meets the re-
13 quirements of paragraph (1) to qualified capital in-
14 terests in a lower-tier partnership shall retain such
15 character to the extent allocated on the basis of
16 qualified capital interests in any upper-tier partner-
17 ship.

18 “(5) EXCEPTION FOR NO-SELF-CHARGED
19 CARRY AND MANAGEMENT FEE PROVISIONS.—Ex-
20 cept as otherwise provided by the Secretary, an in-
21 terest shall not fail to be treated as satisfying the
22 requirement of paragraph (1)(A) merely because the
23 allocations made by the partnership to such interest
24 do not reflect the cost of services described in sub-
25 section (c)(2) which are provided (directly or indi-

1 rectly) to the partnership by the holder of such in-
2 terest (or a related person).

3 “(6) SPECIAL RULE FOR DISPOSITIONS.—In the
4 case of any investment services partnership interest
5 any portion of which is a qualified capital interest,
6 subsection (b) shall not apply to so much of any
7 gain or loss as bears the same proportion to the en-
8 tire amount of such gain or loss as—

9 “(A) the distributive share of gain or loss
10 that would have been allocated to the qualified
11 capital interest (consistent with the require-
12 ments of paragraph (1)) if the partnership had
13 sold all of its assets at fair market value imme-
14 diately before the disposition, bears to

15 “(B) the distributive share of gain or loss
16 that would have been so allocated to the invest-
17 ment services partnership interest of which such
18 qualified capital interest is a part.

19 “(7) QUALIFIED CAPITAL INTEREST.—For pur-
20 poses of this subsection—

21 “(A) IN GENERAL.—The term ‘qualified
22 capital interest’ means so much of a partner’s
23 interest in the capital of the partnership as is
24 attributable to—

1 “(i) the fair market value of any
2 money or other property contributed to the
3 partnership in exchange for such interest
4 (determined without regard to section
5 752(a)),

6 “(ii) any amounts which have been in-
7 cluded in gross income under section 83
8 with respect to the transfer of such inter-
9 est, and

10 “(iii) the excess (if any) of—

11 “(I) any items of income and
12 gain taken into account under section
13 702 with respect to such interest, over

14 “(II) any items of deduction and
15 loss so taken into account.

16 “(B) ADJUSTMENT TO QUALIFIED CAPITAL
17 INTEREST.—

18 “(i) DISTRIBUTIONS AND LOSSES.—

19 The qualified capital interest shall be re-
20 duced by distributions from the partner-
21 ship with respect to such interest and by
22 the excess (if any) of the amount described
23 in subparagraph (A)(iii)(II) over the
24 amount described in subparagraph
25 (A)(iii)(I).

1 “(ii) SPECIAL RULE FOR CONTRIBU-
2 TIONS OF PROPERTY.—In the case of any
3 contribution of property described in sub-
4 paragraph (A)(i) with respect to which the
5 fair market value of such property is not
6 equal to the adjusted basis of such prop-
7 erty immediately before such contribution,
8 proper adjustments shall be made to the
9 qualified capital interest to take into ac-
10 count such difference consistent with such
11 regulations or other guidance as the Sec-
12 retary may provide.

13 “(C) TECHNICAL TERMINATIONS, ETC.,
14 DISREGARDED.—No increase or decrease in the
15 qualified capital interest of any partner shall re-
16 sult from a termination, merger, consolidation,
17 or division described in section 708, or any
18 similar transaction.

19 “(8) TREATMENT OF CERTAIN LOANS.—

20 “(A) PROCEEDS OF PARTNERSHIP LOANS
21 NOT TREATED AS QUALIFIED CAPITAL INTER-
22 EST OF SERVICE PROVIDING PARTNERS.—For
23 purposes of this subsection, an investment serv-
24 ices partnership interest shall not be treated as
25 a qualified capital interest to the extent that

1 such interest is acquired in connection with the
2 proceeds of any loan or other advance made or
3 guaranteed, directly or indirectly, by any other
4 partner or the partnership (or any person re-
5 lated to any such other partner or the partner-
6 ship). The preceding sentence shall not apply to
7 the extent the loan or other advance is repaid
8 before January 1, 2013 unless such repayment
9 is made with the proceeds of a loan or other ad-
10 vance described in the preceding sentence.

11 “(B) REDUCTION IN ALLOCATIONS TO
12 QUALIFIED CAPITAL INTERESTS FOR LOANS
13 FROM NONSERVICE-PROVIDING PARTNERS TO
14 THE PARTNERSHIP.—For purposes of this sub-
15 section, any loan or other advance to the part-
16 nership made or guaranteed, directly or indi-
17 rectly, by a partner not providing services de-
18 scribed in subsection (c)(2) to the partnership
19 (or any person related to such partner) shall be
20 taken into account in determining the qualified
21 capital interests of the partners in the partner-
22 ship.

23 “(e) OTHER INCOME AND GAIN IN CONNECTION
24 WITH INVESTMENT MANAGEMENT SERVICES.—

25 “(1) IN GENERAL.—If—

1 “(A) a person performs (directly or indi-
2 rectly) investment management services for any
3 investment entity,

4 “(B) such person holds (directly or indi-
5 rectly) a disqualified interest with respect to
6 such entity, and

7 “(C) the value of such interest (or pay-
8 ments thereunder) is substantially related to
9 the amount of income or gain (whether or not
10 realized) from the assets with respect to which
11 the investment management services are per-
12 formed, any income or gain with respect to such
13 interest shall be treated as ordinary income.
14 Rules similar to the rules of subsections (a)(5)
15 and (d) shall apply for purposes of this sub-
16 section.

17 “(2) DEFINITIONS.—For purposes of this sub-
18 section—

19 “(A) DISQUALIFIED INTEREST.—

20 “(i) IN GENERAL.—The term ‘dis-
21 qualified interest’ means, with respect to
22 any investment entity—

23 “(I) any interest in such entity
24 other than indebtedness,

1 “(II) convertible or contingent
2 debt of such entity,

3 “(III) any option or other right
4 to acquire property described in sub-
5 clause (I) or (II), and

6 “(IV) any derivative instrument
7 entered into (directly or indirectly)
8 with such entity or any investor in
9 such entity.

10 “(ii) EXCEPTIONS.—Such term shall
11 not include—

12 “(I) a partnership interest,

13 “(II) except as provided by the
14 Secretary, any interest in a taxable
15 corporation, and

16 “(III) except as provided by the
17 Secretary, stock in an S corporation.

18 “(B) TAXABLE CORPORATION.—The term
19 ‘taxable corporation’ means—

20 “(i) a domestic C corporation, or

21 “(ii) a foreign corporation substan-
22 tially all of the income of which is—

23 “(I) effectively connected with
24 the conduct of a trade or business in
25 the United States, or

1 “(II) subject to a comprehensive
2 foreign income tax (as defined in sec-
3 tion 457A(d)(2)).

4 “(C) INVESTMENT MANAGEMENT SERV-
5 ICES.—The term ‘investment management serv-
6 ices’ means a substantial quantity of any of the
7 services described in subsection (c)(2).

8 “(D) INVESTMENT ENTITY.—The term ‘in-
9 vestment entity’ means any entity which, if it
10 were a partnership, would be an investment
11 partnership.

12 “(f) REGULATIONS.—The Secretary shall prescribe
13 such regulations or other guidance as is necessary or ap-
14 propriate to carry out the purposes of this section, includ-
15 ing regulations or other guidance to—

16 “(1) provide modifications to the application of
17 this section (including treating related persons as
18 not related to one another) to the extent such modi-
19 fication is consistent with the purposes of this sec-
20 tion, and

21 “(2) coordinate this section with the other pro-
22 visions of this title.

23 “(g) CROSS REFERENCE.—For 40 percent penalty on
24 certain underpayments due to the avoidance of this sec-
25 tion, see section 6662.”.

1 (b) APPLICATION OF SECTION 751 TO INDIRECT DIS-
2 POSITIONS OF INVESTMENT SERVICES PARTNERSHIP IN-
3 TERESTS.—

4 (1) IN GENERAL.—Subsection (a) of section
5 751 of the Internal Revenue Code of 1986 is amend-
6 ed by striking “or” at the end of paragraph (1), by
7 inserting “or” at the end of paragraph (2), and by
8 inserting after paragraph (2) the following new
9 paragraph:

10 “(3) investment services partnership interests
11 held by the partnership,”.

12 (2) CERTAIN DISTRIBUTIONS TREATED AS
13 SALES OR EXCHANGES.—Subparagraph (A) of sec-
14 tion 751(b)(1) of the Internal Revenue Code of 1986
15 is amended by striking “or” at the end of clause (i),
16 by inserting “or” at the end of clause (ii), and by
17 inserting after clause (ii) the following new clause:

18 “(iii) investment services partnership
19 interests held by the partnership,”.

20 (3) APPLICATION OF SPECIAL RULES IN THE
21 CASE OF TIERED PARTNERSHIPS.—Subsection (f) of
22 section 751 of the Internal Revenue Code of 1986
23 is amended by striking “or” at the end of paragraph
24 (1), by inserting “or” at the end of paragraph (2),

1 and by inserting after paragraph (2) the following
2 new paragraph:

3 “(3) investment services partnership interests
4 held by the partnership,”.

5 (4) INVESTMENT SERVICES PARTNERSHIP IN-
6 TERESTS; QUALIFIED CAPITAL INTERESTS.—Section
7 751 of the Internal Revenue Code of 1986 is amend-
8 ed by adding at the end the following new sub-
9 section:

10 “(g) INVESTMENT SERVICES PARTNERSHIP INTER-
11 ESTS.—For purposes of this section—

12 “(1) IN GENERAL.—The term ‘investment serv-
13 ices partnership interest’ has the meaning given
14 such term by section 710(c).

15 “(2) ADJUSTMENTS FOR QUALIFIED CAPITAL
16 INTERESTS.—The amount to which subsection (a)
17 applies by reason of paragraph (3) thereof shall not
18 include so much of such amount as is attributable
19 to any portion of the investment services partnership
20 interest which is a qualified capital interest (deter-
21 mined under rules similar to the rules of section
22 710(d)).

23 “(3) RECOGNITION OF GAINS.—Any gain with
24 respect to which subsection (a) applies by reason of

1 paragraph (3) thereof shall be recognized notwith-
 2 standing any other provision of this title.

3 “(4) COORDINATION WITH INVENTORY
 4 ITEMS.—An investment services partnership interest
 5 held by the partnership shall not be treated as an
 6 inventory item of the partnership.

7 “(5) PREVENTION OF DOUBLE COUNTING.—
 8 Under regulations or other guidance prescribed by
 9 the Secretary, subsection (a)(3) shall not apply with
 10 respect to any amount to which section 710 ap-
 11 plies.”.

12 (c) TREATMENT FOR PURPOSES OF SECTION
 13 7704.—Subsection (d) of section 7704 of the Internal
 14 Revenue Code of 1986 is amended by adding at the end
 15 the following new paragraph:

16 “(6) INCOME FROM CERTAIN CARRIED INTER-
 17 ESTS NOT QUALIFIED.—

18 “(A) IN GENERAL.—Specified carried in-
 19 terest income shall not be treated as qualifying
 20 income.

21 “(B) SPECIFIED CARRIED INTEREST IN-
 22 COME.—For purposes of this paragraph—

23 “(i) IN GENERAL.—The term ‘speci-
 24 fied carried interest income’ means—

1 “(I) any item of income or gain
2 allocated to an investment services
3 partnership interest (as defined in
4 section 710(c)) held by the partner-
5 ship,

6 “(II) any gain on the disposition
7 of an investment services partnership
8 interest (as so defined) or a partner-
9 ship interest to which (in the hands of
10 the partnership) section 751 applies,
11 and

12 “(III) any income or gain taken
13 into account by the partnership under
14 subsection (b)(4) or (e) of section
15 710.

16 “(ii) EXCEPTION FOR QUALIFIED CAP-
17 ITAL INTERESTS.—A rule similar to the
18 rule of section 710(d) shall apply for pur-
19 poses of clause (i).

20 “(C) COORDINATION WITH OTHER PROVI-
21 SIONS.—Subparagraph (A) shall not apply to
22 any item described in paragraph (1)(E) (or so
23 much of paragraph (1)(F) as relates to para-
24 graph (1)(E)).

1 “(D) SPECIAL RULES FOR CERTAIN PART-
2 NERSHIPS.—

3 “(i) CERTAIN PARTNERSHIPS OWNED
4 BY REAL ESTATE INVESTMENT TRUSTS.—
5 Subparagraph (A) shall not apply in the
6 case of a partnership which meets each of
7 the following requirements:

8 “(I) Such partnership is treated
9 as publicly traded under this section
10 solely by reason of interests in such
11 partnership being convertible into in-
12 terests in a real estate investment
13 trust which is publicly traded.

14 “(II) 50 percent or more of the
15 capital and profits interests of such
16 partnership are owned, directly or in-
17 directly, at all times during the tax-
18 able year by such real estate invest-
19 ment trust (determined with the ap-
20 plication of section 267(c)).

21 “(III) Such partnership meets
22 the requirements of paragraphs (2),
23 (3), and (4) of section 856(c).

24 “(ii) CERTAIN PARTNERSHIPS OWN-
25 ING OTHER PUBLICLY TRADED PARTNER-

1 SHIPS.—Subparagraph (A) shall not apply
2 in the case of a partnership which meets
3 each of the following requirements:

4 “(I) Substantially all of the as-
5 sets of such partnership consist of in-
6 terests in one or more publicly traded
7 partnerships (determined without re-
8 gard to subsection (b)(2)).

9 “(II) Substantially all of the in-
10 come of such partnership is ordinary
11 income or section 1231 gain (as de-
12 fined in section 1231(a)(3)).

13 “(E) TRANSITIONAL RULE.—Subpara-
14 graph (A) shall not apply to any taxable year
15 of the partnership beginning before the date
16 which is 10 years after January 1, 2014.”.

17 (d) IMPOSITION OF PENALTY ON UNDERPAY-
18 MENTS.—

19 (1) IN GENERAL.—Subsection (b) of section
20 6662 of the Internal Revenue Code of 1986 is
21 amended by inserting after paragraph (7) the fol-
22 lowing new paragraph:

23 “(8) The application of section 710(e) or the
24 regulations or other guidance prescribed under sec-

1 tion 710(h) to prevent the avoidance of the purposes
2 of section 710.”.

3 (2) AMOUNT OF PENALTY.—

4 (A) IN GENERAL.—Section 6662 of the In-
5 ternal Revenue Code of 1986 is amended by
6 adding at the end the following new subsection:

7 “(k) INCREASE IN PENALTY IN CASE OF PROPERTY
8 TRANSFERRED FOR INVESTMENT MANAGEMENT SERV-
9 ICES.—In the case of any portion of an underpayment to
10 which this section applies by reason of subsection (b)(8),
11 subsection (a) shall be applied with respect to such portion
12 by substituting ‘40 percent’ for ‘20 percent’.”.

13 (B) CONFORMING AMENDMENT.—Subpara-
14 graph (B) of section 6662A(e)(2) is amended
15 by striking “or (i)” and inserting “, (i), or (k)”.

16 (3) SPECIAL RULES FOR APPLICATION OF REA-
17 SONABLE CAUSE EXCEPTION.—Subsection (c) of sec-
18 tion 6664 is amended—

19 (A) by redesignating paragraphs (3) and
20 (4) as paragraphs (4) and (5), respectively;

21 (B) by striking “paragraph (3)” in para-
22 graph (5)(A), as so redesignated, and inserting
23 “paragraph (4)”; and

24 (C) by inserting after paragraph (2) the
25 following new paragraph:

1 “(3) SPECIAL RULE FOR UNDERPAYMENTS AT-
 2 TRIBUTABLE TO INVESTMENT MANAGEMENT SERV-
 3 ICES.—

4 “(A) IN GENERAL.—Paragraph (1) shall
 5 not apply to any portion of an underpayment to
 6 which section 6662 applies by reason of sub-
 7 section (b)(8) unless—

8 “(i) the relevant facts affecting the
 9 tax treatment of the item are adequately
 10 disclosed,

11 “(ii) there is or was substantial au-
 12 thority for such treatment, and

13 “(iii) the taxpayer reasonably believed
 14 that such treatment was more likely than
 15 not the proper treatment.

16 “(B) RULES RELATING TO REASONABLE
 17 BELIEF.—Rules similar to the rules of sub-
 18 section (d)(3) shall apply for purposes of sub-
 19 paragraph (A)(iii).”.

20 (e) INCOME AND LOSS FROM INVESTMENT SERVICES
 21 PARTNERSHIP INTERESTS TAKEN INTO ACCOUNT IN DE-
 22 TERMINING NET EARNINGS FROM SELF-EMPLOYMENT.—

23 (1) INTERNAL REVENUE CODE.—

24 (A) IN GENERAL.—Section 1402(a) of the
 25 Internal Revenue Code of 1986 is amended by

1 striking “and” at the end of paragraph (16), by
 2 striking the period at the end of paragraph (17)
 3 and inserting “; and”, and by inserting after
 4 paragraph (17) the following new paragraph:

5 “(18) notwithstanding the preceding provisions
 6 of this subsection, in the case of any individual en-
 7 gaged in the trade or business of providing services
 8 described in section 710(c)(2) with respect to any
 9 entity, investment services partnership income or
 10 loss (as defined in subsection (m)) of such individual
 11 with respect to such entity shall be taken into ac-
 12 count in determining the net earnings from self-em-
 13 ployment of such individual.”.

14 (B) INVESTMENT SERVICES PARTNERSHIP
 15 INCOME OR LOSS.—Section 1402 of the Inter-
 16 nal Revenue Code is amended by adding at the
 17 end the following new subsection:

18 “(m) INVESTMENT SERVICES PARTNERSHIP INCOME
 19 OR LOSS.—For purposes of subsection (a)—

20 “(1) IN GENERAL.—The term ‘investment serv-
 21 ices partnership income or loss’ means, with respect
 22 to any investment services partnership interest (as
 23 defined in section 710(c)), the net of—

1 “(A) the amounts treated as ordinary in-
2 come or ordinary loss under subsections (b) and
3 (e) of section 710 with respect to such interest,

4 “(B) all items of income, gain, loss, and
5 deduction allocated to such interest, and

6 “(C) the amounts treated as realized from
7 the sale or exchange of property other than a
8 capital asset under section 751 with respect to
9 such interest.

10 “(2) EXCEPTION FOR QUALIFIED CAPITAL IN-
11 TERESTS.—A rule similar to the rule of section
12 710(d) shall apply for purposes of applying para-
13 graph (1)(B)(ii).”.

14 (2) SOCIAL SECURITY ACT.—Section 211(a) of
15 the Social Security Act is amended by striking
16 “and” at the end of paragraph (15), by striking the
17 period at the end of paragraph (16) and inserting “;
18 and”, and by inserting after paragraph (16) the fol-
19 lowing new paragraph:

20 “(17) Notwithstanding the preceding provisions
21 of this subsection, in the case of any individual en-
22 gaged in the trade or business of providing services
23 described in section 710(c)(2) of the Internal Rev-
24 enue Code of 1986 with respect to any entity, invest-
25 ment services partnership income or loss (as defined

1 in section 1402(m) of such Code) shall be taken into
2 account in determining the net earnings from self-
3 employment of such individual.”.

4 (f) CONFORMING AMENDMENTS.—

5 (1) Subsection (d) of section 731 of the Inter-
6 nal Revenue Code of 1986 is amended by inserting
7 “section 710(b)(4) (relating to distributions of part-
8 nership property),” after “to the extent otherwise
9 provided by”.

10 (2) Section 741 of the Internal Revenue Code
11 of 1986 is amended by inserting “or section 710 (re-
12 lating to special rules for partners providing invest-
13 ment management services to partnerships)” before
14 the period at the end.

15 (3) The table of sections for part I of sub-
16 chapter K of chapter 1 of the Internal Revenue Code
17 of 1986 is amended by adding at the end the fol-
18 lowing new item:

“Sec. 710. Special rules for partners providing investment management services
to partnerships.”.

19 (g) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-
21 vided in this subsection, the amendments made by
22 this section shall apply to taxable years ending after
23 December 31, 2013.

1 (2) PARTNERSHIP TAXABLE YEARS WHICH IN-
2 CLUE EFFECTIVE DATE.—In applying section
3 710(a) of the Internal Revenue Code of 1986 (as
4 added by this section) in the case of any partnership
5 taxable year which includes January 1, 2014, the
6 amount of the net income referred to in such section
7 shall be treated as being the lesser of the net income
8 for the entire partnership taxable year or the net in-
9 come determined by only taking into account items
10 attributable to the portion of the partnership taxable
11 year which is after such date.

12 (3) DISPOSITIONS OF PARTNERSHIP INTER-
13 ESTS.—

14 (A) IN GENERAL.—Section 710(b) of such
15 Code (as added by this section) shall apply to
16 dispositions and distributions after December
17 31, 2013.

18 (B) INDIRECT DISPOSITIONS.—The amend-
19 ments made by subsection (b) shall apply to
20 transactions after December 31, 2013.

21 (4) OTHER INCOME AND GAIN IN CONNECTION
22 WITH INVESTMENT MANAGEMENT SERVICES.—Sec-
23 tion 710(e) of such Code (as added by this section)
24 shall take effect on January 1, 2014.

**Subtitle C—Close Loophole for
Corporate Jet Depreciation**

**SEC. 421. GENERAL AVIATION AIRCRAFT TREATED AS 7-
YEAR PROPERTY.**

(a) IN GENERAL.—Subparagraph (C) of section 168(e)(3) of the Internal Revenue Code of 1986 (relating to classification of certain property) is amended by striking “and” at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

“(v) any general aviation aircraft, and”.

(b) CLASS LIFE.—Paragraph (3) of section 168(g) Internal Revenue Code of 1986 is amended by inserting after subparagraph (E) the following new subparagraph:

“(F) General aviation aircraft. In the case of any general aviation aircraft, the recovery period used for purposes of paragraph (2) shall be 12 years.”.

(c) GENERAL AVIATION AIRCRAFT.—Subsection (i) of section 168 Internal Revenue Code of 1986 is amended by inserting after paragraph (19) the following new paragraph:

“(20) GENERAL AVIATION AIRCRAFT.—The term ‘general aviation aircraft’ means any airplane or helicopter (including airframes and engines) not

1 used in commercial or contract carrying of pas-
 2 sengers or freight, but which primarily engages in
 3 the carrying of passengers.”.

4 (d) EFFECTIVE DATE.—This section shall be effec-
 5 tive for property placed in service after December 31,
 6 2013.

7 **Subtitle D—Repeal Oil Subsidies**

8 **SEC. 431. REPEAL OF DEDUCTION FOR INTANGIBLE DRILL-** 9 **ING AND DEVELOPMENT COSTS IN THE CASE** 10 **OF OIL AND GAS WELLS.**

11 (a) IN GENERAL.—Section 263(c) of the Internal
 12 Revenue Code of 1986 (relating to intangible drilling and
 13 development costs) is amended by adding at the end the
 14 following new sentence: “This subsection shall not apply
 15 in the case of oil and gas wells with respect to amounts
 16 paid or incurred after December 31, 2013.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 this section shall apply to amounts paid or incurred after
 19 December 31, 2013.

20 **SEC. 432. REPEAL OF DEDUCTION FOR TERTIARY** 21 **INJECTANTS.**

22 (a) IN GENERAL.—Part VI of subchapter B of chap-
 23 ter 1 of the Internal Revenue Code of 1986 (relating to
 24 itemized deductions for individuals and corporations) is

1 amended by striking section 193 (relating to tertiary
2 injectants).

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for part VI of subchapter B of chapter 1 of the Internal
5 Revenue Code of 1986 is amended by striking the item
6 relating to section 193.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to amounts paid or incurred after
9 December 31, 2013.

10 **SEC. 433. REPEAL OF PERCENTAGE DEPLETION FOR OIL**
11 **AND GAS WELLS.**

12 (a) IN GENERAL.—Section 613A of the Internal Rev-
13 enue Code of 1986 (relating to limitation on percentage
14 depletion in the case of oil and gas wells) is amended to
15 read as follows:

16 **“SEC. 613A. PERCENTAGE DEPLETION NOT ALLOWED IN**
17 **CASE OF OIL AND GAS WELLS.**

18 “The allowance for depletion under section 611 with
19 respect to any oil and gas well shall be computed without
20 regard to section 613.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2013.

1 **SEC. 434. SECTION 199 DEDUCTION NOT ALLOWED WITH**
2 **RESPECT TO OIL, NATURAL GAS, OR PRIMARY**
3 **PRODUCTS THEREOF.**

4 (a) IN GENERAL.—Subparagraph (B) of section
5 199(c)(4) of the Internal Revenue Code of 1986 (relating
6 to income attributable to domestic production activities)
7 is amended—

8 (1) by striking “or” at the end of clause (ii),

9 (2) by striking the period at the end of clause
10 (iii) and inserting in lieu thereof “, or”, and

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

13 “(iv) the production, refining, proc-
14 essing, transportation, or distribution of
15 oil, natural gas, or any primary product
16 (within the meaning of subsection (d)(9))
17 thereof.”.

18 (b) CONFORMING AMENDMENT.—Paragraph (9) of
19 section 199(d) is amended to read as follows:

20 “(9) PRIMARY PRODUCT.—For purposes of sub-
21 section (c)(4)(B)(iv), the term ‘primary product’ has
22 the same meaning as when used in section
23 927(a)(2)(C) as in effect before its repeal.”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to taxable years beginning after
26 December 31, 2013.

1 **SEC. 435. REPEAL OIL AND GAS WORKING INTEREST EX-**
2 **CEPTION TO PASSIVE ACTIVITY RULES.**

3 (a) IN GENERAL.—Paragraph (3) of section 469(c)
4 of the Internal Revenue Code of 1986 (relating to passive
5 activity defined) is amended by adding at the end thereof
6 the following new subparagraph—

7 “(C) TERMINATION.—Subparagraph (A)
8 shall not apply for any taxable year beginning
9 after December 31 2013.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2013.

13 **SEC. 436. REPEAL ENHANCED OIL RECOVERY CREDIT.**

14 (a) IN GENERAL.—Subpart D of part IV of sub-
15 chapter A of chapter 1 of the Internal Revenue Code of
16 1986 (relating to business related credits) is amended by
17 striking section 43 (relating to enhanced oil recovery cred-
18 it).

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for subpart D of part IV of subchapter A of chapter 1
21 of the Internal Revenue Code of 1986 is amended by strik-
22 ing the item relating to section 43.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2013.

1 **SEC. 437. UNIFORM SEVEN-YEAR AMORTIZATION FOR GEO-**
2 **LOGICAL AND GEOPHYSICAL EXPENDITURES.**

3 (a) IN GENERAL.—Paragraph (1) of section 167(h)
4 of the Internal Revenue Code of 1986 (relating to amorti-
5 zation of geological and geophysical expenditures) is
6 amended by striking “24-month” and inserting in lieu
7 thereof “7-year”.

8 (b) CONFORMING AMENDMENTS.—Section 167(h) is
9 amended—

10 (1) by striking “24-month” in paragraph (4)
11 and inserting in lieu thereof “7-year”, and

12 (2) by striking paragraph (5).

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to amounts paid or incurred after
15 December 31, 2013.

16 **SEC. 438. REPEAL MARGINAL WELL PRODUCTION CREDIT.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 (relating to business related credits) is amended by
20 striking section 45I (relating to credit for producing oil
21 and gas from marginal wells).

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for subpart D of part IV of subchapter A of chapter 1
24 of the Internal Revenue Code of 1986 is amended by strik-
25 ing the item relating to section 45I.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2013.

4 **Subtitle E—Dual Capacity**
 5 **Taxpayers**

6 **SEC. 441. MODIFICATIONS OF FOREIGN TAX CREDIT RULES**
 7 **APPLICABLE TO DUAL CAPACITY TAXPAYERS.**

8 (a) IN GENERAL.—Section 901 of the Internal Rev-
 9 enue Code of 1986 (relating to credit for taxes of foreign
 10 countries and of possessions of the United States) is
 11 amended by redesignating subsection (n) as subsection (o)
 12 and by inserting after subsection (m) the following new
 13 subsection:

14 “(n) SPECIAL RULES RELATING TO DUAL CAPACITY
 15 TAXPAYERS.—

16 “(1) GENERAL RULE.—Notwithstanding any
 17 other provision of this chapter, any amount paid or
 18 accrued by a dual capacity taxpayer or any member
 19 of the worldwide affiliated group of which such dual
 20 capacity taxpayer is also a member to any foreign
 21 country or to any possession of the United States
 22 for any period shall not be considered a tax to the
 23 extent such amount exceeds the amount (determined
 24 in accordance with regulations) which would have

1 been required to be paid if the taxpayer were not a
2 dual capacity taxpayer.

3 “(2) DUAL CAPACITY TAXPAYER.—For pur-
4 poses of this subsection, the term ‘dual capacity tax-
5 payer’ means, with respect to any foreign country or
6 possession of the United States, a person who—

7 “(A) is subject to a levy of such country or
8 possession, and

9 “(B) receives (or will receive) directly or
10 indirectly a specific economic benefit (as deter-
11 mined in accordance with regulations) from
12 such country or possession.

13 “(3) REGULATIONS.—The Secretary may issue
14 such regulations or other guidance as is necessary or
15 appropriate to carry out the purposes of this sub-
16 section.”.

17 (b) CONTRARY TREATY OBLIGATIONS UPHELD.—
18 The amendments made by this section shall not apply to
19 the extent contrary to any treaty obligation of the United
20 States.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to amounts that, if such amounts
23 were an amount of tax paid or accrued, would be consid-
24 ered paid or accrued in taxable years beginning after De-
25 cember 31, 2013.

1 **SEC. 442. SEPARATE BASKET TREATMENT TAXES PAID ON**
2 **FOREIGN OIL AND GAS INCOME.**

3 (a) SEPARATE BASKET FOR FOREIGN TAX CRED-
4 IT.—Paragraph (1) of section 904(d) of the Internal Rev-
5 enue Code of 1986 is amended by striking “and” at the
6 end of subparagraph (A), by striking the period at the
7 end of subparagraph (B) and inserting “, and”, and by
8 adding at the end the following:

9 “(C) combined foreign oil and gas income
10 (as defined in section 907(b)(1)).”.

11 (b) COORDINATION.—Section 904(d)(2) of such Code
12 is amended by redesignating subparagraphs (J) and (K)
13 as subparagraphs (K) and (L) and by inserting after sub-
14 paragraph (I) the following:

15 “(J) COORDINATION WITH COMBINED FOR-
16 EIGN OIL AND GAS INCOME.—For purposes of
17 this section, passive category income and gen-
18 eral category income shall not include combined
19 foreign oil and gas income (as defined in section
20 907(b)(1)).”.

21 (c) CONFORMING AMENDMENTS.—

22 (1) Section 907(a) is hereby repealed.

23 (2) Section 907(c)(4) is hereby repealed.

24 (3) Section 907(f) is hereby repealed.

25 (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—The amendments made by
2 this section shall apply to taxable years beginning
3 after December 31, 2013.

4 (2) TRANSITIONAL RULES.—

5 (A) CARRYOVERS.—Any unused foreign oil
6 and gas taxes which under section 907(f) of
7 such Code (as in effect before the amendment
8 made by subsection (c)(3)) would have been al-
9 lowable as a carryover to the taxpayer's first
10 taxable year beginning after December 31,
11 2013 (without regard to the limitation of para-
12 graph (2) of such section 907(f) for first tax-
13 able year) shall be allowed as carryovers under
14 section 904(c) of such Code in the same man-
15 ner as if such taxes were unused taxes under
16 such section 904(c) with respect to foreign oil
17 and gas extraction income.

18 (B) LOSSES.—The amendment made by
19 subsection (c)(2) shall not apply to foreign oil
20 and gas extraction losses arising in taxable
21 years beginning on or before the date of the en-
22 actment of this Act.

1 **Subtitle F—Repeal of**
2 **Sequestration**

3 **SEC. 451. REPEAL OF SEQUESTRATION.**

4 Section 251A of the Balanced Budget and Emer-
5 gency Deficit Control Act of 1985 is repealed.

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