SA 199. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 2, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 716. Mr. ENSIGN submitted an amendment intended to be proposed to amendment SA 152 submitted by Mr. ENSIGN (for himself and Mr. INHOFE) to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

Strike after the first word, and insert the following:

SEC. ___. PRECLUSION OF SOCIAL SECURITY CREDITS PRIOR TO ENUMERATION.

(a) INSURED STATUS.—Section 214 of the Social Security Act (42 U.S.C. 414) is amended by adding at the end, the following new subsection:

''(d)(1) Except as provided in paragraph (2), no quarter of coverage shall be credited for purposes of this section if, with respect to any individual who is assigned a social security account number on or after the date of enactment of the Fair Minimum Wage Act of 2007, such quarter of coverage is earned prior to the year in which such social security account number is assigned.

''(2) Paragraph (1) shall not apply with respect to any quarter of coverage earned by an individual who, at such time such quarter of coverage is earned, satisfies the criterion specified in subsection (c)(2).''.

(b) BENEFIT COMPUTATION.—Section 215(e) of such Act (42 U.S.C. 415(e)) is amended—

(1) by striking ''and'' at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting ''; and''; and

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

''(3) in computing the average indexed monthly earnings of an individual who is assigned a social security account number on or after the date that is one day after the date of enactment of the Fair Minimum Wage Act of 2007, there shall not be counted any wages or self-employment income for which no quarter of coverage may be credited to such individual as a result of the application of section 214(d).''.

SA 177. Mr. ENSIGN submitted an amendment intended to be proposed to amendment SA 153 submitted by Mr. ENSIGN (for himself, Mr. SESSIONS, Mr. CRAIG, Mrs. DOLE, Mr. THOMAS Mr. CORNYN, Mr. INHOFE, Mr. ISAKSON, and Mr. COLEMAN) to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

Strike after the first word and insert the following:

SEC. ___. TRANSMITTAL AND APPROVAL OF TOTALIZATION AGREEMENTS.

(a) IN GENERAL.—Section 233(e) of the Social Security Act (42 U.S.C. 433(e)) is amended to read as follows:

''(e)(1) Any agreement to establish a totalization arrangement which is entered into with another country under this section shall enter into force with respect to the United States if (and only if)—

''(A) the President, at least 90 calendar days before the date on which the President enters into the agreement, notifies each House of Congress of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register,

''(B) the President transmits the text of such agreement to each House of Congress as provided in paragraph (2), and

''(C) an approval resolution regarding such agreement has passed both Houses of Congress and has been enacted into law.

''(2)(A) Whenever an agreement referred to in paragraph (1) is entered into, the President shall transmit to each House of Congress a document setting forth the final legal text of such agreement and including a report by the President in support of such agreement. The President's report shall include the following:

''(i) An estimate by the Chief Actuary of the Social Security Administration of the effect of the agreement, in the short term and in the long term, on the receipts and disbursements under the social security system established by this title.

''(ii) A statement of any administrative action proposed to implement the agreement and how such action will change or affect existing law.

''(iii) A statement describing whether and how the agreement changes provisions of an agreement previously negotiated.

''(iv) A statement describing how and to what extent the agreement makes progress in achieving the purposes, policies, and objectives of this title.

''(v) An estimate by the Chief Actuary of the Social Security Administration, working in consultation with the Comptroller General of the United States, of the number of individuals who may become eligible for any benefits under this title or who may otherwise be affected by the agreement.

''(vi) An assessment of the integrity of the retirement data and records (including birth, death, and marriage records) of the other country that is the subject of the agreement.

''(vii) An assessment of the ability of such country to track and monitor recipients of benefits under such agreement.

''(B) If any separate agreement or other understanding with another country (whether oral or in writing) relating to an agreement to establish a totalization arrangement under this section is not disclosed to Congress in the transmittal to Congress under this paragraph of the agreement to establish a totalization arrangement, then such separate agreement or understanding shall not be considered to be part of the agreement approved by Congress under this section and shall have no force and effect under United States law.

''(3) For purposes of this subsection, the term 'approval resolution' means a joint resolution, the matter after the resolving clause of which is as follows: 'That the proposed agreement entered into pursuant to section 233 of the Social Security Act between the United States and _____ establishing totalization arrangements between the social security system established by title II of such Act and the social security system of _____, transmitted to Congress by the President on _____, is hereby approved.', the first two blanks therein being filled with the name of the country with which the United States entered into the agreement, and the third blank therein being filled with the date of the transmittal of the agreement to Congress.

''(4) Whenever a document setting forth an agreement entered into under this section and the President's report in support of the agreement is transmitted to Congress pursuant to paragraph (2), copies of such document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

''(5) On the day on which a document setting forth the agreement is transmitted to the House of Representatives and the Senate pursuant to paragraph (1), an approval resolution with respect to such agreement shall be introduced (by request) in the House by the majority leader of the House, for himself or herself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself or herself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such an agreement is transmitted, the approval resolution with respect to such agreement shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. The resolution introduced in the House of Representatives shall be referred to the Committee on Ways and Means and the resolution introduced in the Senate shall be referred to the Committee on Finance.''.

(b) ADDITIONAL REPORTS AND EVALUATIONS.—Section 233 of the Social Security Act (42 U.S.C. 433) is amended by adding at the end the following new subsections:

''(f) BIENNIAL SSA REPORT ON IMPACT OF TOTALIZATION AGREEMENTS.—

''(1) REPORT.—For any totalization agreement transmitted to Congress on or after January 1, 2007, the Commissioner of Social Security shall submit a report to Congress and the Comptroller General that—

''(A) compares the estimates contained in the report submitted to Congress under clauses (i) and (v) of subsection (e)(2)(A) with respect to that agreement with the actual number of individuals affected by the agreement and the actual effect of the agreement on social security system receipts and disbursements; and

''(B) contains recommendations for adjusting the methods used to make the estimates.

''(2) DATES FOR SUBMISSION.—The report required under this subsection shall be provided not later than 2 years after the effective date of the totalization agreement that is the subject of the report and biennially thereafter.

''(g) GAO EVALUATION AND REPORT.—

''(1) EVALUATION OF INITIAL REPORT ON IMPACT OF TOTALIZATION AGREEMENTS.—With respect to each initial report regarding a totalization agreement submitted under subsection (f), the Comptroller General of the United States shall conduct an evaluation of the report that includes—

''(A) an evaluation of the procedures used for making the estimates required by subsection (e)(2)(A);

''(B) an evaluation of the procedures used for determining the actual number of individuals affected by the agreement and the effects of the totalization agreement on receipts and disbursements under the social security system; and

''(C) such recommendations as the Comptroller General determines appropriate.

''(2) REPORT.—Not later than 1 year after the date of submission of an initial report regarding a totalization agreement under subsection (f), the Comptroller General shall submit to Congress a report setting forth the results of the evaluation conducted under paragraph (1).

''(3) DATA COLLECTION.—The Commissioner of Social Security shall collect and maintain

the data necessary for the Comptroller General of the United States to conduct the evaluation required by paragraph (1).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to agreements establishing totalization arrangements entered into under section 233 of the Social Security Act which are transmitted to Congress on or after December 31, 2006.

SA 178. Mr. ENSIGN submitted an amendment intended to be proposed to amendment SA 154 submitted by Mr. ENSIGN (for himself, Mr. DEMINT, Mr. GRAHAM, and Mr. COBURN) to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

Strike after the first word and insert the following:

SEC. ___. NON-GROUP HIGH DEDUCTIBLE HEALTH PLAN PREMIUMS OPTIONS.

(a) IN GENERAL.—Section 223(d)(2)(C) of the Internal Revenue Code of 1986 (relating to exceptions) is amended by striking ''or'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', or'', and by adding at the end the following new clause:

''(v) a high deductible health plan, other than a group health plan (as defined in section 5000(b)(1)).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning on January 1, 2008.

SA 179. Mr. THUNE submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE III—SMALL BUSINESS HEALTH COVERAGE

SEC. 301. SHORT TITLE.

This title may be cited as the ''Small Business Health Improvement Act of 2007''.

SEC. 302. RULES GOVERNING ASSOCIATION HEALTH PLANS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding after part 7 the following new part:

''PART 8—RULES GOVERNING ASSOCIATION HEALTH PLANS

''SEC. 801. ASSOCIATION HEALTH PLANS.

''(a) IN GENERAL.—For purposes of this part, the term 'association health plan' means a group health plan whose sponsor is (or is deemed under this part to be) described in subsection (b).

''(b) SPONSORSHIP.—The sponsor of a group health plan is described in this subsection if such sponsor—

''(1) is organized and maintained in good faith, with a constitution and bylaws specifically stating its purpose and providing for periodic meetings on at least an annual basis, as a bona fide trade association, a bona fide industry association (including a rural electric cooperative association or a rural telephone cooperative association), a bona fide professional association, or a bona fide chamber of commerce (or similar bona fide business association, including a corporation or similar organization that operates on a cooperative basis (within the meaning of section 1381 of the Internal Revenue Code of 1986)), for substantial purposes other than that of obtaining or providing medical care;

''(2) is established as a permanent entity which receives the active support of its members and requires for membership payment on a periodic basis of dues or payments necessary to maintain eligibility for membership in the sponsor; and

''(3) does not condition membership, such dues or payments, or coverage under the plan on the basis of health status-related factors with respect to the employees of its members (or affiliated members), or the dependents of such employees, and does not condition such dues or payments on the basis of group health plan participation.

Any sponsor consisting of an association of entities which meet the requirements of paragraphs (1), (2), and (3) shall be deemed to be a sponsor described in this subsection.

''SEC. 802. CERTIFICATION OF ASSOCIATION HEALTH PLANS.

''(a) IN GENERAL.—The applicable authority shall prescribe by regulation a procedure under which, subject to subsection (b), the applicable authority shall certify association health plans which apply for certification as meeting the requirements of this part.

''(b) STANDARDS.—Under the procedure prescribed pursuant to subsection (a), in the case of an association health plan that provides at least one benefit option which does not consist of health insurance coverage, the applicable authority shall certify such plan as meeting the requirements of this part only if the applicable authority is satisfied that the applicable requirements of this part are met (or, upon the date on which the plan is to commence operations, will be met) with respect to the plan.

''(c) REQUIREMENTS APPLICABLE TO CERTIFIED PLANS.—An association health plan with respect to which certification under this part is in effect shall meet the applicable requirements of this part, effective on the date of certification (or, if later, on the date on which the plan is to commence operations).

''(d) REQUIREMENTS FOR CONTINUED CERTIFICATION.—The applicable authority may provide by regulation for continued certification of association health plans under this part.

''(e) CLASS CERTIFICATION FOR FULLY INSURED PLANS.—The applicable authority shall establish a class certification procedure for association health plans under which all benefits consist of health insurance coverage. Under such procedure, the applicable authority shall provide for the granting of certification under this part to the plans in each class of such association health plans upon appropriate filing under such procedure in connection with plans in such class and payment of the prescribed fee under section 807(a).

''(f) CERTIFICATION OF SELF-INSURED ASSOCIATION HEALTH PLANS.—An association health plan which offers one or more benefit options which do not consist of health insurance coverage may be certified under this part only if such plan consists of any of the following:

''(1) a plan which offered such coverage on the date of the enactment of the Small Business Health Improvement Act of 2007,

''(2) a plan under which the sponsor does not restrict membership to one or more trades and businesses or industries and whose eligible participating employers represent a broad cross-section of trades and businesses or industries, or

''(3) a plan whose eligible participating employers represent one or more trades or businesses, or one or more industries, consisting of any of the following: agriculture; equipment and automobile dealerships; barbering and cosmetology; certified public accounting practices; child care; construction; dance, theatrical and orchestra productions; disinfecting and pest control; financial services; fishing; foodservice establishments; hospitals; labor organizations; logging; manufacturing (metals); mining; medical and dental practices; medical laboratories; professional consulting services; sanitary services; transportation (local and freight); warehousing; wholesaling/distributing; or any other trade or business or industry which has been indicated as having average or above-average risk or health claims experience by reason of State rate filings, denials of coverage, proposed premium rate levels, or other means demonstrated by such plan in accordance with regulations.

''SEC. 803. REQUIREMENTS RELATING TO SPONSORS AND BOARDS OF TRUSTEES.

''(a) SPONSOR.—The requirements of this subsection are met with respect to an association health plan if the sponsor has met (or is deemed under this part to have met) the requirements of section 801(b) for a continuous period of not less than 3 years ending with the date of the application for certification under this part.

''(b) BOARD OF TRUSTEES.—The requirements of this subsection are met with respect to an association health plan if the following requirements are met:

''(1) FISCAL CONTROL.—The plan is operated, pursuant to a trust agreement, by a board of trustees which has complete fiscal control over the plan and which is responsible for all operations of the plan.

''(2) RULES OF OPERATION AND FINANCIAL CONTROLS.—The board of trustees has in effect rules of operation and financial controls, based on a 3-year plan of operation, adequate to carry out the terms of the plan and to meet all requirements of this title applicable to the plan.

''(3) RULES GOVERNING RELATIONSHIP TO PARTICIPATING EMPLOYERS AND TO CONTRACTORS.—

''(A) BOARD MEMBERSHIP.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the members of the board of trustees are individuals selected from individuals who are the owners, officers, directors, or employees of the participating employers or who are partners in the participating employers and actively participate in the business.

''(ii) LIMITATION.—

''(I) GENERAL RULE.—Except as provided in subclauses (II) and (III), no such member is an owner, officer, director, or employee of, or partner in, a contract administrator or other service provider to the plan.

''(II) LIMITED EXCEPTION FOR PROVIDERS OF SERVICES SOLELY ON BEHALF OF THE SPONSOR.—Officers or employees of a sponsor which is a service provider (other than a contract administrator) to the plan may be members of the board if they constitute not more than 25 percent of the membership of the board and they do not provide services to the plan other than on behalf of the sponsor.

''(III) TREATMENT OF PROVIDERS OF MEDICAL CARE.—In the case of a sponsor which is an association whose membership consists primarily of providers of medical care, subclause (I) shall not apply in the case of any service provider described in subclause (I) who is a provider of medical care under the plan.

''(iii) CERTAIN PLANS EXCLUDED.—Clause (i) shall not apply to an association health plan which is in existence on the date of the enactment of the Small Business Health Improvement Act of 2007.

''(B) SOLE AUTHORITY.—The board has sole authority under the plan to approve applications for participation in the plan and to contract with a service provider to administer the day-to-day affairs of the plan.

''(c) TREATMENT OF FRANCHISE NETWORKS.—In the case of a group health plan which is established and maintained by a franchiser for a franchise network consisting of its franchisees—

''(1) the requirements of subsection (a) and section 801(a) shall be deemed met if such requirements would otherwise be met if the franchiser were deemed to be the sponsor referred to in section 801(b), such network were deemed to be an association described in section 801(b), and each franchisee were deemed to be a member (of the association and the sponsor) referred to in section 801(b); and

''(2) the requirements of section 804(a)(1) shall be deemed met.

The Secretary may by regulation define for purposes of this subsection the terms 'franchiser', 'franchise network', and 'franchisee'.

''SEC. 804. PARTICIPATION AND COVERAGE REQUIREMENTS.

''(a) COVERED EMPLOYERS AND INDIVIDUALS.—The requirements of this subsection are met with respect to an association health plan if, under the terms of the plan—

''(1) each participating employer must be—

''(A) a member of the sponsor,

''(B) the sponsor, or

''(C) an affiliated member of the sponsor with respect to which the requirements of subsection (b) are met,

except that, in the case of a sponsor which is a professional association or other individual-based association, if at least one of the officers, directors, or employees of an employer, or at least one of the individuals who are partners in an employer and who actively participates in the business, is a member or such an affiliated member of the sponsor, participating employers may also include such employer; and

''(2) all individuals commencing coverage under the plan after certification under this part must be—

''(A) active or retired owners (including self-employed individuals), officers, directors, or employees of, or partners in, participating employers; or

''(B) the beneficiaries of individuals described in subparagraph (A).

''(b) COVERAGE OF PREVIOUSLY UNINSURED EMPLOYEES.—In the case of an association health plan in existence on the date of the enactment of the Small Business Health Improvement Act of 2007, an affiliated member of the sponsor of the plan may be offered coverage under the plan as a participating employer only if—

''(1) the affiliated member was an affiliated member on the date of certification under this part; or

''(2) during the 12-month period preceding the date of the offering of such coverage, the affiliated member has not maintained or contributed to a group health plan with respect to any of its employees who would otherwise be eligible to participate in such association health plan.

''(c) INDIVIDUAL MARKET UNAFFECTED.—The requirements of this subsection are met with respect to an association health plan if, under the terms of the plan, no participating employer may provide health insurance coverage in the individual market for any employee not covered under the plan which is similar to the coverage contemporaneously provided to employees of the employer under the plan, if such exclusion of the employee from coverage under the plan is based on a health status-related factor with respect to the employee and such employee would, but for such exclusion on such basis, be eligible for coverage under the plan.

''(d) PROHIBITION OF DISCRIMINATION AGAINST EMPLOYERS AND EMPLOYEES ELIGIBLE TO PARTICIPATE.—The requirements of this subsection are met with respect to an association health plan if—

''(1) under the terms of the plan, all employers meeting the preceding requirements of this section are eligible to qualify as participating employers for all geographically available coverage options, unless, in the case of any such employer, participation or contribution requirements of the type referred to in section 2711 of the Public Health Service Act are not met;

''(2) upon request, any employer eligible to participate is furnished information regarding all coverage options available under the plan; and

''(3) the applicable requirements of sections 701, 702, and 703 are met with respect to the plan.

''SEC. 805. OTHER REQUIREMENTS RELATING TO PLAN DOCUMENTS, CONTRIBUTION RATES, AND BENEFIT OPTIONS.

''(a) IN GENERAL.—The requirements of this section are met with respect to an association health plan if the following requirements are met:

''(1) CONTENTS OF GOVERNING INSTRUMENTS.—The instruments governing the plan include a written instrument, meeting the requirements of an instrument required under section 402(a)(1), which—

''(A) provides that the board of trustees serves as the named fiduciary required for plans under section 402(a)(1) and serves in the capacity of a plan administrator (referred to in section 3(16)(A));

''(B) provides that the sponsor of the plan is to serve as plan sponsor (referred to in section 3(16)(B)); and

''(C) incorporates the requirements of section 806.

''(2) CONTRIBUTION RATES MUST BE NONDISCRIMINATORY.—

''(A) The contribution rates for any participating small employer do not vary on the basis of any health status-related factor in relation to employees of such employer or their beneficiaries and do not vary on the basis of the type of business or industry in which such employer is engaged.

''(B) Nothing in this title or any other provision of law shall be construed to preclude an association health plan, or a health insurance issuer offering health insurance coverage in connection with an association health plan, from—

''(i) setting contribution rates based on the claims experience of the plan; or

''(ii) varying contribution rates for small employers in a State to the extent that such rates could vary using the same methodology employed in such State for regulating premium rates in the small group market with respect to health insurance coverage offered in connection with bona fide associations (within the meaning of section 2791(d)(3) of the Public Health Service Act),

subject to the requirements of section 702(b) relating to contribution rates.

''(3) FLOOR FOR NUMBER OF COVERED INDIVIDUALS WITH RESPECT TO CERTAIN PLANS.—If any benefit option under the plan does not consist of health insurance coverage, the plan has as of the beginning of the plan year not fewer than 1,000 participants and beneficiaries.

''(4) MARKETING REQUIREMENTS.—

''(A) IN GENERAL.—If a benefit option which consists of health insurance coverage is offered under the plan, State-licensed insurance agents shall be used to distribute to small employers coverage which does not consist of health insurance coverage in a manner comparable to the manner in which such agents are used to distribute health insurance coverage.

''(B) STATE-LICENSED INSURANCE AGENTS.—For purposes of subparagraph (A), the term 'State-licensed insurance agents' means one or more agents who are licensed in a State and are subject to the laws of such State relating to licensure, qualification, testing, examination, and continuing education of persons authorized to offer, sell, or solicit health insurance coverage in such State.

''(5) REGULATORY REQUIREMENTS.—Such other requirements as the applicable authority determines are necessary to carry out the purposes of this part, which shall be prescribed by the applicable authority by regulation.

''(b) ABILITY OF ASSOCIATION HEALTH PLANS TO DESIGN BENEFIT OPTIONS.—Subject to section 514(d), nothing in this part or any provision of State law (as defined in section 514(c)(1)) shall be construed to preclude an association health plan, or a health insurance issuer offering health insurance coverage in connection with an association health plan, from exercising its sole discretion in selecting the specific items and services consisting of medical care to be included as benefits under such plan or coverage, except (subject to section 514) in the case of (1) any law to the extent that it is not preempted under section 731(a)(1) with respect to matters governed by section 711, 712, or 713, or (2) any law of the State with which filing and approval of a policy type offered by the plan was initially obtained to the extent that such law prohibits an exclusion of a specific disease from such coverage.

''SEC. 806. MAINTENANCE OF RESERVES AND PROVISIONS FOR SOLVENCY FOR PLANS PROVIDING HEALTH BENEFITS IN ADDITION TO HEALTH INSURANCE COVERAGE.

''(a) IN GENERAL.—The requirements of this section are met with respect to an association health plan if—

''(1) the benefits under the plan consist solely of health insurance coverage; or

''(2) if the plan provides any additional benefit options which do not consist of health insurance coverage, the plan—

''(A) establishes and maintains reserves with respect to such additional benefit options, in amounts recommended by the qualified actuary, consisting of—

''(i) a reserve sufficient for unearned contributions;

''(ii) a reserve sufficient for benefit liabilities which have been incurred, which have not been satisfied, and for which risk of loss has not yet been transferred, and for expected administrative costs with respect to such benefit liabilities;

''(iii) a reserve sufficient for any other obligations of the plan; and

''(iv) a reserve sufficient for a margin of error and other fluctuations, taking into account the specific circumstances of the plan; and

''(B) establishes and maintains aggregate and specific excess/stop loss insurance and solvency indemnification, with respect to such additional benefit options for which risk of loss has not yet been transferred, as follows:

''(i) The plan shall secure aggregate excess/stop loss insurance for the plan with an attachment point which is not greater than 125 percent of expected gross annual claims. The applicable authority may by regulation provide for upward adjustments in the amount of such percentage in specified circumstances in which the plan specifically provides for and maintains reserves in excess of the amounts required under subparagraph (A).

''(ii) The plan shall secure specific excess/stop loss insurance for the plan with an attachment point which is at least equal to an amount recommended by the plan's qualified

actuary. The applicable authority may by regulation provide for adjustments in the amount of such insurance in specified circumstances in which the plan specifically provides for and maintains reserves in excess of the amounts required under subparagraph (A).

''(iii) The plan shall secure indemnification insurance for any claims which the plan is unable to satisfy by reason of a plan termination.

Any person issuing to a plan insurance described in clause (i), (ii), or (iii) of subparagraph (B) shall notify the Secretary of any failure of premium payment meriting cancellation of the policy prior to undertaking such a cancellation. Any regulations prescribed by the applicable authority pursuant to clause (i) or (ii) of subparagraph (B) may allow for such adjustments in the required levels of excess/stop loss insurance as the qualified actuary may recommend, taking into account the specific circumstances of the plan.

''(b) MINIMUM SURPLUS IN ADDITION TO CLAIMS RESERVES.—In the case of any association health plan described in subsection (a)(2), the requirements of this subsection are met if the plan establishes and maintains surplus in an amount at least equal to—

''(1) $500,000, or

''(2) such greater amount (but not greater than $2,000,000) as may be set forth in regulations prescribed by the applicable authority, considering the level of aggregate and specific excess/stop loss insurance provided with respect to such plan and other factors related to solvency risk, such as the plan's projected levels of participation or claims, the nature of the plan's liabilities, and the types of assets available to assure that such liabilities are met.

''(c) ADDITIONAL REQUIREMENTS.—In the case of any association health plan described in subsection (a)(2), the applicable authority may provide such additional requirements relating to reserves, excess/stop loss insurance, and indemnification insurance as the applicable authority considers appropriate. Such requirements may be provided by regulation with respect to any such plan or any class of such plans.

''(d) ADJUSTMENTS FOR EXCESS/STOP LOSS INSURANCE.—The applicable authority may provide for adjustments to the levels of reserves otherwise required under subsections (a) and (b) with respect to any plan or class of plans to take into account excess/stop loss insurance provided with respect to such plan or plans.

''(e) ALTERNATIVE MEANS OF COMPLIANCE.—The applicable authority may permit an association health plan described in subsection (a)(2) to substitute, for all or part of the requirements of this section (except subsection (a)(2)(B)(iii)), such security, guarantee, hold-harmless arrangement, or other financial arrangement as the applicable authority determines to be adequate to enable the plan to fully meet all its financial obligations on a timely basis and is otherwise no less protective of the interests of participants and beneficiaries than the requirements for which it is substituted. The applicable authority may take into account, for purposes of this subsection, evidence provided by the plan or sponsor which demonstrates an assumption of liability with respect to the plan. Such evidence may be in the form of a contract of indemnification, lien, bonding, insurance, letter of credit, recourse under applicable terms of the plan in the form of assessments of participating employers, security, or other financial arrangement.

''(f) MEASURES TO ENSURE CONTINUED PAYMENT OF BENEFITS BY CERTAIN PLANS IN DISTRESS.—

''(1) PAYMENTS BY CERTAIN PLANS TO ASSOCIATION HEALTH PLAN FUND.—

''(A) IN GENERAL.—In the case of an association health plan described in subsection (a)(2), the requirements of this subsection are met if the plan makes payments into the Association Health Plan Fund under this subparagraph when they are due. Such payments shall consist of annual payments in the amount of $5,000, and, in addition to such annual payments, such supplemental payments as the Secretary may determine to be necessary under paragraph (2). Payments under this paragraph are payable to the Fund at the time determined by the Secretary. Initial payments are due in advance of certification under this part. Payments shall continue to accrue until a plan's assets are distributed pursuant to a termination procedure.

''(B) PENALTIES FOR FAILURE TO MAKE PAYMENTS.—If any payment is not made by a plan when it is due, a late payment charge of not more than 100 percent of the payment which was not timely paid shall be payable by the plan to the Fund.

''(C) CONTINUED DUTY OF THE SECRETARY.—The Secretary shall not cease to carry out the provisions of paragraph (2) on account of the failure of a plan to pay any payment when due.

''(2) PAYMENTS BY SECRETARY TO CONTINUE EXCESS/STOP LOSS INSURANCE COVERAGE AND INDEMNIFICATION INSURANCE COVERAGE FOR CERTAIN PLANS.—In any case in which the applicable authority determines that there is, or that there is reason to believe that there will be: (A) a failure to take necessary corrective actions under section 809(a) with respect to an association health plan described in subsection (a)(2); or (B) a termination of such a plan under section 809(b) or 810(b)(8) (and, if the applicable authority is not the Secretary, certifies such determination to the Secretary), the Secretary shall determine the amounts necessary to make payments to an insurer (designated by the Secretary) to maintain in force excess/stop loss insurance coverage or indemnification insurance coverage for such plan, if the Secretary determines that there is a reasonable expectation that, without such payments, claims would not be satisfied by reason of termination of such coverage. The Secretary shall, to the extent provided in advance in appropriation Acts, pay such amounts so determined to the insurer designated by the Secretary.

''(3) ASSOCIATION HEALTH PLAN FUND.—

''(A) IN GENERAL.—There is established on the books of the Treasury a fund to be known as the 'Association Health Plan Fund'. The Fund shall be available for making payments pursuant to paragraph (2). The Fund shall be credited with payments received pursuant to paragraph (1)(A), penalties received pursuant to paragraph (1)(B); and earnings on investments of amounts of the Fund under subparagraph (B).

''(B) INVESTMENT.—Whenever the Secretary determines that the moneys of the fund are in excess of current needs, the Secretary may request the investment of such amounts as the Secretary determines advisable by the Secretary of the Treasury in obligations issued or guaranteed by the United States.

''(g) EXCESS/STOP LOSS INSURANCE.—For purposes of this section—

''(1) AGGREGATE EXCESS/STOP LOSS INSURANCE.—The term 'aggregate excess/stop loss insurance' means, in connection with an association health plan, a contract—

''(A) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to aggregate claims under the plan in excess of an amount or amounts specified in such contract;

''(B) which is guaranteed renewable; and

''(C) which allows for payment of premiums by any third party on behalf of the insured plan.

''(2) SPECIFIC EXCESS/STOP LOSS INSURANCE.—The term 'specific excess/stop loss insurance' means, in connection with an association health plan, a contract—

''(A) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to claims under the plan in connection with a covered individual in excess of an amount or amounts specified in such contract in connection with such covered individual;

''(B) which is guaranteed renewable; and

''(C) which allows for payment of premiums by any third party on behalf of the insured plan.

''(h) INDEMNIFICATION INSURANCE.—For purposes of this section, the term 'indemnification insurance' means, in connection with an association health plan, a contract—

''(1) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to claims under the plan which the plan is unable to satisfy by reason of a termination pursuant to section 809(b) (relating to mandatory termination);

''(2) which is guaranteed renewable and noncancellable for any reason (except as the applicable authority may prescribe by regulation); and

''(3) which allows for payment of premiums by any third party on behalf of the insured plan.

''(i) RESERVES.—For purposes of this section, the term 'reserves' means, in connection with an association health plan, plan assets which meet the fiduciary standards under part 4 and such additional requirements regarding liquidity as the applicable authority may prescribe by regulation.

''(j) SOLVENCY STANDARDS WORKING GROUP.—

''(1) IN GENERAL.—Within 90 days after the date of the enactment of the Small Business Health Improvement Act of 2007, the applicable authority shall establish a Solvency Standards Working Group. In prescribing the initial regulations under this section, the applicable authority shall take into account the recommendations of such Working Group.

''(2) MEMBERSHIP.—The Working Group shall consist of not more than 15 members appointed by the applicable authority. The applicable authority shall include among persons invited to membership on the Working Group at least one of each of the following:

''(A) a representative of the National Association of Insurance Commissioners;

''(B) a representative of the American Academy of Actuaries;

''(C) a representative of the State governments, or their interests;

''(D) a representative of existing self-insured arrangements, or their interests;

''(E) a representative of associations of the type referred to in section 801(b)(1), or their interests; and

''(F) a representative of multiemployer plans that are group health plans, or their interests.

"SEC. 807. REQUIREMENTS FOR APPLICATION AND RELATED REQUIREMENTS.

''(a) FILING FEE.—Under the procedure prescribed pursuant to section 802(a), an association health plan shall pay to the applicable authority at the time of filing an application for certification under this part a filing fee in the amount of $5,000, which shall be

available in the case of the Secretary, to the extent provided in appropriation Acts, for the sole purpose of administering the certification procedures applicable with respect to association health plans.

''(b) INFORMATION TO BE INCLUDED IN APPLICATION FOR CERTIFICATION.—An application for certification under this part meets the requirements of this section only if it includes, in a manner and form which shall be prescribed by the applicable authority by regulation, at least the following information:

''(1) IDENTIFYING INFORMATION.—The names and addresses of—

''(A) the sponsor; and

''(B) the members of the board of trustees of the plan.

''(2) STATES IN WHICH PLAN INTENDS TO DO BUSINESS.—The States in which participants and beneficiaries under the plan are to be located and the number of them expected to be located in each such State.

''(3) BONDING REQUIREMENTS.—Evidence provided by the board of trustees that the bonding requirements of section 412 will be met as of the date of the application or (if later) commencement of operations.

''(4) PLAN DOCUMENTS.—A copy of the documents governing the plan (including any bylaws and trust agreements), the summary plan description, and other material describing the benefits that will be provided to participants and beneficiaries under the plan.

''(5) AGREEMENTS WITH SERVICE PROVIDERS.—A copy of any agreements between the plan and contract administrators and other service providers.

''(6) FUNDING REPORT.—In the case of association health plans providing benefits options in addition to health insurance coverage, a report setting forth information with respect to such additional benefit options determined as of a date within the 120-day period ending with the date of the application, including the following:

''(A) RESERVES.—A statement, certified by the board of trustees of the plan, and a statement of actuarial opinion, signed by a qualified actuary, that all applicable requirements of section 806 are or will be met in accordance with regulations which the applicable authority shall prescribe.

''(B) ADEQUACY OF CONTRIBUTION RATES.—A statement of actuarial opinion, signed by a qualified actuary, which sets forth a description of the extent to which contribution rates are adequate to provide for the payment of all obligations and the maintenance of required reserves under the plan for the 12-month period beginning with such date within such 120-day period, taking into account the expected coverage and experience of the plan. If the contribution rates are not fully adequate, the statement of actuarial opinion shall indicate the extent to which the rates are inadequate and the changes needed to ensure adequacy.

''(C) CURRENT AND PROJECTED VALUE OF ASSETS AND LIABILITIES.—A statement of actuarial opinion signed by a qualified actuary, which sets forth the current value of the assets and liabilities accumulated under the plan and a projection of the assets, liabilities, income, and expenses of the plan for the 12-month period referred to in subparagraph (B). The income statement shall identify separately the plan's administrative expenses and claims.

''(D) COSTS OF COVERAGE TO BE CHARGED AND OTHER EXPENSES.—A statement of the costs of coverage to be charged, including an itemization of amounts for administration, reserves, and other expenses associated with the operation of the plan.

''(E) OTHER INFORMATION.—Any other information as may be determined by the applicable authority, by regulation, as necessary to carry out the purposes of this part.

''(c) FILING NOTICE OF CERTIFICATION WITH STATES.—A certification granted under this part to an association health plan shall not be effective unless written notice of such certification is filed with the applicable State authority of each State in which at least 25 percent of the participants and beneficiaries under the plan are located. For purposes of this subsection, an individual shall be considered to be located in the State in which a known address of such individual is located or in which such individual is employed.

''(d) NOTICE OF MATERIAL CHANGES.—In the case of any association health plan certified under this part, descriptions of material changes in any information which was required to be submitted with the application for the certification under this part shall be filed in such form and manner as shall be prescribed by the applicable authority by regulation. The applicable authority may require by regulation prior notice of material changes with respect to specified matters which might serve as the basis for suspension or revocation of the certification.

''(e) REPORTING REQUIREMENTS FOR CERTAIN ASSOCIATION HEALTH PLANS.—An association health plan certified under this part which provides benefit options in addition to health insurance coverage for such plan year shall meet the requirements of section 103 by filing an annual report under such section which shall include information described in subsection (b)(6) with respect to the plan year and, notwithstanding section 104(a)(1)(A), shall be filed with the applicable authority not later than 90 days after the close of the plan year (or on such later date as may be prescribed by the applicable authority). The applicable authority may require by regulation such interim reports as it considers appropriate.

''(f) ENGAGEMENT OF QUALIFIED ACTUARY.—The board of trustees of each association health plan which provides benefits options in addition to health insurance coverage and which is applying for certification under this part or is certified under this part shall engage, on behalf of all participants and beneficiaries, a qualified actuary who shall be responsible for the preparation of the materials comprising information necessary to be submitted by a qualified actuary under this part. The qualified actuary shall utilize such assumptions and techniques as are necessary to enable such actuary to form an opinion as to whether the contents of the matters reported under this part—

''(1) are in the aggregate reasonably related to the experience of the plan and to reasonable expectations; and

''(2) represent such actuary's best estimate of anticipated experience under the plan.

The opinion by the qualified actuary shall be made with respect to, and shall be made a part of, the annual report.

"SEC. 808. NOTICE REQUIREMENTS FOR VOLUNTARY TERMINATION.

''Except as provided in section 809(b), an association health plan which is or has been certified under this part may terminate (upon or at any time after cessation of accruals in benefit liabilities) only if the board of trustees, not less than 60 days before the proposed termination date—

''(1) provides to the participants and beneficiaries a written notice of intent to terminate stating that such termination is intended and the proposed termination date;

''(2) develops a plan for winding up the affairs of the plan in connection with such termination in a manner which will result in timely payment of all benefits for which the plan is obligated; and

''(3) submits such plan in writing to the applicable authority.

Actions required under this section shall be taken in such form and manner as may be prescribed by the applicable authority by regulation.

"SEC. 809. CORRECTIVE ACTIONS AND MANDATORY TERMINATION.

''(a) ACTIONS TO AVOID DEPLETION OF RESERVES.—An association health plan which is certified under this part and which provides benefits other than health insurance coverage shall continue to meet the requirements of section 806, irrespective of whether such certification continues in effect. The board of trustees of such plan shall determine quarterly whether the requirements of section 806 are met. In any case in which the board determines that there is reason to believe that there is or will be a failure to meet such requirements, or the applicable authority makes such a determination and so notifies the board, the board shall immediately notify the qualified actuary engaged by the plan, and such actuary shall, not later than the end of the next following month, make such recommendations to the board for corrective action as the actuary determines necessary to ensure compliance with section 806. Not later than 30 days after receiving from the actuary recommendations for corrective actions, the board shall notify the applicable authority (in such form and manner as the applicable authority may prescribe by regulation) of such recommendations of the actuary for corrective action, together with a description of the actions (if any) that the board has taken or plans to take in response to such recommendations. The board shall thereafter report to the applicable authority, in such form and frequency as the applicable authority may specify to the board, regarding corrective action taken by the board until the requirements of section 806 are met.

''(b) MANDATORY TERMINATION.—In any case in which—

''(1) the applicable authority has been notified under subsection (a) (or by an issuer of excess/stop loss insurance or indemnity insurance pursuant to section 806(a)) of a failure of an association health plan which is or has been certified under this part and is described in section 806(a)(2) to meet the requirements of section 806 and has not been notified by the board of trustees of the plan that corrective action has restored compliance with such requirements; and

''(2) the applicable authority determines that there is a reasonable expectation that the plan will continue to fail to meet the requirements of section 806,

the board of trustees of the plan shall, at the direction of the applicable authority, terminate the plan and, in the course of the termination, take such actions as the applicable authority may require, including satisfying any claims referred to in section 806(a)(2)(B)(iii) and recovering for the plan any liability under subsection (a)(2)(B)(iii) or (e) of section 806, as necessary to ensure that the affairs of the plan will be, to the maximum extent possible, wound up in a manner which will result in timely provision of all benefits for which the plan is obligated.

"SEC. 810. TRUSTEESHIP BY THE SECRETARY OF INSOLVENT ASSOCIATION HEALTH PLANS PROVIDING HEALTH BENEFITS IN ADDITION TO HEALTH INSURANCE COVERAGE.

''(a) APPOINTMENT OF SECRETARY AS TRUSTEE FOR INSOLVENT PLANS.—Whenever the Secretary determines that an association health plan which is or has been certified under this part and which is described in section 806(a)(2) will be unable to provide benefits when due or is otherwise in a financially

hazardous condition, as shall be defined by the Secretary by regulation, the Secretary shall, upon notice to the plan, apply to the appropriate United States district court for appointment of the Secretary as trustee to administer the plan for the duration of the insolvency. The plan may appear as a party and other interested persons may intervene in the proceedings at the discretion of the court. The court shall appoint such Secretary trustee if the court determines that the trusteeship is necessary to protect the interests of the participants and beneficiaries or providers of medical care or to avoid any unreasonable deterioration of the financial condition of the plan. The trusteeship of such Secretary shall continue until the conditions described in the first sentence of this subsection are remedied or the plan is terminated.

''(b) POWERS AS TRUSTEE.—The Secretary, upon appointment as trustee under subsection (a), shall have the power—

''(1) to do any act authorized by the plan, this title, or other applicable provisions of law to be done by the plan administrator or any trustee of the plan;

''(2) to require the transfer of all (or any part) of the assets and records of the plan to the Secretary as trustee;

''(3) to invest any assets of the plan which the Secretary holds in accordance with the provisions of the plan, regulations prescribed by the Secretary, and applicable provisions of law;

''(4) to require the sponsor, the plan administrator, any participating employer, and any employee organization representing plan participants to furnish any information with respect to the plan which the Secretary as trustee may reasonably need in order to administer the plan;

''(5) to collect for the plan any amounts due the plan and to recover reasonable expenses of the trusteeship;

''(6) to commence, prosecute, or defend on behalf of the plan any suit or proceeding involving the plan;

''(7) to issue, publish, or file such notices, statements, and reports as may be required by the Secretary by regulation or required by any order of the court;

''(8) to terminate the plan (or provide for its termination in accordance with section 809(b)) and liquidate the plan assets, to restore the plan to the responsibility of the sponsor, or to continue the trusteeship;

''(9) to provide for the enrollment of plan participants and beneficiaries under appropriate coverage options; and

''(10) to do such other acts as may be necessary to comply with this title or any order of the court and to protect the interests of plan participants and beneficiaries and providers of medical care.

''(c) NOTICE OF APPOINTMENT.—As soon as practicable after the Secretary's appointment as trustee, the Secretary shall give notice of such appointment to—

''(1) the sponsor and plan administrator;

''(2) each participant;

''(3) each participating employer; and

''(4) if applicable, each employee organization which, for purposes of collective bargaining, represents plan participants.

''(d) ADDITIONAL DUTIES.—Except to the extent inconsistent with the provisions of this title, or as may be otherwise ordered by the court, the Secretary, upon appointment as trustee under this section, shall be subject to the same duties as those of a trustee under section 704 of title 11, United States Code, and shall have the duties of a fiduciary for purposes of this title.

''(e) OTHER PROCEEDINGS.—An application by the Secretary under this subsection may be filed notwithstanding the pendency in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding, or any proceeding to reorganize, conserve, or liquidate such plan or its property, or any proceeding to enforce a lien against property of the plan.

''(f) JURISDICTION OF COURT.—

''(1) IN GENERAL.—Upon the filing of an application for the appointment as trustee or the issuance of a decree under this section, the court to which the application is made shall have exclusive jurisdiction of the plan involved and its property wherever located with the powers, to the extent consistent with the purposes of this section, of a court of the United States having jurisdiction over cases under chapter 11 of title 11, United States Code. Pending an adjudication under this section such court shall stay, and upon appointment by it of the Secretary as trustee, such court shall continue the stay of, any pending mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve, or liquidate the plan, the sponsor, or property of such plan or sponsor, and any other suit against any receiver, conservator, or trustee of the plan, the sponsor, or property of the plan or sponsor. Pending such adjudication and upon the appointment by it of the Secretary as trustee, the court may stay any proceeding to enforce a lien against property of the plan or the sponsor or any other suit against the plan or the sponsor.

''(2) VENUE.—An action under this section may be brought in the judicial district where the sponsor or the plan administrator resides or does business or where any asset of the plan is situated. A district court in which such action is brought may issue process with respect to such action in any other judicial district.

''(g) PERSONNEL.—In accordance with regulations which shall be prescribed by the Secretary, the Secretary shall appoint, retain, and compensate accountants, actuaries, and other professional service personnel as may be necessary in connection with the Secretary's service as trustee under this section.

"SEC. 811. STATE ASSESSMENT AUTHORITY.

''(a) IN GENERAL.—Notwithstanding section 514, a State may impose by law a contribution tax on an association health plan described in section 806(a)(2), if the plan commenced operations in such State after the date of the enactment of the Small Business Health Improvement Act of 2007.

''(b) CONTRIBUTION TAX.—For purposes of this section, the term 'contribution tax' imposed by a State on an association health plan means any tax imposed by such State if—

''(1) such tax is computed by applying a rate to the amount of premiums or contributions, with respect to individuals covered under the plan who are residents of such State, which are received by the plan from participating employers located in such State or from such individuals;

''(2) the rate of such tax does not exceed the rate of any tax imposed by such State on premiums or contributions received by insurers or health maintenance organizations for health insurance coverage offered in such State in connection with a group health plan;

''(3) such tax is otherwise nondiscriminatory; and

''(4) the amount of any such tax assessed on the plan is reduced by the amount of any tax or assessment otherwise imposed by the State on premiums, contributions, or both received by insurers or health maintenance organizations for health insurance coverage, aggregate excess/stop loss insurance (as defined in section 806(g)(1)), specific excess/stop loss insurance (as defined in section 806(g)(2)), other insurance related to the provision of medical care under the plan, or any combination thereof provided by such insurers or health maintenance organizations in such State in connection with such plan.

"SEC. 812. DEFINITIONS AND RULES OF CONSTRUCTION.

''(a) DEFINITIONS.—For purposes of this part—

''(1) GROUP HEALTH PLAN.—The term 'group health plan' has the meaning provided in section 733(a)(1) (after applying subsection (b) of this section).

''(2) MEDICAL CARE.—The term 'medical care' has the meaning provided in section 733(a)(2).

''(3) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning provided in section 733(b)(1).

''(4) HEALTH INSURANCE ISSUER.—The term 'health insurance issuer' has the meaning provided in section 733(b)(2).

''(5) APPLICABLE AUTHORITY.—The term 'applicable authority' means the Secretary, except that, in connection with any exercise of the Secretary's authority regarding which the Secretary is required under section 506(d) to consult with a State, such term means the Secretary, in consultation with such State.

''(6) HEALTH STATUS-RELATED FACTOR.—The term 'health status-related factor' has the meaning provided in section 733(d)(2).

''(7) INDIVIDUAL MARKET.—

''(A) IN GENERAL.—The term 'individual market' means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

''(B) TREATMENT OF VERY SMALL GROUPS.—

''(i) IN GENERAL.—Subject to clause (ii), such term includes coverage offered in connection with a group health plan that has fewer than 2 participants as current employees or participants described in section 732(d)(3) on the first day of the plan year.

''(ii) STATE EXCEPTION.—Clause (i) shall not apply in the case of health insurance coverage offered in a State if such State regulates the coverage described in such clause in the same manner and to the same extent as coverage in the small group market (as defined in section 2791(e)(5) of the Public Health Service Act) is regulated by such State.

''(8) PARTICIPATING EMPLOYER.—The term 'participating employer' means, in connection with an association health plan, any employer, if any individual who is an employee of such employer, a partner in such employer, or a self-employed individual who is such employer (or any dependent, as defined under the terms of the plan, of such individual) is or was covered under such plan in connection with the status of such individual as such an employee, partner, or self-employed individual in relation to the plan.

''(9) APPLICABLE STATE AUTHORITY.—The term 'applicable State authority' means, with respect to a health insurance issuer in a State, the State insurance commissioner or official or officials designated by the State to enforce the requirements of title XXVII of the Public Health Service Act for the State involved with respect to such issuer.

''(10) QUALIFIED ACTUARY.—The term 'qualified actuary' means an individual who is a member of the American Academy of Actuaries.

''(11) AFFILIATED MEMBER.—The term 'affiliated member' means, in connection with a sponsor—

''(A) a person who is otherwise eligible to be a member of the sponsor but who elects an affiliated status with the sponsor,

''(B) in the case of a sponsor with members which consist of associations, a person who is a member of any such association and elects an affiliated status with the sponsor, or

''(C) in the case of an association health plan in existence on the date of the enactment of the Small Business Health Improvement Act of 2007, a person eligible to be a member of the sponsor or one of its member associations.

''(12) LARGE EMPLOYER.—The term 'large employer' means, in connection with a group health plan with respect to a plan year, an employer who employed an average of at least 51 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

''(13) SMALL EMPLOYER.—The term 'small employer' means, in connection with a group health plan with respect to a plan year, an employer who is not a large employer.

''(b) RULES OF CONSTRUCTION.—

''(1) EMPLOYERS AND EMPLOYEES.—For purposes of determining whether a plan, fund, or program is an employee welfare benefit plan which is an association health plan, and for purposes of applying this title in connection with such plan, fund, or program so determined to be such an employee welfare benefit plan—

''(A) in the case of a partnership, the term 'employer' (as defined in section 3(5)) includes the partnership in relation to the partners, and the term 'employee' (as defined in section 3(6)) includes any partner in relation to the partnership; and

''(B) in the case of a self-employed individual, the term 'employer' (as defined in section 3(5)) and the term 'employee' (as defined in section 3(6)) shall include such individual.

''(2) PLANS, FUNDS, AND PROGRAMS TREATED AS EMPLOYEE WELFARE BENEFIT PLANS.—In the case of any plan, fund, or program which was established or is maintained for the purpose of providing medical care (through the purchase of insurance or otherwise) for employees (or their dependents) covered thereunder and which demonstrates to the Secretary that all requirements for certification under this part would be met with respect to such plan, fund, or program if such plan, fund, or program were a group health plan, such plan, fund, or program shall be treated for purposes of this title as an employee welfare benefit plan on and after the date of such demonstration.''.

(b) CONFORMING AMENDMENTS TO PREEMPTION RULES.—

(1) Section 514(b)(6) of such Act (29 U.S.C. 1144(b)(6)) is amended by adding at the end the following new subparagraph:

''(E) The preceding subparagraphs of this paragraph do not apply with respect to any State law in the case of an association health plan which is certified under part 8.''.

(2) Section 514 of such Act (29 U.S.C. 1144) is amended—

(A) in subsection (b)(4), by striking ''Subsection (a)'' and inserting ''Subsections (a) and (d)'';

(B) in subsection (b)(5), by striking ''subsection (a)'' in subparagraph (A) and inserting ''subsection (a) of this section and subsections (a)(2)(B) and (b) of section 805'', and by striking ''subsection (a)'' in subparagraph (B) and inserting ''subsection (a) of this section or subsection (a)(2)(B) or (b) of section 805'';

(C) by redesignating subsection (d) as subsection (e); and

(D) by inserting after subsection (c) the following new subsection:

''(d)(1) Except as provided in subsection (b)(4), the provisions of this title shall supersede any and all State laws insofar as they may now or hereafter preclude, or have the effect of precluding, a health insurance issuer from offering health insurance coverage in connection with an association health plan which is certified under part 8.

''(2) Except as provided in paragraphs (4) and (5) of subsection (b) of this section—

''(A) In any case in which health insurance coverage of any policy type is offered under an association health plan certified under part 8 to a participating employer operating in such State, the provisions of this title shall supersede any and all laws of such State insofar as they may preclude a health insurance issuer from offering health insurance coverage of the same policy type to other employers operating in the State which are eligible for coverage under such association health plan, whether or not such other employers are participating employers in such plan.

''(B) In any case in which health insurance coverage of any policy type is offered in a State under an association health plan certified under part 8 and the filing, with the applicable State authority (as defined in section 812(a)(9)), of the policy form in connection with such policy type is approved by such State authority, the provisions of this title shall supersede any and all laws of any other State in which health insurance coverage of such type is offered, insofar as they may preclude, upon the filing in the same form and manner of such policy form with the applicable State authority in such other State, the approval of the filing in such other State.

''(3) Nothing in subsection (b)(6)(E) or the preceding provisions of this subsection shall be construed, with respect to health insurance issuers or health insurance coverage, to supersede or impair the law of any State—

''(A) providing solvency standards or similar standards regarding the adequacy of insurer capital, surplus, reserves, or contributions, or

''(B) relating to prompt payment of claims.

''(4) For additional provisions relating to association health plans, see subsections (a)(2)(B) and (b) of section 805.

''(5) For purposes of this subsection, the term 'association health plan' has the meaning provided in section 801(a), and the terms 'health insurance coverage', 'participating employer', and 'health insurance issuer' have the meanings provided such terms in section 812, respectively.''.

(3) Section 514(b)(6)(A) of such Act (29 U.S.C. 1144(b)(6)(A)) is amended—

(A) in clause (i)(II), by striking ''and'' at the end;

(B) in clause (ii), by inserting ''and which does not provide medical care (within the meaning of section 733(a)(2)),'' after ''arrangement,'', and by striking ''title.'' and inserting ''title, and''; and

(C) by adding at the end the following new clause:

''(iii) subject to subparagraph (E), in the case of any other employee welfare benefit plan which is a multiple employer welfare arrangement and which provides medical care (within the meaning of section 733(a)(2)), any law of any State which regulates insurance may apply.''.

(4) Section 514(e) of such Act (as redesignated by paragraph (2)(C)) is amended—

(A) by striking ''Nothing'' and inserting ''(1) Except as provided in paragraph (2), nothing''; and

(B) by adding at the end the following new paragraph:

''(2) Nothing in any other provision of law enacted on or after the date of the enactment of the Small Business Health Improvement Act of 2007 shall be construed to alter, amend, modify, invalidate, impair, or supersede any provision of this title, except by specific cross-reference to the affected section.''.

(c) PLAN SPONSOR.—Section 3(16)(B) of such Act (29 U.S.C. 102(16)(B)) is amended by adding at the end the following new sentence: ''Such term also includes a person serving as the sponsor of an association health plan under part 8.''.

(d) DISCLOSURE OF SOLVENCY PROTECTIONS RELATED TO SELF-INSURED AND FULLY INSURED OPTIONS UNDER ASSOCIATION HEALTH PLANS.—Section 102(b) of such Act (29 U.S.C. 102(b)) is amended by adding at the end the following: ''An association health plan shall include in its summary plan description, in connection with each benefit option, a description of the form of solvency or guarantee fund protection secured pursuant to this Act or applicable State law, if any.''.

(e) SAVINGS CLAUSE.—Section 731(c) of such Act is amended by inserting ''or part 8'' after ''this part''.

(f) REPORT TO THE CONGRESS REGARDING CERTIFICATION OF SELF-INSURED ASSOCIATION HEALTH PLANS.—Not later than January 1, 2010, the Secretary of Labor shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate the effect association health plans have had, if any, on reducing the number of uninsured individuals.

(g) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 734 the following new items:

''PART 8—RULES GOVERNING ASSOCIATION HEALTH PLANS

''Sec. 801. Association health plans
''Sec. 802. Certification of association health plans
''Sec. 803. Requirements relating to sponsors and boards of trustees
''Sec. 804. Participation and coverage requirements
''Sec. 805. Other requirements relating to plan documents, contribution rates, and benefit options
''Sec. 806. Maintenance of reserves and provisions for solvency for plans providing health benefits in addition to health insurance coverage
''Sec. 807. Requirements for application and related requirements
''Sec. 808. Notice requirements for voluntary termination
''Sec. 809. Corrective actions and mandatory termination
''Sec. 810. Trusteeship by the Secretary of insolvent association health plans providing health benefits in addition to health insurance coverage
''Sec. 811. State assessment authority
''Sec. 812. Definitions and rules of construction''.

SEC. 303. CLARIFICATION OF TREATMENT OF SINGLE EMPLOYER ARRANGEMENTS.

Section 3(40)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(40)(B)) is amended—

(1) in clause (i), by inserting after ''control group,'' the following: ''except that, in any case in which the benefit referred to in subparagraph (A) consists of medical care (as defined in section 812(a)(2)), two or more trades or businesses, whether or not incorporated, shall be deemed a single employer for any plan year of such plan, or any fiscal year of such other arrangement, if such trades or businesses are within the same control group during such year or at any time during the preceding 1-year period,'';

(2) in clause (iii), by striking ''(iii) the determination'' and inserting the following:

''(iii)(I) in any case in which the benefit referred to in subparagraph (A) consists of medical care (as defined in section 812(a)(2)), the determination of whether a trade or business is under 'common control' with another trade or business shall be determined

under regulations of the Secretary applying principles consistent and coextensive with the principles applied in determining whether employees of two or more trades or businesses are treated as employed by a single employer under section 4001(b), except that, for purposes of this paragraph, an interest of greater than 25 percent may not be required as the minimum interest necessary for common control, or

''(II) in any other case, the determination'';

(3) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and

(4) by inserting after clause (iii) the following new clause:

''(iv) in any case in which the benefit referred to in subparagraph (A) consists of medical care (as defined in section 812(a)(2)), in determining, after the application of clause (i), whether benefits are provided to employees of two or more employers, the arrangement shall be treated as having only one participating employer if, after the application of clause (i), the number of individuals who are employees and former employees of any one participating employer and who are covered under the arrangement is greater than 75 percent of the aggregate number of all individuals who are employees or former employees of participating employers and who are covered under the arrangement,''.

SEC. 304. ENFORCEMENT PROVISIONS RELATING TO ASSOCIATION HEALTH PLANS.

(a) CRIMINAL PENALTIES FOR CERTAIN WILLFUL MISREPRESENTATIONS.—Section 501 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131) is amended—

(1) by inserting ''(a)'' after ''Sec. 501.''; and

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

''(b) Any person who willfully falsely represents, to any employee, any employee's beneficiary, any employer, the Secretary, or any State, a plan or other arrangement established or maintained for the purpose of offering or providing any benefit described in section 3(1) to employees or their beneficiaries as—

''(1) being an association health plan which has been certified under part 8;

''(2) having been established or maintained under or pursuant to one or more collective bargaining agreements which are reached pursuant to collective bargaining described in section 8(d) of the National Labor Relations Act (29 U.S.C. 158(d)) or paragraph Fourth of section 2 of the Railway Labor Act (45 U.S.C. 152, paragraph Fourth) or which are reached pursuant to labor-management negotiations under similar provisions of State public employee relations laws; or

''(3) being a plan or arrangement described in section 3(40)(A)(i),

shall, upon conviction, be imprisoned not more than 5 years, be fined under title 18, United States Code, or both.''.

(b) CEASE ACTIVITIES ORDERS.—Section 502 of such Act (29 U.S.C. 1132) is amended by adding at the end the following new subsection:

''(n) ASSOCIATION HEALTH PLAN CEASE AND DESIST ORDERS.—

''(1) IN GENERAL.—Subject to paragraph (2), upon application by the Secretary showing the operation, promotion, or marketing of an association health plan (or similar arrangement providing benefits consisting of medical care (as defined in section 733(a)(2))) that—

''(A) is not certified under part 8, is subject under section 514(b)(6) to the insurance laws of any State in which the plan or arrangement offers or provides benefits, and is not licensed, registered, or otherwise approved under the insurance laws of such State; or

''(B) is an association health plan certified under part 8 and is not operating in accordance with the requirements under part 8 for such certification,

a district court of the United States shall enter an order requiring that the plan or arrangement cease activities.

''(2) EXCEPTION.—Paragraph (1) shall not apply in the case of an association health plan or other arrangement if the plan or arrangement shows that—

''(A) all benefits under it referred to in paragraph (1) consist of health insurance coverage; and

''(B) with respect to each State in which the plan or arrangement offers or provides benefits, the plan or arrangement is operating in accordance with applicable State laws that are not superseded under section 514.

''(3) ADDITIONAL EQUITABLE RELIEF.—The court may grant such additional equitable relief, including any relief available under this title, as it deems necessary to protect the interests of the public and of persons having claims for benefits against the plan.''.

(c) RESPONSIBILITY FOR CLAIMS PROCEDURE.—Section 503 of such Act (29 U.S.C. 1133) is amended by inserting ''(a) IN GENERAL.—'' before ''In accordance'', and by adding at the end the following new subsection:

''(b) ASSOCIATION HEALTH PLANS.—The terms of each association health plan which is or has been certified under part 8 shall require the board of trustees or the named fiduciary (as applicable) to ensure that the requirements of this section are met in connection with claims filed under the plan.''.

SEC. 305. COOPERATION BETWEEN FEDERAL AND STATE AUTHORITIES.

Section 506 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1136) is amended by adding at the end the following new subsection:

''(d) CONSULTATION WITH STATES WITH RESPECT TO ASSOCIATION HEALTH PLANS.—

''(1) AGREEMENTS WITH STATES.—The Secretary shall consult with the State recognized under paragraph (2) with respect to an association health plan regarding the exercise of—

''(A) the Secretary's authority under sections 502 and 504 to enforce the requirements for certification under part 8; and

''(B) the Secretary's authority to certify association health plans under part 8 in accordance with regulations of the Secretary applicable to certification under part 8.

''(2) RECOGNITION OF PRIMARY DOMICILE STATE.—In carrying out paragraph (1), the Secretary shall ensure that only one State will be recognized, with respect to any particular association health plan, as the State with which consultation is required. In carrying out this paragraph—

''(A) in the case of a plan which provides health insurance coverage (as defined in section 812(a)(3)), such State shall be the State with which filing and approval of a policy type offered by the plan was initially obtained, and

''(B) in any other case, the Secretary shall take into account the places of residence of the participants and beneficiaries under the plan and the State in which the trust is maintained.''.

SEC. 306. EFFECTIVE DATE AND TRANSITIONAL AND OTHER RULES.

(a) EFFECTIVE DATE.—The amendments made by this title shall take effect one year after the date of the enactment of this Act. The Secretary of Labor shall first issue all regulations necessary to carry out the amendments made by this title within one year after the date of the enactment of this Act.

(b) TREATMENT OF CERTAIN EXISTING HEALTH BENEFITS PROGRAMS.—

(1) IN GENERAL.—In any case in which, as of the date of the enactment of this Act, an arrangement is maintained in a State for the purpose of providing benefits consisting of medical care for the employees and beneficiaries of its participating employers, at least 200 participating employers make contributions to such arrangement, such arrangement has been in existence for at least 10 years, and such arrangement is licensed under the laws of one or more States to provide such benefits to its participating employers, upon the filing with the applicable authority (as defined in section 812(a)(5) of the Employee Retirement Income Security Act of 1974 (as amended by this subtitle)) by the arrangement of an application for certification of the arrangement under part 8 of subtitle B of title I of such Act—

(A) such arrangement shall be deemed to be a group health plan for purposes of title I of such Act;

(B) the requirements of sections 801(a) and 803(a) of the Employee Retirement Income Security Act of 1974 shall be deemed met with respect to such arrangement;

(C) the requirements of section 803(b) of such Act shall be deemed met, if the arrangement is operated by a board of directors which—

(i) is elected by the participating employers, with each employer having one vote; and

(ii) has complete fiscal control over the arrangement and which is responsible for all operations of the arrangement;

(D) the requirements of section 804(a) of such Act shall be deemed met with respect to such arrangement; and

(E) the arrangement may be certified by any applicable authority with respect to its operations in any State only if it operates in such State on the date of certification.

The provisions of this subsection shall cease to apply with respect to any such arrangement at such time after the date of the enactment of this Act as the applicable requirements of this subsection are not met with respect to such arrangement.

(2) DEFINITIONS.—For purposes of this subsection, the terms ''group health plan'', ''medical care'', and ''participating employer'' shall have the meanings provided in section 812 of the Employee Retirement Income Security Act of 1974, except that the reference in paragraph (7) of such section to an ''association health plan'' shall be deemed a reference to an arrangement referred to in this subsection.

SA 180. Mr. KENNEDY submitted an amendment intended to be proposed to amendment SA 143 submitted by Mr. SESSIONS and intended to be proposed to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

In lieu of the matter to be inserted, insert the following:

DIVISION B—IMMIGRATION REFORM

SECTION 1001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Secure America and Orderly Immigration Act''.

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

DIVISION B—IMMIGRATION REFORM

SEC. 1002. FINDINGS.

Congress makes the following findings:

(1) The Government of the United States has an obligation to its citizens to secure its borders and ensure the rule of law in its communities.

(2) The Government of the United States must strengthen international border security efforts by dedicating adequate and significant resources for technology, personnel, and training for border region enforcement.

(3) Federal immigration policies must adhere to the United States tradition as a nation of immigrants and reaffirm this Nation's commitment to family unity, economic opportunity, and humane treatment.

(4) Immigrants have contributed significantly to the strength and economic prosperity of the United States and action must be taken to ensure their fair treatment by employers and protection against fraud and abuse.

(5) Current immigration laws and the enforcement of such laws are ineffective and do not serve the people of the United States, the national security interests of the United States, or the economic prosperity of the United States.

(6) The United States cannot effectively carry out its national security policies unless the United States identifies undocumented immigrants and encourages them to come forward and participate legally in the economy of the United States.

(7) Illegal immigration fosters other illegal activity, including human smuggling, trafficking, and document fraud, all of which undermine the national security interests of the United States.

(8) Illegal immigration burdens States and local communities with hundreds of millions of dollars in uncompensated expenses for law enforcement, health care, and other essential services.

(9) Illegal immigration creates an underclass of workers who are vulnerable to fraud and exploitation.

(10) Fixing the broken immigration system requires a comprehensive approach that provides for adequate legal channels for immigration and strong enforcement of immigration laws which will serve the economic, social, and security interests of the United States.

(11) Foreign governments, particularly those that share an international border with the United States, must play a critical role in securing international borders and deterring illegal entry of foreign nationals into the United States.

(12) Federal immigration policy should foster economic growth by allowing willing workers to be matched with willing employers when no United States worker is available to take a job.

(13) Immigration reform is a key component to achieving effective enforcement and will allow for the best use of security and enforcement resources to be focused on the greatest risks.

(14) Comprehensive immigration reform and strong enforcement of immigration laws will encourage legal immigration, deter illegal immigration, and promote the economic and national security interests of the United States.

TITLE I—BORDER SECURITY

SEC. 1101. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Homeland Security and Governmental Affairs of the Senate;

(B) the Committee on the Judiciary of the Senate;

(C) the Committee on Homeland Security of the House of Representatives; and

(D) the Committee on the Judiciary of the House of Representatives.

(2) INTERNATIONAL BORDER OF THE UNITED STATES.—The term ''international border of the United States'' means the international border between the United States and Canada and the international border between the United States and Mexico, including points of entry along such international borders.

(3) SECRETARY.—Except as otherwise provided, the term ''Secretary'' means the Secretary of Homeland Security.

(4) SECURITY PLAN.—The term ''security plan'' means a security plan developed as part of the National Strategy for Border Security set forth under section 111(a) for the Border Patrol and the field offices of the Bureau of Customs and Border Protection of the Department of Homeland Security that has responsibility for the security of any portion of the international border of the United States.

Subtitle A—Border Security Strategic Planning

SEC. 1111. NATIONAL STRATEGY FOR BORDER SECURITY.

(a) IN GENERAL.—In conjunction with strategic homeland security planning efforts, the Secretary shall develop, implement, and update, as needed, a National Strategy for Border Security that includes a security plan for the Border Patrol and the field offices of the Bureau of Customs and Border Protection of the Department of Homeland Security that has responsibility for the security of any portion of the international border of the United States.

(b) CONTENTS.—The National Strategy for Border Security shall include—

(1) the identification and evaluation of the points of entry and all portions of the international border of the United States that, in the interests of national security and enforcement, must be protected from illegal transit;

(2) a description of the most appropriate, practical, and cost-effective means of defending the international border of the United

States against threats to security and illegal transit, including intelligence capacities, technology, equipment, personnel, and training needed to address security vulnerabilities within the United States for the Border Patrol and the field offices of the Bureau of Customs and Border Protection that have responsibility for any portion of the international border of the United States;

(3) risk-based priorities for assuring border security and realistic deadlines for addressing security and enforcement needs identified in paragraphs (1) and (2);

(4) a strategic plan that sets out agreed upon roles and missions of Federal, State, regional, local, and tribal authorities, including appropriate coordination among such authorities, to enable security enforcement and border lands management to be carried out in an efficient and effective manner;

(5) a prioritization of research and development objectives to enhance the security of the international border of the United States and enforcement needs to promote such security consistent with the provisions of subtitle B;

(6) an update of the 2001 Port of Entry Infrastructure Assessment Study conducted by the United States Customs Service, in consultation with the General Services Administration;

(7) strategic interior enforcement coordination plans with personnel of Immigration and Customs Enforcement;

(8) strategic enforcement coordination plans with overseas personnel of the Department of Homeland Security and the Department of State to end human smuggling and trafficking activities;

(9) any other infrastructure or security plan or report that the Secretary determines appropriate for inclusion;

(10) the identification of low-risk travelers and how such identification would facilitate cross-border travel; and

(11) ways to ensure that the trade and commerce of the United States is not diminished by efforts, activities, and programs aimed at securing the homeland.

(c) PRIORITY OF NATIONAL STRATEGY.—The National Strategy for Border Security shall be the governing document for Federal security and enforcement efforts related to securing the international border of the United States.

SEC. 1112. REPORTS TO CONGRESS.

(a) NATIONAL STRATEGY.—

(1) INITIAL SUBMISSION.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit the National Strategy for Border Security, including each security plan, to the appropriate congressional committees. Such plans shall include estimated costs of implementation and training from a fiscal and personnel perspective and a cost-benefit analysis of any technological security implementations.

(2) SUBSEQUENT SUBMISSIONS.—After the submission required under paragraph (1), the Secretary shall submit to the appropriate congressional committees any revisions to the National Strategy for Border Security, including any revisions to a security plan, not less frequently than April 1 of each odd-numbered year. The plan shall include estimated costs for implementation and training and a cost-benefit analysis of technological security implementations that take place during the time frame under evaluation.

(b) PERIODIC PROGRESS REPORTS.—

(1) REQUIREMENT FOR REPORT.—Each year, in conjunction with the submission of the budget to Congress under section 1105(a) of title 31, United States Code, the Secretary shall submit to the appropriate congressional committees an assessment of the progress made on implementing the National Strategy for Border Security, including each security plan.

(2) CONTENT.—Each progress report submitted under this subsection shall include any recommendations for improving and implementing the National Strategy for Border Security, including any recommendations for improving and implementing a security plan.

(c) CLASSIFIED MATERIAL.—

(1) IN GENERAL.—Any material included in the National Strategy for Border Security, including each security plan, that includes information that is properly classified under criteria established by Executive order shall be submitted to the appropriate congressional committees in a classified form.

(2) UNCLASSIFIED VERSION.—As appropriate, an unclassified version of the material described in paragraph (1) shall be provided to the appropriate congressional committees.

SEC. 1113. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subtitle for each of the 5 fiscal years beginning with the fiscal year after the fiscal year in which this Act was enacted.

Subtitle B—Border Infrastructure, Technology Integration, and Security Enhancement

SEC. 1121. BORDER SECURITY COORDINATION PLAN.

(a) IN GENERAL.—The Secretary shall coordinate with Federal, State, local, and tribal authorities on law enforcement, emergency response, and security-related responsibilities with regard to the international border of the United States to develop and implement a plan to ensure that the security of such international border is not compromised—

(1) when the jurisdiction for providing such security changes from one such authority to another such authority;

(2) in areas where such jurisdiction is shared by more than one such authority; or

(3) by one such authority relinquishing such jurisdiction to another such authority pursuant to a memorandum of understanding.

(b) ELEMENTS OF PLAN.—In developing the plan, the Secretary shall consider methods to—

(1) coordinate emergency responses;

(2) improve data-sharing, communications, and technology among the appropriate agencies;

(3) promote research and development relating to the activities described in paragraphs (1) and (2); and

(4) combine personnel and resource assets when practicable.

(c) REPORT.—Not later than 1 year after implementing the plan developed under subsection (a), the Secretary shall transmit a report to the appropriate congressional committees on the development and implementation of such plan.

SEC. 1122. BORDER SECURITY ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—The Secretary is authorized to establish a Border Security Advisory Committee (referred to in this section as the ''Advisory Committee'') to provide advice and recommendations to the Secretary on border security and enforcement issues.

(b) COMPOSITION.—

(1) IN GENERAL.—The members of the Advisory Committee shall be appointed by the Secretary and shall include representatives of—

(A) States that are adjacent to the international border of the United States;

(B) local law enforcement agencies; community officials, and tribal authorities of such States; and

(C) other interested parties.

(2) MEMBERSHIP.—The Advisory Committee shall be comprised of members who represent a broad cross section of perspectives.

SEC. 1123. PROGRAMS ON THE USE OF TECHNOLOGIES FOR BORDER SECURITY.

(a) AERIAL SURVEILLANCE TECHNOLOGIES PROGRAM.—

(1) IN GENERAL.—In conjunction with the border surveillance plan developed under section 5201 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108–458), the Secretary, not later than 60 days after the date of enactment of this Act, shall develop and implement a program to fully integrate aerial surveillance technologies to enhance the border security of the United States.

(2) ASSESSMENT AND CONSULTATION REQUIREMENTS.—In developing the program under this subsection, the Secretary shall—

(A) consider current and proposed aerial surveillance technologies;

(B) assess the feasibility and advisability of utilizing such technologies to address border threats, including an assessment of the technologies considered best suited to address respective threats;

(C) consult with the Secretary of Defense regarding any technologies or equipment, which the Secretary may deploy along the international border of the United States; and

(D) consult with the Administrator of the Federal Aviation Administration regarding safety, airspace coordination and regulation, and any other issues necessary for implementation of the program.

(3) ADDITIONAL REQUIREMENTS.—

(A) IN GENERAL.—The program developed under this subsection shall include the utilization of a variety of aerial surveillance technologies in a variety of topographies and areas, including populated and unpopulated areas located on or near the international border of the United States, in order to evaluate, for a range of circumstances—

(i) the significance of previous experiences with such technologies in border security or critical infrastructure protection;

(ii) the cost and effectiveness of various technologies for border security, including varying levels of technical complexity; and

(iii) liability, safety, and privacy concerns relating to the utilization of such technologies for border security.

(B) USE OF UNMANNED AERIAL VEHICLES.—The aerial surveillance technologies utilized in the program shall include unmanned aerial vehicles.

(4) CONTINUED USE OF AERIAL SURVEILLANCE TECHNOLOGIES.—The Secretary may continue the operation of aerial surveillance technologies while assessing the effectiveness of their utilization and until such time the Secretary determines appropriate.

(5) REPORT.—

(A) REQUIREMENT.—Not later than 1 year after implementing the program under this subsection, the Secretary shall submit a report on such program to the appropriate congressional committees.

(B) CONTENT.—The Secretary shall include in the report required by subparagraph (A) a description of the program together with such recommendations as the Secretary finds appropriate for enhancing the program.

(b) DEMONSTRATION PROGRAMS.—The Secretary is authorized, as part of the development and implementation of the National Strategy for Border Security, to establish and carry out demonstration programs to strengthen communication, information sharing, technology, security, intelligence benefits, and enforcement activities that will protect the international border of the United States without diminishing international trade and commerce.

SEC. 1124. COMBATING HUMAN SMUGGLING.

(a) REQUIREMENT FOR PLAN.—The Secretary shall develop and implement a plan to improve coordination between the Bureau of Immigration and Customs Enforcement and the Bureau of Customs and Border Protection of the Department of Homeland Security and any other Federal, State, local, or tribal authorities, as determined appropriate by the Secretary, to improve coordination efforts to combat human smuggling.

(b) CONTENT.—In developing the plan required by subsection (a), the Secretary shall consider—

(1) the interoperability of databases utilized to prevent human smuggling;

(2) adequate and effective personnel training;

(3) methods and programs to effectively target networks that engage in such smuggling;

(4) effective utilization of—

(A) visas for victims of trafficking and other crimes; and

(B) investigatory techniques, equipment, and procedures that prevent, detect, and prosecute international money laundering and other operations that are utilized in smuggling;

(5) joint measures, with the Secretary of State, to enhance intelligence sharing and cooperation with foreign governments whose citizens are preyed on by human smugglers; and

(6) other measures that the Secretary considers appropriate to combating human smuggling.

(c) REPORT.—Not later than 1 year after implementing the plan described in subsection (a), the Secretary shall submit to Congress a report on such plan, including any recommendations for legislative action to improve efforts to combating human smuggling.

SEC. 1125. SAVINGS CLAUSE.

Nothing in this subtitle or subtitle A may be construed to provide to any State or local entity any additional authority to enforce Federal immigration laws.

Subtitle C—International Border Enforcement

SEC. 1131. NORTH AMERICAN SECURITY INITIATIVE.

(a) IN GENERAL.—The Secretary of State shall enhance the mutual security and safety of the United States, Canada, and Mexico by providing a framework for better management, communication, and coordination between the Governments of North America.

(b) RESPONSIBILITIES.—In implementing the provisions of this subtitle, the Secretary of State shall carry out all of the activities described in this subtitle.

SEC. 1132. INFORMATION SHARING AGREEMENTS.

The Secretary of State, in coordination with the Secretary of Homeland Security and the Government of Mexico, is authorized to negotiate an agreement with Mexico to—

(1) cooperate in the screening of third-country nationals using Mexico as a transit corridor for entry into the United States; and

(2) provide technical assistance to support stronger immigration control at the border with Mexico.

SEC. 1133. IMPROVING THE SECURITY OF MEXICO'S SOUTHERN BORDER.

(a) TECHNICAL ASSISTANCE.—The Secretary of State, in coordination with the Secretary of Homeland Security, the Canadian Department of Foreign Affairs, and the Government of Mexico, shall establish a program to—

(1) assess the specific needs of the governments of Central American countries in maintaining the security of the borders of such countries;

(2) use the assessment made under paragraph (1) to determine the financial and technical support needed by the governments of Central American countries from Canada, Mexico, and the United States to meet such needs;

(3) provide technical assistance to the governments of Central American countries to secure issuance of passports and travel documents by such countries; and

(4) encourage the governments of Central American countries to—

(A) control alien smuggling and trafficking;

(B) prevent the use and manufacture of fraudulent travel documents; and

(C) share relevant information with Mexico, Canada, and the United States.

(b) IMMIGRATION.—The Secretary of Homeland Security, in consultation with the Secretary of State and appropriate officials of the governments of Central American countries shall provide robust law enforcement assistance to such governments that specifically addresses migratory issues to increase the ability of such governments to dismantle human smuggling organizations and gain tighter control over the border.

(c) BORDER SECURITY BETWEEN MEXICO AND GUATEMALA OR BELIZE.—The Secretary of State, in consultation with the Secretary of Homeland Security, the Government of Mexico, and appropriate officials of the Governments of Guatemala, Belize, and neighboring contiguous countries, shall establish a program to provide needed equipment, technical assistance, and vehicles to manage, regulate, and patrol the international border between Mexico and Guatemala and between Mexico and Belize.

(d) TRACKING CENTRAL AMERICAN GANGS.—The Secretary of State, in coordination with the Secretary of Homeland Security, the Director of the Federal Bureau of Investigation, the Government of Mexico, and appropriate officials of the governments of Central American countries, shall—

(1) assess the direct and indirect impact on the United States and Central America on deporting violent criminal aliens;

(2) establish a program and database to track Central American gang activities, focusing on the identification of returning criminal deportees;

(3) devise an agreed-upon mechanism for notification applied prior to deportation and for support for reintegration of these deportees; and

(4) devise an agreement to share all relevant information with the appropriate agencies of Mexico and other Central American countries.

TITLE II—STATE CRIMINAL ALIEN ASSISTANCE

SEC. 1201. STATE CRIMINAL ALIEN ASSISTANCE PROGRAM AUTHORIZATION OF APPROPRIATIONS.

Section 241(i) of the Immigration and Nationality Act (8 U.S.C. 1231(i)) is amended by striking paragraphs (5) and (6) and inserting the following:

''(5) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated to carry out this subsection—

''(i) such sums as may be necessary for fiscal year 2005;

''(ii) $750,000,000 for fiscal year 2006;

''(iii) $850,000,000 for fiscal year 2007; and

''(iv) $950,000,000 for each of the fiscal years 2008 through 2011.

''(B) LIMITATION ON USE OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) that are distributed to a State or political subdivision of a State, including a municipality, may be used only for correctional purposes.''.

SEC. 1202. REIMBURSEMENT OF STATES FOR INDIRECT COSTS RELATING TO THE INCARCERATION OF ILLEGAL ALIENS.

Section 501 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1365) is amended—

(1) in subsection (a)—

(A) by striking ''for the costs'' and inserting the following: ''for—

''(1) the costs''; and

(B) by striking ''such State.'' and inserting the following: ''such State; and

''(2) the indirect costs related to the imprisonment described in paragraph (1).''; and

(2) by striking subsections (c) through (e) and inserting the following:

''(c) MANNER OF ALLOTMENT OF REIMBURSEMENTS.—Reimbursements under this section shall be allotted in a manner that gives special consideration for any State that—

''(1) shares a border with Mexico or Canada; or

''(2) includes within the State an area in which a large number of undocumented aliens reside relative to the general population of that area.

''(d) DEFINITIONS.—As used in this section:

''(1) INDIRECT COSTS.—The term 'indirect costs' includes—

''(A) court costs, county attorney costs, detention costs, and criminal proceedings expenditures that do not involve going to trial;

''(B) indigent defense costs; and

''(C) unsupervised probation costs.

''(2) STATE.—The term 'State' has the meaning given such term in section 101(a)(36) of the Immigration and Nationality Act.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $200,000,000 for each of the fiscal years 2005 through 2011 to carry out subsection (a)(2).''.

SEC. 1203. REIMBURSEMENT OF STATES FOR PRE-CONVICTION COSTS RELATING TO THE INCARCERATION OF ILLEGAL ALIENS.

Section 241(i)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1231(i)(3)(a) is amended by inserting ''charged with or'' before ''convicted.''

TITLE III—ESSENTIAL WORKER VISA PROGRAM

SEC. 1301. ESSENTIAL WORKERS.

Section 101(a)(15)(H) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)) is amended—

(1) by striking ''(H) an alien (i)(b)'' and inserting the following:

''(H) an alien—

''(i)(b)'';

(2) by striking ''or (ii)(a)'' and inserting the following:

''(ii)(a)'';

(3) by striking ''or (iii)'' and inserting the following:

''(iii)''; and

(4) by adding at the end the following:

''(v)(a) subject to section 218A, having residence in a foreign country, which the alien has no intention of abandoning, who is coming temporarily to the United States to initially perform labor or services (other than those occupation classifications covered under the provisions of clause (i)(b) or (ii)(a) or subparagraph (L), (O), (P), or (R)); or.''.

SEC. 1302. ADMISSION OF ESSENTIAL WORKERS.

(a) IN GENERAL.—Chapter 2 of title II of the Immigration and Nationality Act (8 U.S.C. 1181 et seq.) is amended by inserting after section 218 the following:

''ADMISSION OF TEMPORARY H–5A WORKERS

''SEC. 218A. (a) The Secretary of State may grant a temporary visa to a nonimmigrant described in section 101(a)(15)(H)(v)(a) who demonstrates an intent to perform labor or services in the United States (other than those occupational classifications covered

under the provisions of clause (i)(b) or (ii)(a) of section 101(a)(15)(H) or subparagraph (L), (O), (P), or (R)) of section 101(a)(15).

''(b) REQUIREMENTS FOR ADMISSION.—In order to be eligible for nonimmigrant status under section 101(a)(15)(H)(v)(a), an alien shall meet the following requirements:

''(1) ELIGIBILITY TO WORK.—The alien shall establish that the alien is capable of performing the labor or services required for an occupation under section 101(a)(15)(H)(v).

''(2) EVIDENCE OF EMPLOYMENT.—The alien's evidence of employment shall be provided through the Employment Eligibility Confirmation System established under section 274E or in accordance with requirements issued by the Secretary of State, in consultation with the Secretary of Homeland Security. In carrying out this paragraph, the Secretary may consider evidence from employers, employer associations, and labor representatives.

''(3) FEE.—The alien shall pay a $500 application fee to apply for the visa in addition to the cost of processing and adjudicating such application. Nothing in this paragraph shall be construed to affect consular procedures for charging reciprocal fees.

''(4) MEDICAL EXAMINATION.—The alien shall undergo a medical examination (including a determination of immunization status) at the alien's expense, that conforms to generally accepted standards of medical practice.

''(c) GROUNDS OF INADMISSIBILITY.—

''(1) IN GENERAL.—In determining an alien's admissibility as a nonimmigrant under section 101(a)(15)(H)(v)(a)—

''(A) paragraphs (5), (6) (except for subparagraph (E)), (7), (9), and (10)(B) of section 212(a) may be waived for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced;

''(B) the Secretary of Homeland Security may not waive—

''(i) subparagraph (A), (B), (C), (E), (G), (H), or (I) of section 212(a)(2) (relating to criminals);

''(ii) section 212(a)(3) (relating to security and related grounds); or

''(iii) subparagraph (A) or (C) of section 212(a)(10) (relating to polygamists and child abductors);

''(C) for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced, the Secretary of Homeland Security may waive the application of any provision of section 212(a) not listed in subparagraph (B) on behalf of an individual alien for humanitarian purposes, to ensure family unity, or when such waiver is otherwise in the public interest; and

''(D) nothing in this paragraph shall be construed as affecting the authority of the Secretary of Homeland Security to waive the provisions of section 212(a).

''(2) WAIVER FINE.—An alien who is granted a waiver under subparagraph (1) shall pay a $1,500 fine upon approval of the alien's visa application.

''(3) APPLICABILITY OF OTHER PROVISIONS.—Sections 240B(d) and 241(a)(5) shall not apply to an alien who initially seeks admission as a nonimmigrant under section 101(a)(15)(H)(v)(a).

''(4) RENEWAL OF AUTHORIZED ADMISSION AND SUBSEQUENT ADMISSIONS.—An alien seeking renewal of authorized admission or subsequent admission as a nonimmigrant under section 101(a)(15)(H)(v)(a) shall establish that the alien is not inadmissible under section 212(a).

''(d) PERIOD OF AUTHORIZED ADMISSION.—

''(1) INITIAL PERIOD.—The initial period of authorized admission as a nonimmigrant described in section 101(a)(15)(H)(v)(a) shall be 3 years.

''(2) RENEWALS.—The alien may seek an extension of the period described in paragraph (1) for 1 additional 3-year period.

''(3) LOSS OF EMPLOYMENT.—

''(A) IN GENERAL.—Subject to subsection (c), the period of authorized admission of a nonimmigrant alien under section 101(a)(15)(H)(v)(a) shall terminate if the nonimmigrant is unemployed for 45 or more consecutive days.

''(B) RETURN TO FOREIGN RESIDENCE.—Any alien whose period of authorized admission terminates under subparagraph (A) shall be required to return to the country of the alien's nationality or last residence.

''(C) PERIOD OF VISA VALIDITY.—Any alien, whose period of authorized admission terminates under subparagraph (A), who returns to the country of the alien's nationality or last residence under subparagraph (B), may reenter the United States on the basis of the same visa to work for an employer, if the alien has complied with the requirements of subsection (b)(1).

''(4) VISITS OUTSIDE UNITED STATES.—

''(A) IN GENERAL.—Under regulations established by the Secretary of Homeland Security, a nonimmigrant alien under section 101(a)(15)(H)(v)(a)—

''(i) may travel outside of the United States; and

''(ii) may be readmitted without having to obtain a new visa if the period of authorized admission has not expired.

''(B) EFFECT ON PERIOD OF AUTHORIZED ADMISSION.—Time spent outside the United States under subparagraph (A) shall not extend the period of authorized admission in the United States.

''(e) PORTABILITY.—A nonimmigrant alien described in this section, who was previously issued a visa or otherwise provided nonimmigrant status under section 101(a)(15)(H)(v)(a), may accept new employment with a subsequent employer.

''(f) WAIVER OF RIGHTS PROHIBITED.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) may not be required to waive any rights or protections under the Secure America and Orderly Immigration Act.

''(g) CHANGE OF ADDRESS.—An alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) shall comply by either electronic or paper notification with the change of address reporting requirements under section 265.

''(h) BAR TO FUTURE VISAS FOR VIOLATIONS.—

''(1) IN GENERAL.—Any alien having the nonimmigrant status described in section 101(a)(15)(H)(v)(a) shall not be eligible to renew such nonimmigrant status if the alien willfully violates any material term or condition of such status.

''(2) WAIVER.—The alien may apply for a waiver of the application of subparagraph (A) for technical violations, inadvertent errors, or violations for which the alien was not at fault.

''(i) COLLECTION OF FEES.—All fees collected under this section shall be deposited in the Treasury in accordance with section 286(w).''.

(b) CONFORMING AMENDMENT REGARDING PRESUMPTION OF NONIMMIGRANT STATUS.—Section 214(b) of the Immigration and Nationality Act (8 U.S.C. 1184(b)) is amended by inserting ''(H)(v)(a),'' after ''(H)(i),''.

(c) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 218 the following:

''Sec. 218A. Admission of temporary H–5A workers.''.

SEC. 1303. EMPLOYER OBLIGATIONS.

Employers employing a nonimmigrant described in section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act, as added by section 1301, shall comply with all applicable Federal, State, and local laws, including—

(1) laws affecting migrant and seasonal agricultural workers; and

(2) the requirements under section 274E of such Act, as added by section 1402.

SEC. 1304. PROTECTION FOR WORKERS.

Section 218A of the Immigration and Nationality Act, as added by section 1302, is amended by adding at the end the following:

''(h) APPLICATION OF LABOR AND OTHER LAWS.—

''(1) DEFINITIONS.—As used in this subsection and in subsections (i) through (k):

''(A) EMPLOY; EMPLOYEE; EMPLOYER.—The terms 'employ', 'employee', and 'employer' have the meanings given such terms in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

''(B) FOREIGN LABOR CONTRACTOR.—The term 'foreign labor contractor' means any person who for any compensation or other valuable consideration paid or promised to be paid, performs any foreign labor contracting activity.

''(C) FOREIGN LABOR CONTRACTING ACTIVITY.—The term 'foreign labor contracting activity' means recruiting, soliciting, hiring, employing, or furnishing, an individual who resides outside of the United States for employment in the United States as a nonimmigrant alien described in section 101(a)(15)(H)(v)(a).

''(2) COVERAGE.—Notwithstanding any other provision of law—

''(A) a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) is prohibited from being treated as an independent contractor; and

''(B) no person may treat a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) as an independent contractor.

''(3) APPLICABILITY OF LAWS.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) shall not be denied any right or any remedy under Federal, State, or local labor or employment law that would be applicable to a United States worker employed in a similar position with the employer because of the alien's status as a nonimmigrant worker.

''(4) TAX RESPONSIBILITIES.—With respect to each employed nonimmigrant alien described in section 101(a)(15)(H)(v)(a), an employer shall comply with all applicable Federal, State, and local tax and revenue laws.

''(5) NONDISCRIMINATION IN EMPLOYMENT.—An employer shall provide nonimmigrants issued a visa under this section with the same wages, benefits, and working conditions that are provided by the employer to United States workers similarly employed in the same occupation and the same place of employment.

''(6) NO REPLACEMENT OF STRIKING EMPLOYEES.—An employer may not hire a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) as a replacement worker if there is a strike or lockout in the course of a labor dispute in the occupational classification at the place of employment.

''(7) WAIVER OF RIGHTS PROHIBITED.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) may not be required to waive any rights or protections under the Secure America and Orderly Immigration Act. Nothing under this provision shall be construed to affect the interpretation of other laws.

''(8) NO THREATENING OF EMPLOYEES.—It shall be a violation of this section for an employer who has filed a petition under section

203(b) to threaten the alien beneficiary of such a petition with withdrawal of the application, or to withdraw such a petition in retaliation for the beneficiary's exercise of a right protected by the Secure America and Orderly Immigration Act.

''(9) WHISTLEBLOWER PROTECTION.—It shall be unlawful for an employer or a labor contractor of a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) to intimidate, threaten, restrain, coerce, retaliate, discharge, or in any other manner, discriminate against an employee or former employee because the employee or former employee—

''(A) discloses information to the employer or any other person that the employee or former employee reasonably believes demonstrates a violation of Secure America and Orderly Immigration Act.

''(B) cooperates or seeks to cooperate in an investigation or other proceeding concerning compliance with the requirements of the Secure America and Orderly Immigration Act.

''(i) LABOR RECRUITERS.—

''(1) IN GENERAL.—Each employer that engages in foreign labor contracting activity and each foreign labor contractor shall ascertain and disclose to each such worker who is recruited for employment the following information at the time of the worker's recruitment:

''(A) The place of employment.

''(B) The compensation for the employment.

''(C) A description of employment activities.

''(D) The period of employment.

''(E) Any other employee benefit to be provided and any costs to be charged for each benefit.

''(F) Any travel or transportation expenses to be assessed.

''(G) The existence of any labor organizing effort, strike, lockout, or other labor dispute at the place of employment.

''(H) The existence of any arrangement with any owner, employer, foreign contractor, or its agent where such person receives a commission from the provision of items or services to workers.

''(I) The extent to which workers will be compensated through workers' compensation, private insurance, or otherwise for injuries or death, including work related injuries and death, during the period of employment and, if so, the name of the State workers' compensation insurance carrier or the name of the policyholder of the private insurance, the name and the telephone number of each person who must be notified of an injury or death, and the time period within which such notice must be given.

''(J) Any education or training to be provided or required, including the nature and cost of such training, who will pay such costs, and whether the training is a condition of employment, continued employment, or future employment.

''(K) A statement, in a form specified by the Secretary of Labor, describing the protections of this Act for workers recruited abroad.

''(2) FALSE OR MISLEADING INFORMATION.—No foreign labor contractor or employer who engages in foreign labor contracting activity shall knowingly provide material false or misleading information to any worker concerning any matter required to be disclosed in paragraph (1).

''(3) LANGUAGES.—The information required to be disclosed under paragraph (1) shall be provided in writing in English or, as necessary and reasonable, in the language of the worker being recruited. The Department of Labor shall make forms available in English, Spanish, and other languages, as necessary, which may be used in providing workers with information required under this section.

''(4) FEES.—A person conducting a foreign labor contracting activity shall not assess any fee to a worker for such foreign labor contracting activity.

''(5) TERMS.—No employer or foreign labor contractor shall, without justification, violate the terms of any agreement made by that contractor or employer regarding employment under this program.

''(6) TRAVEL COSTS.—If the foreign labor contractor or employer charges the employee for transportation such transportation costs shall be reasonable.

''(7) OTHER WORKER PROTECTIONS.—

''(A) NOTIFICATION.—Every 2 years, each employer shall notify the Secretary of Labor of the identity of any foreign labor contractor engaged by the employer in any foreign labor contractor activity for or on behalf of the employer.

''(B) REGISTRATION OF FOREIGN LABOR CONTRACTORS.—

''(i) IN GENERAL.—No person shall engage in foreign labor recruiting activity unless such person has a certificate of registration from the Secretary of Labor specifying the activities that such person is authorized to perform. An employer who retains the services of a foreign labor contractor shall only use those foreign labor contractors who are registered under this subparagraph.

''(ii) ISSUANCE.—The Secretary shall promulgate regulations to establish an efficient electronic process for the investigation and approval of an application for a certificate of registration of foreign labor contractors not later than 14 days after such application is filed. Such process shall include requirements under paragraphs (1), (4), and (5) of section 1812 of title 29, United States Code, an expeditious means to update registrations and renew certificates and any other requirements the Secretary may prescribe.

''(iii) TERM.—Unless suspended or revoked, a certificate under this subparagraph shall be valid for 2 years.

''(iv) REFUSAL TO ISSUE; REVOCATION; SUSPENSION.—In accordance with regulations promulgated by the Secretary of Labor, the Secretary may refuse to issue or renew, or may suspend or revoke, a certificate of registration under this subparagraph. The justification for such refusal, suspension, or revocation may include the following:

''(I) The application or holder of the certification has knowingly made a material misrepresentation in the application for such certificate.

''(II) The applicant for or holder of the certification is not the real party in interest in the application or certificate of registration and the real party in interest is a person who has been refused issuance or renewal of a certificate, has had a certificate suspended or revoked, or does not qualify for a certificate under this paragraph.

''(III) The applicant for or holder of the certification has failed to comply with the Secure America and Orderly Immigration Act.

''(C) REMEDY FOR VIOLATIONS.—An employer engaging in foreign labor contracting activity and a foreign labor contractor that violates the provisions of this subsection shall be subject to remedies for foreign labor contractor violations under subsections (j) and (k). If a foreign labor contractor acting as an agent of an employer violates any provision of this subsection, the employer shall also be subject to remedies under subsections (j) and (k). An employer that violates a provision of this subsection relating to employer obligations shall be subject to remedies under this subsections (j) and (k).

''(D) EMPLOYER NOTIFICATION.—An employer shall notify the Secretary of Labor any time the employer becomes aware of a violation of this subsection by a foreign labor recruiter.

''(E) WRITTEN AGREEMENTS.—No foreign labor contractor shall violate the terms of any written agreements made with an employer relating to any contracting activity or worker protection under this subsection.

''(F) BONDING REQUIREMENT.—The Secretary of Labor may require a foreign labor contractor under this subsection to post a bond in an amount sufficient to ensure the protection of individuals recruited by the foreign labor contractor. The Secretary may consider the extent to which the foreign labor contractor has sufficient ties to the United States to adequately enforce this subsection.

''(j) ENFORCEMENT.—

''(1) IN GENERAL.—The Secretary of Labor shall prescribe regulations for the receipt, investigation, and disposition of complaints by an aggrieved person respecting a violation of this section.

''(2) DEFINITION.—As used in this subsection, an 'aggrieved person' is a person adversely affected by the alleged violation, including—

''(A) a worker whose job, wages, or working conditions are adversely affected by the violation; and

''(B) a representative for workers whose jobs, wages, or working conditions are adversely affected by the violation who brings a complaint on behalf of such worker.

''(3) FILING DEADLINE.—No investigation or hearing shall be conducted on a complaint concerning a violation under this section unless the complaint was filed not later than 12 months after the date of such violation.

''(4) REASONABLE CAUSE.—The Secretary of Labor shall conduct an investigation under this subsection if there is reasonable cause to believe that a violation of this section has occurred. The process established under this subsection shall provide that, not later than 30 days after a complaint is filed, the Secretary shall determine if there is reasonable cause to find such a violation.

''(5) NOTICE AND HEARING.—

''(A) IN GENERAL.—Not later than 60 days after the Secretary of Labor makes a determination of reasonable cause under paragraph (4), the Secretary shall issue a notice to the interested parties and offer an opportunity for a hearing on the complaint, in accordance with section 556 of title 5, United States Code.

''(B) COMPLAINT.—If the Secretary of Labor, after receiving a complaint under this subsection, does not offer the aggrieved party or organization an opportunity for a hearing under subparagraph (A), the Secretary shall notify the aggrieved party or organization of such determination and the aggrieved party or organization may seek a hearing on the complaint in accordance with such section 556.

''(C) HEARING DEADLINE.—Not later than 60 days after the date of a hearing under this paragraph, the Secretary of Labor shall make a finding on the matter in accordance with paragraph (6).

''(6) ATTORNEYS' FEES.—A complainant who prevails with respect to a claim under this subsection shall be entitled to an award of reasonable attorneys' fees and costs.

''(7) POWER OF THE SECRETARY.—The Secretary may bring an action in any court of competent jurisdiction—

''(A) to seek remedial action, including injunctive relief;

''(B) to recover the damages described in subsection (k); or

''(C) to ensure compliance with terms and conditions described in subsection (i).

''(8) SOLICITOR OF LABOR.—Except as provided in section 518(a) of title 28, United

States Code, the Solicitor of Labor may appear for and represent the Secretary of Labor in any civil litigation brought under this subsection. All such litigation shall be subject to the direction and control of the Attorney General.

''(9) PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.—The rights and remedies provided to workers under this section are in addition to, and not in lieu of, any other contractual or statutory rights and remedies of the workers, and are not intended to alter or affect such rights and remedies.

''(k) PENALTIES.—

''(1) IN GENERAL.—If, after notice and an opportunity for a hearing, the Secretary of Labor finds a violation of subsection (h) or (i), the Secretary may impose administrative remedies and penalties, including—

''(A) back wages;

''(B) fringe benefits; and

''(C) civil monetary penalties.

''(2) CIVIL PENALTIES.—The Secretary of Labor may impose, as a civil penalty—

''(A) for a violation of subsection (h)—

''(i) a fine in an amount not to exceed $2,000 per violation per affected worker;

''(ii) if the violation was willful violation, a fine in an amount not to exceed $5,000 per violation per affected worker;

''(iii) if the violation was willful and if in the course of such violation a United States worker was harmed, a fine in an amount not to exceed $25,000 per violation per affected worker; and

''(B) for a violation of subsection (i)—

''(i) a fine in an amount not less than $500 and not more than $4,000 per violation per affected worker;

''(ii) if the violation was willful, a fine in an amount not less than $2,000 and not more than $5,000 per violation per affected worker; and

''(iii) if the violation was willful and if in the course of such violation a United States worker was harmed, a fine in an amount not less than $6,000 and not more than $35,000 per violation per affected worker.

''(3) USE OF CIVIL PENALTIES.—All penalties collected under this subsection shall be deposited in the Treasury in accordance with section 286(w).

''(4) CRIMINAL PENALTIES.—If a willful and knowing violation of subsection (i) causes extreme physical or financial harm to an individual, the person in violation of such subsection may be imprisoned for not more than 6 months, fined not more than $35,000 fine, or both.''.

SEC. 1305. MARKET-BASED NUMERICAL LIMITATIONS.

Section 214(g) of the Immigration and Nationality Act (8 U.S.C. 1184(g)) is amended—

(1) in paragraph (1)—

(A) by striking ''(beginning with fiscal year 1992)'';

(B) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(C) under section 101(a)(15)(H)(v)(a), may not exceed—

''(i) 400,000 for the first fiscal year in which the program is implemented;

''(ii) in any subsequent fiscal year—

''(I) if the total number of visas allocated for that fiscal year are allotted within the first quarter of that fiscal year, then an additional 20 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 20 percent of the original allocated amount in the prior fiscal year;

''(II) if the total number of visas allocated for that fiscal year are allotted within the second quarter of that fiscal year, then an additional 15 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 15 percent of the original allocated amount in the prior fiscal year;

''(III) if the total number of visas allocated for that fiscal year are allotted within the third quarter of that fiscal year, then an additional 10 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 10 percent of the original allocated amount in the prior fiscal year;

''(IV) if the total number of visas allocated for that fiscal year are allotted within the last quarter of that fiscal year, then the allocated amount for the following fiscal year shall increase by 10 percent of the original allocated amount in the prior fiscal year; and

''(V) with the exception of the first subsequent fiscal year to the fiscal year in which the program is implemented, if fewer visas were allotted the previous fiscal year than the number of visas allocated for that year and the reason was not due to processing delays or delays in promulgating regulations, then the allocated amount for the following fiscal year shall decrease by 10 percent of the allocated amount in the prior fiscal year.''; and

(2) by adding at the end the following:

''(9)(A) Of the total number of visas allocated for each fiscal year under paragraph (1)(C)—

''(i) 50,000 visas shall be allocated to qualifying counties; and

''(ii) any of the visas allocated under clause (i) that are not issued by June 30 of such fiscal year, may be made available to any qualified applicant.

''(B) In this paragraph, the term 'qualifying county' means any county that—

''(i) that is outside a metropolitan statistical area; and

''(ii) during the 20-year-period ending on the last day of the calendar year preceding the date of enactment of the Secure America and Orderly Immigration Act, experienced a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.

''(10) In allocating visas under this subsection, the Secretary of State may take any additional measures necessary to deter illegal immigration.''.

SEC. 1306. ADJUSTMENT TO LAWFUL PERMANENT RESIDENT STATUS.

Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended by adding at the end the following:

''(n)(1) For purposes of adjustment of status under subsection (a), employment-based immigrant visas shall be made available to an alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) upon the filing of a petition for such a visa—

''(A) by the alien's employer; or

''(B) by the alien, if the alien has maintained such nonimmigrant status in the United States for a cumulative total of 4 years.

''(2) An alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) may not apply for adjustment of status under this section unless the alien—

''(A) is physically present in the United States; and

''(B) the alien establishes that the alien—

''(i) meets the requirements of section 312; or

''(ii) is satisfactorily pursuing a course of study to achieve such an understanding of English and knowledge and understanding of the history and government of the United States.

''(3) An alien who demonstrates that the alien meets the requirements of section 312 may be considered to have satisfied the requirements of that section for purposes of becoming naturalized as a citizen of the United States under title III.

''(4) Filing a petition under paragraph (1) on behalf of an alien or otherwise seeking permanent residence in the United States for such alien shall not constitute evidence of the alien's ineligibility for nonimmigrant status under section 101(a)(15)(H)(v)(a).

''(5) The limitation under section 302(d) regarding the period of authorized stay shall not apply to any alien having nonimmigrant status under section 101(a)(15)(H)(v)(a) if—

''(A) a labor certification petition filed under section 203(b) on behalf of such alien is pending; or

''(B) an immigrant visa petition filed under section 204(b) on behalf of such alien is pending.

''(6) The Secretary of Homeland Security shall extend the stay of an alien who qualifies for an exemption under paragraph (5) in 1-year increments until a final decision is made on the alien's lawful permanent residence.

''(7) Nothing in this subsection shall be construed to prevent an alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) from filing an application for adjustment of status under this section in accordance with any other provision of law.''.

SEC. 1307. ESSENTIAL WORKER VISA PROGRAM TASK FORCE.

(a) ESTABLISHMENT OF TASK FORCE.—

(1) IN GENERAL.—There is established a task force to be known as the Essential Worker Visa Program Task Force (referred to in this section as the ''Task Force'').

(2) PURPOSES.—The purposes of the Task Force are—

(A) to study the Essential Worker Visa Program (referred to in this section as the ''Program'') established under this title; and

(B) to make recommendations to Congress with respect to such program.

(3) MEMBERSHIP.—The Task Force shall be composed of 10 members, of whom—

(A) 1 shall be appointed by the President and shall serve as chairman of the Task Force;

(B) 1 shall be appointed by the leader of the Democratic Party in the Senate, in consultation with the leader of the Democratic Party in the House of Representatives, and shall serve as vice chairman of the Task Force;

(C) 2 shall be appointed by the majority leader of the Senate;

(D) 2 shall be appointed by the minority leader of the Senate;

(E) 2 shall be appointed by the Speaker of the House of Representatives; and

(F) 2 shall be appointed by the minority leader of the House of Representatives.

(4) QUALIFICATIONS.—

(A) IN GENERAL.—Members of the Task Force shall be—

(i) individuals with expertise in economics, demography, labor, business, or immigration or other pertinent qualifications or experience; and

(ii) representative of a broad cross-section of perspectives within the United States, including the public and private sectors and academia;

(B) POLITICAL AFFILIATION.—Not more than 5 members of the Task Force may be members of the same political party.

(C) NONGOVERNMENTAL APPOINTEES.—An individual appointed to the Task Force may not be an officer or employee of the Federal Government or of any State or local government.

(5) DEADLINE FOR APPOINTMENT.—All members of the Task Force shall be appointed not later than 6 months after the Program has been implemented.

(6) VACANCIES.—Any vacancy in the Task Force shall not affect its powers, but shall be

filled in the same manner in which the original appointment was made.

(7) MEETINGS.—

(A) INITIAL MEETING.—The Task Force shall meet and begin the operations of the Task Force as soon as practicable.

(B) SUBSEQUENT MEETINGS.—After its initial meeting, the Task Force shall meet upon the call of the chairman or a majority of its members.

(8) QUORUM.—Six members of the Task Force shall constitute a quorum.

(b) DUTIES.—The Task Force shall examine and make recommendations regarding the Program, including recommendations regarding—

(1) the development and implementation of the Program;

(2) the criteria for the admission of temporary workers under the Program;

(3) the formula for determining the yearly numerical limitations of the Program;

(4) the impact of the Program on immigration;

(5) the impact of the Program on the United States workforce and United States businesses; and

(6) any other matters regarding the Program that the Task Force considers appropriate.

(c) INFORMATION AND ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION FROM FEDERAL AGENCIES.—The Task Force may seek directly from any Federal department or agency such information, including suggestions, estimates, and statistics, as the Task Force considers necessary to carry out the provisions of this section. Upon request of the Task Force, the head of such department or agency shall furnish such information to the Task Force.

(2) ASSISTANCE FROM FEDERAL AGENCIES.—The Administrator of General Services shall, on a reimbursable base, provide the Task Force with administrative support and other services for the performance of the Task Force's functions. The departments and agencies of the United States may provide the Task Force with such services, funds, facilities, staff, and other support services as they determine advisable and as authorized by law.

(d) REPORTS.—

(1) INITIAL REPORT.—Not later than 2 years after the Program has been implemented, the Task Force shall submit a report to Congress, the Secretary of State, the Secretary of Labor, and the Secretary of Homeland Security that contains—

(A) findings with respect to the duties of the Task Force;

(B) recommendations for improving the Program; and

(C) suggestions for legislative or administrative action to implement the Task Force recommendations.

(2) FINAL REPORT.—Not later than 4 years after the submission of the initial report under paragraph (1), the Task Force shall submit a final report to Congress, the Secretary of State, the Secretary of Labor, and the Secretary of Homeland Security that contains additional findings, recommendations, and suggestions, as described in paragraph (1).

SEC. 1308. WILLING WORKER-WILLING EMPLOYER ELECTRONIC JOB REGISTRY.

(a) ESTABLISHMENT.—The Secretary of Labor shall direct the coordination and modification of the national system of public labor exchange services (commonly known as ''America's Job Bank'') in existence on the date of enactment of this Act to provide information on essential worker employment opportunities available to United States workers and nonimmigrant workers under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act, as added by this Act.

(b) RECRUITMENT OF UNITED STATES WORKERS.—Before the completion of evidence of employment for a potential nonimmigrant worker under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a), an employer shall attest that the employer has posted in the Job Registry for not less than 30 days in order to recruit United States workers. An employer shall maintain records for not less than 1 year demonstrating why United States workers who applied were not hired.

(c) OVERSIGHT AND MAINTENANCE OF RECORDS.—The Secretary of Labor shall maintain electronic job registry records, as established by regulation, for the purpose of audit or investigation.

(d) ACCESS TO JOB REGISTRY.—

(1) CIRCULATION IN INTERSTATE EMPLOYMENT SERVICE SYSTEM.—The Secretary of Labor shall ensure that job opportunities advertised on the electronic job registry established under this section are accessible by the State workforce agencies, which may further disseminate job opportunity information to other interested parties.

(2) INTERNET.—The Secretary of Labor shall ensure that the Internet-based electronic job registry established or approved under this section may be accessed by workers, employers, labor organizations, and other interested parties.

SEC. 1309. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary of State such sums as may be necessary to carry out this title and the amendments made by this title for the period beginning on the date of enactment of this Act and ending on the last day of the sixth fiscal year beginning after the effective date of the regulations promulgated by the Secretary to implement this title.

TITLE IV—ENFORCEMENT

SEC. 1401. DOCUMENT AND VISA REQUIREMENTS.

(a) IN GENERAL.—Section 221(a) of the Immigration and Nationality Act (8 U.S.C. 1201(a)) is amended by adding at the end the following:

''(3) VISAS AND IMMIGRATION RELATED DOCUMENT REQUIREMENTS.—

''(A) Visas issued by the Secretary of State and immigration related documents issued by the Secretary of State or the Secretary of Homeland Security shall comply with authentication and biometric standards recognized by domestic and international standards organizations.

''(B) Such visas and documents shall—

''(i) be machine-readable and tamper-resistant;

''(ii) use biometric identifiers that are consistent with the requirements of section 303 of the Enhanced Border Security and Visa Entry Reform Act of 2002 (8 U.S.C. 1732), and represent the benefits and status set forth in such section;

''(iii) comply with the biometric and document identifying standards established by the International Civil Aviation Organization; and

''(iv) be compatible with the United States Visitor and Immigrant Status Indicator Technology and the employment verification system established under section 274E.

''(C) The information contained on the visas or immigration related documents described in subparagraph (B) shall include—

''(i) the alien's name, date and place of birth, alien registration or visa number, and, if applicable, social security number;

''(ii) the alien's citizenship and immigration status in the United States; and

''(iii) the date that such alien's authorization to work in the United States expires, if appropriate.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date that is 6 months after the date of enactment of this Act.

SEC. 1402. EMPLOYMENT ELIGIBILITY CONFIRMATION SYSTEM.

(a) IN GENERAL.—Chapter 8 of title II of the Immigration and Nationality Act (8 U.S.C. 1321 et seq.) is amended by inserting after section 274D the following:

''EMPLOYMENT ELIGIBILITY

''SEC. 274E. (a) EMPLOYMENT ELIGIBILITY CONFIRMATION SYSTEM.—

''(1) IN GENERAL.—The Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security, shall establish an Employment Eligibility Confirmation System (referred to in this section as the 'System') through which the Commissioner responds to inquiries made by employers who have hired individuals concerning each individual's identity and employment authorization.

''(2) MAINTENANCE OF RECORDS.—The Commissioner shall electronically maintain records by which compliance under the System may be verified.

''(3) OBJECTIVES OF THE SYSTEM.—The System shall—

''(A) facilitate the eventual transition for all businesses from the employer verification system established in section 274A with the System;

''(B) utilize, as a central feature of the System, machine-readable documents that contain encrypted electronic information to verify employment eligibility; and

''(C) provide for the evidence of employment required under section 218A.

''(4) INITIAL RESPONSE.—The System shall provide—

''(A) confirmation or a tentative nonconfirmation of an individual's identity and employment eligibility not later than 1 working day after the initial inquiry; and

''(B) an appropriate code indicating such confirmation or tentative nonconfirmation.

''(5) SECONDARY VERIFICATION PROCESS IN CASE OF TENTATIVE NONCONFIRMATION.—

''(A) ESTABLISHMENT.—For cases of tentative nonconfirmation, the Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security, shall establish a secondary verification process. The employer shall make the secondary verification inquiry not later than 10 days after receiving a tentative nonconfirmation.

''(B) DISCREPANCIES.—If an employee chooses to contest a secondary nonconfirmation, the employer shall provide the employee with a referral letter and instruct the employee to visit an office of the Department of Homeland Security or the Social Security Administration to resolve the discrepancy not later than 10 working days after the receipt of such referral letter in order to obtain confirmation.

''(C) FAILURE TO CONTEST.—An individual's failure to contest a confirmation shall not constitute knowledge (as defined in section 274a.1(l) of title 8, Code of Federal Regulations.

''(6) DESIGN AND OPERATION OF SYSTEM.—The System shall be designed, implemented, and operated—

''(A) to maximize its reliability and ease of use consistent with protecting the privacy and security of the underlying information through technical and physical safeguards;

''(B) to allow employers to verify that a newly hired individual is authorized to be employed;

''(C) to permit individuals to—

''(i) view their own records in order to ensure the accuracy of such records; and

''(ii) contact the appropriate agency to correct any errors through an expedited process

established by the Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security; and

''(D) to prevent discrimination based on national origin or citizenship status under section 274B.

''(7) UNLAWFUL USES OF SYSTEM.—It shall be an unlawful immigration-related employment practice—

''(A) for employers or other third parties to use the System selectively or without authorization;

''(B) to use the System prior to an offer of employment;

''(C) to use the System to exclude certain individuals from consideration for employment as a result of a perceived likelihood that additional verification will be required, beyond what is required for most job applicants;

''(D) to use the System to deny certain employment benefits, otherwise interfere with the labor rights of employees, or any other unlawful employment practice; or

''(E) to take adverse action against any person, including terminating or suspending an employee who has received a tentative nonconfirmation.

''(b) EMPLOYMENT ELIGIBILITY DATABASE.—

''(1) REQUIREMENT.—The Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security and other appropriate agencies, shall design, implement, and maintain an Employment Eligibility Database (referred to in this section as the 'Database') as described in this subsection.

''(2) DATA.—The Database shall include, for each individual who is not a citizen or national of the United States, but is authorized or seeking authorization to be employed in the United States, the individual's—

''(A) country of origin;

''(B) immigration status;

''(C) employment eligibility;

''(D) occupation;

''(E) metropolitan statistical area of employment;

''(F) annual compensation paid;

''(G) period of employment eligibility;

''(H) employment commencement date; and

''(I) employment termination date.

''(3) REVERIFICATION OF EMPLOYMENT ELIGIBILITY.—The Commissioner of Social Security shall prescribe, by regulation, a system to annually reverify the employment eligibility of each individual described in this section—

''(A) by utilizing the machine-readable documents described in section 221(a)(3); or

''(B) if machine-readable documents are not available, by telephonic or electronic communication.

''(4) CONFIDENTIALITY.—

''(A) ACCESS TO DATABASE.—No officer or employee of any agency or department of the United States, other than individuals responsible for the verification of employment eligibility or for the evaluation of the employment verification program at the Social Security Administration, the Department of Homeland Security, and the Department of Labor, may have access to any information contained in the Database.

''(B) PROTECTION FROM UNAUTHORIZED DISCLOSURE.—Information in the Database shall be adequately protected against unauthorized disclosure for other purposes, as provided in regulations established by the Commissioner of Social Security, in consultation with the Secretary of Homeland Security and the Secretary of Labor.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to design, implement, and maintain the Database.

''(c) GRADUAL IMPLEMENTATION.—The Commissioner of Social Security, in coordination with the Secretary of Homeland Security and the Secretary of Labor shall develop a plan to phase all workers into the Database and phase out the employer verification system established in section 274A over a period of time that the Commissioner determines to be appropriate.

''(d) EMPLOYER RESPONSIBILITIES.—Each employer shall—

''(1) notify employees and prospective employees of the use of the System and that the System may be used for immigration enforcement purposes;

''(2) verify the identification and employment authorization status for newly hired individuals described in section 101(a)(15)(H)(v)(a) not later than 3 days after the date of hire;

''(3) use—

''(A) a machine-readable document described in subsection (a)(3)(B); or

''(B) the telephonic or electronic system to access the Database;

''(4) provide, for each employer hired, the occupation, metropolitan statistical area of employment, and annual compensation paid;

''(5) retain the code received indicating confirmation or nonconfirmation, for use in investigations described in section 212(n)(2); and

''(6) provide a copy of the employment verification receipt to such employees.

''(e) GOOD-FAITH COMPLIANCE.—

''(1) AFFIRMATIVE DEFENSE.—A person or entity that establishes good faith compliance with the requirements of this section with respect to the employment of an individual in the United States has established an affirmative defense that the person or entity has not violated this section.

''(2) LIMITATION.—Paragraph (1) shall not apply if a person or entity engages in an unlawful immigration-related employment practice described in subsection (a)(7).''.

(b) INTERIM DIRECTIVE.—Before the implementation of the Employment Eligibility Confirmation System (referred to in this section as the ''System'') established under section 274E of the Immigration and Nationality Act, as added by subsection (a), the Commissioner of Social Security, in coordination with the Secretary of Homeland Security, shall, to the maximum extent practicable, implement an interim system to confirm employment eligibility that is consistent with the provisions of such section.

(c) REPORTS.—

(1) IN GENERAL.—Not later than 3 months after the last day of the second year and of the third year that the System is in effect, the Comptroller General of the United States shall submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report on the System.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) an assessment of the impact of the System on the employment of unauthorized workers;

(B) an assessment of the accuracy of the Employment Eligibility Database maintained by the Department of Homeland Security and Social Security Administration databases, and timeliness and accuracy of responses from the Department of Homeland Security and the Social Security Administration to employers;

(C) an assessment of the privacy, confidentiality, and system security of the System;

(D) assess whether the System is being implemented in a nondiscriminatory manner; and

(E) include recommendations on whether or not the System should be modified.

SEC. 1403. IMPROVED ENTRY AND EXIT DATA SYSTEM.

Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1365a) is amended—

(1) by striking ''Attorney General'' each place it appears and inserting ''Secretary of Homeland Security'';

(2) in subsection (b)—

(A) in paragraph (1)(C), by striking ''Justice'' and inserting ''Homeland Security'';

(B) in paragraph (4), by striking ''and'' at the end;

(C) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(6) collects the biometric machine-readable information from an alien's visa or immigration-related document described in section 221(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1201(a)(3) at the time an alien arrives in the United States and at the time an alien departs from the United States to determine if such alien is entering, or is present in, the United States unlawfully.''; and

(3) in subsection (f)(1), by striking ''Departments of Justice and State'' and inserting ''Department of Homeland Security and the Department of State''.

SEC. 1404. DEPARTMENT OF LABOR INVESTIGATIVE AUTHORITIES.

Section 212(n)(2) of the Immigration and Nationality Act (8 U.S.C. 1182(n)(2)) is amended—

(1) by redesignating subparagraph (H) as subparagraph (J); and

(2) by inserting after subparagraph (G) the following:

''(H)(i) The Secretary of Labor may initiate an investigation of any employer that employs nonimmigrants described in section 101(a)(15)(H)(v)(a) if the Secretary, or the Secretary's designee—

''(I) certifies that reasonable cause exists to believe that the employer is out of compliance with the Secure America and Orderly Immigration Act or section 274E; and

''(II) approves the commencement of the investigation.

''(ii) In determining whether reasonable cause exists to initiate an investigation under this section, the Secretary shall—

''(I) monitor the Willing Worker-Willing Employer Electronic Job Registry;

''(II) monitor the Employment Eligibility Confirmation System, taking into consideration whether—

''(aa) an employer's submissions to the System generate a high volume of tentative nonconfirmation responses relative to other comparable employers;

''(bb) an employer rarely or never screens hired individuals;

''(cc) individuals employed by an employer rarely or never pursue a secondary verification process as established in section 274E; or

''(dd) any other indicators of illicit, inappropriate or discriminatory use of the System, especially those described in section 274E(a)(6)(D), exist; and

''(III) consider any additional evidence that the Secretary determines appropriate.

''(iii) Absent other evidence of noncompliance, an investigation under this subparagraph should not be initiated for lack of completeness or obvious inaccuracies by the employer in complying with section 101(a)(15)(H)(v)(a).''.

SEC. 1405. PROTECTION OF EMPLOYMENT RIGHTS.

The Secretary and the Secretary of Homeland Security shall establish a process under which a nonimmigrant worker described in clause (ii)(b) or (v)(a) of section 101(a)(15)(H) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)) who files a nonfrivolous

complaint regarding a violation of this section and is otherwise eligible to remain and work in the United States may be allowed to seek other appropriate employment in the United States with an employer for a period not to exceed the maximum period of stay authorized for that nonimmigrant classification.

SEC. 1406. INCREASED FINES FOR PROHIBITED BEHAVIOR.

Section 274B(g)(2)(B)(iv) of the Immigration and Nationality Act (8 U.S.C. 1324b(g)(2)(B)(iv)) is amended—

(1) in subclause (I), by striking ''not less than $250 and not more than $2,000'' and inserting ''not less than $500 and not more than $4,000'';

(2) in subclause (II), by striking ''not less than $2,000 and not more than $5,000'' and inserting ''not less than $4,000 and not more than $10,000''; and

(3) in subclause (III), by striking ''not less than $3,000 and not more than $10,000'' and inserting ''not less than $6,000 and not more than $20,000''.

TITLE V—PROMOTING CIRCULAR MIGRATION PATTERNS

SEC. 1501. LABOR MIGRATION FACILITATION PROGRAMS.

(a) AUTHORITY FOR PROGRAM.—

(1) IN GENERAL.—The Secretary of State is authorized to enter into an agreement to establish and administer a labor migration facilitation program jointly with the appropriate official of a foreign government whose citizens participate in the temporary worker program authorized under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a)).

(2) PRIORITY.—In establishing programs under subsection (a), the Secretary of State shall place a priority on establishing such programs with foreign governments that have a large number of nationals working as temporary workers in the United States under such section 101(a)(15)(H)(v)(a). The Secretary shall enter into such agreements not later than 3 months after the date of enactment of this Act or as soon thereafter as is practicable.

(3) ELEMENTS OF PROGRAM.—A program established under paragraph (1) may provide for—

(A) the Secretary of State, in conjunction with the Secretary of Homeland Security and the Secretary of Labor, to confer with a foreign government—

(i) to establish and implement a program to assist temporary workers from such a country to obtain nonimmigrant status under such section 101(a)(15)(H)(v)(a);

(ii) to establish programs to create economic incentives for aliens to return to their home country;

(B) the foreign government to monitor the participation of its nationals in such a temporary worker program, including departure from and return to a foreign country;

(C) the foreign government to develop and promote a reintegration program available to such individuals upon their return from the United States;

(D) the foreign government to promote or facilitate travel of such individuals between the country of origin and the United States; and

(E) any other matters that the foreign government and United States find appropriate to enable such individuals to maintain strong ties to their country of origin.

SEC. 1502. BILATERAL EFFORTS WITH MEXICO TO REDUCE MIGRATION PRESSURES AND COSTS.

(a) FINDINGS.—Congress makes the following findings:

(1) Migration from Mexico to the United States is directly linked to the degree of economic opportunity and the standard of living in Mexico.

(2) Mexico comprises a prime source of migration to the United States.

(3) Remittances from Mexican citizens working in the United States reached a record high of nearly $17,000,000,000 in 2004.

(4) Migration patterns may be reduced from Mexico to the United States by addressing the degree of economic opportunity available to Mexican citizens.

(5) Many Mexican assets are held extra-legally and cannot be readily used as collateral for loans.

(6) A majority of Mexican businesses are small or medium size with limited access to financial capital.

(7) These factors constitute a major impediment to broad-based economic growth in Mexico.

(8) Approximately 20 percent of Mexico's population works in agriculture, with the majority of this population working on small farms and few on large commercial enterprises.

(9) The Partnership for Prosperity is a bilateral initiative launched jointly by the President of the United States and the President of Mexico in 2001, which aims to boost the social and economic standards of Mexican citizens, particularly in regions where economic growth has lagged and emigration has increased.

(10) The Presidents of Mexico and the United States and the Prime Minister of Canada, at their trilateral summit on March 23, 2005, agreed to promote economic growth, competitiveness, and quality of life in the agreement on Security and Prosperity Partnership of North America.

(b) SENSE OF CONGRESS REGARDING PARTNERSHIP FOR PROSPERITY.—It is the sense of Congress that the United States and Mexico should accelerate the implementation of the Partnership for Prosperity to help generate economic growth and improve the standard of living in Mexico, which will lead to reduced migration, by—

(1) increasing access for poor and under served populations in Mexico to the financial services sector, including credit unions;

(2) assisting Mexican efforts to formalize its extra-legal sector, including the issuance of formal land titles, to enable Mexican citizens to use their assets to procure capital;

(3) facilitating Mexican efforts to establish an effective rural lending system for small- and medium-sized farmers that will—

(A) provide long term credit to borrowers;

(B) develop a viable network of regional and local intermediary lending institutions; and

(C) extend financing for alternative rural economic activities beyond direct agricultural production;

(4) expanding efforts to reduce the transaction costs of remittance flows in order to increase the pool of savings available to help finance domestic investment in Mexico;

(5) encouraging Mexican corporations to adopt internationally recognized corporate governance practices, including anti-corruption and transparency principles;

(6) enhancing Mexican efforts to strengthen governance at all levels, including efforts to improve transparency and accountability, and to eliminate corruption, which is the single biggest obstacle to development;

(7) assisting the Government of Mexico in implementing all provisions of the Inter-American Convention Against Corruption (ratified by Mexico on May 27, 1997) and urging the Government of Mexico to participate fully in the Convention's formal implementation monitoring mechanism;

(8) helping the Government of Mexico to strengthen education and training opportunities throughout the country, with a particular emphasis on improving rural education; and

(9) encouraging the Government of Mexico to create incentives for persons who have migrated to the United States to return to Mexico.

(c) SENSE OF CONGRESS REGARDING BILATERAL PARTNERSHIP ON HEALTH CARE.—It is the sense of Congress that the Government of the United States and the Government of Mexico should enter into a partnership to examine uncompensated and burdensome health care costs incurred by the United States due to legal and illegal immigration, including—

(1) increasing health care access for poor and under served populations in Mexico;

(2) assisting Mexico in increasing its emergency and trauma health care facilities along the border, with emphasis on expanding prenatal care in the United States–Mexico border region;

(3) facilitating the return of stable, incapacitated workers temporarily employed in the United States to Mexico in order to receive extended, long-term care in their home country; and

(4) helping the Government of Mexico to establish a program with the private sector to cover the health care needs of Mexican nationals temporarily employed in the United States.

TITLE VI—FAMILY UNITY AND BACKLOG REDUCTION

SEC. 1601. ELIMINATION OF EXISTING BACKLOGS.

(a) FAMILY-SPONSORED IMMIGRANTS.—Section 201(c) of the Immigration and Nationality Act (8 U.S.C. 1151(c)) is amended to read as follows:

''(c) WORLDWIDE LEVEL OF FAMILY-SPONSORED IMMIGRANTS.—The worldwide level of family-sponsored immigrants under this subsection for a fiscal year is equal to the sum of—

''(1) 480,000;

''(2) the difference between the maximum number of visas authorized to be issued under this subsection during the previous fiscal year and the number of visas issued during the previous fiscal year; and

''(3) the difference between—

''(A) the maximum number of visas authorized to be issued under this subsection during fiscal years 2001 through 2005 minus the number of visas issued under this subsection during those years; and

''(B) the number of visas described in subparagraph (A) that were issued after fiscal year 2005.''.

(b) EMPLOYMENT-BASED IMMIGRANTS.—Section 201(d) of the Immigration and Nationality Act (8 U.S.C. 1151(d)) is amended to read as follows:

''(d) WORLDWIDE LEVEL OF EMPLOYMENT-BASED IMMIGRANTS.—The worldwide level of employment-based immigrants under this subsection for a fiscal year is equal to the sum of—

''(1) 290,000;

''(2) the difference between the maximum number of visas authorized to be issued under this subsection during the previous fiscal year and the number of visas issued during the previous fiscal year; and

''(3) the difference between—

''(A) the maximum number of visas authorized to be issued under this subsection during fiscal years 2001 through 2005 and the number of visa numbers issued under this subsection during those years; and

''(B) the number of visas described in subparagraph (A) that were issued after fiscal year 2005.''.

SEC. 1602. COUNTRY LIMITS.

Section 202(a) of the Immigration and Nationality Act (8 U.S.C. 1152(a)) is amended—

(1) in paragraph (2)—

(A) by striking '', (4), and (5)'' and inserting ''and (4)''; and

(B) by striking ''7 percent (in the case of a single foreign state) or 2 percent'' and inserting ''10 percent (in the case of a single foreign state) or 5 percent''; and

(2) by striking paragraph (5).

SEC. 1603. ALLOCATION OF IMMIGRANT VISAS.

(a) PREFERENCE ALLOCATION FOR FAMILY-SPONSORED IMMIGRANTS.—Section 203(a) of the Immigration and Nationality Act (8 U.S.C. 1153(a)) is amended to read as follows:

''(a) PREFERENCE ALLOCATIONS FOR FAMILY-SPONSORED IMMIGRANTS.—Aliens subject to the worldwide level specified in section 201(c) for family-sponsored immigrants shall be allocated visas as follows:

''(1) UNMARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the unmarried sons or daughters of citizens of the United States shall be allocated visas in a quantity not to exceed 10 percent of such worldwide level plus any visas not required for the class specified in paragraph (4).

''(2) SPOUSES AND UNMARRIED SONS AND DAUGHTERS OF PERMANENT RESIDENT ALIENS.—Visas in a quantity not to exceed 50 percent of such worldwide level plus any visas not required for the class specified in paragraph (1) shall be allocated to qualified immigrants—

''(A) who are the spouses or children of an alien lawfully admitted for permanent residence, which visas shall constitute not less than 77 percent of the visas allocated under this paragraph; or

''(B) who are the unmarried sons or daughters of an alien lawfully admitted for permanent residence.

''(3) MARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the married sons and daughters of citizens of the United States shall be allocated visas in a quantity not to exceed 10 percent of such worldwide level plus any visas not required for the classes specified in paragraphs (1) and (2).

''(4) BROTHERS AND SISTERS OF CITIZENS.—Qualified immigrants who are the brothers or sisters of citizens of the United States who are at least 21 years of age shall be allocated visas in a quantity not to exceed 30 percent of the worldwide level plus any visas not required for the classes specified in paragraphs (1) through (3).''.

(b) PREFERENCE ALLOCATION FOR EMPLOYMENT-BASED IMMIGRANTS.—Section 203(b) of the Immigration and Nationality Act (8 U.S.C. 1153(b)) is amended—

(1) in paragraph (1), by striking ''28.6 percent'' and inserting ''20 percent'';

(2) in paragraph (2)(A), by striking ''28.6 percent'' and inserting ''20 percent'';

(3) in paragraph (3)(A)—

(A) by striking ''28.6 percent'' and inserting ''35 percent''; and

(B) by striking clause (iii);

(4) by striking paragraph (4);

(5) by redesignating paragraph (5) as paragraph (4);

(6) in paragraph (4)(A), as redesignated, by striking ''7.1 percent'' and inserting ''5 percent'';

(7) by inserting after paragraph (4), as redesignated, the following:

''(5) OTHER WORKERS.—Visas shall be made available, in a number not to exceed 30 percent of such worldwide level, plus any visa numbers not required for the classes specified in paragraphs (1) through (4), to qualified immigrants who are capable, at the time of petitioning for classification under this paragraph, of performing unskilled labor that is not of a temporary or seasonal nature, for which qualified workers are determined to be unavailable in the United States, or to nonimmigrants under section 101(a)(15)(H)(v)(a).''; and

(8) by striking paragraph (6).

(c) CONFORMING AMENDMENTS.—

(1) DEFINITION OF SPECIAL IMMIGRANT.—Section 101(a)(27)(M) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)(M)) is amended by striking ''subject to the numerical limitations of section 203(b)(4),''.

(2) REPEAL OF TEMPORARY REDUCTION IN WORKERS' VISAS.—Section 203(e) of the Nicaraguan Adjustment and Central American Relief Act (8 U.S.C. 1153 note) is repealed.

SEC. 1604. RELIEF FOR CHILDREN AND WIDOWS.

(a) IN GENERAL.—Section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)) is amended by striking ''spouses, and parents of a citizen of the United States'' and inserting ''(and their children who are accompanying or following to join them), the spouses (and their children who are accompanying or following to join them), and the parents of a citizen of the United States (and their children who are accompanying or following to join them)''.

(b) PETITION.—Section 204(a)(1)(A)(ii) of the Immigration and Nationality Act (8 U.S.C. 1154 (a)(1)(A)(ii) is amended by inserting ''or an alien child or alien parent described in the third sentence of section 201(b)(2)(A)(i)'' after ''section 201(b)(2)(A)(i)''.

(c) ADJUSTMENT OF STATUS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended by adding at the end the following:

''(n) APPLICATIONS FOR ADJUSTMENT OF STATUS BY SURVIVING SPOUSES, CHILDREN, AND PARENTS.—

''(1) IN GENERAL.—Notwithstanding subsections (a) and (c) (except subsection (c)(6)), any alien described in paragraph (2) who applied for adjustment of status prior to the death of the qualifying relative, may have such application adjudicated as if such death had not occurred.

''(2) ALIEN DESCRIBED.—An alien described in this paragraph is an alien who—

''(A) is an immediate relative (as defined in section 201(b)(2)(A)(i));

''(B) is a family-sponsored immigrant (as described in subsection (a) or (d) of section 203);

''(C) is a derivative beneficiary of an employment-based immigrant under section 203(b), as described in section 203(d); or

''(D) is a derivative beneficiary of a diversity immigrant (as described in section 203(c)).''.

(d) TRANSITION PERIOD.—Notwithstanding a denial of an application for adjustment of status not more than 2 years before the date of enactment of this Act, in the case of an alien whose qualifying relative died before the date of enactment of this Act, such application may be renewed by the alien through a motion to reopen, without fee, filed not later than 1 year after the date of enactment of this Act.

SEC. 1605. AMENDING THE AFFIDAVIT OF SUPPORT REQUIREMENTS.

Section 213A of the Immigration and Nationality Act (8 U.S.C. 1183a) is amended—

(1) in subsection (a)(1)(A), by striking ''125'' and inserting ''100''; and

(2) in subsection (f), by striking ''125'' each place it appears and inserting ''100''.

SEC. 1606. DISCRETIONARY AUTHORITY.

Section 212(i) of the Immigration and Nationality Act (8 U.S.C. 1182(i)) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

''(2)(A) The Secretary of Homeland Security may waive the application of subsection (a)(6)(C)—

''(i) in the case of an immigrant who is the spouse, parent, son, or daughter of a United States citizen or of an alien lawfully admitted for permanent residence, if the Secretary of Homeland Security determines that the refusal of admission to the United States of such immigrant alien would result in extreme hardship to the citizen or lawfully resident spouse, child, son, daughter, or parent of such an alien; or

''(ii) in the case of an alien granted classification under clause (iii) or (iv) of section 204(a)(1)(A) or clause (ii) or (iii) of section 204(a)(1)(B), the alien demonstrates extreme hardship to the alien or the alien's parent or child if, such parent or child is a United States citizen, a lawful permanent resident, or a qualified alien.

''(B) An alien who is granted a waiver under subparagraph (A) shall pay a $2,000 fine.''.

SEC. 1607. FAMILY UNITY.

Section 212(a)(9) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(9)) is amended—

(1) in subparagraph (B)(iii)(I), by striking ''18'' and inserting ''21''; and

(2) in subparagraph (C)(ii)—

(A) by redesignating subclauses (1) and (2) as subclauses (I) and (II); and

(B) in subclause (II), as redesignated, by redesignating items (A), (B), (C), and (D) as items (aa), (bb), (cc), and (dd); and

(3) by adding at the end the following:

''(D) WAIVER.—

''(i) IN GENERAL.—The Secretary may waive the application of subparagraphs (B) and (C) for an alien who is a beneficiary of a petition filed under sections 201 and 203 if such petition was filed on or before the date of introduction of Secure America and Orderly Immigration Act.

''(ii) FINE.—An alien who is granted a waiver under clause (i) shall pay a $2,000 fine.''.

TITLE VII—H–5B NONIMMIGRANTS

SEC. 1701. H–5B NONIMMIGRANTS.

(a) IN GENERAL.—Chapter 5 of title II of the Immigration and Nationality Act (8 U.S.C. 1255 et seq.) is amended by adding after section 250 the following:

''H–5B NONIMMIGRANTS

''SEC. 250A. (a) IN GENERAL.—The Secretary of Homeland Security shall adjust the status of an alien to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) if the alien—

''(1) submits an application for such adjustment; and

''(2) meets the requirements of this section.

''(b) PRESENCE IN THE UNITED STATES.—The alien shall establish that the alien—

''(1) was present in the United States before the date on which the Secure America and Orderly Immigration Act was introduced, and has been continuously in the United States since such date; and

''(2) was not legally present in the United States on the date on which the Secure America and Orderly Immigration Act was introduced under any classification set forth in section 101(a)(15).

''(c) SPOUSES AND CHILDREN.—Notwithstanding any other provision of law, the Secretary of Homeland Security shall, if the person is otherwise eligible under subsection (b)—

''(1) adjust the status to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) for, or provide a nonimmigrant visa to, the spouse or child of an alien who is provided nonimmigrant status under section 101(a)(15)(H)(v)(b); or

''(2) adjust the status to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) for an alien who, before the date on which the Secure America and Orderly Immigration Act was introduced in Congress, was the spouse or child of an alien who is provided nonimmigrant status under section

101(a)(15)(H)(v)(b), or is eligible for such status, if—

''(A) the termination of the qualifying relationship was connected to domestic violence; and

''(B) the spouse or child has been battered or subjected to extreme cruelty by the spouse or parent alien who is provided nonimmigrant status under section 101(a)(15)(H)(v)(b).

''(d) OTHER CRITERIA.—

''(1) IN GENERAL.—An alien may be granted nonimmigrant status under section 101(a)(15)(H)(v)(b), or granted status as the spouse or child of an alien eligible for such status under subsection (c), if the alien establishes that the alien—

''(A) is not inadmissible to the United States under section 212(a), except as provided in paragraph (2); or

''(B) has not ordered, incited, assisted, or otherwise participated in the persecution of any person on account of race, religion, nationality, membership in a particular social group, or political opinion.

''(2) GROUNDS OF INADMISSIBILITY.—In determining an alien's admissibility under paragraph (1)(A)—

''(A) paragraphs (5), (6)(A), (6)(B), (6)(C), (6)(F), (6)(G), (7), (9), and (10)(B) of section 212(a) shall not apply for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced;

''(B) the Secretary of Homeland Security may not waive—

''(i) subparagraph (A), (B), (C), (E), (G), (H), or (I) of section 212(a)(2) (relating to criminals);

''(ii) section 212(a)(3) (relating to security and related grounds); or

''(iii) subparagraph (A) or (C) of section 212(a)(10) (relating to polygamists and child abductors);

''(C) for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced, the Secretary of Homeland Security may waive the application of any provision of section 212(a) not listed in subparagraph (B) on behalf of an individual alien for humanitarian purposes, to ensure family unity, or when such waiver is otherwise in the public interest; and

''(D) nothing in this paragraph shall be construed as affecting the authority of the Secretary of Homeland Security other than under this paragraph to waive the provisions of section 212(a).

''(3) APPLICABILITY OF OTHER PROVISIONS.—Sections 240B(d) and 241(a)(5) shall not apply to an alien who is applying for adjustment of status in accordance with this title for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced.

''(e) EMPLOYMENT.—

''(1) IN GENERAL.—The Secretary of Homeland Security may not adjust the status of an alien to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) unless the alien establishes that the alien—

''(A) was employed in the United States, whether full time, part time, seasonally, or self-employed, before the date on which the Secure America and Orderly Immigration Act was introduced; and

''(B) has been employed in the United States since that date.

''(2) EVIDENCE OF EMPLOYMENT.—

''(A) CONCLUSIVE DOCUMENTS.—An alien may conclusively establish employment status in compliance with paragraph (1) by submitting to the Secretary of Homeland Security records demonstrating such employment maintained by—

''(i) the Social Security Administration, Internal Revenue Service, or by any other Federal, State, or local government agency;

''(ii) an employer; or

''(iii) a labor union, day labor center, or an organization that assists workers in matters related to employment.

''(B) OTHER DOCUMENTS.—An alien who is unable to submit a document described in clauses (i) through (iii) of subparagraph (A) may satisfy the requirement in paragraph (1) by submitting to the Secretary at least 2 other types of reliable documents that provide evidence of employment, including—

''(i) bank records;

''(ii) business records;

''(iii) sworn affidavits from nonrelatives who have direct knowledge of the alien's work; or

''(iv) remittance records.

''(3) INTENT OF CONGRESS.—It is the intent of Congress that the requirement in this subsection be interpreted and implemented in a manner that recognizes and takes into account the difficulties encountered by aliens in obtaining evidence of employment due to the undocumented status of the alien.

''(4) BURDEN OF PROOF.—An alien described in paragraph (1) who is applying for adjustment of status under this section has the burden of proving by a preponderance of the evidence that the alien has satisfied the requirements of this subsection. An alien may meet such burden of proof by producing sufficient evidence to demonstrate such employment as a matter of reasonable inference.

''(f) SPECIAL RULES FOR MINORS AND INDIVIDUALS WHO ENTERED AS MINORS.—The employment requirements under this section shall not apply to any alien under 21 years of age.

''(g) EDUCATION PERMITTED.—An alien may satisfy the employment requirements under this section, in whole or in part, by full-time attendance at—

''(1) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); or

''(2) a secondary school (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)).

''(h) SECURITY AND LAW ENFORCEMENT BACKGROUND CHECKS.—

''(1) SUBMISSION OF FINGERPRINTS.—An alien may not be granted nonimmigrant status under section 101(a)(15)(H)(v)(b), or granted status as the spouse or child of an alien eligible for such status under subsection (c), unless the alien submits fingerprints in accordance with procedures established by the Secretary of Homeland Security.

''(2) BACKGROUND CHECKS.—The Secretary of Homeland Security shall utilize fingerprints and other data provided by the alien to conduct a background check of such alien relating to criminal, national security, or other law enforcement actions that would render the alien ineligible for adjustment of status as described in this section.

''(3) EXPEDITIOUS PROCESSING.—The background checks required under paragraph (2) shall be conducted as expeditiously as possible.

''(i) PERIOD OF AUTHORIZED STAY AND APPLICATION FEE AND FINE.—

''(1) PERIOD OF AUTHORIZED STAY.—

''(A) IN GENERAL.—The period of authorized stay for a nonimmigrant described in section 101(a)(15)(H)(v)(b) shall be 6 years.

''(B) LIMITATION.—The Secretary of Homeland Security may not authorize a change from such nonimmigrant classification to any other immigrant or nonimmigrant classification until the termination of the 6-year period described in subparagraph (A). The Secretary may only extend such period to accommodate the processing of an application for adjustment of status under section 245B.

''(2) APPLICATION FEE.—The Secretary of Homeland Security shall impose a fee for filing an application for adjustment of status under this section. Such fee shall be sufficient to cover the administrative and other expenses incurred in connection with the review of such applications.

''(3) FINES.—

''(A) IN GENERAL.—In addition to the fee required under paragraph (2), the Secretary of Homeland Security may accept an application for adjustment of status under this section only if the alien pays a $1,000 fine.

''(B) EXCEPTION.—Fines paid under this paragraph shall not be required from an alien under the age of 21.

''(4) COLLECTION OF FEES AND FINES.—All fees and fines collected under this section shall be deposited in the Treasury in accordance with section 286(w).

''(j) TREATMENT OF APPLICANTS.—

''(1) IN GENERAL.—An alien who files an application under this section, including the alien's spouse or child—

''(A) shall be granted employment authorization pending final adjudication of the alien's application for adjustment of status;

''(B) shall be granted permission to travel abroad;

''(C) may not be detained, determined inadmissible or deportable, or removed pending final adjudication of the alien's application for adjustment of status, unless the alien, through conduct or criminal conviction, becomes ineligible for such adjustment of status; and

''(D) may not be considered an unauthorized alien (as defined in section 274A(h)(3)) until employment authorization under subparagraph (A) is denied.

''(2) BEFORE APPLICATION PERIOD.—If an alien is apprehended after the date of enactment of this section, but before the promulgation of regulations pursuant to this section, and the alien can establish prima facie eligibility as a nonimmigrant under section 101(a)(15)(H)(v)(b), the Secretary of Homeland Security shall provide the alien with a reasonable opportunity, after promulgation of regulations, to file an application for adjustment.

''(3) DURING CERTAIN PROCEEDINGS.—Notwithstanding any provision of this Act, an alien who is in removal proceedings shall have an opportunity to apply for adjustment of status under this title unless a final administrative determination has been made.

''(4) RELATIONSHIPS OF APPLICATION TO CERTAIN ORDERS.—An alien who is present in the United States and has been ordered excluded, deported, removed, or ordered to depart voluntarily from the United States under any provision of this Act may, notwithstanding such order, apply for adjustment of status in accordance with this section. Such an alien shall not be required to file a separate motion to reopen, reconsider, or vacate the exclusion, deportation, removal, or voluntary departure order. If the Secretary of Homeland Security grants the application, the Secretary shall cancel such order. If the Secretary of Homeland Security renders a final administrative decision to deny the application, such order shall be effective and enforceable to the same extent as if the application had not been made.

''(k) ADMINISTRATIVE AND JUDICIAL REVIEW.—

''(1) ADMINISTRATIVE REVIEW.—

''(A) SINGLE LEVEL OF ADMINISTRATIVE APPELLATE REVIEW.—The Secretary of Homeland Security shall establish an appellate authority within the United States Citizenship and Immigration Services to provide for

a single level of administrative appellate review of a determination respecting an application for adjustment of status under this section.

''(B) STANDARD FOR REVIEW.—Administrative appellate review referred to in subparagraph (A) shall be based solely upon the administrative record established at the time of the determination on the application and upon the presentation of additional or newly discovered evidence during the time of the pending appeal.

''(2) JUDICIAL REVIEW.—

''(A) IN GENERAL.—There shall be judicial review in the Federal courts of appeal of the denial of an application for adjustment of status under this section. Notwithstanding any other provision of law, the standard for review of such a denial shall be governed by subparagraph (B).

''(B) STANDARD FOR JUDICIAL REVIEW.—Judicial review of a denial of an application under this section shall be based solely upon the administrative record established at the time of the review. The findings of fact and other determinations contained in the record shall be conclusive unless the applicant can establish abuse of discretion or that the findings are directly contrary to clear and convincing facts contained in the record, considered as a whole.

''(C) JURISDICTION OF COURTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, the district courts of the United States shall have jurisdiction over any cause or claim arising from a pattern or practice of the Secretary of Homeland Security in the operation or implementation of this section that is arbitrary, capricious, or otherwise contrary to law, and may order any appropriate relief.

''(ii) REMEDIES.—A district court may order any appropriate relief under clause (i) if the court determines that resolution of such cause or claim will serve judicial and administrative efficiency or that a remedy would otherwise not be reasonably available or practicable.

''(3) STAY OF REMOVAL.—Aliens seeking administrative or judicial review under this subsection shall not be removed from the United States until a final decision is rendered establishing ineligibility under this section.

''(l) CONFIDENTIALITY OF INFORMATION.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, no Federal agency or bureau, nor any officer, employee, or agent of such agency or bureau, may—

''(A) use the information furnished by the applicant pursuant to an application filed under this section for any purpose other than to make a determination on the application;

''(B) make any publication through which the information furnished by any particular applicant can be identified; or

''(C) permit anyone other than the sworn officers and employees of such agency or bureau to examine individual applications.

''(2) REQUIRED DISCLOSURES.—The Secretary of Homeland Security shall provide the information furnished pursuant to an application filed under this section, and any other information derived from such furnished information, to a duly recognized law enforcement entity in connection with a criminal investigation or prosecution or a national security investigation or prosecution, in each instance about an individual suspect or group of suspects, when such information is requested in writing by such entity.

''(3) CRIMINAL PENALTY.—Any person who knowingly uses, publishes, or permits information to be examined in violation of this subsection shall be fined not more than $10,000.

''(m) PENALTIES FOR FALSE STATEMENTS IN APPLICATIONS.—

''(1) CRIMINAL PENALTY.—

''(A) VIOLATION.—It shall be unlawful for any person—

''(i) to file or assist in filing an application for adjustment of status under this section and knowingly and willfully falsify, misrepresent, conceal, or cover up a material fact or make any false, fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry; or

''(ii) to create or supply a false writing or document for use in making such an application.

''(B) PENALTY.—Any person who violates subparagraph (A) shall be fined in accordance with title 18, United States Code, imprisoned not more than 5 years, or both.

''(2) INADMISSIBILITY.—An alien who is convicted of a crime under paragraph (1) shall be considered to be inadmissible to the United States on the ground described in section 212(a)(6)(C)(i).

''(3) EXCEPTION.—Notwithstanding paragraphs (1) and (2), any alien or other entity (including an employer or union) that submits an employment record that contains incorrect data that the alien used in order to obtain such employment before the date on which the Secure America and Orderly Immigration Act is introduced, shall not, on that ground, be determined to have violated this section.''.

(b) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 250 the following:

''Sec. 250A. H–5B nonimmigrants.''.

SEC. 1702. ADJUSTMENT OF STATUS FOR H–5B NONIMMIGRANTS.

(a) IN GENERAL.—Chapter 5 of title II of the Immigration and Nationality Act (8 U.S.C. 1255 et seq.) is amended by inserting after section 245A the following:

''ADJUSTMENT OF STATUS OF FORMER H–5B NONIMMIGRANT TO THAT OF PERSON ADMITTED FOR LAWFUL PERMANENT RESIDENCE

''SEC. 245B. (a) REQUIREMENTS.—The Secretary shall adjust the status of an alien from nonimmigrant status under section 101(a)(15)(H)(v)(b) to that of an alien lawfully admitted for permanent residence under this section if the alien satisfies the following requirements:

''(1) COMPLETION OF EMPLOYMENT OR EDUCATION REQUIREMENT.—The alien establishes that the alien has been employed in the United States, either full time, part time, seasonally, or self-employed, or has met the education requirements of subsection (f) or (g) of section 250A during the period required by section 250A(e).

''(2) RULEMAKING.—The Secretary shall establish regulations for the timely filing and processing of applications for adjustment of status for nonimmigrants under section 101(a)(15)(H)(v)(b).

''(3) APPLICATION AND FEE.—The alien who applies for adjustment of status under this section shall pay the following:

''(A) APPLICATION FEE.—An alien who files an application under section 245B of the Immigration and Nationality Act, shall pay an application fee, set by the Secretary.

''(B) ADDITIONAL FINE.—Before the adjudication of an application for adjustment of status filed under this section, an alien who is at least 21 years of age shall pay a fine of $1,000.

''(4) ADMISSIBLE UNDER IMMIGRATION LAWS.—The alien establishes that the alien is not inadmissible under section 212(a), except for any provision of that section that is not applicable or waived under section 250A(d)(2).

''(5) MEDICAL EXAMINATION.—The alien shall undergo, at the alien's expense, an appropriate medical examination (including a determination of immunization status) that conforms to generally accepted professional standards of medical practice.

''(6) PAYMENT OF INCOME TAXES.—

''(A) IN GENERAL.—Not later than the date on which status is adjusted under this section, the alien shall establish the payment of all Federal income taxes owed for employment during the period of employment required by section 250A(e) by establishing that—

''(i) no such tax liability exists;

''(ii) all outstanding liabilities have been met; or

''(iii) the alien has entered into an agreement for payment of all outstanding liabilities with the Internal Revenue Service.

''(B) IRS COOPERATION.—The Commissioner of Internal Revenue shall provide documentation to an alien upon request to establish the payment of all income taxes required by this paragraph.

''(7) BASIC CITIZENSHIP SKILLS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the alien shall establish that the alien—

''(i) meets the requirements of section 312; or

''(ii) is satisfactorily pursuing a course of study to achieve such an understanding of English and knowledge and understanding of the history and government of the United States.

''(B) RELATION TO NATURALIZATION EXAMINATION.—An alien who demonstrates that the alien meets the requirements of section 312 may be considered to have satisfied the requirements of that section for purposes of becoming naturalized as a citizen of the United States under title III.

''(8) SECURITY AND LAW ENFORCEMENT BACKGROUND CHECKS.—The Secretary shall conduct a security and law enforcement background check in accordance with procedures described in section 250A(h).

''(9) MILITARY SELECTIVE SERVICE.—The alien shall establish that if the alien is within the age period required under the Military Selective Service Act (50 U.S.C. App. 451 et seq.), that such alien has registered under that Act.

''(b) TREATMENT OF SPOUSES AND CHILDREN.—

''(1) ADJUSTMENT OF STATUS.—Notwithstanding any other provision of law, the Secretary of Homeland Security shall—

''(A) adjust the status to that of a lawful permanent resident under this section, or provide an immigrant visa to the spouse or child of an alien who adjusts status to that of a permanent resident under this section; or

''(B) adjust the status to that of a lawful permanent resident under this section for an alien who was the spouse or child of an alien who adjusts status or is eligible to adjust status to that of a permanent resident under section 245B in accordance with subsection (a), if—

''(i) the termination of the qualifying relationship was connected to domestic violence; and

''(ii) the spouse or child has been battered or subjected to extreme cruelty by the spouse or parent who adjusts status to that of a permanent resident under this section.

''(2) APPLICATION OF OTHER LAW.—In acting on applications filed under this subsection with respect to aliens who have been battered or subjected to extreme cruelty, the Secretary of Homeland Security shall apply the provisions of section 204(a)(1)(J) and the protections, prohibitions, and penalties under section 384 of the Illegal Immigration

Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1367).

''(c) JUDICIAL REVIEW; CONFIDENTIALITY; PENALTIES.—Subsections (n), (o), and (p) of section 250A shall apply to this section.''.

(b) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 245A the following:

''Sec. 245B. Adjustment of status of former H–5B nonimmigrant to that of person admitted for lawful permanent residence.''.

SEC. 1703. ALIENS NOT SUBJECT TO DIRECT NUMERICAL LIMITATIONS.

Section 201(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(1)) is amended—

(1) in subparagraph (A), by striking ''subparagraph (A) or (B) of''; and

(2) by adding at the end the following:

''(F) Aliens whose status is adjusted from the status described in section 101(a)(15)(H)(v)(b).''.

SEC. 1704. EMPLOYER PROTECTIONS.

(a) IMMIGRATION STATUS OF ALIEN.—Employers of aliens applying for adjustment of status under section 245B or 250A of the Immigration and Nationality Act, as added by this title, shall not be subject to civil and criminal tax liability relating directly to the employment of such alien prior to such alien receiving employment authorization under this title.

(b) PROVISION OF EMPLOYMENT RECORDS.—Employers that provide unauthorized aliens with copies of employment records or other evidence of employment pursuant to an application for adjustment of status under section 245B or 250A of the Immigration and Nationality Act or any other application or petition pursuant to any other immigration law, shall not be subject to civil and criminal liability under section 274A of such Act for employing such unauthorized aliens.

(c) APPLICABILITY OF OTHER LAW.—Nothing in this section may be used to shield an employer from liability under section 274B of the Immigration and Nationality Act (8 U.S.C. 1324b) or any other labor or employment law.

SEC. 1705. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to the Secretary of Homeland Security such sums as may be necessary to carry out this title and the amendments made by this title.

(b) AVAILABILITY OF FUNDS.—Funds appropriated pursuant subsection (a) shall remain available until expended.

(c) SENSE OF CONGRESS.—It is the sense of Congress that funds authorized to be appropriated under subsection (a) should be directly appropriated so as to facilitate the orderly and timely commencement of the processing of applications filed under sections 245B and 250A of the Immigration and Nationality Act, as added by this Act.

TITLE VIII—PROTECTION AGAINST IMMIGRATION FRAUD

SEC. 1801. RIGHT TO QUALIFIED REPRESENTATION.

Section 292 of the Immigration and Nationality Act (8 U.S.C. 1362) is amended to read as follows:

''RIGHT TO QUALIFIED REPRESENTATION IN IMMIGRATION MATTERS

''SEC. 292. (a) AUTHORIZED REPRESENTATIVES IN IMMIGRATION MATTERS.—Only the following individuals are authorized to represent an individual in an immigration matter before any Federal agency or entity:

''(1) An attorney.

''(2) A law student who is enrolled in an accredited law school, or a graduate of an accredited law school who is not admitted to the bar, if—

''(A) the law student or graduate is appearing at the request of the individual to be represented;

''(B) in the case of a law student, the law student has filed a statement that the law student is participating, under the direct supervision of a faculty member, attorney, or accredited representative, in a legal aid program or clinic conducted by a law school or nonprofit organization, and that the law student is appearing without direct or indirect remuneration from the individual the law student represents;

''(C) in the case of a graduate, the graduate has filed a statement that the graduate is appearing under the supervision of an attorney or accredited representative and that the graduate is appearing without direct or indirect remuneration from the individual the graduate represents; and

''(D) the law student's or graduate's appearance is—

''(i) permitted by the official before whom the law student or graduate wishes to appear; and

''(ii) accompanied by the supervising faculty member, attorney, or accredited representative, to the extent required by such official.

''(3) Any reputable individual, if—

''(A) the individual is appearing on an individual case basis, at the request of the individual to be represented;

''(B) the individual is appearing without direct or indirect remuneration and the individual files a written declaration to that effect, except as described in subparagraph (D);

''(C) the individual has a pre-existing relationship or connection with the individual entitled to representation, such as a relative, neighbor, clergyman, business associate, or personal friend, except that this requirement may be waived, as a matter of administrative discretion, in cases where adequate representation would not otherwise be available; and

''(D) if making a personal appearance on behalf of another individual, the appearance is permitted by the official before whom the individual wishes to appear, except that such permission shall not be granted with respect to any individual who regularly engages in immigration and naturalization practice or preparation, or holds himself or herself out to the public as qualified to do so.

''(4) An individual representing a recognized organization (as described in subsection (f)) who has been approved to serve as an accredited representative by the Board of Immigration Appeals under subsection (f)(2).

''(5) An accredited official, in the United States, of the government to which an alien owes allegiance, if the official appears solely in his or her official capacity and with the consent of the person to be represented.

''(6) An individual who is licensed to practice law and is in good standing in a court of general jurisdiction of the country in which the individual resides and who is engaged in such practice, if the person represents persons only in matters outside the United States and that the official before whom such person wishes to appear allows such representation, as a matter of discretion.

''(7) An attorney, or an organization represented by an attorney, may appear, on a case-by-case basis, as amicus curiae, if the Board of Immigration Appeals grants such permission and the public interest will be served by such appearance.

''(b) FORMER EMPLOYEES.—No individual previously employed by the Department of Justice, Department of State, Department of Labor, or Department of Homeland Security may be permitted to act as an authorized representative under this section, if such authorization would violate any other applicable provision of Federal law or regulation. In addition, any application for such authorization must disclose any prior employment by or contract with such agencies for services of any nature.

''(c) ADVERTISING.—Only an attorney or an individual approved under subsection (f)(2) as an accredited representative may advertise or otherwise hold themselves out as being able to provide representation in an immigration matter. This provision shall in no way be deemed to diminish any Federal or State law to regulate, control, or enforce laws regarding such advertisement, solicitation, or offer of representation.

''(d) REMOVAL PROCEEDINGS.—In any proceeding for the removal of an individual from the United States and in any appeal proceedings from such proceeding, the individual shall have the privilege, as the individual shall choose, of being represented (at no expense to the Government) by an individual described in subsection (a). Representation by an individual other than a person described in subsection (a) may cause the representative to be subject to civil penalties or such other penalties as may be applicable.

''(e) BENEFITS FILINGS.—In any filing or submission for an immigration related benefit or a determination related to the immigration status of an individual made to the Department of Homeland Security, the Department of Labor, or the Department of State, the individual shall have the privilege, as the individual shall choose, of being represented (at no expense to the Government) by an individual described in subsection (a). Representation by an individual other than an individual described in subsection (a) is cause for the representative to be subject to civil or criminal penalties, as may be applicable.

''(f) RECOGNIZED ORGANIZATIONS AND ACCREDITED REPRESENTATIVES.—

''(1) RECOGNIZED ORGANIZATIONS.—

''(A) IN GENERAL.—The Board of Immigration Appeals may determine that a person is a recognized organization if such person—

''(i) is a nonprofit religious, charitable, social service, or similar organization established in the United States that—

''(I) is recognized by the Board of Immigration Appeals; and

''(II) is authorized to designate a representative to appear in an immigration matter before the Department of Homeland Security or the Executive Office for Immigration Review of the Department of Justice; and

''(ii) demonstrates to the Board that such person—

''(I) makes only nominal charges and assesses no excessive membership dues for individuals given assistance; and

''(II) has at its disposal adequate knowledge, information, and experience.

''(B) BONDING.—The Board, in its discretion, may impose a bond requirement on new organizations seeking recognition.

''(C) REPORTING OBLIGATIONS.—Recognized organizations shall promptly notify the Board when the organization no longer meets the requirements for recognition or when an accredited representative employed by the recognized organization ceases to be employed by the recognized organization.

''(2) ACCREDITED REPRESENTATIVES.—The Board of Immigration Appeals shall approve any qualified individual designated by a recognized organization to serve as an accredited representative. Such individual must be employed by the recognized organization and must meet all requirements set forth in this section and in the accompanying regulations to be authorized to represent individuals in

an immigration matter. Accredited representatives, through their recognized organizations, must certify their continuing eligibility for accreditation every 3 years with the Board of Immigration Appeals. Accredited representatives who fail to comply with these requirements shall not have authority to represent persons in an immigration matter for the recognized organization.

''(g) PROHIBITED ACTS.—An individual, other than an individual authorized to represent an individual under this section, may not—

''(1) directly or indirectly provide or offer representation regarding an immigration matter for compensation or contribution;

''(2) advertise or solicit representation in an immigration matter;

''(3) retain any compensation provided for a prohibited act described in paragraph (1) or (2), regardless of whether any petition, application, or other document was filed with any government agency or entity and regardless of whether a petition, application, or other document was prepared or represented to have been prepared by such individual;

''(4) represent directly or indirectly that the individual is an attorney or supervised by or affiliated with an attorney, when such representation is false; or

''(5) violate any applicable civil or criminal statute or regulation of a State regarding the provision of representation by providing or offering to provide immigration or immigration-related assistance referenced in this subsection.

''(h) CIVIL ENFORCEMENT.—

''(1) IN GENERAL.—Any person, or any entity acting for the interests of itself, its members, or the general public (including a Federal law enforcement official or agency or law enforcement official or agency of any State or political subdivision of a State), that has reason to believe that any person is being or has been injured by reason of a violation of subsection (g) may commence a civil action in any court of competent jurisdiction.

''(2) REMEDIES.—

''(A) DAMAGES.—In any civil action brought under this subsection, if the court finds that the defendant has violated subsection (g), it shall award actual damages, plus the greater of—

''(i) an amount treble the amount of actual damages; or

''(ii) $1,000 per violation.

''(B) INJUNCTIVE RELIEF.—The court may award appropriate injunctive relief, including temporary, preliminary, or permanent injunctive relief, and restitution. Injunctive relief may include, where appropriate, an order temporarily or permanently enjoining the defendant from providing any service to any person in any immigration matter. The court may make such orders or judgments, including the appointment of a receiver, as may be necessary to prevent the commission of any act described in subsection (g).

''(C) ATTORNEY'S FEES.—The court shall also grant a prevailing plaintiff reasonable attorney's fees and costs, including expert witness fees.

''(D) CIVIL PENALTIES.—The court may also assess a civil penalty not exceeding $50,000 for a first violation, and not exceeding $100,000 for subsequent violations.

''(E) CUMULATIVE REMEDIES.—Unless otherwise expressly provided, the remedies or penalties provided under this paragraph are cumulative to each other and to the remedies or penalties available under all other Federal laws or laws of the jurisdiction where the violation occurred.

''(3) NONPREEMPTION.—Nothing in this subsection shall be construed to preempt any other private right of action or any right of action pursuant to the laws of any jurisdiction.

''(4) DISCOVERY.—Information obtained through discovery in a civil action under this subsection shall not be used in any criminal action. Upon the request of any party to a civil action under this subsection, any part of the court file that makes reference to information discovered in a civil action under this subsection may be sealed.

''(i) NONPREEMPTION OF MORE PROTECTIVE STATE AND LOCAL LAWS.—The provisions of this section supersede laws, regulations, and municipal ordinances of any State only to the extent such laws, regulations, and municipal ordinances impede the application of any provision of this section. Any State or political subdivision of a State may impose requirements supplementing those imposed by this section.

''(j) DEFINITIONS.—As used in this section—

''(1) the term 'attorney' means a person who—

''(A) is a member in good standing of the bar of the highest court of a State; and

''(B) is not under any order of any court suspending, enjoining, restraining, disbarring, or otherwise restricting such person in the practice of law;

''(2) the term 'compensation' means money, property, labor, promise of payment, or any other consideration provided directly or indirectly to an individual

''(3) the term 'immigration matter' means any proceeding, filing, or action affecting the immigration or citizenship status of any person, which arises under any immigration or nationality law, Executive order, Presidential proclamation, or action of any Federal agency;

''(4) the term 'representation', when used with respect to the representation of a person, includes—

''(A) the appearance, either in person or through the preparation or filing of any brief or other document, paper, application, or petition on behalf of another person or client, before any Federal agency or officer; and

''(B) the study of the facts of a case and the applicable laws, coupled with the giving of advice and auxiliary activities, including the incidental preparation of papers; and

''(5) the term 'State' includes a State or an outlying possession of the United States.''.

SEC. 1802. PROTECTION OF WITNESS TESTIMONY.

(a) DEFINITION.—Section 101(a)(15)(U)(i) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(i)) is amended—

(1) by inserting in subclause (I) after the phrase ''clause (iii)'' the following: ''or has suffered substantial financial, physical, or mental harm as the result of a prohibited act described in section 292;''

(2) by inserting in subclause (II) after the phrase ''clause (iii)'' the following: ''or section 292'';

(3) by inserting in subclause (III) after the phrase ''clause (iii)'' the following: ''or section 292''; and

(4) by inserting in subclause (IV) after the phrase ''clause (iii)'' the following: ''or section 292''.

(b) ADMISSION OF NONIMMIGRANTS.—Section 214(p) of the Immigration and Nationality Act of (8 U.S.C. 1184(p)) is amended—

(1) in paragraph (1), by inserting ''or section 274E'' after ''section 101(a)(15)(U)(iii)'' each place it appears; and

(2) in paragraph (2)(A), by striking ''10,000'' and inserting ''15,000''.

TITLE IX—CIVICS INTEGRATION

SEC. 1901. FUNDING FOR THE OFFICE OF CITIZENSHIP.

(a) AUTHORIZATION.—The Secretary of Homeland Security, acting through the Director of the Bureau of Citizenship and Immigration Services, is authorized to establish the United States Citizenship Foundation (referred to in this section as the ''Foundation''), an organization duly incorporated in the District of Columbia, exclusively for charitable and educational purposes to support the functions of the Office of Citizenship (as described in section 451(f)(2) of the Homeland Security Act of 2002 (6 U.S.C. 271(f)(2)).

(b) GIFTS.—

(1) TO FOUNDATION.—The Foundation may solicit, accept, and make gifts of money and other property in accordance with section 501(c)(3) of the Internal Revenue Code of 1986.

(2) FROM FOUNDATION.—The Office of Citizenship may accept gifts from the Foundation to support the functions of the Office.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the mission of the Office of Citizenship.

SEC. 1902. CIVICS INTEGRATION GRANT PROGRAM.

(a) IN GENERAL.—The Secretary of Homeland Security shall establish a competitive grant program to fund—

(1) efforts by entities certified by the Office of Citizenship to provide civics and English as a second language courses; or

(2) other activities approved by the Secretary to promote civics and English as a second language.

(b) ACCEPTANCE OF GIFTS.—The Secretary may accept and use gifts from the United States Citizenship Foundation for grants under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

TITLE X—PROMOTING ACCESS TO HEALTH CARE

SEC. 2001. FEDERAL REIMBURSEMENT OF EMERGENCY HEALTH SERVICES FURNISHED TO UNDOCUMENTED ALIENS.

Section 1011 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395dd note) is amended—

(1) by striking ''2008'' and inserting ''2011''; and

(2) in subsection (c)(5), by adding at the end the following:

''(D) Nonimmigrants described in section 101(a)(15)(H)(v) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)''.

SEC. 2002. PROHIBITION AGAINST OFFSET OF CERTAIN MEDICARE AND MEDICAID PAYMENTS.

Payments made under section 1011 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395dd note)—

(1) shall not be considered ''third party coverage'' for the purposes of section 1923 of the Social Security Act (42 U.S.C. 1396r–4); and

(2) shall not impact payments made under such section of the Social Security Act.

SEC. 2003. PROHIBITION AGAINST DISCRIMINATION AGAINST ALIENS ON THE BASIS OF EMPLOYMENT IN HOSPITAL-BASED VERSUS NONHOSPITAL-BASED SITES.

Section 214(l)(1)(C) of the Immigrant and Nationality Act (8 U.S.C. 1184(l)(1)(C) is amended—

(1) in clause (i), by striking ''and'' at the end; and

(2) by adding at the end the following:

''(iii) such interested Federal agency or interested State agency, in determining which aliens will be eligible for such waivers, does not utilize selection criteria, other than as described in this subsection, that discriminate on the basis of the alien's employment in a hospital-based versus nonhospital-based facility or organization; and''.

SEC. 2004. BINATIONAL PUBLIC HEALTH INFRASTRUCTURE AND HEALTH INSURANCE.

(a) STUDY.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall contract with the Institute of Medicine of the National Academies (referred to in this section as the ''Institute'') to study binational public health infrastructure and health insurance efforts.

(2) INPUT.—In conducting the study under paragraph (1), the Institute shall solicit input from border health experts and health insurance companies.

(b) REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date on which the Secretary of Health and Human Services enters into a contract under subsection (a), the Institute shall submit a report concerning the study conducted under subsection (a) to the Secretary of Health and Human Services and the appropriate committees of Congress.

(2) CONTENTS.—The report submitted under paragraph (1) shall include the recommendations of the Institute on ways to expand or improve binational public health infrastructure and health insurance efforts.

TITLE XI—MISCELLANEOUS

SEC. 2101. SUBMISSION TO CONGRESS OF INFORMATION REGARDING H–5A NONIMMIGRANTS.

(a) ENSURING ACCURATE COUNT.—The Secretary of State and the Secretary of Homeland Security shall maintain an accurate count of the number of aliens subject to the numerical limitations under section 214(g)(1)(C) of the Immigration and Nationality Act (8 U.S.C. 1184(g)(1)(C)) who are issued visas or otherwise provided nonimmigrant status.

(b) PROVISION OF INFORMATION.—

(1) QUARTERLY NOTIFICATION.—Beginning with the first fiscal year after regulations are promulgated to implement this Act, the Secretary of State and the Secretary of Homeland Security shall submit quarterly reports to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives containing the numbers of aliens who were issued visas or otherwise provided nonimmigrant status under section 101(a)(15)(H)(v)(a) of the Immigrant and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a)) during the preceding 3-month period.

(2) ANNUAL SUBMISSION.—Beginning with the first fiscal year after regulations are promulgated to implement this Act, the Secretary of Homeland Security shall submit annual reports to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives, containing information on the countries of origin and occupations of, geographic area of employment in the United States, and compensation paid to, aliens who were issued visas or otherwise provided nonimmigrant status under such section 101(a)(15)(H)(v)(a). The Secretary shall compile such reports based on the data reported by employers to the Employment Eligibility Confirmation System established in section 402.

SEC. 2102. H–5 NONIMMIGRANT PETITIONER ACCOUNT.

Section 286 of the Immigration and Nationality Act (8 U.S.C. 1356) is amended by adding at the end the following:

''(w)(1) There is established in the general fund of the Treasury of the United States an account, which shall be known as the 'H–5 Nonimmigrant Petitioner Account'.

''(2) There shall be deposited as offsetting receipts into the H–5 Nonimmigrant Petitioners Account—

''(A) all fees collected under section 218A; and

''(B) all fines collected under section 212(n)(2)(I).

''(3) Of the fees and fines deposited into the H–5 Nonimmigrant Petitioner Account—

''(A) 53 percent shall remain available to the Secretary of Homeland Security for efforts related to the adjudication and implementation of the H–5 visa programs described in sections 221(a) and 250A and any other efforts necessary to carry out the provisions of the Secure America and Orderly Immigration Act and the amendments made by such Act, of which the Secretary shall allocate—

''(i) 10 percent shall remain available to the Secretary of Homeland Security for the border security efforts described in title I of the Secure America and Orderly Immigration Act.

''(ii) not more than 1 percent to promote public awareness of the H–5 visa program, to protect migrants from fraud, and to combat the unauthorized practice of law described in title III of the Secure America and Orderly Immigration Act;

''(iii) not more than 1 percent to the Office of Citizenship to promote civics integration activities described in section 901 of the Secure America and Orderly Immigration Act; and

''(iv) 2 percent for the Civics Integration Grant Program under section 902 of the Secure America and Orderly Immigration Act.

''(B) 15 percent shall remain available to the Secretary of Labor for the enforcement of labor standards in those geographic and occupational areas in which H–5A visa holders are likely to be employed and for other enforcement efforts under the Secure America and Orderly Immigration Act;

''(C) 15 percent shall remain available to the Commissioner of Social Security for the creation and maintenance of the Employment Eligibility Confirmation System described in section 402 of the Secure America and Orderly Immigration Act;

''(D) 15 percent shall remain available to the Secretary of State to carry out any necessary provisions of the Secure America and Orderly Immigration Act; and

''(E) 2 percent shall remain available to the Secretary of Health and Human Services for the reimbursement of hospitals serving individuals working under programs established in this Act.''.

SEC. 2103. ANTI-DISCRIMINATION PROTECTIONS.

Section 274B(a)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1324b(a)(3)(B)) is amended to read as follows:

''(B) is an alien who is—

''(i) lawfully admitted for permanent residence;

''(ii) granted the status of an alien lawfully admitted for temporary residence under section 210(a) or 245(a)(1);

''(iii) admitted as a refugee under section 207;

''(iv) granted asylum under section 208; or

''(v) granted the status of nonimmigrant under section 101(a)(15)(H)(v).''.

SEC. 2104. WOMEN AND CHILDREN AT RISK OF HARM.

(a) CERTAIN CHILDREN AND WOMEN AT RISK OF HARM.—Section 101(a)(27) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)) is amended—

(1) in subparagraph (L), by inserting a semicolon at the end;

(2) in subparagraph (M), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(N) subject to subsection (j), an immigrant who is not present in the United States—

''(i) who is—

''(I) referred to a consular, immigration, or other designated official by a United States Government agency, an international organization, or recognized nongovernmental entity designated by the Secretary of State for purposes of such referrals; and

''(II) determined by such official to be a minor under 18 years of age (as determined under subsection (j)(5))—

''(aa) for whom no parent or legal guardian is able to provide adequate care;

''(bb) who faces a credible fear of harm related to his or her age;

''(cc) who lacks adequate protection from such harm; and

''(dd) for whom it has been determined to be in his or her best interests to be admitted to the United States; or

''(ii) who is—

''(I) referred to a consular or immigration official by a United States Government agency, an international organization or recognized nongovernmental entity designated by the Secretary of State for purposes of such referrals; and

''(II) determined by such official to be a female who has—

''(aa) a credible fear of harm related to her sex; and

''(bb) a lack of adequate protection from such harm.''.

(b) STATUTORY CONSTRUCTION.—Section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended by adding at the end the following:

''(j)(1) No natural parent or prior adoptive parent of any alien provided special immigrant status under subsection (a)(27)(N)(i) shall thereafter, by virtue of such parentage, be accorded any right, privilege, or status under this Act.

''(2)(A) No alien who qualifies for a special immigrant visa under subsection (a)(27)(N)(ii) may apply for derivative status or petition for any spouse who is represented by the alien as missing, deceased, or the source of harm at the time of the alien's application and admission. The Secretary of Homeland Security may waive this requirement for an alien who demonstrates that the alien's representations regarding the spouse were bona fide.

''(B) An alien who qualifies for a special immigrant visa under subsection (a)(27)(N) may apply for derivative status or petition for any sibling under the age of 18 years or children under the age of 18 years of any such alien, if accompanying or following to join the alien. For purposes of this subparagraph, a determination of age shall be made using the age of the alien on the date the petition is filed with the Department of Homeland Security.

''(3) An alien who qualifies for a special immigrant visa under subsection (a)(27)(N) shall be treated in the same manner as a refugee solely for purposes of section 412.

''(4) The provisions of paragraphs (4), (5), and (7)(A) of section 212(a) shall not be applicable to any alien seeking admission to the United States under subsection (a)(27)(N), and the Secretary of Homeland Security may waive any other provision of such section (other than paragraph (2)(C) or subparagraph (A), (B), (C), or (E) of paragraph (3)) with respect to such an alien for humanitarian purposes, to assure family unity, or when it is otherwise in the public interest. Any such waiver by the Secretary of Homeland Security shall be in writing and shall be granted only on an individual basis following an investigation. The Secretary of Homeland Security shall provide for the annual reporting to Congress of the number of waivers granted under this paragraph in the previous fiscal year and a summary of the reasons for granting such waivers.

''(5) For purposes of subsection (a)(27)(N)(i)(II), a determination of age shall be made using the age of the alien on the

date on which the alien was referred to the consular, immigration, or other designated official.

''(6) The Secretary of Homeland Security shall waive any application fee for a special immigrant visa for an alien described in section 101(a)(27)(N).''.

(c) ALLOCATION OF SPECIAL IMMIGRANT VISAS.—Section 203(b)(4) of the Immigration Nationality Act (8 U.S.C. 1153(b)(4)) is amended by striking ''(A) or (B) thereof'' and inserting ''(A), (B), or (N) of such section''.

(d) EXPEDITED PROCESS.—Not later than 45 days after the date of referral to a consular, immigration, or other designated official as described in section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a), special immigrant status shall be adjudicated and, if granted, the alien shall be—

(1) paroled to the United States pursuant to section 212(d)(5) of that Act (8 U.S.C. 1182(d)(5)); and

(2) allowed to apply for adjustment of status to permanent residence under section 245 of that Act (8 U.S.C. 1255) not later than 1 year after the alien's arrival in the United States.

(e) REQUIREMENT PRIOR TO ENTRY INTO THE UNTIED STATES.—

(1) DATABASE SEARCH.—An alien may not be admitted to the United States under this section or an amendment made by this section until the Secretary of Homeland Security has ensured that a search of each database maintained by an agency or department of the United States has been conducted to determine whether such alien is ineligible to be admitted to the Untied States on criminal, security, or related grounds.

(2) COOPERATION AND SCHEDULE.—The Secretary of Homeland Security and the head of each appropriate agency or department of the United States shall work cooperatively to ensure that each database search required by paragraph (1) is completed not later than 45 days after the date on which an alien files a petition seeking a special immigration visa under section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a).

(f) REQUIREMENT AFTER ENTRY INTO THE UNITED STATES.—

(1) REQUIREMENT TO SUBMIT FINGERPRINTS.—

(A) IN GENERAL.—Not later than 30 days after the date that an alien enters the United States under this section or an amendment made by this section, the alien shall be fingerprinted and submit to the Secretary of Homeland Security such fingerprints and any other personal biometric data required by the Secretary.

(B) OTHER REQUIREMENTS.—The Secretary of Homeland Security may prescribe regulations that permit fingerprints submitted by an alien under section 262 of the Immigration and Nationality Act (8 U.S.C. 1302) or any other provision of law to satisfy the requirement to submit fingerprints under subparagraph (A).

(2) DATABASE SEARCH.—The Secretary of Homeland Security shall ensure that a search of each database that contains fingerprints that is maintained by an agency or department of the United States be conducted to determine whether such alien is ineligible for an adjustment of status under any provision of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) on criminal, security, or related grounds.

(3) COOPERATION AND SCHEDULE.—The Secretary of Homeland Security and the head of each appropriate agency or department of the United States shall work cooperatively to ensure that each database search required under paragraph (2) is completed not later than 180 days after the date on which the alien enters the United States.

(4) ADMINISTRATIVE AND JUDICIAL REVIEW.—

(A) ADMINISTRATIVE REVIEW.—An alien who is admitted to the United States under this section or an amendment made by this section who is determined to be ineligible for an adjustment of status pursuant to section 212 of the Immigration and Nationality Act (8 U.S.C. 1182) may appeal such a determination through the Administrative Appeals Office of the Bureau of Citizenship and Immigration Services of the Department of Homeland Security. The Secretary of Homeland Security shall ensure that a determination on such appeal is made not later than 60 days after the date on which the appeal is filed.

(B) JUDICIAL REVIEW.—Nothing in this section, or in an amendment made by this section, may preclude application of section 242(a)(2)(B) of the Immigration and Nationality Act (8 U.S.C. 1252(a)(2)(B)).

(g) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Homeland Security shall report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives on the progress of the implementation of this section and the amendments made by this section, including—

(1) data related to the implementation of this section and the amendments made by this section;

(2) data regarding the number of placements of females and children who faces a credible fear of harm as referred to in section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a); and

(3) any other information that the Secretary of Homeland Security determines to be appropriate.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section and the amendments made by this section.

SEC. 2105. EXPANSION OF S VISA.

(a) EXPANSION OF S VISA CLASSIFICATION.—Section 101(a)(15)(S) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(S)) is amended—

(1) in clause (i)—

(A) by striking ''Attorney General'' each place that term appears and inserting ''Secretary of Homeland Security''; and

(B) by striking ''or'' at the end; and

(2) in clause (ii)—

(A) by striking ''Attorney General'' and inserting ''Secretary of Homeland Security''; and

(B) by striking ''1956,'' and all that follows through ''the alien;'' and inserting the following: ''1956; or

''(iii) who the Secretary of Homeland Security and the Secretary of State, in consultation with the Director of Central Intelligence, jointly determine—

''(I) is in possession of critical reliable information concerning the activities of governments or organizations, or their agents, representatives, or officials, with respect to weapons of mass destruction and related delivery systems, if such governments or organizations are at risk of developing, selling, or transferring such weapons or related delivery systems; and

''(II) is willing to supply or has supplied, fully and in good faith, information described in subclause (I) to appropriate persons within the United States Government;

and, if the Secretary of Homeland Security (or with respect to clause (ii), the Secretary of State and the Secretary of Homeland Security jointly) considers it to be appropriate, the spouse, married and unmarried sons and daughters, and parents of an alien described in clause (i), (ii), or (iii) if accompanying, or following to join, the alien;''.

(b) NUMERICAL LIMITATION.—Section 214(k)(1) of the Immigration and Nationality Act (8 U.S.C. 1184(k)(1)) is amended to read as follows:

''(1) The number of aliens who may be provided a visa as nonimmigrants under section 101(a)(15)(S) in any fiscal year may not exceed 3,500.''.

SEC. 2106. VOLUNTEERS.

It is not a violation of clauses (ii), (iii), or (iv) of subparagraph (A) for a religious denomination described in section 101(a)(27)(C)(i) or an affiliated religious organization described in section 101(a)(27)(C)(ii)(III), or their agents or officers, to encourage, invite, call, allow, or enable an alien, who is already present in the United States in violation of law to carry on the violation described in section 101(a)(27)(C)(ii)(I), as a volunteer who is not compensated as an employee, notwithstanding the provision of room, board, travel, and other basic living expenses.

SA 181. Mr. KENNEDY submitted an amendment intended to be proposed to amendment SA 144 submitted by Mr. SESSIONS and intended to be proposed to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

In lieu of the matter to be inserted, insert the following:

DIVISION B—IMMIGRATION REFORM

SECTION 1001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Secure America and Orderly Immigration Act''.

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

SEC. 1002. FINDINGS.

Congress makes the following findings:

(1) The Government of the United States has an obligation to its citizens to secure its borders and ensure the rule of law in its communities.

(2) The Government of the United States must strengthen international border security efforts by dedicating adequate and significant resources for technology, personnel, and training for border region enforcement.

(3) Federal immigration policies must adhere to the United States tradition as a nation of immigrants and reaffirm this Nation's commitment to family unity, economic opportunity, and humane treatment.

(4) Immigrants have contributed significantly to the strength and economic prosperity of the United States and action must be taken to ensure their fair treatment by employers and protection against fraud and abuse.

(5) Current immigration laws and the enforcement of such laws are ineffective and do not serve the people of the United States, the national security interests of the United States, or the economic prosperity of the United States.

(6) The United States cannot effectively carry out its national security policies unless the United States identifies undocumented immigrants and encourages them to come forward and participate legally in the economy of the United States.

(7) Illegal immigration fosters other illegal activity, including human smuggling, trafficking, and document fraud, all of which undermine the national security interests of the United States.

(8) Illegal immigration burdens States and local communities with hundreds of millions of dollars in uncompensated expenses for law enforcement, health care, and other essential services.

(9) Illegal immigration creates an underclass of workers who are vulnerable to fraud and exploitation.

(10) Fixing the broken immigration system requires a comprehensive approach that provides for adequate legal channels for immigration and strong enforcement of immigration laws which will serve the economic, social, and security interests of the United States.

(11) Foreign governments, particularly those that share an international border with the United States, must play a critical role in securing international borders and deterring illegal entry of foreign nationals into the United States.

(12) Federal immigration policy should foster economic growth by allowing willing workers to be matched with willing employers when no United States worker is available to take a job.

(13) Immigration reform is a key component to achieving effective enforcement and will allow for the best use of security and enforcement resources to be focused on the greatest risks.

(14) Comprehensive immigration reform and strong enforcement of immigration laws will encourage legal immigration, deter illegal immigration, and promote the economic and national security interests of the United States.

TITLE I—BORDER SECURITY

SEC. 1101. DEFINITIONS.

In this title:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means—

(A) the Committee on Homeland Security and Governmental Affairs of the Senate;

(B) the Committee on the Judiciary of the Senate;

(C) the Committee on Homeland Security of the House of Representatives; and

(D) the Committee on the Judiciary of the House of Representatives.

(2) INTERNATIONAL BORDER OF THE UNITED STATES.—The term ''international border of the United States'' means the international border between the United States and Canada and the international border between the United States and Mexico, including points of entry along such international borders.

(3) SECRETARY.—Except as otherwise provided, the term ''Secretary'' means the Secretary of Homeland Security.

(4) SECURITY PLAN.—The term ''security plan'' means a security plan developed as part of the National Strategy for Border Security set forth under section 111(a) for the Border Patrol and the field offices of the Bureau of Customs and Border Protection of the Department of Homeland Security that has responsibility for the security of any portion of the international border of the United States.

Subtitle A—Border Security Strategic Planning

SEC. 1111. NATIONAL STRATEGY FOR BORDER SECURITY.

(a) IN GENERAL.—In conjunction with strategic homeland security planning efforts, the Secretary shall develop, implement, and update, as needed, a National Strategy for Border Security that includes a security plan for the Border Patrol and the field offices of the Bureau of Customs and Border Protection of the Department of Homeland Security that has responsibility for the security of any portion of the international border of the United States.

(b) CONTENTS.—The National Strategy for Border Security shall include—

(1) the identification and evaluation of the points of entry and all portions of the international border of the United States that, in the interests of national security and enforcement, must be protected from illegal transit;

(2) a description of the most appropriate, practical, and cost-effective means of defending the international border of the United States against threats to security and illegal transit, including intelligence capacities, technology, equipment, personnel, and training needed to address security vulnerabilities within the United States for the Border Patrol and the field offices of the Bureau of Customs and Border Protection that have responsibility for any portion of the international border of the United States;

(3) risk-based priorities for assuring border security and realistic deadlines for addressing security and enforcement needs identified in paragraphs (1) and (2);

(4) a strategic plan that sets out agreed upon roles and missions of Federal, State, regional, local, and tribal authorities, including appropriate coordination among such authorities, to enable security enforcement and border lands management to be carried out in an efficient and effective manner;

(5) a prioritization of research and development objectives to enhance the security of the international border of the United States and enforcement needs to promote such security consistent with the provisions of subtitle B;

(6) an update of the 2001 Port of Entry Infrastructure Assessment Study conducted by the United States Customs Service, in consultation with the General Services Administration;

(7) strategic interior enforcement coordination plans with personnel of Immigration and Customs Enforcement;

(8) strategic enforcement coordination plans with overseas personnel of the Department of Homeland Security and the Department of State to end human smuggling and trafficking activities;

(9) any other infrastructure or security plan or report that the Secretary determines appropriate for inclusion;

(10) the identification of low-risk travelers and how such identification would facilitate cross-border travel; and

(11) ways to ensure that the trade and commerce of the United States is not diminished by efforts, activities, and programs aimed at securing the homeland.

(c) PRIORITY OF NATIONAL STRATEGY.—The National Strategy for Border Security shall be the governing document for Federal security and enforcement efforts related to securing the international border of the United States.

SEC. 1112. REPORTS TO CONGRESS.

(a) NATIONAL STRATEGY.—

(1) INITIAL SUBMISSION.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit the National Strategy for Border Security, including each security plan, to the appropriate congressional committees. Such plans shall include estimated costs of implementation and training from a fiscal and personnel perspective and a cost-benefit analysis of any technological security implementations.

(2) SUBSEQUENT SUBMISSIONS.—After the submission required under paragraph (1), the Secretary shall submit to the appropriate congressional committees any revisions to the National Strategy for Border Security, including any revisions to a security plan, not less frequently than April 1 of each odd-numbered year. The plan shall include estimated costs for implementation and training and a cost-benefit analysis of technological security implementations that take place during the time frame under evaluation.

(b) PERIODIC PROGRESS REPORTS.—

(1) REQUIREMENT FOR REPORT.—Each year, in conjunction with the submission of the budget to Congress under section 1105(a) of title 31, United States Code, the Secretary shall submit to the appropriate congressional committees an assessment of the progress made on implementing the National Strategy for Border Security, including each security plan.

(2) CONTENT.—Each progress report submitted under this subsection shall include any recommendations for improving and implementing the National Strategy for Border Security, including any recommendations for improving and implementing a security plan.

(c) CLASSIFIED MATERIAL.—

(1) IN GENERAL.—Any material included in the National Strategy for Border Security, including each security plan, that includes information that is properly classified under criteria established by Executive order shall be submitted to the appropriate congressional committees in a classified form.

(2) UNCLASSIFIED VERSION.—As appropriate, an unclassified version of the material described in paragraph (1) shall be provided to the appropriate congressional committees.

SEC. 1113. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subtitle for each of the 5 fiscal years beginning with the fiscal year after the fiscal year in which this Act was enacted.

Subtitle B—Border Infrastructure, Technology Integration, and Security Enhancement

SEC. 1121. BORDER SECURITY COORDINATION PLAN.

(a) IN GENERAL.—The Secretary shall coordinate with Federal, State, local, and tribal authorities on law enforcement, emergency response, and security-related responsibilities with regard to the international border of the United States to develop and implement a plan to ensure that the security of such international border is not compromised—

(1) when the jurisdiction for providing such security changes from one such authority to another such authority;

(2) in areas where such jurisdiction is shared by more than one such authority; or

(3) by one such authority relinquishing such jurisdiction to another such authority pursuant to a memorandum of understanding.

(b) ELEMENTS OF PLAN.—In developing the plan, the Secretary shall consider methods to—

(1) coordinate emergency responses;

(2) improve data-sharing, communications, and technology among the appropriate agencies;

(3) promote research and development relating to the activities described in paragraphs (1) and (2); and

(4) combine personnel and resource assets when practicable.

(c) REPORT.—Not later than 1 year after implementing the plan developed under subsection (a), the Secretary shall transmit a report to the appropriate congressional committees on the development and implementation of such plan.

SEC. 1122. BORDER SECURITY ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—The Secretary is authorized to establish a Border Security Advisory Committee (referred to in this section as the ''Advisory Committee'') to provide advice and recommendations to the Secretary on border security and enforcement issues.

(b) COMPOSITION.—

(1) IN GENERAL.—The members of the Advisory Committee shall be appointed by the Secretary and shall include representatives of—

(A) States that are adjacent to the international border of the United States;

(B) local law enforcement agencies; community officials, and tribal authorities of such States; and

(C) other interested parties.

(2) MEMBERSHIP.—The Advisory Committee shall be comprised of members who represent a broad cross section of perspectives.

SEC. 1123. PROGRAMS ON THE USE OF TECHNOLOGIES FOR BORDER SECURITY.

(a) AERIAL SURVEILLANCE TECHNOLOGIES PROGRAM.—

(1) IN GENERAL.—In conjunction with the border surveillance plan developed under section 5201 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108–458), the Secretary, not later than 60 days after the date of enactment of this Act, shall develop and implement a program to fully integrate aerial surveillance technologies to enhance the border security of the United States.

(2) ASSESSMENT AND CONSULTATION REQUIREMENTS.—In developing the program under this subsection, the Secretary shall—

(A) consider current and proposed aerial surveillance technologies;

(B) assess the feasibility and advisability of utilizing such technologies to address border threats, including an assessment of the technologies considered best suited to address respective threats;

(C) consult with the Secretary of Defense regarding any technologies or equipment, which the Secretary may deploy along the international border of the United States; and

(D) consult with the Administrator of the Federal Aviation Administration regarding safety, airspace coordination and regulation, and any other issues necessary for implementation of the program.

(3) ADDITIONAL REQUIREMENTS.—

(A) IN GENERAL.—The program developed under this subsection shall include the utilization of a variety of aerial surveillance technologies in a variety of topographies and areas, including populated and unpopulated areas located on or near the international border of the United States, in order to evaluate, for a range of circumstances—

(i) the significance of previous experiences with such technologies in border security or critical infrastructure protection;

(ii) the cost and effectiveness of various technologies for border security, including varying levels of technical complexity; and

(iii) liability, safety, and privacy concerns relating to the utilization of such technologies for border security.

(B) USE OF UNMANNED AERIAL VEHICLES.—The aerial surveillance technologies utilized in the program shall include unmanned aerial vehicles.

(4) CONTINUED USE OF AERIAL SURVEILLANCE TECHNOLOGIES.—The Secretary may continue the operation of aerial surveillance technologies while assessing the effectiveness of their utilization and until such time the Secretary determines appropriate.

(5) REPORT.—

(A) REQUIREMENT.—Not later than 1 year after implementing the program under this subsection, the Secretary shall submit a report on such program to the appropriate congressional committees.

(B) CONTENT.—The Secretary shall include in the report required by subparagraph (A) a description of the program together with such recommendations as the Secretary finds appropriate for enhancing the program.

(b) DEMONSTRATION PROGRAMS.—The Secretary is authorized, as part of the development and implementation of the National Strategy for Border Security, to establish and carry out demonstration programs to strengthen communication, information sharing, technology, security, intelligence benefits, and enforcement activities that will protect the international border of the United States without diminishing international trade and commerce.

SEC. 1124. COMBATING HUMAN SMUGGLING.

(a) REQUIREMENT FOR PLAN.—The Secretary shall develop and implement a plan to improve coordination between the Bureau of Immigration and Customs Enforcement and the Bureau of Customs and Border Protection of the Department of Homeland Security and any other Federal, State, local, or tribal authorities, as determined appropriate by the Secretary, to improve coordination efforts to combat human smuggling.

(b) CONTENT.—In developing the plan required by subsection (a), the Secretary shall consider—

(1) the interoperability of databases utilized to prevent human smuggling;

(2) adequate and effective personnel training;

(3) methods and programs to effectively target networks that engage in such smuggling;

(4) effective utilization of—

(A) visas for victims of trafficking and other crimes; and

(B) investigatory techniques, equipment, and procedures that prevent, detect, and prosecute international money laundering and other operations that are utilized in smuggling;

(5) joint measures, with the Secretary of State, to enhance intelligence sharing and cooperation with foreign governments whose citizens are preyed on by human smugglers; and

(6) other measures that the Secretary considers appropriate to combating human smuggling.

(c) REPORT.—Not later than 1 year after implementing the plan described in subsection (a), the Secretary shall submit to Congress a report on such plan, including any recommendations for legislative action to improve efforts to combating human smuggling.

SEC. 1125. SAVINGS CLAUSE.

Nothing in this subtitle or subtitle A may be construed to provide to any State or local entity any additional authority to enforce Federal immigration laws.

Subtitle C—International Border Enforcement

SEC. 1131. NORTH AMERICAN SECURITY INITIATIVE.

(a) IN GENERAL.—The Secretary of State shall enhance the mutual security and safety of the United States, Canada, and Mexico by providing a framework for better management, communication, and coordination between the Governments of North America.

(b) RESPONSIBILITIES.—In implementing the provisions of this subtitle, the Secretary of State shall carry out all of the activities described in this subtitle.

SEC. 1132. INFORMATION SHARING AGREEMENTS.

The Secretary of State, in coordination with the Secretary of Homeland Security and the Government of Mexico, is authorized to negotiate an agreement with Mexico to—

(1) cooperate in the screening of third-country nationals using Mexico as a transit corridor for entry into the United States; and

(2) provide technical assistance to support stronger immigration control at the border with Mexico.

SEC. 1133. IMPROVING THE SECURITY OF MEXICO'S SOUTHERN BORDER.

(a) TECHNICAL ASSISTANCE.—The Secretary of State, in coordination with the Secretary of Homeland Security, the Canadian Department of Foreign Affairs, and the Government of Mexico, shall establish a program to—

(1) assess the specific needs of the governments of Central American countries in maintaining the security of the borders of such countries;

(2) use the assessment made under paragraph (1) to determine the financial and technical support needed by the governments of Central American countries from Canada, Mexico, and the United States to meet such needs;

(3) provide technical assistance to the governments of Central American countries to secure issuance of passports and travel documents by such countries; and

(4) encourage the governments of Central American countries to—

(A) control alien smuggling and trafficking;

(B) prevent the use and manufacture of fraudulent travel documents; and

(C) share relevant information with Mexico, Canada, and the United States.

(b) IMMIGRATION.—The Secretary of Homeland Security, in consultation with the Secretary of State and appropriate officials of the governments of Central American countries shall provide robust law enforcement assistance to such governments that specifically addresses migratory issues to increase the ability of such governments to dismantle human smuggling organizations and gain tighter control over the border.

(c) BORDER SECURITY BETWEEN MEXICO AND GUATEMALA OR BELIZE.—The Secretary of State, in consultation with the Secretary of Homeland Security, the Government of Mexico, and appropriate officials of the Governments of Guatemala, Belize, and neighboring contiguous countries, shall establish a program to provide needed equipment, technical assistance, and vehicles to manage, regulate, and patrol the international border between Mexico and Guatemala and between Mexico and Belize.

(d) TRACKING CENTRAL AMERICAN GANGS.—The Secretary of State, in coordination with the Secretary of Homeland Security, the Director of the Federal Bureau of Investigation, the Government of Mexico, and appropriate officials of the governments of Central American countries, shall—

(1) assess the direct and indirect impact on the United States and Central America on deporting violent criminal aliens;

(2) establish a program and database to track Central American gang activities, focusing on the identification of returning criminal deportees;

(3) devise an agreed-upon mechanism for notification applied prior to deportation and for support for reintegration of these deportees; and

(4) devise an agreement to share all relevant information with the appropriate agencies of Mexico and other Central American countries.

TITLE II—STATE CRIMINAL ALIEN ASSISTANCE

SEC. 1201. STATE CRIMINAL ALIEN ASSISTANCE PROGRAM AUTHORIZATION OF APPROPRIATIONS.

Section 241(i) of the Immigration and Nationality Act (8 U.S.C. 1231(i)) is amended by striking paragraphs (5) and (6) and inserting the following:

''(5) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There are authorized to be appropriated to carry out this subsection—

''(i) such sums as may be necessary for fiscal year 2005;

''(ii) $750,000,000 for fiscal year 2006;

''(iii) $850,000,000 for fiscal year 2007; and

''(iv) $950,000,000 for each of the fiscal years 2008 through 2011.

''(B) LIMITATION ON USE OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) that are distributed to a State or political subdivision of a State, including a municipality, may be used only for correctional purposes.''.

SEC. 1202. REIMBURSEMENT OF STATES FOR INDIRECT COSTS RELATING TO THE INCARCERATION OF ILLEGAL ALIENS.

Section 501 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1365) is amended—

(1) in subsection (a)—

(A) by striking ''for the costs'' and inserting the following: ''for—

''(1) the costs''; and

(B) by striking ''such State.'' and inserting the following: ''such State; and

''(2) the indirect costs related to the imprisonment described in paragraph (1).''; and

(2) by striking subsections (c) through (e) and inserting the following:

''(c) MANNER OF ALLOTMENT OF REIMBURSEMENTS.—Reimbursements under this section shall be allotted in a manner that gives special consideration for any State that—

''(1) shares a border with Mexico or Canada; or

''(2) includes within the State an area in which a large number of undocumented aliens reside relative to the general population of that area.

''(d) DEFINITIONS.—As used in this section:

''(1) INDIRECT COSTS.—The term 'indirect costs' includes—

''(A) court costs, county attorney costs, detention costs, and criminal proceedings expenditures that do not involve going to trial;

''(B) indigent defense costs; and

''(C) unsupervised probation costs.

''(2) STATE.—The term 'State' has the meaning given such term in section 101(a)(36) of the Immigration and Nationality Act.

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $200,000,000 for each of the fiscal years 2005 through 2011 to carry out subsection (a)(2).''.

SEC. 1203. REIMBURSEMENT OF STATES FOR PRE-CONVICTION COSTS RELATING TO THE INCARCERATION OF ILLEGAL ALIENS.

Section 241(i)(3)(A) of the Immigration and Nationality Act (8 U.S.C. 1231(i)(3)(a) is amended by inserting ''charged with or'' before ''convicted.''

TITLE III—ESSENTIAL WORKER VISA PROGRAM

SEC. 1301. ESSENTIAL WORKERS.

Section 101(a)(15)(H) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)) is amended—

(1) by striking ''(H) an alien (i)(b)'' and inserting the following:

''(H) an alien—

''(i)(b)'';

(2) by striking ''or (ii)(a)'' and inserting the following:

''(ii)(a)'';

(3) by striking ''or (iii)'' and inserting the following:

''(iii)''; and

(4) by adding at the end the following:

''(v)(a) subject to section 218A, having residence in a foreign country, which the alien has no intention of abandoning, who is coming temporarily to the United States to initially perform labor or services (other than those occupation classifications covered under the provisions of clause (i)(b) or (ii)(a) or subparagraph (L), (O), (P), or (R)); or.''.

SEC. 1302. ADMISSION OF ESSENTIAL WORKERS.

(a) IN GENERAL.—Chapter 2 of title II of the Immigration and Nationality Act (8 U.S.C. 1181 et seq.) is amended by inserting after section 218 the following:

''ADMISSION OF TEMPORARY H–5A WORKERS

''SEC. 218A. (a) The Secretary of State may grant a temporary visa to a nonimmigrant described in section 101(a)(15)(H)(v)(a) who demonstrates an intent to perform labor or services in the United States (other than those occupational classifications covered under the provisions of clause (i)(b) or (ii)(a) of section 101(a)(15)(H) or subparagraph (L), (O), (P), or (R)) of section 101(a)(15).

''(b) REQUIREMENTS FOR ADMISSION.—In order to be eligible for nonimmigrant status under section 101(a)(15)(H)(v)(a), an alien shall meet the following requirements:

''(1) ELIGIBILITY TO WORK.—The alien shall establish that the alien is capable of performing the labor or services required for an occupation under section 101(a)(15)(H)(v).

''(2) EVIDENCE OF EMPLOYMENT.—The alien's evidence of employment shall be provided through the Employment Eligibility Confirmation System established under section 274E or in accordance with requirements issued by the Secretary of State, in consultation with the Secretary of Homeland Security. In carrying out this paragraph, the Secretary may consider evidence from employers, employer associations, and labor representatives.

''(3) FEE.—The alien shall pay a $500 application fee to apply for the visa in addition to the cost of processing and adjudicating such application. Nothing in this paragraph shall be construed to affect consular procedures for charging reciprocal fees.

''(4) MEDICAL EXAMINATION.—The alien shall undergo a medical examination (including a determination of immunization status) at the alien's expense, that conforms to generally accepted standards of medical practice.

''(c) GROUNDS OF INADMISSIBILITY.—

''(1) IN GENERAL.—In determining an alien's admissibility as a nonimmigrant under section 101(a)(15)(H)(v)(a)—

''(A) paragraphs (5), (6) (except for subparagraph (E)), (7), (9), and (10)(B) of section 212(a) may be waived for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced;

''(B) the Secretary of Homeland Security may not waive—

''(i) subparagraph (A), (B), (C), (E), (G), (H), or (I) of section 212(a)(2) (relating to criminals);

''(ii) section 212(a)(3) (relating to security and related grounds); or

''(iii) subparagraph (A) or (C) of section 212(a)(10) (relating to polygamists and child abductors);

''(C) for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced, the Secretary of Homeland Security may waive the application of any provision of section 212(a) not listed in subparagraph (B) on behalf of an individual alien for humanitarian purposes, to ensure family unity, or when such waiver is otherwise in the public interest; and

''(D) nothing in this paragraph shall be construed as affecting the authority of the Secretary of Homeland Security to waive the provisions of section 212(a).

''(2) WAIVER FINE.—An alien who is granted a waiver under subparagraph (1) shall pay a $1,500 fine upon approval of the alien's visa application.

''(3) APPLICABILITY OF OTHER PROVISIONS.—Sections 240B(d) and 241(a)(5) shall not apply to an alien who initially seeks admission as a nonimmigrant under section 101(a)(15)(H)(v)(a).

''(4) RENEWAL OF AUTHORIZED ADMISSION AND SUBSEQUENT ADMISSIONS.—An alien seeking renewal of authorized admission or subsequent admission as a nonimmigrant under section 101(a)(15)(H)(v)(a) shall establish that the alien is not inadmissible under section 212(a).

''(d) PERIOD OF AUTHORIZED ADMISSION.—

''(1) INITIAL PERIOD.—The initial period of authorized admission as a nonimmigrant described in section 101(a)(15)(H)(v)(a) shall be 3 years.

''(2) RENEWALS.—The alien may seek an extension of the period described in paragraph (1) for 1 additional 3-year period.

''(3) LOSS OF EMPLOYMENT.—

''(A) IN GENERAL.—Subject to subsection (c), the period of authorized admission of a nonimmigrant alien under section 101(a)(15)(H)(v)(a) shall terminate if the nonimmigrant is unemployed for 45 or more consecutive days.

''(B) RETURN TO FOREIGN RESIDENCE.—Any alien whose period of authorized admission terminates under subparagraph (A) shall be required to return to the country of the alien's nationality or last residence.

''(C) PERIOD OF VISA VALIDITY.—Any alien, whose period of authorized admission terminates under subparagraph (A), who returns to the country of the alien's nationality or last residence under subparagraph (B), may reenter the United States on the basis of the same visa to work for an employer, if the alien has complied with the requirements of subsection (b)(1).

''(4) VISITS OUTSIDE UNITED STATES.—

''(A) IN GENERAL.—Under regulations established by the Secretary of Homeland Security, a nonimmigrant alien under section 101(a)(15)(H)(v)(a)—

''(i) may travel outside of the United States; and

''(ii) may be readmitted without having to obtain a new visa if the period of authorized admission has not expired.

''(B) EFFECT ON PERIOD OF AUTHORIZED ADMISSION.—Time spent outside the United States under subparagraph (A) shall not extend the period of authorized admission in the United States.

''(e) PORTABILITY.—A nonimmigrant alien described in this section, who was previously issued a visa or otherwise provided nonimmigrant status under section 101(a)(15)(H)(v)(a), may accept new employment with a subsequent employer.

''(f) WAIVER OF RIGHTS PROHIBITED.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) may not be required to waive any rights or protections under the Secure America and Orderly Immigration Act.

''(g) CHANGE OF ADDRESS.—An alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) shall comply by either electronic or paper notification with the change of address reporting requirements under section 265.

''(h) BAR TO FUTURE VISAS FOR VIOLATIONS.—

''(1) IN GENERAL.—Any alien having the nonimmigrant status described in section 101(a)(15)(H)(v)(a) shall not be eligible to renew such nonimmigrant status if the alien willfully violates any material term or condition of such status.

''(2) WAIVER.—The alien may apply for a waiver of the application of subparagraph (A) for technical violations, inadvertent errors, or violations for which the alien was not at fault.

''(i) COLLECTION OF FEES.—All fees collected under this section shall be deposited in the Treasury in accordance with section 286(w).''.

(b) CONFORMING AMENDMENT REGARDING PRESUMPTION OF NONIMMIGRANT STATUS.—Section 214(b) of the Immigration and Nationality Act (8 U.S.C. 1184(b)) is amended by inserting ''(H)(v)(a),'' after ''(H)(i),''.

(c) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 218 the following:

''Sec. 218A. Admission of temporary H–5A workers.''.

SEC. 1303. EMPLOYER OBLIGATIONS.

Employers employing a nonimmigrant described in section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act, as added by section 1301, shall comply with all applicable Federal, State, and local laws, including—

(1) laws affecting migrant and seasonal agricultural workers; and

(2) the requirements under section 274E of such Act, as added by section 1402.

SEC. 1304. PROTECTION FOR WORKERS.

Section 218A of the Immigration and Nationality Act, as added by section 1302, is amended by adding at the end the following:

''(h) APPLICATION OF LABOR AND OTHER LAWS.—

''(1) DEFINITIONS.—As used in this subsection and in subsections (i) through (k):

''(A) EMPLOY; EMPLOYEE; EMPLOYER.—The terms 'employ', 'employee', and 'employer' have the meanings given such terms in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

''(B) FOREIGN LABOR CONTRACTOR.—The term 'foreign labor contractor' means any person who for any compensation or other valuable consideration paid or promised to be paid, performs any foreign labor contracting activity.

''(C) FOREIGN LABOR CONTRACTING ACTIVITY.—The term 'foreign labor contracting activity' means recruiting, soliciting, hiring, employing, or furnishing, an individual who resides outside of the United States for employment in the United States as a nonimmigrant alien described in section 101(a)(15)(H)(v)(a).

''(2) COVERAGE.—Notwithstanding any other provision of law—

''(A) a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) is prohibited from being treated as an independent contractor; and

''(B) no person may treat a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) as an independent contractor.

''(3) APPLICABILITY OF LAWS.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) shall not be denied any right or any remedy under Federal, State, or local labor or employment law that would be applicable to a United States worker employed in a similar position with the employer because of the alien's status as a nonimmigrant worker.

''(4) TAX RESPONSIBILITIES.—With respect to each employed nonimmigrant alien described in section 101(a)(15)(H)(v)(a), an employer shall comply with all applicable Federal, State, and local tax and revenue laws.

''(5) NONDISCRIMINATION IN EMPLOYMENT.—An employer shall provide nonimmigrants issued a visa under this section with the same wages, benefits, and working conditions that are provided by the employer to United States workers similarly employed in the same occupation and the same place of employment.

''(6) NO REPLACEMENT OF STRIKING EMPLOYEES.—An employer may not hire a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) as a replacement worker if there is a strike or lockout in the course of a labor dispute in the occupational classification at the place of employment.

''(7) WAIVER OF RIGHTS PROHIBITED.—A nonimmigrant alien described in section 101(a)(15)(H)(v)(a) may not be required to waive any rights or protections under the Secure America and Orderly Immigration Act. Nothing under this provision shall be construed to affect the interpretation of other laws.

''(8) NO THREATENING OF EMPLOYEES.—It shall be a violation of this section for an employer who has filed a petition under section 203(b) to threaten the alien beneficiary of such a petition with withdrawal of the application, or to withdraw such a petition in retaliation for the beneficiary's exercise of a right protected by the Secure America and Orderly Immigration Act.

''(9) WHISTLEBLOWER PROTECTION.—It shall be unlawful for an employer or a labor contractor of a nonimmigrant alien described in section 101(a)(15)(H)(v)(a) to intimidate, threaten, restrain, coerce, retaliate, discharge, or in any other manner, discriminate against an employee or former employee because the employee or former employee—

''(A) discloses information to the employer or any other person that the employee or former employee reasonably believes demonstrates a violation of Secure America and Orderly Immigration Act.

''(B) cooperates or seeks to cooperate in an investigation or other proceeding concerning compliance with the requirements of the Secure America and Orderly Immigration Act.

''(i) LABOR RECRUITERS.—

''(1) IN GENERAL.—Each employer that engages in foreign labor contracting activity and each foreign labor contractor shall ascertain and disclose to each such worker who is recruited for employment the following information at the time of the worker's recruitment:

''(A) The place of employment.

''(B) The compensation for the employment.

''(C) A description of employment activities.

''(D) The period of employment.

''(E) Any other employee benefit to be provided and any costs to be charged for each benefit.

''(F) Any travel or transportation expenses to be assessed.

''(G) The existence of any labor organizing effort, strike, lockout, or other labor dispute at the place of employment.

''(H) The existence of any arrangement with any owner, employer, foreign contractor, or its agent where such person receives a commission from the provision of items or services to workers.

''(I) The extent to which workers will be compensated through workers' compensation, private insurance, or otherwise for injuries or death, including work related injuries and death, during the period of employment and, if so, the name of the State workers' compensation insurance carrier or the name of the policyholder of the private insurance, the name and the telephone number of each person who must be notified of an injury or death, and the time period within which such notice must be given.

''(J) Any education or training to be provided or required, including the nature and cost of such training, who will pay such costs, and whether the training is a condition of employment, continued employment, or future employment.

''(K) A statement, in a form specified by the Secretary of Labor, describing the protections of this Act for workers recruited abroad.

''(2) FALSE OR MISLEADING INFORMATION.—No foreign labor contractor or employer who engages in foreign labor contracting activity shall knowingly provide material false or misleading information to any worker concerning any matter required to be disclosed in paragraph (1).

''(3) LANGUAGES.—The information required to be disclosed under paragraph (1) shall be provided in writing in English or, as necessary and reasonable, in the language of the worker being recruited. The Department of Labor shall make forms available in English, Spanish, and other languages, as necessary, which may be used in providing workers with information required under this section.

''(4) FEES.—A person conducting a foreign labor contracting activity shall not assess any fee to a worker for such foreign labor contracting activity.

''(5) TERMS.—No employer or foreign labor contractor shall, without justification, violate the terms of any agreement made by that contractor or employer regarding employment under this program.

''(6) TRAVEL COSTS.—If the foreign labor contractor or employer charges the employee for transportation such transportation costs shall be reasonable.

''(7) OTHER WORKER PROTECTIONS.—

''(A) NOTIFICATION.—Every 2 years, each employer shall notify the Secretary of Labor of the identity of any foreign labor contractor engaged by the employer in any foreign labor contractor activity for or on behalf of the employer.

''(B) REGISTRATION OF FOREIGN LABOR CONTRACTORS.—

''(i) IN GENERAL.—No person shall engage in foreign labor recruiting activity unless such person has a certificate of registration from the Secretary of Labor specifying the activities that such person is authorized to perform. An employer who retains the services of a foreign labor contractor shall only use those foreign labor contractors who are registered under this subparagraph.

''(ii) ISSUANCE.—The Secretary shall promulgate regulations to establish an efficient electronic process for the investigation and approval of an application for a certificate of registration of foreign labor contractors not later than 14 days after such application is filed. Such process shall include requirements under paragraphs (1), (4), and (5) of section 1812 of title 29, United States Code, an expeditious means to update registrations and renew certificates and any other requirements the Secretary may prescribe.

''(iii) TERM.—Unless suspended or revoked, a certificate under this subparagraph shall be valid for 2 years.

''(iv) REFUSAL TO ISSUE; REVOCATION; SUSPENSION.—In accordance with regulations promulgated by the Secretary of Labor, the Secretary may refuse to issue or renew, or may suspend or revoke, a certificate of registration under this subparagraph. The justification for such refusal, suspension, or revocation may include the following:

''(I) The application or holder of the certification has knowingly made a material misrepresentation in the application for such certificate.

''(II) The applicant for or holder of the certification is not the real party in interest in the application or certificate of registration and the real party in interest is a person who has been refused issuance or renewal of a certificate, has had a certificate suspended or revoked, or does not qualify for a certificate under this paragraph.

''(III) The applicant for or holder of the certification has failed to comply with the Secure America and Orderly Immigration Act.

''(C) REMEDY FOR VIOLATIONS.—An employer engaging in foreign labor contracting activity and a foreign labor contractor that violates the provisions of this subsection shall be subject to remedies for foreign labor contractor violations under subsections (j) and (k). If a foreign labor contractor acting as an agent of an employer violates any provision of this subsection, the employer shall also be subject to remedies under subsections (j) and (k). An employer that violates a provision of this subsection relating to employer obligations shall be subject to remedies under this subsections (j) and (k).

''(D) EMPLOYER NOTIFICATION.—An employer shall notify the Secretary of Labor any time the employer becomes aware of a violation of this subsection by a foreign labor recruiter.

''(E) WRITTEN AGREEMENTS.—No foreign labor contractor shall violate the terms of any written agreements made with an employer relating to any contracting activity or worker protection under this subsection.

''(F) BONDING REQUIREMENT.—The Secretary of Labor may require a foreign labor contractor under this subsection to post a bond in an amount sufficient to ensure the protection of individuals recruited by the foreign labor contractor. The Secretary may consider the extent to which the foreign labor contractor has sufficient ties to the United States to adequately enforce this subsection.

''(j) ENFORCEMENT.—

''(1) IN GENERAL.—The Secretary of Labor shall prescribe regulations for the receipt, investigation, and disposition of complaints by an aggrieved person respecting a violation of this section.

''(2) DEFINITION.—As used in this subsection, an 'aggrieved person' is a person adversely affected by the alleged violation, including—

''(A) a worker whose job, wages, or working conditions are adversely affected by the violation; and

''(B) a representative for workers whose jobs, wages, or working conditions are adversely affected by the violation who brings a complaint on behalf of such worker.

''(3) FILING DEADLINE.—No investigation or hearing shall be conducted on a complaint concerning a violation under this section unless the complaint was filed not later than 12 months after the date of such violation.

''(4) REASONABLE CAUSE.—The Secretary of Labor shall conduct an investigation under this subsection if there is reasonable cause to believe that a violation of this section has occurred. The process established under this subsection shall provide that, not later than 30 days after a complaint is filed, the Secretary shall determine if there is reasonable cause to find such a violation.

''(5) NOTICE AND HEARING.—

''(A) IN GENERAL.—Not later than 60 days after the Secretary of Labor makes a determination of reasonable cause under paragraph (4), the Secretary shall issue a notice to the interested parties and offer an opportunity for a hearing on the complaint, in accordance with section 556 of title 5, United States Code.

''(B) COMPLAINT.—If the Secretary of Labor, after receiving a complaint under this subsection, does not offer the aggrieved party or organization an opportunity for a hearing under subparagraph (A), the Secretary shall notify the aggrieved party or organization of such determination and the aggrieved party or organization may seek a hearing on the complaint in accordance with such section 556.

''(C) HEARING DEADLINE.—Not later than 60 days after the date of a hearing under this paragraph, the Secretary of Labor shall make a finding on the matter in accordance with paragraph (6).

''(6) ATTORNEYS' FEES.—A complainant who prevails with respect to a claim under this subsection shall be entitled to an award of reasonable attorneys' fees and costs.

''(7) POWER OF THE SECRETARY.—The Secretary may bring an action in any court of competent jurisdiction—

''(A) to seek remedial action, including injunctive relief;

''(B) to recover the damages described in subsection (k); or

''(C) to ensure compliance with terms and conditions described in subsection (i).

''(8) SOLICITOR OF LABOR.—Except as provided in section 518(a) of title 28, United States Code, the Solicitor of Labor may appear for and represent the Secretary of Labor in any civil litigation brought under this subsection. All such litigation shall be subject to the direction and control of the Attorney General.

''(9) PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.—The rights and remedies provided to workers under this section are in addition to, and not in lieu of, any other contractual or statutory rights and remedies of the workers, and are not intended to alter or affect such rights and remedies.

''(k) PENALTIES.—

''(1) IN GENERAL.—If, after notice and an opportunity for a hearing, the Secretary of Labor finds a violation of subsection (h) or (i), the Secretary may impose administrative remedies and penalties, including—

''(A) back wages;

''(B) fringe benefits; and

''(C) civil monetary penalties.

''(2) CIVIL PENALTIES.—The Secretary of Labor may impose, as a civil penalty—

''(A) for a violation of subsection (h)—

''(i) a fine in an amount not to exceed $2,000 per violation per affected worker;

''(ii) if the violation was willful violation, a fine in an amount not to exceed $5,000 per violation per affected worker;

''(iii) if the violation was willful and if in the course of such violation a United States

worker was harmed, a fine in an amount not to exceed $25,000 per violation per affected worker; and

''(B) for a violation of subsection (i)—

''(i) a fine in an amount not less than $500 and not more than $4,000 per violation per affected worker;

''(ii) if the violation was willful, a fine in an amount not less than $2,000 and not more than $5,000 per violation per affected worker; and

''(iii) if the violation was willful and if in the course of such violation a United States worker was harmed, a fine in an amount not less than $6,000 and not more than $35,000 per violation per affected worker.

''(3) USE OF CIVIL PENALTIES.—All penalties collected under this subsection shall be deposited in the Treasury in accordance with section 286(w).

''(4) CRIMINAL PENALTIES.—If a willful and knowing violation of subsection (i) causes extreme physical or financial harm to an individual, the person in violation of such subsection may be imprisoned for not more than 6 months, fined not more than $35,000 fine, or both.''.

SEC. 1305. MARKET-BASED NUMERICAL LIMITATIONS.

Section 214(g) of the Immigration and Nationality Act (8 U.S.C. 1184(g)) is amended—

(1) in paragraph (1)—

(A) by striking ''(beginning with fiscal year 1992)'';

(B) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(C) under section 101(a)(15)(H)(v)(a), may not exceed—

''(i) 400,000 for the first fiscal year in which the program is implemented;

''(ii) in any subsequent fiscal year—

''(I) if the total number of visas allocated for that fiscal year are allotted within the first quarter of that fiscal year, then an additional 20 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 20 percent of the original allocated amount in the prior fiscal year;

''(II) if the total number of visas allocated for that fiscal year are allotted within the second quarter of that fiscal year, then an additional 15 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 15 percent of the original allocated amount in the prior fiscal year;

''(III) if the total number of visas allocated for that fiscal year are allotted within the third quarter of that fiscal year, then an additional 10 percent of the allocated number shall be made available immediately and the allocated amount for the following fiscal year shall increase by 10 percent of the original allocated amount in the prior fiscal year;

''(IV) if the total number of visas allocated for that fiscal year are allotted within the last quarter of that fiscal year, then the allocated amount for the following fiscal year shall increase by 10 percent of the original allocated amount in the prior fiscal year; and

''(V) with the exception of the first subsequent fiscal year to the fiscal year in which the program is implemented, if fewer visas were allotted the previous fiscal year than the number of visas allocated for that year and the reason was not due to processing delays or delays in promulgating regulations, then the allocated amount for the following fiscal year shall decrease by 10 percent of the allocated amount in the prior fiscal year.''; and

(2) by adding at the end the following:

''(9)(A) Of the total number of visas allocated for each fiscal year under paragraph (1)(C)—

''(i) 50,000 visas shall be allocated to qualifying counties; and

''(ii) any of the visas allocated under clause (i) that are not issued by June 30 of such fiscal year, may be made available to any qualified applicant.

''(B) In this paragraph, the term 'qualifying county' means any county that—

''(i) that is outside a metropolitan statistical area; and

''(ii) during the 20-year-period ending on the last day of the calendar year preceding the date of enactment of the Secure America and Orderly Immigration Act, experienced a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.

''(10) In allocating visas under this subsection, the Secretary of State may take any additional measures necessary to deter illegal immigration.''.

SEC. 1306. ADJUSTMENT TO LAWFUL PERMANENT RESIDENT STATUS.

Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended by adding at the end the following:

''(n)(1) For purposes of adjustment of status under subsection (a), employment-based immigrant visas shall be made available to an alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) upon the filing of a petition for such a visa—

''(A) by the alien's employer; or

''(B) by the alien, if the alien has maintained such nonimmigrant status in the United States for a cumulative total of 4 years.

''(2) An alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) may not apply for adjustment of status under this section unless the alien—

''(A) is physically present in the United States; and

''(B) the alien establishes that the alien—

''(i) meets the requirements of section 312; or

''(ii) is satisfactorily pursuing a course of study to achieve such an understanding of English and knowledge and understanding of the history and government of the United States.

''(3) An alien who demonstrates that the alien meets the requirements of section 312 may be considered to have satisfied the requirements of that section for purposes of becoming naturalized as a citizen of the United States under title III.

''(4) Filing a petition under paragraph (1) on behalf of an alien or otherwise seeking permanent residence in the United States for such alien shall not constitute evidence of the alien's ineligibility for nonimmigrant status under section 101(a)(15)(H)(v)(a).

''(5) The limitation under section 302(d) regarding the period of authorized stay shall not apply to any alien having nonimmigrant status under section 101(a)(15)(H)(v)(a) if—

''(A) a labor certification petition filed under section 203(b) on behalf of such alien is pending; or

''(B) an immigrant visa petition filed under section 204(b) on behalf of such alien is pending.

''(6) The Secretary of Homeland Security shall extend the stay of an alien who qualifies for an exemption under paragraph (5) in 1-year increments until a final decision is made on the alien's lawful permanent residence.

''(7) Nothing in this subsection shall be construed to prevent an alien having nonimmigrant status described in section 101(a)(15)(H)(v)(a) from filing an application for adjustment of status under this section in accordance with any other provision of law.''.

SEC. 1307. ESSENTIAL WORKER VISA PROGRAM TASK FORCE.

(a) ESTABLISHMENT OF TASK FORCE.—

(1) IN GENERAL.—There is established a task force to be known as the Essential Worker Visa Program Task Force (referred to in this section as the ''Task Force'').

(2) PURPOSES.—The purposes of the Task Force are—

(A) to study the Essential Worker Visa Program (referred to in this section as the ''Program'') established under this title; and

(B) to make recommendations to Congress with respect to such program.

(3) MEMBERSHIP.—The Task Force shall be composed of 10 members, of whom—

(A) 1 shall be appointed by the President and shall serve as chairman of the Task Force;

(B) 1 shall be appointed by the leader of the Democratic Party in the Senate, in consultation with the leader of the Democratic Party in the House of Representatives, and shall serve as vice chairman of the Task Force;

(C) 2 shall be appointed by the majority leader of the Senate;

(D) 2 shall be appointed by the minority leader of the Senate;

(E) 2 shall be appointed by the Speaker of the House of Representatives; and

(F) 2 shall be appointed by the minority leader of the House of Representatives.

(4) QUALIFICATIONS.—

(A) IN GENERAL.—Members of the Task Force shall be—

(i) individuals with expertise in economics, demography, labor, business, or immigration or other pertinent qualifications or experience; and

(ii) representative of a broad cross-section of perspectives within the United States, including the public and private sectors and academia;

(B) POLITICAL AFFILIATION.—Not more than 5 members of the Task Force may be members of the same political party.

(C) NONGOVERNMENTAL APPOINTEES.—An individual appointed to the Task Force may not be an officer or employee of the Federal Government or of any State or local government.

(5) DEADLINE FOR APPOINTMENT.—All members of the Task Force shall be appointed not later than 6 months after the Program has been implemented.

(6) VACANCIES.—Any vacancy in the Task Force shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(7) MEETINGS.—

(A) INITIAL MEETING.—The Task Force shall meet and begin the operations of the Task Force as soon as practicable.

(B) SUBSEQUENT MEETINGS.—After its initial meeting, the Task Force shall meet upon the call of the chairman or a majority of its members.

(8) QUORUM.—Six members of the Task Force shall constitute a quorum.

(b) DUTIES.—The Task Force shall examine and make recommendations regarding the Program, including recommendations regarding—

(1) the development and implementation of the Program;

(2) the criteria for the admission of temporary workers under the Program;

(3) the formula for determining the yearly numerical limitations of the Program;

(4) the impact of the Program on immigration;

(5) the impact of the Program on the United States workforce and United States businesses; and

(6) any other matters regarding the Program that the Task Force considers appropriate.

(c) INFORMATION AND ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION FROM FEDERAL AGENCIES.—The Task Force may seek directly from any Federal department or agency such information, including suggestions, estimates, and statistics, as the Task Force considers necessary to carry out the provisions of this section. Upon request of the Task Force, the head of such department or agency shall furnish such information to the Task Force.

(2) ASSISTANCE FROM FEDERAL AGENCIES.—The Administrator of General Services shall, on a reimbursable base, provide the Task Force with administrative support and other services for the performance of the Task Force's functions. The departments and agencies of the United States may provide the Task Force with such services, funds, facilities, staff, and other support services as they determine advisable and as authorized by law.

(d) REPORTS.—

(1) INITIAL REPORT.—Not later than 2 years after the Program has been implemented, the Task Force shall submit a report to Congress, the Secretary of State, the Secretary of Labor, and the Secretary of Homeland Security that contains—

(A) findings with respect to the duties of the Task Force;

(B) recommendations for improving the Program; and

(C) suggestions for legislative or administrative action to implement the Task Force recommendations.

(2) FINAL REPORT.—Not later than 4 years after the submission of the initial report under paragraph (1), the Task Force shall submit a final report to Congress, the Secretary of State, the Secretary of Labor, and the Secretary of Homeland Security that contains additional findings, recommendations, and suggestions, as described in paragraph (1).

SEC. 1308. WILLING WORKER-WILLING EMPLOYER ELECTRONIC JOB REGISTRY.

(a) ESTABLISHMENT.—The Secretary of Labor shall direct the coordination and modification of the national system of public labor exchange services (commonly known as ''America's Job Bank'') in existence on the date of enactment of this Act to provide information on essential worker employment opportunities available to United States workers and nonimmigrant workers under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act, as added by this Act.

(b) RECRUITMENT OF UNITED STATES WORKERS.—Before the completion of evidence of employment for a potential nonimmigrant worker under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a), an employer shall attest that the employer has posted in the Job Registry for not less than 30 days in order to recruit United States workers. An employer shall maintain records for not less than 1 year demonstrating why United States workers who applied were not hired.

(c) OVERSIGHT AND MAINTENANCE OF RECORDS.—The Secretary of Labor shall maintain electronic job registry records, as established by regulation, for the purpose of audit or investigation.

(d) ACCESS TO JOB REGISTRY.—

(1) CIRCULATION IN INTERSTATE EMPLOYMENT SERVICE SYSTEM.—The Secretary of Labor shall ensure that job opportunities advertised on the electronic job registry established under this section are accessible by the State workforce agencies, which may further disseminate job opportunity information to other interested parties.

(2) INTERNET.—The Secretary of Labor shall ensure that the Internet-based electronic job registry established or approved under this section may be accessed by workers, employers, labor organizations, and other interested parties.

SEC. 1309. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary of State such sums as may be necessary to carry out this title and the amendments made by this title for the period beginning on the date of enactment of this Act and ending on the last day of the sixth fiscal year beginning after the effective date of the regulations promulgated by the Secretary to implement this title.

TITLE IV—ENFORCEMENT

SEC. 1401. DOCUMENT AND VISA REQUIREMENTS.

(a) IN GENERAL.—Section 221(a) of the Immigration and Nationality Act (8 U.S.C. 1201(a)) is amended by adding at the end the following:

''(3) VISAS AND IMMIGRATION RELATED DOCUMENT REQUIREMENTS.—

''(A) Visas issued by the Secretary of State and immigration related documents issued by the Secretary of State or the Secretary of Homeland Security shall comply with authentication and biometric standards recognized by domestic and international standards organizations.

''(B) Such visas and documents shall—

''(i) be machine-readable and tamper-resistant;

''(ii) use biometric identifiers that are consistent with the requirements of section 303 of the Enhanced Border Security and Visa Entry Reform Act of 2002 (8 U.S.C. 1732), and represent the benefits and status set forth in such section;

''(iii) comply with the biometric and document identifying standards established by the International Civil Aviation Organization; and

''(iv) be compatible with the United States Visitor and Immigrant Status Indicator Technology and the employment verification system established under section 274E.

''(C) The information contained on the visas or immigration related documents described in subparagraph (B) shall include—

''(i) the alien's name, date and place of birth, alien registration or visa number, and, if applicable, social security number;

''(ii) the alien's citizenship and immigration status in the United States; and

''(iii) the date that such alien's authorization to work in the United States expires, if appropriate.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date that is 6 months after the date of enactment of this Act.

SEC. 1402. EMPLOYMENT ELIGIBILITY CONFIRMATION SYSTEM.

(a) IN GENERAL.—Chapter 8 of title II of the Immigration and Nationality Act (8 U.S.C. 1321 et seq.) is amended by inserting after section 274D the following:

''EMPLOYMENT ELIGIBILITY

''SEC. 274E. (a) EMPLOYMENT ELIGIBILITY CONFIRMATION SYSTEM.—

''(1) IN GENERAL.—The Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security, shall establish an Employment Eligibility Confirmation System (referred to in this section as the 'System') through which the Commissioner responds to inquiries made by employers who have hired individuals concerning each individual's identity and employment authorization.

''(2) MAINTENANCE OF RECORDS.—The Commissioner shall electronically maintain records by which compliance under the System may be verified.

''(3) OBJECTIVES OF THE SYSTEM.—The System shall—

''(A) facilitate the eventual transition for all businesses from the employer verification system established in section 274A with the System;

''(B) utilize, as a central feature of the System, machine-readable documents that contain encrypted electronic information to verify employment eligibility; and

''(C) provide for the evidence of employment required under section 218A.

''(4) INITIAL RESPONSE.—The System shall provide—

''(A) confirmation or a tentative nonconfirmation of an individual's identity and employment eligibility not later than 1 working day after the initial inquiry; and

''(B) an appropriate code indicating such confirmation or tentative nonconfirmation.

''(5) SECONDARY VERIFICATION PROCESS IN CASE OF TENTATIVE NONCONFIRMATION.—

''(A) ESTABLISHMENT.—For cases of tentative nonconfirmation, the Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security, shall establish a secondary verification process. The employer shall make the secondary verification inquiry not later than 10 days after receiving a tentative nonconfirmation.

''(B) DISCREPANCIES.—If an employee chooses to contest a secondary nonconfirmation, the employer shall provide the employee with a referral letter and instruct the employee to visit an office of the Department of Homeland Security or the Social Security Administration to resolve the discrepancy not later than 10 working days after the receipt of such referral letter in order to obtain confirmation.

''(C) FAILURE TO CONTEST.—An individual's failure to contest a confirmation shall not constitute knowledge (as defined in section 274a.1(l) of title 8, Code of Federal Regulations.

''(6) DESIGN AND OPERATION OF SYSTEM.—The System shall be designed, implemented, and operated—

''(A) to maximize its reliability and ease of use consistent with protecting the privacy and security of the underlying information through technical and physical safeguards;

''(B) to allow employers to verify that a newly hired individual is authorized to be employed;

''(C) to permit individuals to—

''(i) view their own records in order to ensure the accuracy of such records; and

''(ii) contact the appropriate agency to correct any errors through an expedited process established by the Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security; and

''(D) to prevent discrimination based on national origin or citizenship status under section 274B.

''(7) UNLAWFUL USES OF SYSTEM.—It shall be an unlawful immigration-related employment practice—

''(A) for employers or other third parties to use the System selectively or without authorization;

''(B) to use the System prior to an offer of employment;

''(C) to use the System to exclude certain individuals from consideration for employment as a result of a perceived likelihood that additional verification will be required, beyond what is required for most job applicants;

''(D) to use the System to deny certain employment benefits, otherwise interfere with the labor rights of employees, or any other unlawful employment practice; or

''(E) to take adverse action against any person, including terminating or suspending an employee who has received a tentative nonconfirmation.

''(b) EMPLOYMENT ELIGIBILITY DATABASE.—

''(1) REQUIREMENT.—The Commissioner of Social Security, in consultation and coordination with the Secretary of Homeland Security and other appropriate agencies, shall design, implement, and maintain an Employment Eligibility Database (referred to in this section as the 'Database') as described in this subsection.

''(2) DATA.—The Database shall include, for each individual who is not a citizen or national of the United States, but is authorized or seeking authorization to be employed in the United States, the individual's—

''(A) country of origin;

''(B) immigration status;

''(C) employment eligibility;

''(D) occupation;

''(E) metropolitan statistical area of employment;

''(F) annual compensation paid;

''(G) period of employment eligibility;

''(H) employment commencement date; and

''(I) employment termination date.

''(3) REVERIFICATION OF EMPLOYMENT ELIGIBILITY.—The Commissioner of Social Security shall prescribe, by regulation, a system to annually reverify the employment eligibility of each individual described in this section—

''(A) by utilizing the machine-readable documents described in section 221(a)(3); or

''(B) if machine-readable documents are not available, by telephonic or electronic communication.

''(4) CONFIDENTIALITY.—

''(A) ACCESS TO DATABASE.—No officer or employee of any agency or department of the United States, other than individuals responsible for the verification of employment eligibility or for the evaluation of the employment verification program at the Social Security Administration, the Department of Homeland Security, and the Department of Labor, may have access to any information contained in the Database.

''(B) PROTECTION FROM UNAUTHORIZED DISCLOSURE.—Information in the Database shall be adequately protected against unauthorized disclosure for other purposes, as provided in regulations established by the Commissioner of Social Security, in consultation with the Secretary of Homeland Security and the Secretary of Labor.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to design, implement, and maintain the Database.

''(c) GRADUAL IMPLEMENTATION.—The Commissioner of Social Security, in coordination with the Secretary of Homeland Security and the Secretary of Labor shall develop a plan to phase all workers into the Database and phase out the employer verification system established in section 274A over a period of time that the Commissioner determines to be appropriate.

''(d) EMPLOYER RESPONSIBILITIES.—Each employer shall—

''(1) notify employees and prospective employees of the use of the System and that the System may be used for immigration enforcement purposes;

''(2) verify the identification and employment authorization status for newly hired individuals described in section 101(a)(15)(H)(v)(a) not later than 3 days after the date of hire;

''(3) use—

''(A) a machine-readable document described in subsection (a)(3)(B); or

''(B) the telephonic or electronic system to access the Database;

''(4) provide, for each employer hired, the occupation, metropolitan statistical area of employment, and annual compensation paid;

''(5) retain the code received indicating confirmation or nonconfirmation, for use in investigations described in section 212(n)(2); and

''(6) provide a copy of the employment verification receipt to such employees.

''(e) GOOD-FAITH COMPLIANCE.—

''(1) AFFIRMATIVE DEFENSE.—A person or entity that establishes good faith compliance with the requirements of this section with respect to the employment of an individual in the United States has established an affirmative defense that the person or entity has not violated this section.

''(2) LIMITATION.—Paragraph (1) shall not apply if a person or entity engages in an unlawful immigration-related employment practice described in subsection (a)(7).''.

(b) INTERIM DIRECTIVE.—Before the implementation of the Employment Eligibility Confirmation System (referred to in this section as the ''System'') established under section 274E of the Immigration and Nationality Act, as added by subsection (a), the Commissioner of Social Security, in coordination with the Secretary of Homeland Security, shall, to the maximum extent practicable, implement an interim system to confirm employment eligibility that is consistent with the provisions of such section.

(c) REPORTS.—

(1) IN GENERAL.—Not later than 3 months after the last day of the second year and of the third year that the System is in effect, the Comptroller General of the United States shall submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report on the System.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) an assessment of the impact of the System on the employment of unauthorized workers;

(B) an assessment of the accuracy of the Employment Eligibility Database maintained by the Department of Homeland Security and Social Security Administration databases, and timeliness and accuracy of responses from the Department of Homeland Security and the Social Security Administration to employers;

(C) an assessment of the privacy, confidentiality, and system security of the System;

(D) assess whether the System is being implemented in a nondiscriminatory manner; and

(E) include recommendations on whether or not the System should be modified.

SEC. 1403. IMPROVED ENTRY AND EXIT DATA SYSTEM.

Section 110 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1365a) is amended—

(1) by striking ''Attorney General'' each place it appears and inserting ''Secretary of Homeland Security'';

(2) in subsection (b)—

(A) in paragraph (1)(C), by striking ''Justice'' and inserting ''Homeland Security'';

(B) in paragraph (4), by striking ''and'' at the end;

(C) in paragraph (5), by striking the period at the end and inserting ''; and''; and

(D) by adding at the end the following:

''(6) collects the biometric machine-readable information from an alien's visa or immigration-related document described in section 221(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1201(a)(3) at the time an alien arrives in the United States and at the time an alien departs from the United States to determine if such alien is entering, or is present in, the United States unlawfully.''; and

(3) in subsection (f)(1), by striking ''Departments of Justice and State'' and inserting ''Department of Homeland Security and the Department of State''.

SEC. 1404. DEPARTMENT OF LABOR INVESTIGATIVE AUTHORITIES.

Section 212(n)(2) of the Immigration and Nationality Act (8 U.S.C. 1182(n)(2)) is amended—

(1) by redesignating subparagraph (H) as subparagraph (J); and

(2) by inserting after subparagraph (G) the following:

''(H)(i) The Secretary of Labor may initiate an investigation of any employer that employs nonimmigrants described in section 101(a)(15)(H)(v)(a) if the Secretary, or the Secretary's designee—

''(I) certifies that reasonable cause exists to believe that the employer is out of compliance with the Secure America and Orderly Immigration Act or section 274E; and

''(II) approves the commencement of the investigation.

''(ii) In determining whether reasonable cause exists to initiate an investigation under this section, the Secretary shall—

''(I) monitor the Willing Worker-Willing Employer Electronic Job Registry;

''(II) monitor the Employment Eligibility Confirmation System, taking into consideration whether—

''(aa) an employer's submissions to the System generate a high volume of tentative nonconfirmation responses relative to other comparable employers;

''(bb) an employer rarely or never screens hired individuals;

''(cc) individuals employed by an employer rarely or never pursue a secondary verification process as established in section 274E; or

''(dd) any other indicators of illicit, inappropriate or discriminatory use of the System, especially those described in section 274E(a)(6)(D), exist; and

''(III) consider any additional evidence that the Secretary determines appropriate.

''(iii) Absent other evidence of noncompliance, an investigation under this subparagraph should not be initiated for lack of completeness or obvious inaccuracies by the employer in complying with section 101(a)(15)(H)(v)(a).''.

SEC. 1405. PROTECTION OF EMPLOYMENT RIGHTS.

The Secretary and the Secretary of Homeland Security shall establish a process under which a nonimmigrant worker described in clause (ii)(b) or (v)(a) of section 101(a)(15)(H) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)) who files a nonfrivolous complaint regarding a violation of this section and is otherwise eligible to remain and work in the United States may be allowed to seek other appropriate employment in the United States with an employer for a period not to exceed the maximum period of stay authorized for that nonimmigrant classification.

SEC. 1406. INCREASED FINES FOR PROHIBITED BEHAVIOR.

Section 274B(g)(2)(B)(iv) of the Immigration and Nationality Act (8 U.S.C. 1324b(g)(2)(B)(iv)) is amended—

(1) in subclause (I), by striking ''not less than $250 and not more than $2,000'' and inserting ''not less than $500 and not more than $4,000'';

(2) in subclause (II), by striking ''not less than $2,000 and not more than $5,000'' and inserting ''not less than $4,000 and not more than $10,000''; and

(3) in subclause (III), by striking ''not less than $3,000 and not more than $10,000'' and inserting ''not less than $6,000 and not more than $20,000''.

TITLE V—PROMOTING CIRCULAR MIGRATION PATTERNS

SEC. 1501. LABOR MIGRATION FACILITATION PROGRAMS.

(a) AUTHORITY FOR PROGRAM.—

(1) IN GENERAL.—The Secretary of State is authorized to enter into an agreement to establish and administer a labor migration facilitation program jointly with the appropriate official of a foreign government whose citizens participate in the temporary worker program authorized under section 101(a)(15)(H)(v)(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a)).

(2) PRIORITY.—In establishing programs under subsection (a), the Secretary of State shall place a priority on establishing such programs with foreign governments that have a large number of nationals working as temporary workers in the United States under such section 101(a)(15)(H)(v)(a). The Secretary shall enter into such agreements not later than 3 months after the date of enactment of this Act or as soon thereafter as is practicable.

(3) ELEMENTS OF PROGRAM.—A program established under paragraph (1) may provide for—

(A) the Secretary of State, in conjunction with the Secretary of Homeland Security and the Secretary of Labor, to confer with a foreign government—

(i) to establish and implement a program to assist temporary workers from such a country to obtain nonimmigrant status under such section 101(a)(15)(H)(v)(a);

(ii) to establish programs to create economic incentives for aliens to return to their home country;

(B) the foreign government to monitor the participation of its nationals in such a temporary worker program, including departure from and return to a foreign country;

(C) the foreign government to develop and promote a reintegration program available to such individuals upon their return from the United States;

(D) the foreign government to promote or facilitate travel of such individuals between the country of origin and the United States; and

(E) any other matters that the foreign government and United States find appropriate to enable such individuals to maintain strong ties to their country of origin.

SEC. 1502. BILATERAL EFFORTS WITH MEXICO TO REDUCE MIGRATION PRESSURES AND COSTS.

(a) FINDINGS.—Congress makes the following findings:

(1) Migration from Mexico to the United States is directly linked to the degree of economic opportunity and the standard of living in Mexico.

(2) Mexico comprises a prime source of migration to the United States.

(3) Remittances from Mexican citizens working in the United States reached a record high of nearly $17,000,000,000 in 2004.

(4) Migration patterns may be reduced from Mexico to the United States by addressing the degree of economic opportunity available to Mexican citizens.

(5) Many Mexican assets are held extra-legally and cannot be readily used as collateral for loans.

(6) A majority of Mexican businesses are small or medium size with limited access to financial capital.

(7) These factors constitute a major impediment to broad-based economic growth in Mexico.

(8) Approximately 20 percent of Mexico's population works in agriculture, with the majority of this population working on small farms and few on large commercial enterprises.

(9) The Partnership for Prosperity is a bilateral initiative launched jointly by the President of the United States and the President of Mexico in 2001, which aims to boost the social and economic standards of Mexican citizens, particularly in regions where economic growth has lagged and emigration has increased.

(10) The Presidents of Mexico and the United States and the Prime Minister of Canada, at their trilateral summit on March 23, 2005, agreed to promote economic growth, competitiveness, and quality of life in the agreement on Security and Prosperity Partnership of North America.

(b) SENSE OF CONGRESS REGARDING PARTNERSHIP FOR PROSPERITY.—It is the sense of Congress that the United States and Mexico should accelerate the implementation of the Partnership for Prosperity to help generate economic growth and improve the standard of living in Mexico, which will lead to reduced migration, by—

(1) increasing access for poor and under served populations in Mexico to the financial services sector, including credit unions;

(2) assisting Mexican efforts to formalize its extra-legal sector, including the issuance of formal land titles, to enable Mexican citizens to use their assets to procure capital;

(3) facilitating Mexican efforts to establish an effective rural lending system for small- and medium-sized farmers that will—

(A) provide long term credit to borrowers;

(B) develop a viable network of regional and local intermediary lending institutions; and

(C) extend financing for alternative rural economic activities beyond direct agricultural production;

(4) expanding efforts to reduce the transaction costs of remittance flows in order to increase the pool of savings available to help finance domestic investment in Mexico;

(5) encouraging Mexican corporations to adopt internationally recognized corporate governance practices, including anti-corruption and transparency principles;

(6) enhancing Mexican efforts to strengthen governance at all levels, including efforts to improve transparency and accountability, and to eliminate corruption, which is the single biggest obstacle to development;

(7) assisting the Government of Mexico in implementing all provisions of the Inter-American Convention Against Corruption (ratified by Mexico on May 27, 1997) and urging the Government of Mexico to participate fully in the Convention's formal implementation monitoring mechanism;

(8) helping the Government of Mexico to strengthen education and training opportunities throughout the country, with a particular emphasis on improving rural education; and

(9) encouraging the Government of Mexico to create incentives for persons who have migrated to the United States to return to Mexico.

(c) SENSE OF CONGRESS REGARDING BILATERAL PARTNERSHIP ON HEALTH CARE.—It is the sense of Congress that the Government of the United States and the Government of Mexico should enter into a partnership to examine uncompensated and burdensome health care costs incurred by the United States due to legal and illegal immigration, including—

(1) increasing health care access for poor and under served populations in Mexico;

(2) assisting Mexico in increasing its emergency and trauma health care facilities along the border, with emphasis on expanding prenatal care in the United States–Mexico border region;

(3) facilitating the return of stable, incapacitated workers temporarily employed in the United States to Mexico in order to receive extended, long-term care in their home country; and

(4) helping the Government of Mexico to establish a program with the private sector to cover the health care needs of Mexican nationals temporarily employed in the United States.

TITLE VI—FAMILY UNITY AND BACKLOG REDUCTION

SEC. 1601. ELIMINATION OF EXISTING BACKLOGS.

(a) FAMILY-SPONSORED IMMIGRANTS.—Section 201(c) of the Immigration and Nationality Act (8 U.S.C. 1151(c)) is amended to read as follows:

''(c) WORLDWIDE LEVEL OF FAMILY-SPONSORED IMMIGRANTS.—The worldwide level of family-sponsored immigrants under this subsection for a fiscal year is equal to the sum of—

''(1) 480,000;

''(2) the difference between the maximum number of visas authorized to be issued under this subsection during the previous fiscal year and the number of visas issued during the previous fiscal year; and

''(3) the difference between—

''(A) the maximum number of visas authorized to be issued under this subsection during fiscal years 2001 through 2005 minus the number of visas issued under this subsection during those years; and

''(B) the number of visas described in subparagraph (A) that were issued after fiscal year 2005.''.

(b) EMPLOYMENT-BASED IMMIGRANTS.—Section 201(d) of the Immigration and Nationality Act (8 U.S.C. 1151(d)) is amended to read as follows:

''(d) WORLDWIDE LEVEL OF EMPLOYMENT-BASED IMMIGRANTS.—The worldwide level of employment-based immigrants under this subsection for a fiscal year is equal to the sum of—

''(1) 290,000;

''(2) the difference between the maximum number of visas authorized to be issued under this subsection during the previous fiscal year and the number of visas issued during the previous fiscal year; and

''(3) the difference between—

''(A) the maximum number of visas authorized to be issued under this subsection during fiscal years 2001 through 2005 and the number of visa numbers issued under this subsection during those years; and

''(B) the number of visas described in subparagraph (A) that were issued after fiscal year 2005.''.

SEC. 1602. COUNTRY LIMITS.

Section 202(a) of the Immigration and Nationality Act (8 U.S.C. 1152(a)) is amended—

(1) in paragraph (2)—

(A) by striking '', (4), and (5)'' and inserting ''and (4)''; and

(B) by striking ''7 percent (in the case of a single foreign state) or 2 percent'' and inserting ''10 percent (in the case of a single foreign state) or 5 percent''; and

(2) by striking paragraph (5).

SEC. 1603. ALLOCATION OF IMMIGRANT VISAS.

(a) PREFERENCE ALLOCATION FOR FAMILY-SPONSORED IMMIGRANTS.—Section 203(a) of the Immigration and Nationality Act (8 U.S.C. 1153(a)) is amended to read as follows:

''(a) PREFERENCE ALLOCATIONS FOR FAMILY-SPONSORED IMMIGRANTS.—Aliens subject to the worldwide level specified in section 201(c) for family-sponsored immigrants shall be allocated visas as follows:

''(1) UNMARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the unmarried sons or daughters of citizens of the United States shall be allocated visas in a quantity not to exceed 10 percent of such worldwide level plus any visas not required for the class specified in paragraph (4).

''(2) SPOUSES AND UNMARRIED SONS AND DAUGHTERS OF PERMANENT RESIDENT

ALIENS.—Visas in a quantity not to exceed 50 percent of such worldwide level plus any visas not required for the class specified in paragraph (1) shall be allocated to qualified immigrants—

''(A) who are the spouses or children of an alien lawfully admitted for permanent residence, which visas shall constitute not less than 77 percent of the visas allocated under this paragraph; or

''(B) who are the unmarried sons or daughters of an alien lawfully admitted for permanent residence.

''(3) MARRIED SONS AND DAUGHTERS OF CITIZENS.—Qualified immigrants who are the married sons and daughters of citizens of the United States shall be allocated visas in a quantity not to exceed 10 percent of such worldwide level plus any visas not required for the classes specified in paragraphs (1) and (2).

''(4) BROTHERS AND SISTERS OF CITIZENS.—Qualified immigrants who are the brothers or sisters of citizens of the United States who are at least 21 years of age shall be allocated visas in a quantity not to exceed 30 percent of the worldwide level plus any visas not required for the classes specified in paragraphs (1) through (3).''.

(b) PREFERENCE ALLOCATION FOR EMPLOYMENT-BASED IMMIGRANTS.—Section 203(b) of the Immigration and Nationality Act (8 U.S.C. 1153(b)) is amended—

(1) in paragraph (1), by striking ''28.6 percent'' and inserting ''20 percent'';

(2) in paragraph (2)(A), by striking ''28.6 percent'' and inserting ''20 percent'';

(3) in paragraph (3)(A)—

(A) by striking ''28.6 percent'' and inserting ''35 percent''; and

(B) by striking clause (iii);

(4) by striking paragraph (4);

(5) by redesignating paragraph (5) as paragraph (4);

(6) in paragraph (4)(A), as redesignated, by striking ''7.1 percent'' and inserting ''5 percent'';

(7) by inserting after paragraph (4), as redesignated, the following:

''(5) OTHER WORKERS.—Visas shall be made available, in a number not to exceed 30 percent of such worldwide level, plus any visa numbers not required for the classes specified in paragraphs (1) through (4), to qualified immigrants who are capable, at the time of petitioning for classification under this paragraph, of performing unskilled labor that is not of a temporary or seasonal nature, for which qualified workers are determined to be unavailable in the United States, or to nonimmigrants under section 101(a)(15)(H)(v)(a).''; and

(8) by striking paragraph (6).

(c) CONFORMING AMENDMENTS.—

(1) DEFINITION OF SPECIAL IMMIGRANT.—Section 101(a)(27)(M) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)(M)) is amended by striking ''subject to the numerical limitations of section 203(b)(4),''.

(2) REPEAL OF TEMPORARY REDUCTION IN WORKERS' VISAS.—Section 203(e) of the Nicaraguan Adjustment and Central American Relief Act (8 U.S.C. 1153 note) is repealed.

SEC. 1604. RELIEF FOR CHILDREN AND WIDOWS.

(a) IN GENERAL.—Section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)) is amended by striking ''spouses, and parents of a citizen of the United States'' and inserting ''(and their children who are accompanying or following to join them), the spouses (and their children who are accompanying or following to join them), and the parents of a citizen of the United States (and their children who are accompanying or following to join them)''.

(b) PETITION.—Section 204(a)(1)(A)(ii) of the Immigration and Nationality Act (8 U.S.C. 1154 (a)(1)(A)(ii) is amended by inserting ''or an alien child or alien parent described in the third sentence of section 201(b)(2)(A)(i)'' after ''section 201(b)(2)(A)(i)''.

(c) ADJUSTMENT OF STATUS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended by adding at the end the following:

''(n) APPLICATIONS FOR ADJUSTMENT OF STATUS BY SURVIVING SPOUSES, CHILDREN, AND PARENTS.—

''(1) IN GENERAL.—Notwithstanding subsections (a) and (c) (except subsection (c)(6)), any alien described in paragraph (2) who applied for adjustment of status prior to the death of the qualifying relative, may have such application adjudicated as if such death had not occurred.

''(2) ALIEN DESCRIBED.—An alien described in this paragraph is an alien who—

''(A) is an immediate relative (as defined in section 201(b)(2)(A)(i));

''(B) is a family-sponsored immigrant (as described in subsection (a) or (d) of section 203);

''(C) is a derivative beneficiary of an employment-based immigrant under section 203(b), as described in section 203(d); or

''(D) is a derivative beneficiary of a diversity immigrant (as described in section 203(c)).''.

(d) TRANSITION PERIOD.—Notwithstanding a denial of an application for adjustment of status not more than 2 years before the date of enactment of this Act, in the case of an alien whose qualifying relative died before the date of enactment of this Act, such application may be renewed by the alien through a motion to reopen, without fee, filed not later than 1 year after the date of enactment of this Act.

SEC. 1605. AMENDING THE AFFIDAVIT OF SUPPORT REQUIREMENTS.

Section 213A of the Immigration and Nationality Act (8 U.S.C. 1183a) is amended—

(1) in subsection (a)(1)(A), by striking ''125'' and inserting ''100''; and

(2) in subsection (f), by striking ''125'' each place it appears and inserting ''100''.

SEC. 1606. DISCRETIONARY AUTHORITY.

Section 212(i) of the Immigration and Nationality Act (8 U.S.C. 1182(i)) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

''(2)(A) The Secretary of Homeland Security may waive the application of subsection (a)(6)(C)—

''(i) in the case of an immigrant who is the spouse, parent, son, or daughter of a United States citizen or of an alien lawfully admitted for permanent residence, if the Secretary of Homeland Security determines that the refusal of admission to the United States of such immigrant alien would result in extreme hardship to the citizen or lawfully resident spouse, child, son, daughter, or parent of such an alien; or

''(ii) in the case of an alien granted classification under clause (iii) or (iv) of section 204(a)(1)(A) or clause (ii) or (iii) of section 204(a)(1)(B), the alien demonstrates extreme hardship to the alien or the alien's parent or child if, such parent or child is a United States citizen, a lawful permanent resident, or a qualified alien.

''(B) An alien who is granted a waiver under subparagraph (A) shall pay a $2,000 fine.''.

SEC. 1607. FAMILY UNITY.

Section 212(a)(9) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(9)) is amended—

(1) in subparagraph (B)(iii)(I), by striking ''18'' and inserting ''21''; and

(2) in subparagraph (C)(ii)—

(A) by redesignating subclauses (1) and (2) as subclauses (I) and (II); and

(B) in subclause (II), as redesignated, by redesignating items (A), (B), (C), and (D) as items (aa), (bb), (cc), and (dd); and

(3) by adding at the end the following:

''(D) WAIVER.—

''(i) IN GENERAL.—The Secretary may waive the application of subparagraphs (B) and (C) for an alien who is a beneficiary of a petition filed under sections 201 and 203 if such petition was filed on or before the date of introduction of Secure America and Orderly Immigration Act.

''(ii) FINE.—An alien who is granted a waiver under clause (i) shall pay a $2,000 fine.''.

TITLE VII—H–5B NONIMMIGRANTS

SEC. 1701. H–5B NONIMMIGRANTS.

(a) IN GENERAL.—Chapter 5 of title II of the Immigration and Nationality Act (8 U.S.C. 1255 et seq.) is amended by adding after section 250 the following:

''H–5B NONIMMIGRANTS

''SEC. 250A. (a) IN GENERAL.—The Secretary of Homeland Security shall adjust the status of an alien to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) if the alien—

''(1) submits an application for such adjustment; and

''(2) meets the requirements of this section.

''(b) PRESENCE IN THE UNITED STATES.—The alien shall establish that the alien—

''(1) was present in the United States before the date on which the Secure America and Orderly Immigration Act was introduced, and has been continuously in the United States since such date; and

''(2) was not legally present in the United States on the date on which the Secure America and Orderly Immigration Act was introduced under any classification set forth in section 101(a)(15).

''(c) SPOUSES AND CHILDREN.—Notwithstanding any other provision of law, the Secretary of Homeland Security shall, if the person is otherwise eligible under subsection (b)—

''(1) adjust the status to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) for, or provide a nonimmigrant visa to, the spouse or child of an alien who is provided nonimmigrant status under section 101(a)(15)(H)(v)(b); or

''(2) adjust the status to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) for an alien who, before the date on which the Secure America and Orderly Immigration Act was introduced in Congress, was the spouse or child of an alien who is provided nonimmigrant status under section 101(a)(15)(H)(v)(b), or is eligible for such status, if—

''(A) the termination of the qualifying relationship was connected to domestic violence; and

''(B) the spouse or child has been battered or subjected to extreme cruelty by the spouse or parent alien who is provided nonimmigrant status under section 101(a)(15)(H)(v)(b).

''(d) OTHER CRITERIA.—

''(1) IN GENERAL.—An alien may be granted nonimmigrant status under section 101(a)(15)(H)(v)(b), or granted status as the spouse or child of an alien eligible for such status under subsection (c), if the alien establishes that the alien—

''(A) is not inadmissible to the United States under section 212(a), except as provided in paragraph (2); or

''(B) has not ordered, incited, assisted, or otherwise participated in the persecution of any person on account of race, religion, nationality, membership in a particular social group, or political opinion.

''(2) GROUNDS OF INADMISSIBILITY.—In determining an alien's admissibility under paragraph (1)(A)—

''(A) paragraphs (5), (6)(A), (6)(B), (6)(C), (6)(F), (6)(G), (7), (9), and (10)(B) of section 212(a) shall not apply for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced;

''(B) the Secretary of Homeland Security may not waive—

''(i) subparagraph (A), (B), (C), (E), (G), (H), or (I) of section 212(a)(2) (relating to criminals);

''(ii) section 212(a)(3) (relating to security and related grounds); or

''(iii) subparagraph (A) or (C) of section 212(a)(10) (relating to polygamists and child abductors);

''(C) for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced, the Secretary of Homeland Security may waive the application of any provision of section 212(a) not listed in subparagraph (B) on behalf of an individual alien for humanitarian purposes, to ensure family unity, or when such waiver is otherwise in the public interest; and

''(D) nothing in this paragraph shall be construed as affecting the authority of the Secretary of Homeland Security other than under this paragraph to waive the provisions of section 212(a).

''(3) APPLICABILITY OF OTHER PROVISIONS.—Sections 240B(d) and 241(a)(5) shall not apply to an alien who is applying for adjustment of status in accordance with this title for conduct that occurred before the date on which the Secure America and Orderly Immigration Act was introduced.

''(e) EMPLOYMENT.—

''(1) IN GENERAL.—The Secretary of Homeland Security may not adjust the status of an alien to that of a nonimmigrant under section 101(a)(15)(H)(v)(b) unless the alien establishes that the alien—

''(A) was employed in the United States, whether full time, part time, seasonally, or self-employed, before the date on which the Secure America and Orderly Immigration Act was introduced; and

''(B) has been employed in the United States since that date.

''(2) EVIDENCE OF EMPLOYMENT.—

''(A) CONCLUSIVE DOCUMENTS.—An alien may conclusively establish employment status in compliance with paragraph (1) by submitting to the Secretary of Homeland Security records demonstrating such employment maintained by—

''(i) the Social Security Administration, Internal Revenue Service, or by any other Federal, State, or local government agency;

''(ii) an employer; or

''(iii) a labor union, day labor center, or an organization that assists workers in matters related to employment.

''(B) OTHER DOCUMENTS.—An alien who is unable to submit a document described in clauses (i) through (iii) of subparagraph (A) may satisfy the requirement in paragraph (1) by submitting to the Secretary at least 2 other types of reliable documents that provide evidence of employment, including—

''(i) bank records;

''(ii) business records;

''(iii) sworn affidavits from nonrelatives who have direct knowledge of the alien's work; or

''(iv) remittance records.

''(3) INTENT OF CONGRESS.—It is the intent of Congress that the requirement in this subsection be interpreted and implemented in a manner that recognizes and takes into account the difficulties encountered by aliens in obtaining evidence of employment due to the undocumented status of the alien.

''(4) BURDEN OF PROOF.—An alien described in paragraph (1) who is applying for adjustment of status under this section has the burden of proving by a preponderance of the evidence that the alien has satisfied the requirements of this subsection. An alien may meet such burden of proof by producing sufficient evidence to demonstrate such employment as a matter of reasonable inference.

''(f) SPECIAL RULES FOR MINORS AND INDIVIDUALS WHO ENTERED AS MINORS.—The employment requirements under this section shall not apply to any alien under 21 years of age.

''(g) EDUCATION PERMITTED.—An alien may satisfy the employment requirements under this section, in whole or in part, by full-time attendance at—

''(1) an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); or

''(2) a secondary school (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)).

''(h) SECURITY AND LAW ENFORCEMENT BACKGROUND CHECKS.—

''(1) SUBMISSION OF FINGERPRINTS.—An alien may not be granted nonimmigrant status under section 101(a)(15)(H)(v)(b), or granted status as the spouse or child of an alien eligible for such status under subsection (c), unless the alien submits fingerprints in accordance with procedures established by the Secretary of Homeland Security.

''(2) BACKGROUND CHECKS.—The Secretary of Homeland Security shall utilize fingerprints and other data provided by the alien to conduct a background check of such alien relating to criminal, national security, or other law enforcement actions that would render the alien ineligible for adjustment of status as described in this section.

''(3) EXPEDITIOUS PROCESSING.—The background checks required under paragraph (2) shall be conducted as expeditiously as possible.

''(i) PERIOD OF AUTHORIZED STAY AND APPLICATION FEE AND FINE.—

''(1) PERIOD OF AUTHORIZED STAY.—

''(A) IN GENERAL.—The period of authorized stay for a nonimmigrant described in section 101(a)(15)(H)(v)(b) shall be 6 years.

''(B) LIMITATION.—The Secretary of Homeland Security may not authorize a change from such nonimmigrant classification to any other immigrant or nonimmigrant classification until the termination of the 6-year period described in subparagraph (A). The Secretary may only extend such period to accommodate the processing of an application for adjustment of status under section 245B.

''(2) APPLICATION FEE.—The Secretary of Homeland Security shall impose a fee for filing an application for adjustment of status under this section. Such fee shall be sufficient to cover the administrative and other expenses incurred in connection with the review of such applications.

''(3) FINES.—

''(A) IN GENERAL.—In addition to the fee required under paragraph (2), the Secretary of Homeland Security may accept an application for adjustment of status under this section only if the alien pays a $1,000 fine.

''(B) EXCEPTION.—Fines paid under this paragraph shall not be required from an alien under the age of 21.

''(4) COLLECTION OF FEES AND FINES.—All fees and fines collected under this section shall be deposited in the Treasury in accordance with section 286(w).

''(j) TREATMENT OF APPLICANTS.—

''(1) IN GENERAL.—An alien who files an application under this section, including the alien's spouse or child—

''(A) shall be granted employment authorization pending final adjudication of the alien's application for adjustment of status;

''(B) shall be granted permission to travel abroad;

''(C) may not be detained, determined inadmissible or deportable, or removed pending final adjudication of the alien's application for adjustment of status, unless the alien, through conduct or criminal conviction, becomes ineligible for such adjustment of status; and

''(D) may not be considered an unauthorized alien (as defined in section 274A(h)(3)) until employment authorization under subparagraph (A) is denied.

''(2) BEFORE APPLICATION PERIOD.—If an alien is apprehended after the date of enactment of this section, but before the promulgation of regulations pursuant to this section, and the alien can establish prima facie eligibility as a nonimmigrant under section 101(a)(15)(H)(v)(b), the Secretary of Homeland Security shall provide the alien with a reasonable opportunity, after promulgation of regulations, to file an application for adjustment.

''(3) DURING CERTAIN PROCEEDINGS.—Notwithstanding any provision of this Act, an alien who is in removal proceedings shall have an opportunity to apply for adjustment of status under this title unless a final administrative determination has been made.

''(4) RELATIONSHIPS OF APPLICATION TO CERTAIN ORDERS.—An alien who is present in the United States and has been ordered excluded, deported, removed, or ordered to depart voluntarily from the United States under any provision of this Act may, notwithstanding such order, apply for adjustment of status in accordance with this section. Such an alien shall not be required to file a separate motion to reopen, reconsider, or vacate the exclusion, deportation, removal, or voluntary departure order. If the Secretary of Homeland Security grants the application, the Secretary shall cancel such order. If the Secretary of Homeland Security renders a final administrative decision to deny the application, such order shall be effective and enforceable to the same extent as if the application had not been made.

''(k) ADMINISTRATIVE AND JUDICIAL REVIEW.—

''(1) ADMINISTRATIVE REVIEW.—

''(A) SINGLE LEVEL OF ADMINISTRATIVE APPELLATE REVIEW.—The Secretary of Homeland Security shall establish an appellate authority within the United States Citizenship and Immigration Services to provide for a single level of administrative appellate review of a determination respecting an application for adjustment of status under this section.

''(B) STANDARD FOR REVIEW.—Administrative appellate review referred to in subparagraph (A) shall be based solely upon the administrative record established at the time of the determination on the application and upon the presentation of additional or newly discovered evidence during the time of the pending appeal.

''(2) JUDICIAL REVIEW.—

''(A) IN GENERAL.—There shall be judicial review in the Federal courts of appeal of the denial of an application for adjustment of status under this section. Notwithstanding any other provision of law, the standard for review of such a denial shall be governed by subparagraph (B).

''(B) STANDARD FOR JUDICIAL REVIEW.—Judicial review of a denial of an application under this section shall be based solely upon the administrative record established at the time of the review. The findings of fact and other determinations contained in the record shall be conclusive unless the applicant can

establish abuse of discretion or that the findings are directly contrary to clear and convincing facts contained in the record, considered as a whole.

''(C) JURISDICTION OF COURTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, the district courts of the United States shall have jurisdiction over any cause or claim arising from a pattern or practice of the Secretary of Homeland Security in the operation or implementation of this section that is arbitrary, capricious, or otherwise contrary to law, and may order any appropriate relief.

''(ii) REMEDIES.—A district court may order any appropriate relief under clause (i) if the court determines that resolution of such cause or claim will serve judicial and administrative efficiency or that a remedy would otherwise not be reasonably available or practicable.

''(3) STAY OF REMOVAL.—Aliens seeking administrative or judicial review under this subsection shall not be removed from the United States until a final decision is rendered establishing ineligibility under this section.

''(l) CONFIDENTIALITY OF INFORMATION.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, no Federal agency or bureau, nor any officer, employee, or agent of such agency or bureau, may—

''(A) use the information furnished by the applicant pursuant to an application filed under this section for any purpose other than to make a determination on the application;

''(B) make any publication through which the information furnished by any particular applicant can be identified; or

''(C) permit anyone other than the sworn officers and employees of such agency or bureau to examine individual applications.

''(2) REQUIRED DISCLOSURES.—The Secretary of Homeland Security shall provide the information furnished pursuant to an application filed under this section, and any other information derived from such furnished information, to a duly recognized law enforcement entity in connection with a criminal investigation or prosecution or a national security investigation or prosecution, in each instance about an individual suspect or group of suspects, when such information is requested in writing by such entity.

''(3) CRIMINAL PENALTY.—Any person who knowingly uses, publishes, or permits information to be examined in violation of this subsection shall be fined not more than $10,000.

''(m) PENALTIES FOR FALSE STATEMENTS IN APPLICATIONS.—

''(1) CRIMINAL PENALTY.—

''(A) VIOLATION.—It shall be unlawful for any person—

''(i) to file or assist in filing an application for adjustment of status under this section and knowingly and willfully falsify, misrepresent, conceal, or cover up a material fact or make any false, fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry; or

''(ii) to create or supply a false writing or document for use in making such an application.

''(B) PENALTY.—Any person who violates subparagraph (A) shall be fined in accordance with title 18, United States Code, imprisoned not more than 5 years, or both.

''(2) INADMISSIBILITY.—An alien who is convicted of a crime under paragraph (1) shall be considered to be inadmissible to the United States on the ground described in section 212(a)(6)(C)(i).

''(3) EXCEPTION.—Notwithstanding paragraphs (1) and (2), any alien or other entity (including an employer or union) that submits an employment record that contains incorrect data that the alien used in order to obtain such employment before the date on which the Secure America and Orderly Immigration Act is introduced, shall not, on that ground, be determined to have violated this section.''.

(b) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 250 the following:

''Sec. 250A. H–5B nonimmigrants.''.

SEC. 1702. ADJUSTMENT OF STATUS FOR H–5B NONIMMIGRANTS.

(a) IN GENERAL.—Chapter 5 of title II of the Immigration and Nationality Act (8 U.S.C. 1255 et seq.) is amended by inserting after section 245A the following:

''ADJUSTMENT OF STATUS OF FORMER H–5B NONIMMIGRANT TO THAT OF PERSON ADMITTED FOR LAWFUL PERMANENT RESIDENCE

''SEC. 245B. (a) REQUIREMENTS.—The Secretary shall adjust the status of an alien from nonimmigrant status under section 101(a)(15)(H)(v)(b) to that of an alien lawfully admitted for permanent residence under this section if the alien satisfies the following requirements:

''(1) COMPLETION OF EMPLOYMENT OR EDUCATION REQUIREMENT.—The alien establishes that the alien has been employed in the United States, either full time, part time, seasonally, or self-employed, or has met the education requirements of subsection (f) or (g) of section 250A during the period required by section 250A(e).

''(2) RULEMAKING.—The Secretary shall establish regulations for the timely filing and processing of applications for adjustment of status for nonimmigrants under section 101(a)(15)(H)(v)(b).

''(3) APPLICATION AND FEE.—The alien who applies for adjustment of status under this section shall pay the following:

''(A) APPLICATION FEE.—An alien who files an application under section 245B of the Immigration and Nationality Act, shall pay an application fee, set by the Secretary.

''(B) ADDITIONAL FINE.—Before the adjudication of an application for adjustment of status filed under this section, an alien who is at least 21 years of age shall pay a fine of $1,000.

''(4) ADMISSIBLE UNDER IMMIGRATION LAWS.—The alien establishes that the alien is not inadmissible under section 212(a), except for any provision of that section that is not applicable or waived under section 250A(d)(2).

''(5) MEDICAL EXAMINATION.—The alien shall undergo, at the alien's expense, an appropriate medical examination (including a determination of immunization status) that conforms to generally accepted professional standards of medical practice.

''(6) PAYMENT OF INCOME TAXES.—

''(A) IN GENERAL.—Not later than the date on which status is adjusted under this section, the alien shall establish the payment of all Federal income taxes owed for employment during the period of employment required by section 250A(e) by establishing that—

''(i) no such tax liability exists;

''(ii) all outstanding liabilities have been met; or

''(iii) the alien has entered into an agreement for payment of all outstanding liabilities with the Internal Revenue Service.

''(B) IRS COOPERATION.—The Commissioner of Internal Revenue shall provide documentation to an alien upon request to establish the payment of all income taxes required by this paragraph.

''(7) BASIC CITIZENSHIP SKILLS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the alien shall establish that the alien—

''(i) meets the requirements of section 312; or

''(ii) is satisfactorily pursuing a course of study to achieve such an understanding of English and knowledge and understanding of the history and government of the United States.

''(B) RELATION TO NATURALIZATION EXAMINATION.—An alien who demonstrates that the alien meets the requirements of section 312 may be considered to have satisfied the requirements of that section for purposes of becoming naturalized as a citizen of the United States under title III.

''(8) SECURITY AND LAW ENFORCEMENT BACKGROUND CHECKS.—The Secretary shall conduct a security and law enforcement background check in accordance with procedures described in section 250A(h).

''(9) MILITARY SELECTIVE SERVICE.—The alien shall establish that if the alien is within the age period required under the Military Selective Service Act (50 U.S.C. App. 451 et seq.), that such alien has registered under that Act.

''(b) TREATMENT OF SPOUSES AND CHILDREN.—

''(1) ADJUSTMENT OF STATUS.—Notwithstanding any other provision of law, the Secretary of Homeland Security shall—

''(A) adjust the status to that of a lawful permanent resident under this section, or provide an immigrant visa to the spouse or child of an alien who adjusts status to that of a permanent resident under this section; or

''(B) adjust the status to that of a lawful permanent resident under this section for an alien who was the spouse or child of an alien who adjusts status or is eligible to adjust status to that of a permanent resident under section 245B in accordance with subsection (a), if—

''(i) the termination of the qualifying relationship was connected to domestic violence; and

''(ii) the spouse or child has been battered or subjected to extreme cruelty by the spouse or parent who adjusts status to that of a permanent resident under this section.

''(2) APPLICATION OF OTHER LAW.—In acting on applications filed under this subsection with respect to aliens who have been battered or subjected to extreme cruelty, the Secretary of Homeland Security shall apply the provisions of section 204(a)(1)(J) and the protections, prohibitions, and penalties under section 384 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1367).

''(c) JUDICIAL REVIEW; CONFIDENTIALITY; PENALTIES.—Subsections (n), (o), and (p) of section 250A shall apply to this section.''.

(b) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) is amended by inserting after the item relating to section 245A the following:

''Sec. 245B. Adjustment of status of former H–5B nonimmigrant to that of person admitted for lawful permanent residence.''.

SEC. 1703. ALIENS NOT SUBJECT TO DIRECT NUMERICAL LIMITATIONS.

Section 201(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(1)) is amended—

(1) in subparagraph (A), by striking ''subparagraph (A) or (B) of''; and

(2) by adding at the end the following:

''(F) Aliens whose status is adjusted from the status described in section 101(a)(15)(H)(v)(b).''.

SEC. 1704. EMPLOYER PROTECTIONS.

(a) IMMIGRATION STATUS OF ALIEN.—Employers of aliens applying for adjustment of status under section 245B or 250A of the Immigration and Nationality Act, as added by this title, shall not be subject to civil and criminal tax liability relating directly to the employment of such alien prior to such alien receiving employment authorization under this title.

(b) PROVISION OF EMPLOYMENT RECORDS.—Employers that provide unauthorized aliens with copies of employment records or other evidence of employment pursuant to an application for adjustment of status under section 245B or 250A of the Immigration and Nationality Act or any other application or petition pursuant to any other immigration law, shall not be subject to civil and criminal liability under section 274A of such Act for employing such unauthorized aliens.

(c) APPLICABILITY OF OTHER LAW.—Nothing in this section may be used to shield an employer from liability under section 274B of the Immigration and Nationality Act (8 U.S.C. 1324b) or any other labor or employment law.

SEC. 1705. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to the Secretary of Homeland Security such sums as may be necessary to carry out this title and the amendments made by this title.

(b) AVAILABILITY OF FUNDS.—Funds appropriated pursuant subsection (a) shall remain available until expended.

(c) SENSE OF CONGRESS.—It is the sense of Congress that funds authorized to be appropriated under subsection (a) should be directly appropriated so as to facilitate the orderly and timely commencement of the processing of applications filed under sections 245B and 250A of the Immigration and Nationality Act, as added by this Act.

TITLE VIII—PROTECTION AGAINST IMMIGRATION FRAUD

SEC. 1801. RIGHT TO QUALIFIED REPRESENTATION.

Section 292 of the Immigration and Nationality Act (8 U.S.C. 1362) is amended to read as follows:

''RIGHT TO QUALIFIED REPRESENTATION IN IMMIGRATION MATTERS

''SEC. 292. (a) AUTHORIZED REPRESENTATIVES IN IMMIGRATION MATTERS.—Only the following individuals are authorized to represent an individual in an immigration matter before any Federal agency or entity:

''(1) An attorney.

''(2) A law student who is enrolled in an accredited law school, or a graduate of an accredited law school who is not admitted to the bar, if—

''(A) the law student or graduate is appearing at the request of the individual to be represented;

''(B) in the case of a law student, the law student has filed a statement that the law student is participating, under the direct supervision of a faculty member, attorney, or accredited representative, in a legal aid program or clinic conducted by a law school or nonprofit organization, and that the law student is appearing without direct or indirect remuneration from the individual the law student represents;

''(C) in the case of a graduate, the graduate has filed a statement that the graduate is appearing under the supervision of an attorney or accredited representative and that the graduate is appearing without direct or indirect remuneration from the individual the graduate represents; and

''(D) the law student's or graduate's appearance is—

''(i) permitted by the official before whom the law student or graduate wishes to appear; and

''(ii) accompanied by the supervising faculty member, attorney, or accredited representative, to the extent required by such official.

''(3) Any reputable individual, if—

''(A) the individual is appearing on an individual case basis, at the request of the individual to be represented;

''(B) the individual is appearing without direct or indirect remuneration and the individual files a written declaration to that effect, except as described in subparagraph (D);

''(C) the individual has a pre-existing relationship or connection with the individual entitled to representation, such as a relative, neighbor, clergyman, business associate, or personal friend, except that this requirement may be waived, as a matter of administrative discretion, in cases where adequate representation would not otherwise be available; and

''(D) if making a personal appearance on behalf of another individual, the appearance is permitted by the official before whom the individual wishes to appear, except that such permission shall not be granted with respect to any individual who regularly engages in immigration and naturalization practice or preparation, or holds himself or herself out to the public as qualified to do so.

''(4) An individual representing a recognized organization (as described in subsection (f)) who has been approved to serve as an accredited representative by the Board of Immigration Appeals under subsection (f)(2).

''(5) An accredited official, in the United States, of the government to which an alien owes allegiance, if the official appears solely in his or her official capacity and with the consent of the person to be represented.

''(6) An individual who is licensed to practice law and is in good standing in a court of general jurisdiction of the country in which the individual resides and who is engaged in such practice, if the person represents persons only in matters outside the United States and that the official before whom such person wishes to appear allows such representation, as a matter of discretion.

''(7) An attorney, or an organization represented by an attorney, may appear, on a case-by-case basis, as amicus curiae, if the Board of Immigration Appeals grants such permission and the public interest will be served by such appearance.

''(b) FORMER EMPLOYEES.—No individual previously employed by the Department of Justice, Department of State, Department of Labor, or Department of Homeland Security may be permitted to act as an authorized representative under this section, if such authorization would violate any other applicable provision of Federal law or regulation. In addition, any application for such authorization must disclose any prior employment by or contract with such agencies for services of any nature.

''(c) ADVERTISING.—Only an attorney or an individual approved under subsection (f)(2) as an accredited representative may advertise or otherwise hold themselves out as being able to provide representation in an immigration matter. This provision shall in no way be deemed to diminish any Federal or State law to regulate, control, or enforce laws regarding such advertisement, solicitation, or offer of representation.

''(d) REMOVAL PROCEEDINGS.—In any proceeding for the removal of an individual from the United States and in any appeal proceedings from such proceeding, the individual shall have the privilege, as the individual shall choose, of being represented (at no expense to the Government) by an individual described in subsection (a). Representation by an individual other than a person described in subsection (a) may cause the representative to be subject to civil penalties or such other penalties as may be applicable.

''(e) BENEFITS FILINGS.—In any filing or submission for an immigration related benefit or a determination related to the immigration status of an individual made to the Department of Homeland Security, the Department of Labor, or the Department of State, the individual shall have the privilege, as the individual shall choose, of being represented (at no expense to the Government) by an individual described in subsection (a). Representation by an individual other than an individual described in subsection (a) is cause for the representative to be subject to civil or criminal penalties, as may be applicable.

''(f) RECOGNIZED ORGANIZATIONS AND ACCREDITED REPRESENTATIVES.—

''(1) RECOGNIZED ORGANIZATIONS.—

''(A) IN GENERAL.—The Board of Immigration Appeals may determine that a person is a recognized organization if such person—

''(i) is a nonprofit religious, charitable, social service, or similar organization established in the United States that—

''(I) is recognized by the Board of Immigration Appeals; and

''(II) is authorized to designate a representative to appear in an immigration matter before the Department of Homeland Security or the Executive Office for Immigration Review of the Department of Justice; and

''(ii) demonstrates to the Board that such person—

''(I) makes only nominal charges and assesses no excessive membership dues for individuals given assistance; and

''(II) has at its disposal adequate knowledge, information, and experience.

''(B) BONDING.—The Board, in its discretion, may impose a bond requirement on new organizations seeking recognition.

''(C) REPORTING OBLIGATIONS.—Recognized organizations shall promptly notify the Board when the organization no longer meets the requirements for recognition or when an accredited representative employed by the recognized organization ceases to be employed by the recognized organization.

''(2) ACCREDITED REPRESENTATIVES.—The Board of Immigration Appeals shall approve any qualified individual designated by a recognized organization to serve as an accredited representative. Such individual must be employed by the recognized organization and must meet all requirements set forth in this section and in the accompanying regulations to be authorized to represent individuals in an immigration matter. Accredited representatives, through their recognized organizations, must certify their continuing eligibility for accreditation every 3 years with the Board of Immigration Appeals. Accredited representatives who fail to comply with these requirements shall not have authority to represent persons in an immigration matter for the recognized organization.

''(g) PROHIBITED ACTS.—An individual, other than an individual authorized to represent an individual under this section, may not—

''(1) directly or indirectly provide or offer representation regarding an immigration matter for compensation or contribution;

''(2) advertise or solicit representation in an immigration matter;

''(3) retain any compensation provided for a prohibited act described in paragraph (1) or (2), regardless of whether any petition, application, or other document was filed with any government agency or entity and regardless of whether a petition, application, or other document was prepared or represented to have been prepared by such individual;

''(4) represent directly or indirectly that the individual is an attorney or supervised

by or affiliated with an attorney, when such representation is false; or

''(5) violate any applicable civil or criminal statute or regulation of a State regarding the provision of representation by providing or offering to provide immigration or immigration-related assistance referenced in this subsection.

''(h) CIVIL ENFORCEMENT.—

''(1) IN GENERAL.—Any person, or any entity acting for the interests of itself, its members, or the general public (including a Federal law enforcement official or agency or law enforcement official or agency of any State or political subdivision of a State), that has reason to believe that any person is being or has been injured by reason of a violation of subsection (g) may commence a civil action in any court of competent jurisdiction.

''(2) REMEDIES.—

''(A) DAMAGES.—In any civil action brought under this subsection, if the court finds that the defendant has violated subsection (g), it shall award actual damages, plus the greater of—

''(i) an amount treble the amount of actual damages; or

''(ii) $1,000 per violation.

''(B) INJUNCTIVE RELIEF.—The court may award appropriate injunctive relief, including temporary, preliminary, or permanent injunctive relief, and restitution. Injunctive relief may include, where appropriate, an order temporarily or permanently enjoining the defendant from providing any service to any person in any immigration matter. The court may make such orders or judgments, including the appointment of a receiver, as may be necessary to prevent the commission of any act described in subsection (g).

''(C) ATTORNEY'S FEES.—The court shall also grant a prevailing plaintiff reasonable attorney's fees and costs, including expert witness fees.

''(D) CIVIL PENALTIES.—The court may also assess a civil penalty not exceeding $50,000 for a first violation, and not exceeding $100,000 for subsequent violations.

''(E) CUMULATIVE REMEDIES.—Unless otherwise expressly provided, the remedies or penalties provided under this paragraph are cumulative to each other and to the remedies or penalties available under all other Federal laws or laws of the jurisdiction where the violation occurred.

''(3) NONPREEMPTION.—Nothing in this subsection shall be construed to preempt any other private right of action or any right of action pursuant to the laws of any jurisdiction.

''(4) DISCOVERY.—Information obtained through discovery in a civil action under this subsection shall not be used in any criminal action. Upon the request of any party to a civil action under this subsection, any part of the court file that makes reference to information discovered in a civil action under this subsection may be sealed.

''(i) NONPREEMPTION OF MORE PROTECTIVE STATE AND LOCAL LAWS.—The provisions of this section supersede laws, regulations, and municipal ordinances of any State only to the extent such laws, regulations, and municipal ordinances impede the application of any provision of this section. Any State or political subdivision of a State may impose requirements supplementing those imposed by this section.

''(j) DEFINITIONS.—As used in this section—

''(1) the term 'attorney' means a person who—

''(A) is a member in good standing of the bar of the highest court of a State; and

''(B) is not under any order of any court suspending, enjoining, restraining, disbarring, or otherwise restricting such person in the practice of law;

''(2) the term 'compensation' means money, property, labor, promise of payment, or any other consideration provided directly or indirectly to an individual

''(3) the term 'immigration matter' means any proceeding, filing, or action affecting the immigration or citizenship status of any person, which arises under any immigration or nationality law, Executive order, Presidential proclamation, or action of any Federal agency;

''(4) the term 'representation', when used with respect to the representation of a person, includes—

''(A) the appearance, either in person or through the preparation or filing of any brief or other document, paper, application, or petition on behalf of another person or client, before any Federal agency or officer; and

''(B) the study of the facts of a case and the applicable laws, coupled with the giving of advice and auxiliary activities, including the incidental preparation of papers; and

''(5) the term 'State' includes a State or an outlying possession of the United States.''.

SEC. 1802. PROTECTION OF WITNESS TESTIMONY.

(a) DEFINITION.—Section 101(a)(15)(U)(i) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(i)) is amended—

(1) by inserting in subclause (I) after the phrase ''clause (iii)'' the following: ''or has suffered substantial financial, physical, or mental harm as the result of a prohibited act described in section 292;''

(2) by inserting in subclause (II) after the phrase ''clause (iii)'' the following: ''or section 292'';

(3) by inserting in subclause (III) after the phrase ''clause (iii)'' the following: ''or section 292''; and

(4) by inserting in subclause (IV) after the phrase ''clause (iii)'' the following: ''or section 292''.

(b) ADMISSION OF NONIMMIGRANTS.—Section 214(p) of the Immigration and Nationality Act of (8 U.S.C. 1184(p)) is amended—

(1) in paragraph (1), by inserting ''or section 274E'' after ''section 101(a)(15)(U)(iii)'' each place it appears; and

(2) in paragraph (2)(A), by striking ''10,000'' and inserting ''15,000''.

TITLE IX—CIVICS INTEGRATION

SEC. 1901. FUNDING FOR THE OFFICE OF CITIZENSHIP.

(a) AUTHORIZATION.—The Secretary of Homeland Security, acting through the Director of the Bureau of Citizenship and Immigration Services, is authorized to establish the United States Citizenship Foundation (referred to in this section as the ''Foundation''), an organization duly incorporated in the District of Columbia, exclusively for charitable and educational purposes to support the functions of the Office of Citizenship (as described in section 451(f)(2) of the Homeland Security Act of 2002 (6 U.S.C. 271(f)(2)).

(b) GIFTS.—

(1) TO FOUNDATION.—The Foundation may solicit, accept, and make gifts of money and other property in accordance with section 501(c)(3) of the Internal Revenue Code of 1986.

(2) FROM FOUNDATION.—The Office of Citizenship may accept gifts from the Foundation to support the functions of the Office.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the mission of the Office of Citizenship.

SEC. 1902. CIVICS INTEGRATION GRANT PROGRAM.

(a) IN GENERAL.—The Secretary of Homeland Security shall establish a competitive grant program to fund—

(1) efforts by entities certified by the Office of Citizenship to provide civics and English as a second language courses; or

(2) other activities approved by the Secretary to promote civics and English as a second language.

(b) ACCEPTANCE OF GIFTS.—The Secretary may accept and use gifts from the United States Citizenship Foundation for grants under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

TITLE X—PROMOTING ACCESS TO HEALTH CARE

SEC. 2001. FEDERAL REIMBURSEMENT OF EMERGENCY HEALTH SERVICES FURNISHED TO UNDOCUMENTED ALIENS.

Section 1011 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395dd note) is amended—

(1) by striking ''2008'' and inserting ''2011''; and

(2) in subsection (c)(5), by adding at the end the following:

''(D) Nonimmigrants described in section 101(a)(15)(H)(v) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)''.

SEC. 2002. PROHIBITION AGAINST OFFSET OF CERTAIN MEDICARE AND MEDICAID PAYMENTS.

Payments made under section 1011 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395dd note)—

(1) shall not be considered ''third party coverage'' for the purposes of section 1923 of the Social Security Act (42 U.S.C. 1396r–4); and

(2) shall not impact payments made under such section of the Social Security Act.

SEC. 2003. PROHIBITION AGAINST DISCRIMINATION AGAINST ALIENS ON THE BASIS OF EMPLOYMENT IN HOSPITAL-BASED VERSUS NONHOSPITAL-BASED SITES.

Section 214(l)(1)(C) of the Immigrant and Nationality Act (8 U.S.C. 1184(l)(1)(C) is amended—

(1) in clause (i), by striking ''and'' at the end; and

(2) by adding at the end the following:

''(iii) such interested Federal agency or interested State agency, in determining which aliens will be eligible for such waivers, does not utilize selection criteria, other than as described in this subsection, that discriminate on the basis of the alien's employment in a hospital-based versus nonhospital-based facility or organization; and''.

SEC. 2004. BINATIONAL PUBLIC HEALTH INFRASTRUCTURE AND HEALTH INSURANCE.

(a) STUDY.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall contract with the Institute of Medicine of the National Academies (referred to in this section as the ''Institute'') to study binational public health infrastructure and health insurance efforts.

(2) INPUT.—In conducting the study under paragraph (1), the Institute shall solicit input from border health experts and health insurance companies.

(b) REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date on which the Secretary of Health and Human Services enters into a contract under subsection (a), the Institute shall submit a report concerning the study conducted under subsection (a) to the Secretary of Health and Human Services and the appropriate committees of Congress.

(2) CONTENTS.—The report submitted under paragraph (1) shall include the recommendations of the Institute on ways to expand or improve binational public health infrastructure and health insurance efforts.

TITLE XI—MISCELLANEOUS

SEC. 2101. SUBMISSION TO CONGRESS OF INFORMATION REGARDING H–5A NONIMMIGRANTS.

(a) ENSURING ACCURATE COUNT.—The Secretary of State and the Secretary of Homeland Security shall maintain an accurate count of the number of aliens subject to the numerical limitations under section 214(g)(1)(C) of the Immigration and Nationality Act (8 U.S.C. 1184(g)(1)(C)) who are issued visas or otherwise provided nonimmigrant status.

(b) PROVISION OF INFORMATION.—

(1) QUARTERLY NOTIFICATION.—Beginning with the first fiscal year after regulations are promulgated to implement this Act, the Secretary of State and the Secretary of Homeland Security shall submit quarterly reports to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives containing the numbers of aliens who were issued visas or otherwise provided nonimmigrant status under section 101(a)(15)(H)(v)(a) of the Immigrant and Nationality Act (8 U.S.C. 1101(a)(15)(H)(v)(a)) during the preceding 3-month period.

(2) ANNUAL SUBMISSION.—Beginning with the first fiscal year after regulations are promulgated to implement this Act, the Secretary of Homeland Security shall submit annual reports to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives, containing information on the countries of origin and occupations of, geographic area of employment in the United States, and compensation paid to, aliens who were issued visas or otherwise provided nonimmigrant status under such section 101(a)(15)(H)(v)(a). The Secretary shall compile such reports based on the data reported by employers to the Employment Eligibility Confirmation System established in section 402.

SEC. 2102. H–5 NONIMMIGRANT PETITIONER ACCOUNT.

Section 286 of the Immigration and Nationality Act (8 U.S.C. 1356) is amended by adding at the end the following:

''(w)(1) There is established in the general fund of the Treasury of the United States an account, which shall be known as the 'H–5 Nonimmigrant Petitioner Account'.

''(2) There shall be deposited as offsetting receipts into the H–5 Nonimmigrant Petitioners Account—

''(A) all fees collected under section 218A; and

''(B) all fines collected under section 212(n)(2)(I).

''(3) Of the fees and fines deposited into the H–5 Nonimmigrant Petitioner Account—

''(A) 53 percent shall remain available to the Secretary of Homeland Security for efforts related to the adjudication and implementation of the H–5 visa programs described in sections 221(a) and 250A and any other efforts necessary to carry out the provisions of the Secure America and Orderly Immigration Act and the amendments made by such Act, of which the Secretary shall allocate—

''(i) 10 percent shall remain available to the Secretary of Homeland Security for the border security efforts described in title I of the Secure America and Orderly Immigration Act.

''(ii) not more than 1 percent to promote public awareness of the H–5 visa program, to protect migrants from fraud, and to combat the unauthorized practice of law described in title III of the Secure America and Orderly Immigration Act;

''(iii) not more than 1 percent to the Office of Citizenship to promote civics integration activities described in section 901 of the Secure America and Orderly Immigration Act; and

''(iv) 2 percent for the Civics Integration Grant Program under section 902 of the Secure America and Orderly Immigration Act.

''(B) 15 percent shall remain available to the Secretary of Labor for the enforcement of labor standards in those geographic and occupational areas in which H–5A visa holders are likely to be employed and for other enforcement efforts under the Secure America and Orderly Immigration Act;

''(C) 15 percent shall remain available to the Commissioner of Social Security for the creation and maintenance of the Employment Eligibility Confirmation System described in section 402 of the Secure America and Orderly Immigration Act;

''(D) 15 percent shall remain available to the Secretary of State to carry out any necessary provisions of the Secure America and Orderly Immigration Act; and

''(E) 2 percent shall remain available to the Secretary of Health and Human Services for the reimbursement of hospitals serving individuals working under programs established in this Act.''.

SEC. 2103. ANTI-DISCRIMINATION PROTECTIONS.

Section 274B(a)(3)(B) of the Immigration and Nationality Act (8 U.S.C. 1324b(a)(3)(B)) is amended to read as follows:

''(B) is an alien who is—

''(i) lawfully admitted for permanent residence;

''(ii) granted the status of an alien lawfully admitted for temporary residence under section 210(a) or 245(a)(1);

''(iii) admitted as a refugee under section 207;

''(iv) granted asylum under section 208; or

''(v) granted the status of nonimmigrant under section 101(a)(15)(H)(v).''.

SEC. 2104. WOMEN AND CHILDREN AT RISK OF HARM.

(a) CERTAIN CHILDREN AND WOMEN AT RISK OF HARM.—Section 101(a)(27) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)) is amended—

(1) in subparagraph (L), by inserting a semicolon at the end;

(2) in subparagraph (M), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(N) subject to subsection (j), an immigrant who is not present in the United States—

''(i) who is—

''(I) referred to a consular, immigration, or other designated official by a United States Government agency, an international organization, or recognized nongovernmental entity designated by the Secretary of State for purposes of such referrals; and

''(II) determined by such official to be a minor under 18 years of age (as determined under subsection (j)(5))—

''(aa) for whom no parent or legal guardian is able to provide adequate care;

''(bb) who faces a credible fear of harm related to his or her age;

''(cc) who lacks adequate protection from such harm; and

''(dd) for whom it has been determined to be in his or her best interests to be admitted to the United States; or

''(ii) who is—

''(I) referred to a consular or immigration official by a United States Government agency, an international organization or recognized nongovernmental entity designated by the Secretary of State for purposes of such referrals; and

''(II) determined by such official to be a female who has—

''(aa) a credible fear of harm related to her sex; and

''(bb) a lack of adequate protection from such harm.''.

(b) STATUTORY CONSTRUCTION.—Section 101 of the Immigration and Nationality Act (8 U.S.C. 1101) is amended by adding at the end the following:

''(j)(1) No natural parent or prior adoptive parent of any alien provided special immigrant status under subsection (a)(27)(N)(i) shall thereafter, by virtue of such parentage, be accorded any right, privilege, or status under this Act.

''(2)(A) No alien who qualifies for a special immigrant visa under subsection (a)(27)(N)(ii) may apply for derivative status or petition for any spouse who is represented by the alien as missing, deceased, or the source of harm at the time of the alien's application and admission. The Secretary of Homeland Security may waive this requirement for an alien who demonstrates that the alien's representations regarding the spouse were bona fide.

''(B) An alien who qualifies for a special immigrant visa under subsection (a)(27)(N) may apply for derivative status or petition for any sibling under the age of 18 years or children under the age of 18 years of any such alien, if accompanying or following to join the alien. For purposes of this subparagraph, a determination of age shall be made using the age of the alien on the date the petition is filed with the Department of Homeland Security.

''(3) An alien who qualifies for a special immigrant visa under subsection (a)(27)(N) shall be treated in the same manner as a refugee solely for purposes of section 412.

''(4) The provisions of paragraphs (4), (5), and (7)(A) of section 212(a) shall not be applicable to any alien seeking admission to the United States under subsection (a)(27)(N), and the Secretary of Homeland Security may waive any other provision of such section (other than paragraph (2)(C) or subparagraph (A), (B), (C), or (E) of paragraph (3)) with respect to such an alien for humanitarian purposes, to assure family unity, or when it is otherwise in the public interest. Any such waiver by the Secretary of Homeland Security shall be in writing and shall be granted only on an individual basis following an investigation. The Secretary of Homeland Security shall provide for the annual reporting to Congress of the number of waivers granted under this paragraph in the previous fiscal year and a summary of the reasons for granting such waivers.

''(5) For purposes of subsection (a)(27)(N)(i)(II), a determination of age shall be made using the age of the alien on the date on which the alien was referred to the consular, immigration, or other designated official.

''(6) The Secretary of Homeland Security shall waive any application fee for a special immigrant visa for an alien described in section 101(a)(27)(N).''.

(c) ALLOCATION OF SPECIAL IMMIGRANT VISAS.—Section 203(b)(4) of the Immigration Nationality Act (8 U.S.C. 1153(b)(4)) is amended by striking ''(A) or (B) thereof'' and inserting ''(A), (B), or (N) of such section''.

(d) EXPEDITED PROCESS.—Not later than 45 days after the date of referral to a consular, immigration, or other designated official as described in section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a), special immigrant status shall be adjudicated and, if granted, the alien shall be—

(1) paroled to the United States pursuant to section 212(d)(5) of that Act (8 U.S.C. 1182(d)(5)); and

(2) allowed to apply for adjustment of status to permanent residence under section 245 of that Act (8 U.S.C. 1255) not later than 1 year after the alien's arrival in the United States.

(e) REQUIREMENT PRIOR TO ENTRY INTO THE UNTIED STATES.—

(1) DATABASE SEARCH.—An alien may not be admitted to the United States under this section or an amendment made by this section until the Secretary of Homeland Security has ensured that a search of each database maintained by an agency or department of the United States has been conducted to determine whether such alien is ineligible to be admitted to the Untied States on criminal, security, or related grounds.

(2) COOPERATION AND SCHEDULE.—The Secretary of Homeland Security and the head of each appropriate agency or department of the United States shall work cooperatively to ensure that each database search required by paragraph (1) is completed not later than 45 days after the date on which an alien files a petition seeking a special immigration visa under section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a).

(f) REQUIREMENT AFTER ENTRY INTO THE UNITED STATES.—

(1) REQUIREMENT TO SUBMIT FINGERPRINTS.—

(A) IN GENERAL.—Not later than 30 days after the date that an alien enters the United States under this section or an amendment made by this section, the alien shall be fingerprinted and submit to the Secretary of Homeland Security such fingerprints and any other personal biometric data required by the Secretary.

(B) OTHER REQUIREMENTS.—The Secretary of Homeland Security may prescribe regulations that permit fingerprints submitted by an alien under section 262 of the Immigration and Nationality Act (8 U.S.C. 1302) or any other provision of law to satisfy the requirement to submit fingerprints under subparagraph (A).

(2) DATABASE SEARCH.—The Secretary of Homeland Security shall ensure that a search of each database that contains fingerprints that is maintained by an agency or department of the United States be conducted to determine whether such alien is ineligible for an adjustment of status under any provision of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.) on criminal, security, or related grounds.

(3) COOPERATION AND SCHEDULE.—The Secretary of Homeland Security and the head of each appropriate agency or department of the United States shall work cooperatively to ensure that each database search required under paragraph (2) is completed not later than 180 days after the date on which the alien enters the United States.

(4) ADMINISTRATIVE AND JUDICIAL REVIEW.—

(A) ADMINISTRATIVE REVIEW.—An alien who is admitted to the United States under this section or an amendment made by this section who is determined to be ineligible for an adjustment of status pursuant to section 212 of the Immigration and Nationality Act (8 U.S.C. 1182) may appeal such a determination through the Administrative Appeals Office of the Bureau of Citizenship and Immigration Services of the Department of Homeland Security. The Secretary of Homeland Security shall ensure that a determination on such appeal is made not later than 60 days after the date on which the appeal is filed.

(B) JUDICIAL REVIEW.—Nothing in this section, or in an amendment made by this section, may preclude application of section 242(a)(2)(B) of the Immigration and Nationality Act (8 U.S.C. 1252(a)(2)(B)).

(g) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Homeland Security shall report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives on the progress of the implementation of this section and the amendments made by this section, including—

(1) data related to the implementation of this section and the amendments made by this section;

(2) data regarding the number of placements of females and children who faces a credible fear of harm as referred to in section 101(a)(27)(N) of the Immigration and Nationality Act, as added by subsection (a); and

(3) any other information that the Secretary of Homeland Security determines to be appropriate.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section and the amendments made by this section.

SEC. 2105. EXPANSION OF S VISA.

(a) EXPANSION OF S VISA CLASSIFICATION.—Section 101(a)(15)(S) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(S)) is amended—

(1) in clause (i)—

(A) by striking ''Attorney General'' each place that term appears and inserting ''Secretary of Homeland Security''; and

(B) by striking ''or'' at the end; and

(2) in clause (ii)—

(A) by striking ''Attorney General'' and inserting ''Secretary of Homeland Security''; and

(B) by striking ''1956,'' and all that follows through ''the alien;'' and inserting the following: ''1956; or

''(iii) who the Secretary of Homeland Security and the Secretary of State, in consultation with the Director of Central Intelligence, jointly determine—

''(I) is in possession of critical reliable information concerning the activities of governments or organizations, or their agents, representatives, or officials, with respect to weapons of mass destruction and related delivery systems, if such governments or organizations are at risk of developing, selling, or transferring such weapons or related delivery systems; and

''(II) is willing to supply or has supplied, fully and in good faith, information described in subclause (I) to appropriate persons within the United States Government;

and, if the Secretary of Homeland Security (or with respect to clause (ii), the Secretary of State and the Secretary of Homeland Security jointly) considers it to be appropriate, the spouse, married and unmarried sons and daughters, and parents of an alien described in clause (i), (ii), or (iii) if accompanying, or following to join, the alien;''.

(b) NUMERICAL LIMITATION.—Section 214(k)(1) of the Immigration and Nationality Act (8 U.S.C. 1184(k)(1)) is amended to read as follows:

''(1) The number of aliens who may be provided a visa as nonimmigrants under section 101(a)(15)(S) in any fiscal year may not exceed 3,500.''.

SEC. 2106. VOLUNTEERS.

It is not a violation of clauses (ii), (iii), or (iv) of subparagraph (A) for a religious denomination described in section 101(a)(27)(C)(i) or an affiliated religious organization described in section 101(a)(27)(C)(ii)(III), or their agents or officers, to encourage, invite, call, allow, or enable an alien, who is already present in the United States in violation of law to carry on the violation described in section 101(a)(27)(C)(ii)(I), as a volunteer who is not compensated as an employee, notwithstanding the provision of room, board, travel, and other basic living expenses.

SA 182. Mrs. HUTCHISON (for herself, Mr. CORNYN, and Mr. VOINOVICH) submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. MODIFICATIONS TO THE SPECIAL FUNDING RULES OF THE PENSION PROTECTION ACT OF 2006.

(a) MODIFICATION OF THE INTEREST RATE FOR THE SPECIAL FUNDING RULES OF THE PENSION PROTECTION ACT OF 2006.—

(1) INTEREST RATE.—Section 402 (a)(2) of the Pension Protection Act of 2006 is amended by inserting ''and by using, in determining the funding target for each of the 10 plan years during such period, an interest rate of 8.25 percent (rather than the segment rates calculated on the basis of the corporate bond yield curve)'' after ''such plan year''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the Pension Protection Act of 2006 to which such amendment relates.

(b) TECHNICAL AMENDMENTS.—

(1) IN GENERAL.—Section 402 of the Pension Protection Act of 2006 is amended—

(A) in subsection (d)(1), by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR PLANS YEARS NOT BEGINNING ON 1ST DAY OF MONTH.—For purposes of applying subparagraph (A), a plan year beginning during the 4-day period immediately preceding 2006 or 2007 shall be treated as beginning in 2006 or 2007, as the case may be.'', and

(B) in subsection (i)(1), by striking ''December 28, 2007'' and inserting ''January 1, 2008''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Pension Protection Act of 2006 to which such amendments relate. If an employer filed an election under section 402 of the Pension Protection Act of 2006 before January 1, 2007, the employer may, during the 60-day beginning on the date of the enactment of this Act, modify the election to reflect the amendments made by this subsection.

SA 183. Mrs. HUTCHISON (for herself, Mr. CORNYN, and Mr. VOINOVICH) submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. MODIFICATION OF THE INTEREST RATE FOR THE SPECIAL FUNDING RULES OF THE PENSION PROTECTION ACT OF 2006.

(a) INTEREST RATE.—Section 402 (a)(2) of the Pension Protection Act of 2006 is amended by inserting ''and by using, in determining the funding target for each of the 10 plan years during such period, an interest rate of 8.25 percent (rather than the segment rates calculated on the basis of the corporate bond yield curve)'' after ''such plan year''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the Pension Protection Act of 2006 to which such amendment relates.

SA 184. Mrs. HUTCHISON (for herself, Mr. CORNYN, Mr. VOINOVICH, and Mr. BROWN) submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. TECHNICAL AMENDMENTS TO THE SPECIAL FUNDING RULES OF THE PENSION PROTECTION ACT OF 2006.

(a) TECHNICAL AMENDMENTS.—Section 402 of the Pension Protection Act of 2006 is amended—

(1) in subsection (d)(1), by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR PLANS YEARS NOT BEGINNING ON 1ST DAY OF MONTH.—For purposes of applying subparagraph (A), a plan year beginning during the 4-day period immediately preceding 2006 or 2007 shall be treated as beginning in 2006 or 2007, as the case may be.'', and

(2) in subsection (i)(1), by striking ''December 28, 2007'' and inserting ''January 1, 2008''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Pension Protection Act of 2006 to which such amendments relate. If an employer filed an election under section 402 of the Pension Protection Act of 2006 before January 1, 2007, the employer may, during the 60-day beginning on the date of the enactment of this Act, modify the election to reflect the amendments made by this section.

SA 185. Mr. CHAMBLISS submitted an amendment intended to be proposed to amendment SA 118 submitted by Mr. CHAMBLISS (for himself, Mr. ISAKSON, and Mr. BURR) and intended to be proposed to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. ___. WAGES FOR AGRICULTURAL WORKERS.

Section (6)(a)(5) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(5)) is amended to read as follows:

''(5) if such employee is employed in agriculture, not less than the greater of—

''(A) the minimum wage rate in effect under paragraph (1) after December 31, 1977; or

''(B) the prevailing wage established by the Occupational Employment Statistics program, or other wage survey, conducted by the Bureau of Labor Statistics in the county of intended employment, for entry level workers who are employed in agriculture in the area of work to be performed.''.

SA 186. Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place, add the following new section:

SEC. ___. WAGES FOR AGRICULTURAL WORKERS.

Section (6)(a)(5) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(5)) is amended to read as follows:

''(5) if such employee is employed to provide agriculture labor or services—

''(A) not less than the minimum wage rate in effect under paragraph (1) after December 31, 1977; or

''(B) pursuant to the provisions of section 218 of the Immigration and Nationality Act (8 U.S.C. 1188), not less than the greater of—

''(i) the minimum wage rate in effect under paragraph (1) after December 31, 1977; or

''(ii) the prevailing wage established by the Occupational Employment Statistics program, or other wage survey, conducted by the Bureau of Labor Statistics in the county of intended employment, for entry level workers who are employed in agriculture in the area of the work to be performed.''.

SA 187. Mr. KERRY (for himself, Ms. SNOWE, Mr. SUNUNU, Ms. LANDRIEU, and Mr. LIEBERMAN) submitted an amendment intended to be proposed to amendment SA 112 submitted by Mr. SUNUNU to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. ___. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SA 188. Mr. OBAMA submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

On page 15, line 3, strike ''2001.''.'' and insert ''2001, or

''(iii) receiving services for the homeless (as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)) through the Department of Veterans Affairs, the Department of Housing and Urban Development, or grant recipients of either at anytime during the 12-month period ending on the hiring date.''.

SA 189. Mr. SESSIONS submitted an amendment intended to be proposed to amendment SA 141 submitted by Mr. SESSIONS and intended to be proposed to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

On page 3, line 21, insert ''not'' after ''and''.

SA 190. Mr. SESSIONS submitted an amendment intended to be proposed to amendment SA 142 submitted by Mr. SESSIONS and intended to be proposed

to the amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

On page 3, line 21, insert ''not'' after ''and''.

SA 191. Ms. COLLINS (for herself and Mr. WARNER) submitted an amendment intended to be proposed by her to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

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

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain trade and business deductions of employees) is amended to read as follows:

''(D) CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.—The deductions allowed by section 162 which consist of expenses, not in excess of $400, paid or incurred by an eligible educator—

''(i) by reason of the participation of the educator in professional development courses related to the curriculum and academic subjects in which the educator provides instruction or to the students for which the educator provides instruction, and

''(ii) in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.''.

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

SA 192. Ms. LANDRIEU submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

On page 15, after line 24, insert the following:

SEC. 205. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES HIRED BY SMALL BUSINESSES.

(a) IN GENERAL.—Section 201(b)(1) of the Katrina Emergency Tax Relief Act of 2005 (Public Law 109–73) is amended by striking ''who is hired during the 2-year period'' and all that follows and inserting ''who—

''(A) is hired during the 2-year period beginning on such date for a position the principal place of employment which is located in the core disaster area, or

''(B) is hired—

''(i) during the 3-year period beginning on such date for a position the principal place of employment which is located in the core disaster area, and

''(ii) by an employer who has no more than 100 employees on the date such individual is hired, and''.

(b) EFFECTIVE DATE.—The amendment made by this section take effect as if included in section 201 of the Katrina Emergency Tax Relief Act of 2005.

SA 193. Ms. LANDRIEU submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

On page 4, between lines 8 and 9, insert the following:

SEC. 202. EXTENSION OF INCREASED EXPENSING FOR QUALIFIED SECTION 179 GULF OPPORTUNITY ZONE PROPERTY.

Paragraph (2) of section 1400N(e) (relating to qualified section 179 Gulf Opportunity Zone property) is amended—

(1) by striking ''this subsection, the term'' and inserting ''this subsection—

''(A) IN GENERAL.—The term'', and

(2) by adding at the end the following new subparagraph:

''(B) EXTENSION FOR CERTAIN PROPERTY.—In the case of property substantially all of the use of which is in one or more specified portions of the GO Zone (as defined by subsection (d)(6)), such term shall include section 179 property (as so defined) which is described in subsection (d)(2), determined—

''(i) without regard to subsection (d)(6), and

''(ii) by substituting '2008' for '2007' in subparagraph (A)(v) thereof.''.

SA 194. Ms. LANDRIEU submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ____. REDUCTION IN INCOME TAX WITHHOLDING DEPOSITS TO REFLECT FICA PAYROLL TAX CREDIT FOR CERTAIN EMPLOYERS LOCATED IN SPECIFIED PORTIONS OF THE GO ZONE DURING 2007.

(a) GENERAL RULE.—In the case of any applicable calendar quarter—

(1) the aggregate amount of required income tax deposits of an eligible employer for the calendar quarter following the applicable calendar quarter shall be reduced by the payroll tax credit equivalent amount for the applicable calendar quarter, and

(2) the amount of any deduction allowable to the eligible employer under chapter 1 of the Internal Revenue Code of 1986 for taxes paid under section 3111 of such Code with respect to employment during the applicable calendar quarter shall be reduced by such payroll tax credit equivalent amount.

For purposes of the Internal Revenue Code of 1986, an eligible employer shall be treated as having paid, and an eligible employee shall be treated as having received, any wages or compensation deducted and withheld but not deposited by reason of paragraph (1).

(b) CARRYOVERS OF UNUSED AMOUNTS.—If the payroll tax credit equivalent amount for any applicable calendar quarter exceeds the required income tax deposits for the following calendar quarter—

(1) such excess shall be added to the payroll tax credit equivalent amount for the next applicable calendar quarter, and

(2) in the case of the last applicable calendar quarter, such excess shall be used to reduce required income tax deposits for any succeeding calendar quarter until such excess is used.

(c) PAYROLL TAX CREDIT EQUIVALENT AMOUNT.—For purposes of this section—

(1) IN GENERAL.—The term ''payroll tax credit equivalent amount'' means, with respect to any applicable calendar quarter, an amount equal to 7.65 percent of the aggregate amount of wages or compensation—

(A) paid or incurred by the eligible employer with respect to employment of eligible employees during the applicable calendar quarter, and

(B) subject to the tax imposed by section 3111 of the Internal Revenue Code of 1986.

(2) TRADE OR BUSINESS REQUIREMENT.—A rule similar to the rule of section 51(f) of such Code shall apply for purposes of this section.

(3) LIMITATION ON WAGES SUBJECT TO CREDIT.—For purposes of this subsection, only wages and compensation of an eligible employee in an applicable calendar quarter, when added to such wages and compensation for any preceding applicable calendar quarter, not exceeding $15,000 shall be taken into account with respect to such employee.

(d) ELIGIBLE EMPLOYER; ELIGIBLE EMPLOYEE.—For purposes of this section—

(1) ELIGIBLE EMPLOYER.—

(A) IN GENERAL.—The term ''eligible employer'' means any employer which conducts an active trade or business in any specified portion of the GO Zone and employs not more than 100 full-time employees on the date of the enactment of this Act.

(B) SPECIFIED PORTION OF THE GO ZONE.—The term ''specified portion of the GO Zone'' means any portion of the GO Zone (as defined in section 1400M(1) of the Internal Revenue Code of 1986) which is in any county or parish which is identified by the Secretary of the Treasury as being a county or parish in which hurricanes occurring during 2005 damaged (in the aggregate) more than 60 percent of the housing units in such county or parish which were occupied (determined according to the 2000 Census).

(2) ELIGIBLE EMPLOYEE.—The term ''eligible employee'' means with respect to an eligible employer an employee whose principal place of employment with such eligible employer is in a specified portion of the GO Zone. Such term shall not include an employee described in section 401(c)(1)(A).

(e) APPLICABLE CALENDAR QUARTER.—For purposes of this section, the term ''applicable calendar quarter'' means any of the 4 calendar quarters beginning in 2007.

(f) SPECIAL RULES.—For purposes of this section—

(1) REQUIRED INCOME TAX DEPOSITS.—The term ''required income tax deposits'' means deposits an eligible employer is required to make under section 6302 of the Internal Revenue Code of 1986 of taxes such employer is required to deduct and withhold under section 3402 of such Code.

(2) AGGREGATION RULES.—Rules similar to the rules of subsections (a) and (b) of section 52 of the Internal Revenue Code of 1986 shall apply.

(3) EMPLOYERS NOT ON QUARTERLY SYSTEM.—The Secretary of the Treasury shall prescribe rules for the application of this section in the case of an eligible employer whose required income tax deposits are not made on a quarterly basis.

(4) ADJUSTMENTS FOR CERTAIN ACQUISITIONS, ETC.—Under regulations prescribed by the Secretary—

(A) ACQUISITIONS.—If, after December 31, 2006, an employer acquires the major portion of a trade or business of another person (hereafter in this paragraph referred to as the ''predecessor'') or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section for any calendar quarter ending after such acquisition, the amount of wages or compensation deemed paid by the employer during periods before such acquisition shall

be increased by so much of such wages or compensation paid by the predecessor with respect to the acquired trade or business as is attributable to the portion of such trade or business acquired by the employer.

(B) DISPOSITIONS.—If, after December 31, 2006—

(i) an employer disposes of the major portion of any trade or business of the employer or the major portion of a separate unit of a trade or business of the employer in a transaction to which paragraph (1) applies, and

(ii) the employer furnishes the acquiring person such information as is necessary for the application of subparagraph (A),

then, for purposes of applying this section for any calendar quarter ending after such disposition, the amount of wages or compensation deemed paid by the employer during periods before such disposition shall be decreased by so much of such wages as is attributable to such trade or business or separate unit.

(5) OTHER RULES.—

(A) GOVERNMENT EMPLOYERS.—This section shall not apply if the employer is the Government of the United States, the government of any State or political subdivision of the State, or any agency or instrumentality of any such government.

(B) TREATMENT OF OTHER ENTITIES.—Rules similar to the rules of subsections (d) and (e) of section 52 of such Code shall apply for purposes of this section.

SA 195. Mr. BURR (for himself, Mr. DEMINT, and Mr. COBURN) submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the end of section 102, add the following:

(c) EXCEPTION IN THE CASE OF PROVISION OF HEALTH BENEFITS.—Notwithstanding the amendment made by subsection (a), an employer to which such amendment applies shall have the option to—

(1) increase the minimum wage paid to employees as required under such amendment; or

(2) provide such employees with health care benefits that are equal (in terms of the monetary amount expended by the employer for such benefits) to the monetary amount by which the minimum wage is to be increased pursuant to such amendment.

SA 196. Mr. GRASSLEY submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

Strike section 102 of the amendment and insert the following:

SEC. 102. MINIMUM WAGE FOR TERRITORIES AND POSSESSIONS.

(a) MINIMUM WAGE FOR TERRITORIES AND POSSESSIONS.—The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended—

(1) in section 6, by adding at the end the following:

''(h) TERRITORIES AND POSSESSIONS.—

''(1) IN GENERAL.—Subject to subsection (a)(2), each employer of an employee employed in any territory or possession of the United States shall pay to such employee, in lieu of the rate or rates provided by subsection (a)(1) or (b), not less than the rate calculated under subsection (b) as of the day after the date that an increase in the minimum wage rate under subsection (a)(1) takes effect.

''(2) MINIMUM WAGE RATE.—The applicable rate described in paragraph (1) shall be the greater of—

''(A) the minimum wage rate in effect in the territory or possession in which the employee is employed on the date of enactment of the Fair Minimum Wage Act of 2007; or

''(B) the product of—

''(i) the rate in effect under subsection (a)(1); multiplied by

''(ii) the quotient of—

''(I) the average annual wage in the territory or possession, as determined by the Social Security Administration based on the W-2 forms furnished under section 6051 of the Internal Revenue Code of 1986 to individuals employed in the territory or possession for the third prior calendar year; divided by

''(II) the average annual wage in the United States (not including the territories or possessions of the United States, but including the District of Columbia), as determined by the Social Security Administration based on the W-2 forms furnished under section 6051 of the Internal Revenue Code of 1986 to individuals employed in the United States (as so defined) for the third prior calendar year.

''(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to prohibit any territory or possession of the United States from establishing a minimum wage higher than the minimum wage required under this subsection.''; and

(2) in section 13(f), by inserting ''the Northern Mariana Islands,'' after ''Guam,''.

(b) ABOLISHING THE SPECIAL WAGE BOARD FOR AMERICAN SAMOA.—The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended—

(1) by repealing sections 5, 8, and 10;

(2) in section 6(a)—

(A) by striking paragraph (3); and

(B) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively; and

(3) in section 13—

(A) by striking subsection (e); and

(B) by redesignating subsections (f) (as amended in subsection (a)(2)) and (g) as subsections (e) and (f), respectively.

(c) CONFORMING AMENDMENTS.—The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended—

(1) in section 6—

(A) in subsection (b), by striking ''(a)(5)'' and inserting ''(a)(4)''; and

(B) in paragraphs (1) and (2) of subsection (e), by striking ''and (f)'' each place the term occurs and inserting ''and (e)'';

(2) in section 13(c)(1)(a), by striking ''6(a)(5)'' and inserting ''6(a)(4)'';

(3) in section 14(b)(2), by striking ''6(a)(5)'' and inserting ''6(a)(4)'';

(4) in section 16(d), by striking ''13(f)'' and inserting ''13(e)''; and

(5) in section 18(b), by striking ''13(f)'' and inserting ''13(e)''.

SA 197. Mr. GRASSLEY submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

Strike section 102 of the amendment and insert the following:

SEC. 102. MINIMUM WAGE FOR TERRITORIES AND POSSESSIONS.

(a) IN GENERAL.—Notwithstanding any provision of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), section 6 of such Act shall apply to employees employed in each territory or possession of the United States in the same manner as such section applies to employees employed in the several States of the United States, except that in lieu of the rate or rates provided by subsection (a)(1) or (b) of section 6 of such Act, the applicable rate for such employees shall be the rate calculated under subsection (b) as of the day after the date that an increase in the minimum wage rate under such section 6(a)(1) takes effect.

(b) MINIMUM WAGE RATE.—The applicable rate for employees employed in each territory or possession of the United States shall be the greater of—

(1) the minimum wage rate in effect in the territory or possession on the date of enactment of this Act; or

(2) the product of—

(A) the rate in effect under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)); multiplied by

(B) the quotient of—

(i) the average annual wage in the territory or possession, as determined by the Social Security Administration based on the W-2 forms furnished under section 6051 of the Internal Revenue Code of 1986 to individuals employed in the territory or possession for the third prior calendar year; and

(ii) the average annual wage in the United States (not including the territories or possessions of the United States, but including the District of Columbia), as determined by the Social Security Administration based on the W-2 forms furnished under section 6051 of the Internal Revenue Code of 1986 to individuals employed in the United States (as so defined) for the third prior calendar year.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit any territory or possession of the United States from establishing a minimum wage higher than the minimum wage required under this section.

SA 198. Mr. COLEMAN submitted an amendment intended to be proposed to amendment SA 100 proposed by Mr. REID (for Mr. BAUCUS) to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. _____. DESIGNATION OF OVERPAYMENTS TO SUPPORT RESERVISTS AND NATIONAL GUARD MEMBERS.

(a) DESIGNATION.—Subchapter A of chapter 61 is amended by adding at the end the following new part:

''PART IX—DESIGNATION OF OVERPAYMENTS TO RESERVE INCOME REPLACEMENT PROGRAM

''Sec. 6097. Designation.

''SEC. 6097. DESIGNATION.

''(a) IN GENERAL.—In the case of an individual, with respect to each taxpayer's return for the taxable year of the tax imposed by chapter 1, such taxpayer may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year be paid over to the Reserve Income Replacement Program (RIRP) under section 910 of title 37, United States Code.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year only at the time of filing the return of the tax imposed by chapter 1 for such taxable year. Such designation shall be made in such manner as the Secretary prescribes by regulations except that such designation shall be

made either on the first page of the return or on the page bearing the taxpayer's signature.

''(c) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as—

''(1) being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by chapter 1 (determined without regard to extensions) or, if later, the date the return is filed, and

''(2) a contribution made by such taxpayer on such date to the United States.''.

(b) TRANSFERS TO RESERVE INCOME REPLACEMENT PROGRAM.—The Secretary of the Treasury shall, from time to time, transfer to the Reserve Income Replacement Program (RIRP) under section 910 of title 37, United States Code, the amounts designated under section 6097 of the Internal Revenue Code of 1986, under regulations jointly prescribed by the Secretary of the Treasury and the Secretary of Defense.

(c) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 61 is amended by adding at the end the following new item:

''PART IX. DESIGNATION OF OVERPAYMENTS TO RESERVE INCOME REPLACEMENT PROGRAM.''.

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

SA 199. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 2, to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ____—SMALL BUSINESS HEALTH COVERAGE

SEC. __01. SHORT TITLE; PURPOSES.

(a) SHORT TITLE.—This title may be cited as the ''Health Insurance Marketplace Modernization and Affordability Act of 2007''.

(b) PURPOSES.—It is the purpose of this Act to—

(1) make more affordable health insurance options available to small businesses, working families, and all Americans;

(2) assure effective State regulatory protection of the interests of health insurance consumers; and

(3) create a more efficient and affordable health insurance marketplace through collaborative development of uniform regulatory standards.

Subtitle A—Small Business Health Plans

SEC. __11. RULES GOVERNING SMALL BUSINESS HEALTH PLANS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding after part 7 the following new part:

''PART 8—RULES GOVERNING SMALL BUSINESS HEALTH PLANS

''SEC. 801. SMALL BUSINESS HEALTH PLANS.

''(a) IN GENERAL.—For purposes of this part, the term 'small business health plan' means a fully insured group health plan whose sponsor is (or is deemed under this part to be) described in subsection (b).

''(b) SPONSORSHIP.—The sponsor of a group health plan is described in this subsection if such sponsor—

''(1) is organized and maintained in good faith, with a constitution and bylaws specifically stating its purpose and providing for periodic meetings on at least an annual basis, as a bona fide trade association, a bona fide industry association (including a rural electric cooperative association or a rural telephone cooperative association), a bona fide professional association, or a bona fide chamber of commerce (or similar bona fide business association, including a corporation or similar organization that operates on a cooperative basis (within the meaning of section 1381 of the Internal Revenue Code of 1986)), for substantial purposes other than that of obtaining medical care;

''(2) is established as a permanent entity which receives the active support of its members and requires for membership payment on a periodic basis of dues or payments necessary to maintain eligibility for membership;

''(3) does not condition membership, such dues or payments, or coverage under the plan on the basis of health status-related factors with respect to the employees of its members (or affiliated members), or the dependents of such employees, and does not condition such dues or payments on the basis of group health plan participation; and

''(4) does not condition membership on the basis of a minimum group size.

Any sponsor consisting of an association of entities which meet the requirements of paragraphs (1), (2), (3), and (4) shall be deemed to be a sponsor described in this subsection.

''SEC. 802. CERTIFICATION OF SMALL BUSINESS HEALTH PLANS.

''(a) IN GENERAL.—Not later than 6 months after the date of enactment of this part, the applicable authority shall prescribe by interim final rule a procedure under which the applicable authority shall certify small business health plans which apply for certification as meeting the requirements of this part.

''(b) REQUIREMENTS APPLICABLE TO CERTIFIED PLANS.—A small business health plan with respect to which certification under this part is in effect shall meet the applicable requirements of this part, effective on the date of certification (or, if later, on the date on which the plan is to commence operations).

''(c) REQUIREMENTS FOR CONTINUED CERTIFICATION.—The applicable authority may provide by regulation for continued certification of small business health plans under this part. Such regulation shall provide for the revocation of a certification if the applicable authority finds that the small business health plan involved is failing to comply with the requirements of this part.

''(d) EXPEDITED AND DEEMED CERTIFICATION.—

''(1) IN GENERAL.—If the Secretary fails to act on an application for certification under this section within 90 days of receipt of such application, the applying small business health plan shall be deemed certified until such time as the Secretary may deny for cause the application for certification.

''(2) CIVIL PENALTY.—The Secretary may assess a civil penalty against the board of trustees and plan sponsor (jointly and severally) of a small business health plan that is deemed certified under paragraph (1) of up to $500,000 in the event the Secretary determines that the application for certification of such small business health plan was willfully or with gross negligence incomplete or inaccurate.

''SEC. 803. REQUIREMENTS RELATING TO SPONSORS AND BOARDS OF TRUSTEES.

''(a) SPONSOR.—The requirements of this subsection are met with respect to a small business health plan if the sponsor has met (or is deemed under this part to have met) the requirements of section 801(b) for a continuous period of not less than 3 years ending with the date of the application for certification under this part.

''(b) BOARD OF TRUSTEES.—The requirements of this subsection are met with respect to a small business health plan if the following requirements are met:

''(1) FISCAL CONTROL.—The plan is operated, pursuant to a plan document, by a board of trustees which pursuant to a trust agreement has complete fiscal control over the plan and which is responsible for all operations of the plan.

''(2) RULES OF OPERATION AND FINANCIAL CONTROLS.—The board of trustees has in effect rules of operation and financial controls, based on a 3-year plan of operation, adequate to carry out the terms of the plan and to meet all requirements of this title applicable to the plan.

''(3) RULES GOVERNING RELATIONSHIP TO PARTICIPATING EMPLOYERS AND TO CONTRACTORS.—

''(A) BOARD MEMBERSHIP.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the members of the board of trustees are individuals selected from individuals who are the owners, officers, directors, or employees of the participating employers or who are partners in the participating employers and actively participate in the business.

''(ii) LIMITATION.—

''(I) GENERAL RULE.—Except as provided in subclauses (II) and (III), no such member is an owner, officer, director, or employee of, or partner in, a contract administrator or other service provider to the plan.

''(II) LIMITED EXCEPTION FOR PROVIDERS OF SERVICES SOLELY ON BEHALF OF THE SPONSOR.—Officers or employees of a sponsor which is a service provider (other than a contract administrator) to the plan may be members of the board if they constitute not more than 25 percent of the membership of the board and they do not provide services to the plan other than on behalf of the sponsor.

''(III) TREATMENT OF PROVIDERS OF MEDICAL CARE.—In the case of a sponsor which is an association whose membership consists primarily of providers of medical care, subclause (I) shall not apply in the case of any service provider described in subclause (I) who is a provider of medical care under the plan.

''(iii) CERTAIN PLANS EXCLUDED.—Clause (i) shall not apply to a small business health plan which is in existence on the date of the enactment of the Health Insurance Marketplace Modernization and Affordability Act of 2006.

''(B) SOLE AUTHORITY.—The board has sole authority under the plan to approve applications for participation in the plan and to contract with insurers.

''(c) TREATMENT OF FRANCHISE NETWORKS.—In the case of a group health plan which is established and maintained by a franchiser for a franchise network consisting of its franchisees—

''(1) the requirements of subsection (a) and section 801(a) shall be deemed met if such requirements would otherwise be met if the franchiser were deemed to be the sponsor referred to in section 801(b), such network were deemed to be an association described in section 801(b), and each franchisee were deemed to be a member (of the association and the sponsor) referred to in section 801(b); and

''(2) the requirements of section 804(a)(1) shall be deemed met.

The Secretary may by regulation define for purposes of this subsection the terms 'franchiser', 'franchise network', and 'franchisee'.

''SEC. 804. PARTICIPATION AND COVERAGE REQUIREMENTS.

''(a) COVERED EMPLOYERS AND INDIVIDUALS.—The requirements of this subsection are met with respect to a small business health plan if, under the terms of the plan—

''(1) each participating employer must be—

''(A) a member of the sponsor;

''(B) the sponsor; or

''(C) an affiliated member of the sponsor, except that, in the case of a sponsor which is a professional association or other individual-based association, if at least one of the officers, directors, or employees of an employer, or at least one of the individuals who are partners in an employer and who actively participates in the business, is a member or such an affiliated member of the sponsor, participating employers may also include such employer; and

''(2) all individuals commencing coverage under the plan after certification under this part must be—

''(A) active or retired owners (including self-employed individuals), officers, directors, or employees of, or partners in, participating employers; or

''(B) the dependents of individuals described in subparagraph (A).

''(b) INDIVIDUAL MARKET UNAFFECTED.—The requirements of this subsection are met with respect to a small business health plan if, under the terms of the plan, no participating employer may provide health insurance coverage in the individual market for any employee not covered under the plan which is similar to the coverage contemporaneously provided to employees of the employer under the plan, if such exclusion of the employee from coverage under the plan is based on a health status-related factor with respect to the employee and such employee would, but for such exclusion on such basis, be eligible for coverage under the plan.

''(c) PROHIBITION OF DISCRIMINATION AGAINST EMPLOYERS AND EMPLOYEES ELIGIBLE TO PARTICIPATE.—The requirements of this subsection are met with respect to a small business health plan if—

''(1) under the terms of the plan, all employers meeting the preceding requirements of this section are eligible to qualify as participating employers for all geographically available coverage options, unless, in the case of any such employer, participation or contribution requirements of the type referred to in section 2711 of the Public Health Service Act are not met;

''(2) information regarding all coverage options available under the plan is made readily available to any employer eligible to participate; and

''(3) the applicable requirements of sections 701, 702, and 703 are met with respect to the plan.

''SEC. 805. OTHER REQUIREMENTS RELATING TO PLAN DOCUMENTS, CONTRIBUTION RATES, AND BENEFIT OPTIONS.

''(a) IN GENERAL.—The requirements of this section are met with respect to a small business health plan if the following requirements are met:

''(1) CONTENTS OF GOVERNING INSTRUMENTS.—

''(A) IN GENERAL.—The instruments governing the plan include a written instrument, meeting the requirements of an instrument required under section 402(a)(1), which—

''(i) provides that the board of trustees serves as the named fiduciary required for plans under section 402(a)(1) and serves in the capacity of a plan administrator (referred to in section 3(16)(A)); and

''(ii) provides that the sponsor of the plan is to serve as plan sponsor (referred to in section 3(16)(B)).

''(B) DESCRIPTION OF MATERIAL PROVISIONS.—The terms of the health insurance coverage (including the terms of any individual certificates that may be offered to individuals in connection with such coverage) describe the material benefit and rating, and other provisions set forth in this section and such material provisions are included in the summary plan description.

''(2) CONTRIBUTION RATES MUST BE NONDISCRIMINATORY.—

''(A) IN GENERAL.—The contribution rates for any participating small employer shall not vary on the basis of any health status-related factor in relation to employees of such employer or their beneficiaries and shall not vary on the basis of the type of business or industry in which such employer is engaged.

''(B) EFFECT OF TITLE.—Nothing in this title or any other provision of law shall be construed to preclude a health insurance issuer offering health insurance coverage in connection with a small business health plan, and at the request of such small business health plan, from—

''(i) setting contribution rates for the small business health plan based on the claims experience of the plan so long as any variation in such rates complies with the requirements of clause (ii), except that small business health plans shall not be subject to paragraphs (1)(A) and (3) of section 2911(b) of the Public Health Service Act; or

''(ii) varying contribution rates for participating employers in a small business health plan in a State to the extent that such rates could vary using the same methodology employed in such State for regulating small group premium rates, subject to the terms of part I of subtitle A of title XXIX of the Public Health Service Act (relating to rating requirements), as added by title II of the Health Insurance Marketplace Modernization and Affordability Act of 2006.

''(3) EXCEPTIONS REGARDING SELF-EMPLOYED AND LARGE EMPLOYERS.—

''(A) SELF EMPLOYED.—

''(i) IN GENERAL.—Small business health plans with participating employers who are self-employed individuals (and their dependents) shall enroll such self-employed participating employers in accordance with rating rules that do not violate the rating rules for self-employed individuals in the State in which such self-employed participating employers are located.

''(ii) GUARANTEE ISSUE.—Small business health plans with participating employers who are self-employed individuals (and their dependents) may decline to guarantee issue to such participating employers in States in which guarantee issue is not otherwise required for the self-employed in that State.

''(B) LARGE EMPLOYERS.—Small business health plans with participating employers that are larger than small employers (as defined in section 808(a)(10)) shall enroll such large participating employers in accordance with rating rules that do not violate the rating rules for large employers in the State in which such large participating employers are located.

''(4) REGULATORY REQUIREMENTS.—Such other requirements as the applicable authority determines are necessary to carry out the purposes of this part, which shall be prescribed by the applicable authority by regulation.

''(b) ABILITY OF SMALL BUSINESS HEALTH PLANS TO DESIGN BENEFIT OPTIONS.—Nothing in this part or any provision of State law (as defined in section 514(c)(1)) shall be construed to preclude a small business health plan or a health insurance issuer offering health insurance coverage in connection with a small business health plan from exercising its sole discretion in selecting the specific benefits and services consisting of medical care to be included as benefits under such plan or coverage, except that such benefits and services must meet the terms and specifications of part II of subtitle A of title XXIX of the Public Health Service Act (relating to lower cost plans), as added by title II of the Health Insurance Marketplace Modernization and Affordability Act of 2006.

''(c) DOMICILE AND NON-DOMICILE STATES.—

''(1) DOMICILE STATE.—Coverage shall be issued to a small business health plan in the State in which the sponsor's principal place of business is located.

''(2) NON-DOMICILE STATES.—With respect to a State (other than the domicile State) in which participating employers of a small business health plan are located but in which the insurer of the small business health plan in the domicile State is not yet licensed, the following shall apply:

''(A) TEMPORARY PREEMPTION.—If, upon the expiration of the 90-day period following the submission of a licensure application by such insurer (that includes a certified copy of an approved licensure application as submitted by such insurer in the domicile State) to such State, such State has not approved or denied such application, such State's health insurance licensure laws shall be temporarily preempted and the insurer shall be permitted to operate in such State, subject to the following terms:

''(i) APPLICATION OF NON-DOMICILE STATE LAW.—Except with respect to licensure and with respect to the terms of subtitle A of title XXIX of the Public Health Service Act (relating to rating and benefits as added by the Health Insurance Marketplace Modernization and Affordability Act of 2006), the laws and authority of the non-domicile State shall remain in full force and effect.

''(ii) REVOCATION OF PREEMPTION.—The preemption of a non-domicile State's health insurance licensure laws pursuant to this subparagraph, shall be terminated upon the occurrence of either of the following:

''(I) APPROVAL OR DENIAL OF APPLICATION.—The approval of denial of an insurer's licensure application, following the laws and regulations of the non-domicile State with respect to licensure.

''(II) DETERMINATION OF MATERIAL VIOLATION.—A determination by a non-domicile State that an insurer operating in a non-domicile State pursuant to the preemption provided for in this subparagraph is in material violation of the insurance laws (other than licensure and with respect to the terms of subtitle A of title XXIX of the Public Health Service Act (relating to rating and benefits added by the Health Insurance Marketplace Modernization and Affordability Act of 2006)) of such State.

''(B) NO PROHIBITION ON PROMOTION.—Nothing in this paragraph shall be construed to prohibit a small business health plan or an insurer from promoting coverage prior to the expiration of the 90-day period provided for in subparagraph (A), except that no enrollment or collection of contributions shall occur before the expiration of such 90-day period.

''(C) LICENSURE.—Except with respect to the application of the temporary preemption provision of this paragraph, nothing in this part shall be construed to limit the requirement that insurers issuing coverage to small business health plans shall be licensed in each State in which the small business health plans operate.

''(D) SERVICING BY LICENSED INSURERS.—Notwithstanding subparagraph (C), the requirements of this subsection may also be satisfied if the participating employers of a small business health plan are serviced by a licensed insurer in that State, even where such insurer is not the insurer of such small business health plan in the State in which such small business health plan is domiciled.

''SEC. 806. REQUIREMENTS FOR APPLICATION AND RELATED REQUIREMENTS.

''(a) FILING FEE.—Under the procedure prescribed pursuant to section 802(a), a small

business health plan shall pay to the applicable authority at the time of filing an application for certification under this part a filing fee in the amount of $5,000, which shall be available in the case of the Secretary, to the extent provided in appropriation Acts, for the sole purpose of administering the certification procedures applicable with respect to small business health plans.

''(b) INFORMATION TO BE INCLUDED IN APPLICATION FOR CERTIFICATION.—An application for certification under this part meets the requirements of this section only if it includes, in a manner and form which shall be prescribed by the applicable authority by regulation, at least the following information:

''(1) IDENTIFYING INFORMATION.—The names and addresses of—

''(A) the sponsor; and

''(B) the members of the board of trustees of the plan.

''(2) STATES IN WHICH PLAN INTENDS TO DO BUSINESS.—The States in which participants and beneficiaries under the plan are to be located and the number of them expected to be located in each such State.

''(3) BONDING REQUIREMENTS.—Evidence provided by the board of trustees that the bonding requirements of section 412 will be met as of the date of the application or (if later) commencement of operations.

''(4) PLAN DOCUMENTS.—A copy of the documents governing the plan (including any bylaws and trust agreements), the summary plan description, and other material describing the benefits that will be provided to participants and beneficiaries under the plan.

''(5) AGREEMENTS WITH SERVICE PROVIDERS.—A copy of any agreements between the plan, health insurance issuer, and contract administrators and other service providers.

''(c) FILING NOTICE OF CERTIFICATION WITH STATES.—A certification granted under this part to a small business health plan shall not be effective unless written notice of such certification is filed with the applicable State authority of each State in which the small business health plans operate.

''(d) NOTICE OF MATERIAL CHANGES.—In the case of any small business health plan certified under this part, descriptions of material changes in any information which was required to be submitted with the application for the certification under this part shall be filed in such form and manner as shall be prescribed by the applicable authority by regulation. The applicable authority may require by regulation prior notice of material changes with respect to specified matters which might serve as the basis for suspension or revocation of the certification.

''SEC. 807. NOTICE REQUIREMENTS FOR VOLUNTARY TERMINATION.

''A small business health plan which is or has been certified under this part may terminate (upon or at any time after cessation of accruals in benefit liabilities) only if the board of trustees, not less than 60 days before the proposed termination date—

''(1) provides to the participants and beneficiaries a written notice of intent to terminate stating that such termination is intended and the proposed termination date;

''(2) develops a plan for winding up the affairs of the plan in connection with such termination in a manner which will result in timely payment of all benefits for which the plan is obligated; and

''(3) submits such plan in writing to the applicable authority.

Actions required under this section shall be taken in such form and manner as may be prescribed by the applicable authority by regulation.

''SEC. 808. DEFINITIONS AND RULES OF CONSTRUCTION.

''(a) DEFINITIONS.—For purposes of this part—

''(1) AFFILIATED MEMBER.—The term 'affiliated member' means, in connection with a sponsor—

''(A) a person who is otherwise eligible to be a member of the sponsor but who elects an affiliated status with the sponsor, or

''(B) in the case of a sponsor with members which consist of associations, a person who is a member or employee of any such association and elects an affiliated status with the sponsor.

''(2) APPLICABLE AUTHORITY.—The term 'applicable authority' means the Secretary of Labor, except that, in connection with any exercise of the Secretary's authority with respect to which the Secretary is required under section 506(d) to consult with a State, such term means the Secretary, in consultation with such State.

''(3) APPLICABLE STATE AUTHORITY.—The term 'applicable State authority' means, with respect to a health insurance issuer in a State, the State insurance commissioner or official or officials designated by the State to enforce the requirements of title XXVII of the Public Health Service Act for the State involved with respect to such issuer.

''(4) GROUP HEALTH PLAN.—The term 'group health plan' has the meaning provided in section 733(a)(1) (after applying subsection (b) of this section).

''(5) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning provided in section 733(b)(1), except that such term shall not include excepted benefits (as defined in section 733(c)).

''(6) HEALTH INSURANCE ISSUER.—The term 'health insurance issuer' has the meaning provided in section 733(b)(2).

''(7) INDIVIDUAL MARKET.—

''(A) IN GENERAL.—The term 'individual market' means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

''(B) TREATMENT OF VERY SMALL GROUPS.—

''(i) IN GENERAL.—Subject to clause (ii), such term includes coverage offered in connection with a group health plan that has fewer than 2 participants as current employees or participants described in section 732(d)(3) on the first day of the plan year.

''(ii) STATE EXCEPTION.—Clause (i) shall not apply in the case of health insurance coverage offered in a State if such State regulates the coverage described in such clause in the same manner and to the same extent as coverage in the small group market (as defined in section 2791(e)(5) of the Public Health Service Act) is regulated by such State.

''(8) MEDICAL CARE.—The term 'medical care' has the meaning provided in section 733(a)(2).

''(9) PARTICIPATING EMPLOYER.—The term 'participating employer' means, in connection with a small business health plan, any employer, if any individual who is an employee of such employer, a partner in such employer, or a self-employed individual who is such employer (or any dependent, as defined under the terms of the plan, of such individual) is or was covered under such plan in connection with the status of such individual as such an employee, partner, or self-employed individual in relation to the plan.

''(10) SMALL EMPLOYER.—The term 'small employer' means, in connection with a group health plan with respect to a plan year, a small employer as defined in section 2791(e)(4).

''(11) TRADE ASSOCIATION AND PROFESSIONAL ASSOCIATION.—The terms 'trade association' and 'professional association' mean an entity that meets the requirements of section 1.501(c)(6)-1 of title 26, Code of Federal Regulations (as in effect on the date of enactment of this Act).

''(b) RULE OF CONSTRUCTION.—For purposes of determining whether a plan, fund, or program is an employee welfare benefit plan which is a small business health plan, and for purposes of applying this title in connection with such plan, fund, or program so determined to be such an employee welfare benefit plan—

''(1) in the case of a partnership, the term 'employer' (as defined in section 3(5)) includes the partnership in relation to the partners, and the term 'employee' (as defined in section 3(6)) includes any partner in relation to the partnership; and

''(2) in the case of a self-employed individual, the term 'employer' (as defined in section 3(5)) and the term 'employee' (as defined in section 3(6)) shall include such individual.

''(c) RENEWAL.—Notwithstanding any provision of law to the contrary, a participating employer in a small business health plan shall not be deemed to be a plan sponsor in applying requirements relating to coverage renewal.

''(d) HEALTH SAVINGS ACCOUNTS.—Nothing in this part shall be construed to inhibit the development of health savings accounts pursuant to section 223 of the Internal Revenue Code of 1986.''.

(b) CONFORMING AMENDMENTS TO PREEMPTION RULES.—

(1) Section 514(b)(6) of such Act (29 U.S.C. 1144(b)(6)) is amended by adding at the end the following new subparagraph:

''(E) The preceding subparagraphs of this paragraph do not apply with respect to any State law in the case of a small business health plan which is certified under part 8.''.

(2) Section 514 of such Act (29 U.S.C. 1144) is amended—

(A) in subsection (b)(4), by striking ''Subsection (a)'' and inserting ''Subsections (a) and (d)'';

(B) in subsection (b)(5), by striking ''subsection (a)'' in subparagraph (A) and inserting ''subsection (a) of this section and subsections (a)(2)(B) and (b) of section 805'', and by striking ''subsection (a)'' in subparagraph (B) and inserting ''subsection (a) of this section or subsection (a)(2)(B) or (b) of section 805'';

(C) by redesignating subsection (d) as subsection (e); and

(D) by inserting after subsection (c) the following new subsection:

''(d)(1) Except as provided in subsection (b)(4), the provisions of this title shall supersede any and all State laws insofar as they may now or hereafter preclude a health insurance issuer from offering health insurance coverage in connection with a small business health plan which is certified under part 8.

''(2) In any case in which health insurance coverage of any policy type is offered under a small business health plan certified under part 8 to a participating employer operating in such State, the provisions of this title shall supersede any and all laws of such State insofar as they may establish rating and benefit requirements that would otherwise apply to such coverage, provided the requirements of subtitle A of title XXIX of the Public Health Service Act (as added by title II of the Health Insurance Marketplace Modernization and Affordability Act of 2006) (concerning health plan rating and benefits) are met.''.

(c) PLAN SPONSOR.—Section 3(16)(B) of such Act (29 U.S.C. 102(16)(B)) is amended by adding at the end the following new sentence: ''Such term also includes a person serving as the sponsor of a small business health plan under part 8.''.

(d) SAVINGS CLAUSE.—Section 731(c) of such Act is amended by inserting ''or part 8'' after ''this part''.

(e) CLERICAL AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 734 the following new items:

''PART 8—RULES GOVERNING SMALL BUSINESS HEALTH PLANS

''801. Small business health plans.
''802. Certification of small business health plans.
''803. Requirements relating to sponsors and boards of trustees.
''804. Participation and coverage requirements.
''805. Other requirements relating to plan documents, contribution rates, and benefit options.
''806. Requirements for application and related requirements.
''807. Notice requirements for voluntary termination.
''808. Definitions and rules of construction.''.

SEC. __12. COOPERATION BETWEEN FEDERAL AND STATE AUTHORITIES.

Section 506 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1136) is amended by adding at the end the following new subsection:

''(d) CONSULTATION WITH STATES WITH RESPECT TO SMALL BUSINESS HEALTH PLANS.—

''(1) AGREEMENTS WITH STATES.—The Secretary shall consult with the State recognized under paragraph (2) with respect to a small business health plan regarding the exercise of—

''(A) the Secretary's authority under sections 502 and 504 to enforce the requirements for certification under part 8; and

''(B) the Secretary's authority to certify small business health plans under part 8 in accordance with regulations of the Secretary applicable to certification under part 8.

''(2) RECOGNITION OF DOMICILE STATE.—In carrying out paragraph (1), the Secretary shall ensure that only one State will be recognized, with respect to any particular small business health plan, as the State with which consultation is required. In carrying out this paragraph such State shall be the domicile State, as defined in section 805(c).''.

SEC. __13. EFFECTIVE DATE AND TRANSITIONAL AND OTHER RULES.

(a) EFFECTIVE DATE.—The amendments made by this subtitle shall take effect 12 months after the date of the enactment of this Act. The Secretary of Labor shall first issue all regulations necessary to carry out the amendments made by this subtitle within 6 months after the date of the enactment of this Act.

(b) TREATMENT OF CERTAIN EXISTING HEALTH BENEFITS PROGRAMS.—

(1) IN GENERAL.—In any case in which, as of the date of the enactment of this Act, an arrangement is maintained in a State for the purpose of providing benefits consisting of medical care for the employees and beneficiaries of its participating employers, at least 200 participating employers make contributions to such arrangement, such arrangement has been in existence for at least 10 years, and such arrangement is licensed under the laws of one or more States to provide such benefits to its participating employers, upon the filing with the applicable authority (as defined in section 808(a)(2) of the Employee Retirement Income Security Act of 1974 (as amended by this subtitle)) by the arrangement of an application for certification of the arrangement under part 8 of subtitle B of title I of such Act—

(A) such arrangement shall be deemed to be a group health plan for purposes of title I of such Act;

(B) the requirements of sections 801(a) and 803(a) of the Employee Retirement Income Security Act of 1974 shall be deemed met with respect to such arrangement;

(C) the requirements of section 803(b) of such Act shall be deemed met, if the arrangement is operated by a board of trustees which—

(i) is elected by the participating employers, with each employer having one vote; and

(ii) has complete fiscal control over the arrangement and which is responsible for all operations of the arrangement;

(D) the requirements of section 804(a) of such Act shall be deemed met with respect to such arrangement; and

(E) the arrangement may be certified by any applicable authority with respect to its operations in any State only if it operates in such State on the date of certification.

The provisions of this subsection shall cease to apply with respect to any such arrangement at such time after the date of the enactment of this Act as the applicable requirements of this subsection are not met with respect to such arrangement or at such time that the arrangement provides coverage to participants and beneficiaries in any State other than the States in which coverage is provided on such date of enactment.

(2) DEFINITIONS.—For purposes of this subsection, the terms ''group health plan'', ''medical care'', and ''participating employer'' shall have the meanings provided in section 808 of the Employee Retirement Income Security Act of 1974, except that the reference in paragraph (7) of such section to an ''small business health plan'' shall be deemed a reference to an arrangement referred to in this subsection.

Subtitle B—Market Relief

SEC. __021. MARKET RELIEF.

The Public Health Service Act (42 U.S.C. 201 et seq.) is amended by adding at the end the following:

''TITLE XXIX—HEALTH CARE INSURANCE MARKETPLACE MODERNIZATION

''SEC. 2901. GENERAL INSURANCE DEFINITIONS.

''In this title, the terms 'health insurance coverage', 'health insurance issuer', 'group health plan', and 'individual health insurance' shall have the meanings given such terms in section 2791.

''Subtitle A—Market Relief

''PART I—RATING REQUIREMENTS

''SEC. 2911. DEFINITIONS.

''(a) GENERAL DEFINITIONS.—In this part:

''(1) ADOPTING STATE.—The term 'adopting State' means a State that, with respect to the small group market, has enacted either the Model Small Group Rating Rules or, if applicable to such State, the Transitional Model Small Group Rating Rules, each in their entirety and as the exclusive laws of the State that relate to rating in the small group insurance market.

''(2) APPLICABLE STATE AUTHORITY.—The term 'applicable State authority' means, with respect to a health insurance issuer in a State, the State insurance commissioner or official or officials designated by the State to enforce the insurance laws of such State.

''(3) BASE PREMIUM RATE.—The term 'base premium rate' means, for each class of business with respect to a rating period, the lowest premium rate charged or that could have been charged under a rating system for that class of business by the small employer carrier to small employers with similar case characteristics for health benefit plans with the same or similar coverage

''(4) ELIGIBLE INSURER.—The term 'eligible insurer' means a health insurance issuer that is licensed in a State and that—

''(A) notifies the Secretary, not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer health insurance coverage consistent with the Model Small Group Rating Rules or, as applicable, transitional small group rating rules in a State;

''(B) notifies the insurance department of a nonadopting State (or other State agency), not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer small group health insurance coverage in that State consistent with the Model Small Group Rating Rules, and provides with such notice a copy of any insurance policy that it intends to offer in the State, its most recent annual and quarterly financial reports, and any other information required to be filed with the insurance department of the State (or other State agency); and

''(C) includes in the terms of the health insurance coverage offered in nonadopting States (including in the terms of any individual certificates that may be offered to individuals in connection with such group health coverage) and filed with the State pursuant to subparagraph (B), a description in the insurer's contract of the Model Small Group Rating Rules and an affirmation that such Rules are included in the terms of such contract.

''(5) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' means any coverage issued in the small group health insurance market, except that such term shall not include excepted benefits (as defined in section 2791(c)).

''(6) INDEX RATE.—The term 'index rate' means for each class of business with respect to the rating period for small employers with similar case characteristics, the arithmetic average of the applicable base premium rate and the corresponding highest premium rate.

''(7) MODEL SMALL GROUP RATING RULES.—The term ' Model Small Group Rating Rules' means the rules set forth in subsection (b).

''(8) NONADOPTING STATE.—The term 'nonadopting State' means a State that is not an adopting State.

''(9) SMALL GROUP INSURANCE MARKET.—The term 'small group insurance market' shall have the meaning given the term 'small group market' in section 2791(e)(5).

''(10) STATE LAW.—The term 'State law' means all laws, decisions, rules, regulations, or other State actions (including actions by a State agency) having the effect of law, of any State.

''(b) DEFINITION RELATING TO MODEL SMALL GROUP RATING RULES.—The term 'Model Small Group Rating Rules' means adapted rating rules drawn from the Adopted Small Employer Health Insurance Availability Model Act of 1993 of the National Association of Insurance Commissioners consisting of the following:

''(1) PREMIUM RATES.—Premium rates for health benefit plans to which this title applies shall be subject to the following provisions relating to premiums:

''(A) INDEX RATE.—The index rate for a rating period for any class of business shall not exceed the index rate for any other class of business by more than 20 percent.

''(B) CLASS OF BUSINESSES.—With respect to a class of business, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage or the rates that could be charged to such employers under the rating system for that class of business, shall not vary from the index rate by more than 25 percent of the index rate under subparagraph (A).

''(C) INCREASES FOR NEW RATING PERIODS.—The percentage increase in the premium rate charged to a small employer for a new rating

period may not exceed the sum of the following:

''(i) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a health benefit plan into which the small employer carrier is no longer enrolling new small employers, the small employer carrier shall use the percentage change in the base premium rate, except that such change shall not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new small employers.

''(ii) Any adjustment, not to exceed 15 percent annually and adjusted pro rata for rating periods of less then 1 year, due to the claim experience, health status or duration of coverage of the employees or dependents of the small employer as determined from the small employer carrier's rate manual for the class of business involved.

''(iii) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the small employer carrier's rate manual for the class of business.

''(D) UNIFORM APPLICATION OF ADJUSTMENTS.—Adjustments in premium rates for claim experience, health status, or duration of coverage shall not be charged to individual employees or dependents. Any such adjustment shall be applied uniformly to the rates charged for all employees and dependents of the small employer.

''(E) USE OF INDUSTRY AS A CASE CHARACTERISTIC.—A small employer carrier may utilize industry as a case characteristic in establishing premium rates, so long as the highest rate factor associated with any industry classification does not exceed the lowest rate factor associated with any industry classification by more than 15 percent.

''(F) CONSISTENT APPLICATION OF FACTORS.—Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business. Rating factors shall produce premiums for identical groups which differ only by the amounts attributable to plan design and do not reflect differences due to the nature of the groups assumed to select particular health benefit plans.

''(G) TREATMENT OF PLANS AS HAVING SAME RATING PERIOD.—A small employer carrier shall treat all health benefit plans issued or renewed in the same calendar month as having the same rating period.

''(H) RESTRICTED NETWORK PROVISIONS.—For purposes of this subsection, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain a similar provision if the restriction of benefits to network providers results in substantial differences in claims costs.

''(I) PROHIBITION ON USE OF CERTAIN CASE CHARACTERISTICS.—The small employer carrier shall not use case characteristics other than age, gender, industry, geographic area, family composition, group size, and participation in wellness programs without prior approval of the applicable State authority.

''(J) REQUIRE COMPLIANCE.—Premium rates for small business health benefit plans shall comply with the requirements of this subsection notwithstanding any assessments paid or payable by a small employer carrier as required by a State's small employer carrier reinsurance program.

''(2) ESTABLISHMENT OF SEPARATE CLASS OF BUSINESS.—Subject to paragraph (3), a small employer carrier may establish a separate class of business only to reflect substantial differences in expected claims experience or administrative costs related to the following:

''(A) The small employer carrier uses more than one type of system for the marketing and sale of health benefit plans to small employers.

''(B) The small employer carrier has acquired a class of business from another small employer carrier.

''(C) The small employer carrier provides coverage to one or more association groups that meet the requirements of this title.

''(3) LIMITATION.—A small employer carrier may establish up to 9 separate classes of business under paragraph (2), excluding those classes of business related to association groups under this title.

''(4) ADDITIONAL GROUPINGS.—The applicable State authority may approve the establishment of additional distinct groupings by small employer carriers upon the submission of an application to the applicable State authority and a finding by the applicable State authority that such action would enhance the efficiency and fairness of the small employer insurance marketplace.

''(5) LIMITATION ON TRANSFERS.—A small employer carrier shall not transfer a small employer involuntarily into or out of a class of business. A small employer carrier shall not offer to transfer a small employer into or out of a class of business unless such offer is made to transfer all small employers in the class of business without regard to case characteristics, claim experience, health status or duration of coverage since issue.

''(6) SUSPENSION OF THE RULES.—The applicable State authority may suspend, for a specified period, the application of paragraph (1) to the premium rates applicable to one or more small employers included within a class of business of a small employer carrier for one or more rating periods upon a filing by the small employer carrier and a finding by the applicable State authority either that the suspension is reasonable when considering the financial condition of the small employer carrier or that the suspension would enhance the efficiency and fairness of the marketplace for small employer health insurance.

"SEC. 2912. RATING RULES.

''(a) IMPLEMENTATION OF MODEL SMALL GROUP RATING RULES.—Not later than 6 months after the enactment of this title, the Secretary shall promulgate regulations implementing the Model Small Group Rating Rules pursuant to section 2911(b).

''(b) TRANSITIONAL MODEL SMALL GROUP RATING RULES.—

''(1) IN GENERAL.—Not later than 6 months after the date of enactment of this title and to the extent necessary to provide for a graduated transition to the Model Small Group Rating Rules, the Secretary, in consultation with the NAIC, shall promulgate Transitional Model Small Group Rating Rules in accordance with this subsection, which shall be applicable with respect to certain non-adopting States for a period of not to exceed 5 years from the date of the promulgation of the Model Small Group Rating Rules pursuant to subsection (a). After the expiration of such 5-year period, the transitional model small group rating rules shall expire, and the Model Small Group Rating Rules shall then apply with respect to all non-adopting States pursuant to the provisions of this part.

''(2) PREMIUM VARIATION DURING TRANSITION.—

''(A) TRANSITION STATES.—During the transition period described in paragraph (1), small group health insurance coverage offered in a non-adopting State that had in place premium rating band requirements or premium limits that varied by less than 12.5 percent from the index rate within a class of business on the date of enactment of this title, shall not be subject to the premium variation provision of section 2911(b)(1) of the Model Small Group Rating Rules and shall instead be subject to the Transitional Model Small Group Rating Rules as promulgated by the Secretary pursuant to paragraph (1).

''(B) NON-TRANSITION STATES.—During the transition period described in paragraph (1), and thereafter, small group health insurance coverage offered in a non-adopting State that had in place premium rating band requirements or premium limits that varied by more than 12.5 percent from the index rate within a class of business on the date of enactment of this title, shall not be subject to the Transitional Model Small Group Rating Rules as promulgated by the Secretary pursuant to paragraph (1), and instead shall be subject to the Model Small Group Rating Rules effective beginning with the first plan year or calendar year following the promulgation of such Rules, at the election of the eligible insurer.

''(3) TRANSITIONING OF OLD BUSINESS.—In developing the transitional model small group rating rules under paragraph (1), the Secretary shall, after consultation with the National Association of Insurance Commissioners and representatives of insurers operating in the small group health insurance market, promulgate special transition standards and timelines with respect to independent rating classes for old and new business, to the extent reasonably necessary to protect health insurance consumers and to ensure a stable and fair transition for old and new market entrants.

''(4) OTHER TRANSITIONAL AUTHORITY.—In developing the Transitional Model Small Group Rating Rules under paragraph (1), the Secretary shall provide for the application of the Transitional Model Small Group Rating Rules in transition States as the Secretary may determine necessary for a an effective transition.

''(c) MARKET RE-ENTRY.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, a health insurance issuer that has voluntarily withdrawn from providing coverage in the small group market prior to the date of enactment of the Health Insurance Marketplace Modernization and Affordability Act of 2006 shall not be excluded from re-entering such market on a date that is more than 180 days after such date of enactment.

''(2) TERMINATION.—The provision of this subsection shall terminate on the date that is 24 months after the date of enactment of the Health Insurance Marketplace Modernization and Affordability Act of 2006.

"SEC. 2913. APPLICATION AND PREEMPTION.

''(a) SUPERSEDING OF STATE LAW.—

''(1) IN GENERAL.—This part shall supersede any and all State laws of a non-adopting State insofar as such State laws (whether enacted prior to or after the date of enactment of this subtitle) relate to rating in the small group insurance market as applied to an eligible insurer, or small group health insurance coverage issued by an eligible insurer, including with respect to coverage issued to a small employer through a small business health plan, in a State.

''(2) NONADOPTING STATES.—This part shall supersede any and all State laws of a non-adopting State insofar as such State laws (whether enacted prior to or after the date of enactment of this subtitle)—

''(A) prohibit an eligible insurer from offering, marketing, or implementing small group health insurance coverage consistent with the Model Small Group Rating Rules or transitional model small group rating rules; or

''(B) have the effect of retaliating against or otherwise punishing in any respect an eligible insurer for offering, marketing, or implementing small group health insurance coverage consistent with the Model Small Group Rating Rules or transitional model small group rating rules.

''(b) SAVINGS CLAUSE AND CONSTRUCTION.—

''(1) NONAPPLICATION TO ADOPTING STATES.—Subsection (a) shall not apply with respect to adopting states.

''(2) NONAPPLICATION TO CERTAIN INSURERS.—Subsection (a) shall not apply with respect to insurers that do not qualify as eligible insurers that offer small group health insurance coverage in a nonadopting State.

''(3) NONAPPLICATION WHERE OBTAINING RELIEF UNDER STATE LAW.—Subsection (a)(1) shall not supercede any State law in a nonadopting State to the extent necessary to permit individuals or the insurance department of the State (or other State agency) to obtain relief under State law to require an eligible insurer to comply with the Model Small Group Rating Rules or transitional model small group rating rules.

''(4) NO EFFECT ON PREEMPTION.—In no case shall this part be construed to limit or affect in any manner the preemptive scope of sections 502 and 514 of the Employee Retirement Income Security Act of 1974. In no case shall this part be construed to create any cause of action under Federal or State law or enlarge or affect any remedy available under the Employee Retirement Income Security Act of 1974

''(c) EFFECTIVE DATE.—This section shall apply, at the election of the eligible insurer, beginning in the first plan year or the first calendar year following the issuance of the final rules by the Secretary under the Model Small Group Rating Rules or, as applicable, the Transitional Model Small Group Rating Rules, but in no event earlier than the date that is 12 months after the date of enactment of this title.

''SEC. 2914. CIVIL ACTIONS AND JURISDICTION.

''(a) IN GENERAL.—The courts of the United States shall have exclusive jurisdiction over civil actions involving the interpretation of this part.

''(b) ACTIONS.—An eligible insurer may bring an action in the district courts of the United States for injunctive or other equitable relief against any officials or agents of a nonadopting State in connection with any conduct or action, or proposed conduct or action, by such officials or agents which violates, or which would if undertaken violate, section 2913.

''(c) DIRECT FILING IN COURT OF APPEALS.—At the election of the eligible insurer, an action may be brought under subsection (b) directly in the United States Court of Appeals for the circuit in which the nonadopting State is located by the filing of a petition for review in such Court.

''(d) EXPEDITED REVIEW.—

''(1) DISTRICT COURT.—In the case of an action brought in a district court of the United States under subsection (b), such court shall complete such action, including the issuance of a judgment, prior to the end of the 120-day period beginning on the date on which such action is filed, unless all parties to such proceeding agree to an extension of such period.

''(2) COURT OF APPEALS.—In the case of an action brought directly in a United States Court of Appeal under subsection (c), or in the case of an appeal of an action brought in a district court under subsection (b), such Court shall complete all action on the petition, including the issuance of a judgment, prior to the end of the 60-day period beginning on the date on which such petition is filed with the Court, unless all parties to such proceeding agree to an extension of such period.

''(e) STANDARD OF REVIEW.—A court in an action filed under this section, shall render a judgment based on a review of the merits of all questions presented in such action and shall not defer to any conduct or action, or proposed conduct or action, of a nonadopting State.

''SEC. 2915. ONGOING REVIEW.

''Not later than 5 years after the date on which the Model Small Group Rating Rules are issued under this part, and every 5 years thereafter, the Secretary, in consultation with the National Association of Insurance Commissioners, shall prepare and submit to the appropriate committees of Congress a report that assesses the effect of the Model Small Group Rating Rules on access, cost, and market functioning in the small group market. Such report may, if the Secretary, in consultation with the National Association of Insurance Commissioners, determines such is appropriate for improving access, costs, and market functioning, contain legislative proposals for recommended modification to such Model Small Group Rating Rules.

''PART II—AFFORDABLE PLANS

''SEC. 2921. DEFINITIONS.

''In this part:

''(1) ADOPTING STATE.—The term 'adopting State' means a State that has enacted a law providing that small group and large group health insurers in such State may offer and sell products in accordance with the List of Required Benefits and the Terms of Application as provided for in section 2922(b).

''(2) ELIGIBLE INSURER.—The term 'eligible insurer' means a health insurance issuer that is licensed in a nonadopting State and that—

''(A) notifies the Secretary, not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer health insurance coverage consistent with the List of Required Benefits and Terms of Application in a nonadopting State;

''(B) notifies the insurance department of a nonadopting State (or other applicable State agency), not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer health insurance coverage in that State consistent with the List of Required Benefits and Terms of Application, and provides with such notice a copy of any insurance policy that it intends to offer in the State, its most recent annual and quarterly financial reports, and any other information required to be filed with the insurance department of the State (or other State agency) by the Secretary in regulations; and

''(C) includes in the terms of the health insurance coverage offered in nonadopting States (including in the terms of any individual certificates that may be offered to individuals in connection with such group health coverage) and filed with the State pursuant to subparagraph (B), a description in the insurer's contract of the List of Required Benefits and a description of the Terms of Application, including a description of the benefits to be provided, and that adherence to such standards is included as a term of such contract.

''(3) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' means any coverage issued in the small group or large group health insurance markets, including with respect to small business health plans, except that such term shall not include excepted benefits (as defined in section 2791(c)).

''(4) LIST OF REQUIRED BENEFITS.—The term 'List of Required Benefits' means the List issued under section 2922(a).

''(5) NONADOPTING STATE.—The term 'nonadopting State' means a State that is not an adopting State.

''(6) STATE LAW.—The term 'State law' means all laws, decisions, rules, regulations, or other State actions (including actions by a State agency) having the effect of law, of any State.

''(7) STATE PROVIDER FREEDOM OF CHOICE LAW.—The term 'State provider freedom of choice law' means a State law requiring that a health insurance issuer, with respect to health insurance coverage, not discriminate with respect to participation, reimbursement, or indemnification as to any provider who is acting within the scope of the provider's license or certification under applicable State law.

''(8) TERMS OF APPLICATION.—The term 'Terms of Application' means terms provided under section 2922(a).

''SEC. 2922. OFFERING AFFORDABLE PLANS.

''(a) LIST OF REQUIRED BENEFITS.—Not later than 3 months after the date of enactment of this title, the Secretary, in consultation with the National Association of Insurance Commissioners, shall issue by interim final rule a list (to be known as the 'List of Required Benefits') of covered benefits, services, or categories of providers that are required to be provided by health insurance issuers, in each of the small group and large group markets, in at least 26 States as a result of the application of State covered benefit, service, and category of provider mandate laws. With respect to plans sold to or through small business health plans, the List of Required Benefits applicable to the small group market shall apply.

''(b) TERMS OF APPLICATION.—

''(1) STATE WITH MANDATES.—With respect to a State that has a covered benefit, service, or category of provider mandate in effect that is covered under the List of Required Benefits under subsection (a), such State mandate shall, subject to paragraph (3) (concerning uniform application), apply to a coverage plan or plan in, as applicable, the small group or large group market or through a small business health plan in such State.

''(2) STATES WITHOUT MANDATES.—With respect to a State that does not have a covered benefit, service, or category of provider mandate in effect that is covered under the List of Required Benefits under subsection (a), such mandate shall not apply, as applicable, to a coverage plan or plan in the small group or large group market or through a small business health plan in such State.

''(3) UNIFORM APPLICATION OF LAWS.—

''(A) IN GENERAL.—With respect to a State described in paragraph (1), in applying a covered benefit, service, or category of provider mandate that is on the List of Required Benefits under subsection (a) the State shall permit a coverage plan or plan offered in the small group or large group market or through a small business health plan in such State to apply such benefit, service, or category of provider coverage in a manner consistent with the manner in which such coverage is applied under one of the three most heavily subscribed national health plans offered under the Federal Employee Health Benefits Program under chapter 89 of title 5, United States Code (as determined by the Secretary in consultation with the Director of the Office of Personnel Management), and consistent with the Publication of Benefit Applications under subsection (c). In the event a covered benefit, service, or category of provider appearing in the List of Required Benefits is not offered in one of the three most heavily subscribed national health plans offered under the Federal Employees Health Benefits Program, such covered benefit, service, or category of provider requirement shall be applied in a manner consistent with the manner in which such coverage is

offered in the remaining most heavily subscribed plan of the remaining Federal Employees Health Benefits Program plans, as determined by the Secretary, in consultation with the Director of the Office of Personnel Management.

''(B) EXCEPTION REGARDING STATE PROVIDER FREEDOM OF CHOICE LAWS.—Notwithstanding subparagraph (A), in the event a category of provider mandate is included in the List of Covered Benefits, any State Provider Freedom of Choice Law (as defined in section 2921(7)) that is in effect in any State in which such category of provider mandate is in effect shall not be preempted, with respect to that category of provider, by this part.

''(c) PUBLICATION OF BENEFITS APPLICATIONS.—Not later than 3 months after the date of enactment of this title, and on the first day of every calendar year thereafter, the Secretary, in consultation with the Director of the Office of Personnel Management, shall publish in the Federal Register a description of such covered benefits, services, and categories of providers covered in that calendar year by each of the three most heavily subscribed nationally available Federal Employee Health Benefits Plan options which are also included on the List of Required Benefits.

''(d) EFFECTIVE DATES.—

''(1) SMALL BUSINESS HEALTH PLANS.—With respect to health insurance provided to participating employers of small business health plans, the requirements of this part (concerning lower cost plans) shall apply beginning on the date that is 12 months after the date of enactment of this title.

''(2) NON-ASSOCIATION COVERAGE.—With respect to health insurance provided to groups or individuals other than participating employers of small business health plans, the requirements of this part shall apply beginning on the date that is 15 months after the date of enactment of this title.

''(e) UPDATING OF LIST OF REQUIRED BENEFITS.—Not later than 2 years after the date on which the list of required benefits is issued under subsection (a), and every 2 years thereafter, the Secretary, in consultation with the National Association of Insurance Commissioners, shall update the list based on changes in the laws and regulations of the States. The Secretary shall issue the updated list by regulation, and such updated list shall be effective upon the first plan year following the issuance of such regulation.

"SEC. 2923. APPLICATION AND PREEMPTION.

''(a) SUPERCEDING OF STATE LAW.—

''(1) IN GENERAL.—This part shall supersede any and all State laws insofar as such laws relate to mandates relating to covered benefits, services, or categories of provider in the health insurance market as applied to an eligible insurer, or health insurance coverage issued by an eligible insurer, including with respect to coverage issued to a small business health plan, in a nonadopting State.

''(2) NONADOPTING STATES.—This part shall supersede any and all State laws of a nonadopting State (whether enacted prior to or after the date of enactment of this title) insofar as such laws—

''(A) prohibit an eligible insurer from offering, marketing, or implementing health insurance coverage consistent with the Benefit Choice Standards, as provided for in section 2922(a); or

''(B) have the effect of retaliating against or otherwise punishing in any respect an eligible insurer for offering, marketing, or implementing health insurance coverage consistent with the Benefit Choice Standards.

''(b) SAVINGS CLAUSE AND CONSTRUCTION.—

''(1) NONAPPLICATION TO ADOPTING STATES.—Subsection (a) shall not apply with respect to adopting States.

''(2) NONAPPLICATION TO CERTAIN INSURERS.—Subsection (a) shall not apply with respect to insurers that do not qualify as eligible insurers who offer health insurance coverage in a nonadopting State.

''(3) NONAPPLICATION WHERE OBTAINING RELIEF UNDER STATE LAW.—Subsection (a)(1) shall not supercede any State law of a nonadopting State to the extent necessary to permit individuals or the insurance department of the State (or other State agency) to obtain relief under State law to require an eligible insurer to comply with the Benefit Choice Standards.

''(4) NO EFFECT ON PREEMPTION.—In no case shall this part be construed to limit or affect in any manner the preemptive scope of sections 502 and 514 of the Employee Retirement Income Security Act of 1974. In no case shall this part be construed to create any cause of action under Federal or State law or enlarge or affect any remedy available under the Employee Retirement Income Security Act of 1974

"SEC. 2924. CIVIL ACTIONS AND JURISDICTION.

''(a) IN GENERAL.—The courts of the United States shall have exclusive jurisdiction over civil actions involving the interpretation of this part.

''(b) ACTIONS.—An eligible insurer may bring an action in the district courts of the United States for injunctive or other equitable relief against any officials or agents of a nonadopting State in connection with any conduct or action, or proposed conduct or action, by such officials or agents which violates, or which would if undertaken violate, section 2923.

''(c) DIRECT FILING IN COURT OF APPEALS.—At the election of the eligible insurer, an action may be brought under subsection (b) directly in the United States Court of Appeals for the circuit in which the nonadopting State is located by the filing of a petition for review in such Court.

''(d) EXPEDITED REVIEW.—

''(1) DISTRICT COURT.—In the case of an action brought in a district court of the United States under subsection (b), such court shall complete such action, including the issuance of a judgment, prior to the end of the 120-day period beginning on the date on which such action is filed, unless all parties to such proceeding agree to an extension of such period.

''(2) COURT OF APPEALS.—In the case of an action brought directly in a United States Court of Appeal under subsection (c), or in the case of an appeal of an action brought in a district court under subsection (b), such Court shall complete all action on the petition, including the issuance of a judgment, prior to the end of the 60-day period beginning on the date on which such petition is filed with the Court, unless all parties to such proceeding agree to an extension of such period.

''(e) STANDARD OF REVIEW.—A court in an action filed under this section, shall render a judgment based on a review of the merits of all questions presented in such action and shall not defer to any conduct or action, or proposed conduct or action, of a nonadopting State.

"SEC. 2925. RULES OF CONSTRUCTION.

''(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, a health insurance issuer in an adopting State or an eligible insurer in a non-adopting State may amend its existing policies to be consistent with the terms of this subtitle (concerning rating and benefits).

''(b) HEALTH SAVINGS ACCOUNTS.—Nothing in this subtitle shall be construed to inhibit the development of health savings accounts pursuant to section 223 of the Internal Revenue Code of 1986.''.

Subtitle C—Harmonization of Health Insurance Standards

SEC. __31. HEALTH INSURANCE STANDARDS HARMONIZATION.

Title XXIX of the Public Health Service Act (as added by section __21) is amended by adding at the end the following:

"Subtitle B—Standards Harmonization

"SEC. 2931. DEFINITIONS.

''In this subtitle:

''(1) ADOPTING STATE.—The term 'adopting State' means a State that has enacted the harmonized standards adopted under this subtitle in their entirety and as the exclusive laws of the State that relate to the harmonized standards.

''(2) ELIGIBLE INSURER.—The term 'eligible insurer' means a health insurance issuer that is licensed in a nonadopting State and that—

''(A) notifies the Secretary, not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer health insurance coverage consistent with the harmonized standards in a nonadopting State;

''(B) notifies the insurance department of a nonadopting State (or other State agency), not later than 30 days prior to the offering of coverage described in this subparagraph, that the issuer intends to offer health insurance coverage in that State consistent with the harmonized standards published pursuant to section 2932(d), and provides with such notice a copy of any insurance policy that it intends to offer in the State, its most recent annual and quarterly financial reports, and any other information required to be filed with the insurance department of the State (or other State agency) by the Secretary in regulations; and

''(C) includes in the terms of the health insurance coverage offered in nonadopting States (including in the terms of any individual certificates that may be offered to individuals in connection with such health coverage) and filed with the State pursuant to subparagraph (B), a description of the harmonized standards published pursuant to section 2932(g)(2) and an affirmation that such standards are a term of the contract.

''(3) HARMONIZED STANDARDS.—The term 'harmonized standards' means the standards certified by the Secretary under section 2932(d).

''(4) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' means any coverage issued in the health insurance market, except that such term shall not include excepted benefits (as defined in section 2791(c).

''(5) NONADOPTING STATE.—The term 'nonadopting State' means a State that fails to enact, within 18 months of the date on which the Secretary certifies the harmonized standards under this subtitle, the harmonized standards in their entirety and as the exclusive laws of the State that relate to the harmonized standards.

''(6) STATE LAW.—The term 'State law' means all laws, decisions, rules, regulations, or other State actions (including actions by a State agency) having the effect of law, of any State.

"SEC. 2932. HARMONIZED STANDARDS.

''(a) BOARD.—

''(1) ESTABLISHMENT.—Not later than 3 months after the date of enactment of this title, the Secretary, in consultation with the NAIC, shall establish the Health Insurance Consensus Standards Board (referred to in this subtitle as the 'Board') to develop recommendations that harmonize inconsistent State health insurance laws in accordance with the procedures described in subsection (b).

''(2) COMPOSITION.—

''(A) IN GENERAL.—The Board shall be composed of the following voting members to be appointed by the Secretary after considering the recommendations of professional organizations representing the entities and constituencies described in this paragraph:

''(i) Four State insurance commissioners as recommended by the National Association of Insurance Commissioners, of which 2 shall be Democrats and 2 shall be Republicans, and of which one shall be designated as the chairperson and one shall be designated as the vice chairperson.

''(ii) Four representatives of State government, two of which shall be governors of States and two of which shall be State legislators, and two of which shall be Democrats and two of which shall be Republicans.

''(iii) Four representatives of health insurers, of which one shall represent insurers that offer coverage in the small group market, one shall represent insurers that offer coverage in the large group market, one shall represent insurers that offer coverage in the individual market, and one shall represent carriers operating in a regional market.

''(iv) Two representatives of insurance agents and brokers.

''(v) Two independent representatives of the American Academy of Actuaries who have familiarity with the actuarial methods applicable to health insurance.

''(B) EX OFFICIO MEMBER.—A representative of the Secretary shall serve as an ex officio member of the Board.

''(3) ADVISORY PANEL.—The Secretary shall establish an advisory panel to provide advice to the Board, and shall appoint its members after considering the recommendations of professional organizations representing the entities and constituencies identified in this paragraph:

''(A) Two representatives of small business health plans.

''(B) Two representatives of employers, of which one shall represent small employers and one shall represent large employers.

''(C) Two representatives of consumer organizations.

''(D) Two representatives of health care providers.

''(4) QUALIFICATIONS.—The membership of the Board shall include individuals with national recognition for their expertise in health finance and economics, actuarial science, health plans, providers of health services, and other related fields, who provide a mix of different professionals, broad geographic representation, and a balance between urban and rural representatives.

''(5) ETHICAL DISCLOSURE.—The Secretary shall establish a system for public disclosure by members of the Board of financial and other potential conflicts of interest relating to such members. Members of the Board shall be treated as employees of Congress for purposes of applying title I of the Ethics in Government Act of 1978 (Public Law 95–521).

''(6) DIRECTOR AND STAFF.—Subject to such review as the Secretary deems necessary to assure the efficient administration of the Board, the chair and vice-chair of the Board may—

''(A) employ and fix the compensation of an Executive Director (subject to the approval of the Comptroller General) and such other personnel as may be necessary to carry out its duties (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service);

''(B) seek such assistance and support as may be required in the performance of its duties from appropriate Federal departments and agencies;

''(C) enter into contracts or make other arrangements, as may be necessary for the conduct of the work of the Board (without regard to section 3709 of the Revised Statutes (41 U.S.C. 5));

''(D) make advance, progress, and other payments which relate to the work of the Board;

''(E) provide transportation and subsistence for persons serving without compensation; and

''(F) prescribe such rules as it deems necessary with respect to the internal organization and operation of the Board.

''(7) TERMS.—The members of the Board shall serve for the duration of the Board. Vacancies in the Board shall be filled as needed in a manner consistent with the composition described in paragraph (2).

''(b) DEVELOPMENT OF HARMONIZED STANDARDS.—

''(1) IN GENERAL.—In accordance with the process described in subsection (c), the Board shall identify and recommend nationally harmonized standards for each of the following process categories:

''(A) FORM FILING AND RATE FILING.—Form and rate filing standards shall be established which promote speed to market and include the following defined areas for States that require such filings:

''(i) Procedures for form and rate filing pursuant to a streamlined administrative filing process.

''(ii) Timeframes for filings to be reviewed by a State if review is required before they are deemed approved.

''(iii) Timeframes for an eligible insurer to respond to State requests following its review.

''(iv) A process for an eligible insurer to self-certify.

''(v) State development of form and rate filing templates that include only non-preempted State law and Federal law requirements for eligible insurers with timely updates.

''(vi) Procedures for the resubmission of forms and rates.

''(vii) Disapproval rationale of a form or rate filing based on material omissions or violations of non-preempted State law or Federal law with violations cited and explained.

''(viii) For States that may require a hearing, a rationale for hearings based on violations of non-preempted State law or insurer requests.

''(B) MARKET CONDUCT REVIEW.—Market conduct review standards shall be developed which provide for the following:

''(i) Mandatory participation in national databases.

''(ii) The confidentiality of examination materials.

''(iii) The identification of the State agency with primary responsibility for examinations.

''(iv) Consultation and verification of complaint data with the eligible insurer prior to State actions.

''(v) Consistency of reporting requirements with the recordkeeping and administrative practices of the eligible insurer.

''(vi) Examinations that seek to correct material errors and harmful business practices rather than infrequent errors.

''(vii) Transparency and publishing of the State's examination standards.

''(viii) Coordination of market conduct analysis.

''(ix) Coordination and nonduplication between State examinations of the same eligible insurer.

''(x) Rationale and protocols to be met before a full examination is conducted.

''(xi) Requirements on examiners prior to beginning examinations such as budget planning and work plans.

''(xii) Consideration of methods to limit examiners' fees such as caps, competitive bidding, or other alternatives.

''(xiii) Reasonable fines and penalties for material errors and harmful business practices.

''(C) PROMPT PAYMENT OF CLAIMS.—The Board shall establish prompt payment standards for eligible insurers based on standards similar to those applicable to the Social Security Act as set forth in section 1842(c)(2) of such Act (42 U.S.C. 1395u(c)(2)). Such prompt payment standards shall be consistent with the timing and notice requirements of the claims procedure rules to be specified under subparagraph (D), and shall include appropriate exceptions such as for fraud, nonpayment of premiums, or late submission of claims.

''(D) INTERNAL REVIEW.—The Board shall establish standards for claims procedures for eligible insurers that are consistent with the requirements relating to initial claims for benefits and appeals of claims for benefits under the Employee Retirement Income Security Act of 1974 as set forth in section 503 of such Act (29 U.S.C. 1133) and the regulations thereunder.

''(2) RECOMMENDATIONS.—The Board shall recommend harmonized standards for each element of the categories described in subparagraph (A) through (D) of paragraph (1) within each such market. Notwithstanding the previous sentence, the Board shall not recommend any harmonized standards that disrupt, expand, or duplicate the benefit, service, or provider mandate standards provided in the Benefit Choice Standards pursuant to section 2922(a).

''(c) PROCESS FOR IDENTIFYING HARMONIZED STANDARDS.—

''(1) IN GENERAL.—The Board shall develop recommendations to harmonize inconsistent State insurance laws with respect to each of the process categories described in subparagraphs (A) through (D) of subsection (b)(1).

''(2) REQUIREMENTS.—In adopting standards under this section, the Board shall consider the following:

''(A) Any model acts or regulations of the National Association of Insurance Commissioners in each of the process categories described in subparagraphs (A) through (D) of subsection (b)(1).

''(B) Substantially similar standards followed by a plurality of States, as reflected in existing State laws, relating to the specific process categories described in subparagraphs (A) through (D) of subsection (b)(1).

''(C) Any Federal law requirement related to specific process categories described in subparagraphs (A) through (D) of subsection (b)(1).

''(D) In the case of the adoption of any standard that differs substantially from those referred to in subparagraphs (A), (B), or (C), the Board shall provide evidence to the Secretary that such standard is necessary to protect health insurance consumers or promote speed to market or administrative efficiency.

''(E) The criteria specified in clauses (i) through (iii) of subsection (d)(2)(B).

''(d) RECOMMENDATIONS AND CERTIFICATION BY SECRETARY.—

''(1) RECOMMENDATIONS.—Not later than 18 months after the date on which all members of the Board are selected under subsection (a), the Board shall recommend to the Secretary the certification of the harmonized standards identified pursuant to subsection (c).

''(2) CERTIFICATION.—

''(A) IN GENERAL.—Not later than 120 days after receipt of the Board's recommendations under paragraph (1), the Secretary shall certify the recommended harmonized standards as provided for in subparagraph

(B), and issue such standards in the form of an interim final regulation.

''(B) CERTIFICATION PROCESS.—The Secretary shall establish a process for certifying the recommended harmonized standard, by category, as recommended by the Board under this section. Such process shall—

''(i) ensure that the certified standards for a particular process area achieve regulatory harmonization with respect to health plans on a national basis;

''(ii) ensure that the approved standards are the minimum necessary, with regard to substance and quantity of requirements, to protect health insurance consumers and maintain a competitive regulatory environment; and

''(iii) ensure that the approved standards will not limit the range of group health plan designs and insurance products, such as catastrophic coverage only plans, health savings accounts, and health maintenance organizations, that might otherwise be available to consumers.

''(3) EFFECTIVE DATE.—The standards certified by the Secretary under paragraph (2) shall be effective on the date that is 18 months after the date on which the Secretary certifies the harmonized standards.

''(e) TERMINATION.—The Board shall terminate and be dissolved after making the recommendations to the Secretary pursuant to subsection (d)(1).

''(f) ONGOING REVIEW.—Not earlier than 3 years after the termination of the Board under subsection (e), and not earlier than every 3 years thereafter, the Secretary, in consultation with the National Association of Insurance Commissioners and the entities and constituencies represented on the Board and the Advisory Panel, shall prepare and submit to the appropriate committees of Congress a report that assesses the effect of the harmonized standards on access, cost, and health insurance market functioning. The Secretary may, based on such report and applying the process established for certification under subsection (d)(2)(B), in consultation with the National Association of Insurance Commissioners and the entities and constituencies represented on the Board and the Advisory Panel, update the harmonized standards through notice and comment rulemaking.

''(g) PUBLICATION.—

''(1) LISTING.—The Secretary shall maintain an up to date listing of all harmonized standards certified under this section on the Internet website of the Department of Health and Human Services.

''(2) SAMPLE CONTRACT LANGUAGE.—The Secretary shall publish on the Internet website of the Department of Health and Human Services sample contract language that incorporates the harmonized standards certified under this section, which may be used by insurers seeking to qualify as an eligible insurer. The types of harmonized standards that shall be included in sample contract language are the standards that are relevant to the contractual bargain between the insurer and insured.

''(h) STATE ADOPTION AND ENFORCEMENT.—Not later than 18 months after the certification by the Secretary of harmonized standards under this section, the States may adopt such harmonized standards (and become an adopting State) and, in which case, shall enforce the harmonized standards pursuant to State law.

''SEC. 2933. APPLICATION AND PREEMPTION.

''(a) SUPERCEDING OF STATE LAW.—

''(1) IN GENERAL.—The harmonized standards certified under this subtitle shall supersede any and all State laws of a non-adopting State insofar as such State laws relate to the areas of harmonized standards as applied to an eligible insurer, or health insurance coverage issued by a eligible insurer, including with respect to coverage issued to a small business health plan, in a nonadopting State.

''(2) NONADOPTING STATES.—This subtitle shall supersede any and all State laws of a nonadopting State (whether enacted prior to or after the date of enactment of this title) insofar as they may—

''(A) prohibit an eligible insurer from offering, marketing, or implementing health insurance coverage consistent with the harmonized standards; or

''(B) have the effect of retaliating against or otherwise punishing in any respect an eligible insurer for offering, marketing, or implementing health insurance coverage consistent with the harmonized standards under this subtitle.

''(b) SAVINGS CLAUSE AND CONSTRUCTION.—

''(1) NONAPPLICATION TO ADOPTING STATES.—Subsection (a) shall not apply with respect to adopting States.

''(2) NONAPPLICATION TO CERTAIN INSURERS.—Subsection (a) shall not apply with respect to insurers that do not qualify as eligible insurers who offer health insurance coverage in a nonadopting State.

''(3) NONAPPLICATION WHERE OBTAINING RELIEF UNDER STATE LAW.—Subsection (a)(1) shall not supercede any State law of a nonadopting State to the extent necessary to permit individuals or the insurance department of the State (or other State agency) to obtain relief under State law to require an eligible insurer to comply with the harmonized standards under this subtitle.

''(4) NO EFFECT ON PREEMPTION.—In no case shall this subtitle be construed to limit or affect in any manner the preemptive scope of sections 502 and 514 of the Employee Retirement Income Security Act of 1974. In no case shall this subtitle be construed to create any cause of action under Federal or State law or enlarge or affect any remedy available under the Employee Retirement Income Security Act of 1974.

''(c) EFFECTIVE DATE.—This section shall apply beginning on the date that is 18 months after the date on harmonized standards are certified by the Secretary under this subtitle.

''SEC. 2934. CIVIL ACTIONS AND JURISDICTION.

''(a) IN GENERAL.—The district courts of the United States shall have exclusive jurisdiction over civil actions involving the interpretation of this subtitle.

''(b) ACTIONS.—An eligible insurer may bring an action in the district courts of the United States for injunctive or other equitable relief against any officials or agents of a nonadopting State in connection with any conduct or action, or proposed conduct or action, by such officials or agents which violates, or which would if undertaken violate, section 2933.

''(c) DIRECT FILING IN COURT OF APPEALS.—At the election of the eligible insurer, an action may be brought under subsection (b) directly in the United States Court of Appeals for the circuit in which the nonadopting State is located by the filing of a petition for review in such Court.

''(d) EXPEDITED REVIEW.—

''(1) DISTRICT COURT.—In the case of an action brought in a district court of the United States under subsection (b), such court shall complete such action, including the issuance of a judgment, prior to the end of the 120-day period beginning on the date on which such action is filed, unless all parties to such proceeding agree to an extension of such period.

''(2) COURT OF APPEALS.—In the case of an action brought directly in a United States Court of Appeal under subsection (c), or in the case of an appeal of an action brought in a district court under subsection (b), such Court shall complete all action on the petition, including the issuance of a judgment, prior to the end of the 60-day period beginning on the date on which such petition is filed with the Court, unless all parties to such proceeding agree to an extension of such period.

''(e) STANDARD OF REVIEW.—A court in an action filed under this section, shall render a judgment based on a review of the merits of all questions presented in such action and shall not defer to any conduct or action, or proposed conduct or action, of a nonadopting State.

''SEC. 2935. AUTHORIZATION OF APPROPRIATIONS; RULE OF CONSTRUCTION.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this subtitle.

''(b) HEALTH SAVINGS ACCOUNTS.—Nothing in this subtitle shall be construed to inhibit the development of health savings accounts pursuant to section 223 of the Internal Revenue Code of 1986.''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to hold a hearing during the session of the Senate on Wednesday, January 24, 2007, at 10 a.m. in room SR–253 of the Russell Senate Office Building.

The purpose of the hearing is to evaluate the state of the airline industry, and the potential impacts of airline mergers and industry consolidation.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to hold a hearing during the session of the Senate on Wednesday, January 24, 2007, at 9:45 a.m. in room SD–366 of the Dirksen Senate Office Building

The purpose of the hearing is to receive testimony on analysis recently completed by the Energy Information Administration, Energy Market and Economic Impacts of a Proposal to Reduce Greenhouse Gas Intensity with a Cap and Trade System.

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

COMMITTEE ON FINANCE

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session on Wednesday, January 24, 2007, at 10 a.m., in 215 Dirksen Senate Office Building, to consider the nomination of Michael J. Astrue, to be Commissioner of Social Security.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate