

(4) urges all parties to the conflicts in the Republic of Georgia and governments around the world to eschew rhetoric that escalates tensions and undermines efforts to negotiate a settlement to the conflicts.

**SENATE CONCURRENT RESOLUTION 63—EXPRESSING THE SENSE OF THE CONGRESS REGARDING THE NEED FOR ADDITIONAL RESEARCH INTO THE CHRONIC NEUROLOGICAL CONDITION HYDROCEPHALUS, AND FOR OTHER PURPOSES**

Mr. REID (for Mrs. CLINTON) submitted the following concurrent resolution; which was referred to the Committee on Health, Education, Labor, and Pensions:

**S. CON. RES. 63**

Whereas hydrocephalus is a serious neurological condition, characterized by the abnormal buildup of cerebrospinal fluids in the ventricles of the brain;

Whereas there is no known cure for hydrocephalus;

Whereas hydrocephalus affects an estimated 1,000,000 Americans;

Whereas 1 or 2 in every 1,000 babies are born with hydrocephalus;

Whereas over 375,000 older Americans have hydrocephalus, which often goes undetected or is misdiagnosed as dementia, Alzheimer's disease, or Parkinson's disease;

Whereas, with appropriate diagnosis and treatment, people with hydrocephalus are able to live full and productive lives;

Whereas the standard treatment for hydrocephalus was developed in 1952, and carries multiple risks including shunt failure, infection, and overdrainage;

Whereas there are fewer than 10 centers in the United States specializing in the treatment of adults with normal pressure hydrocephalus;

Whereas, each year, the people of the United States spend in excess of \$1,000,000,000 to treat hydrocephalus;

Whereas a September 2005 conference sponsored by 7 institutes of the National Institutes of Health—"Hydrocephalus: Myths, New Facts, Clear Directions"—resulted in efforts to initiate new, collaborative research and treatment efforts; and

Whereas the Hydrocephalus Association is one of the Nation's oldest and largest patient and research advocacy and support networks for individuals suffering from hydrocephalus: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That—*

(1) Congress commends the Director of the National Institutes of Health for working with leading scientists and researchers to organize the first-ever National Institutes of Health conference on hydrocephalus; and

(2) it is the sense of Congress that—

(A) the Director of the National Institutes of Health should continue the current collaboration with respect to hydrocephalus among the National Eye Institute, the National Human Genome Research Institute, the National Institute of Biomedical Imaging and Bioengineering, the National Institute of Child Health and Human Development, the National Institute of Neurological Disorders and Stroke, the National Institute on Aging, and the Office of Rare Diseases;

(B) further research into the epidemiology, pathophysiology, disease burden, and improved treatment of hydrocephalus should be conducted or supported; and

(C) public awareness and professional education regarding hydrocephalus should in-

crease through partnerships between the Federal Government and patient advocacy organizations.

**SENATE CONCURRENT RESOLUTION 64—COMMENDING THE ALASKA ARMY NATIONAL GUARD FOR ITS SERVICE TO THE STATE OF ALASKA AND THE CITIZENS OF THE UNITED STATES**

Mr. STEVENS (for himself and Ms. MURKOWSKI) submitted the following concurrent resolution; which was referred to the Committee on Armed Services:

**S. CON. RES. 64**

Whereas the 3rd Battalion, 297th Infantry of the Alaska Army National Guard deployment of almost 600 Alaskans was the largest deployment of the Alaska National Guard since World War II;

Whereas the Alaskans of the 3rd Battalion, 297th Infantry came from 80 different communities across Alaska;

Whereas the 3rd Battalion, 297th Infantry included 75 soldiers from New York, Mississippi, Illinois, Georgia and Puerto Rico;

Whereas the 586 soldiers of the 3rd Battalion, 297th Infantry were mobilized in July of 2006 and deployed to Camp Shelby, Mississippi;

Whereas the 3rd Battalion, 297th Infantry was deployed to Camp Navstar and Camp Buehring in Northern Kuwait;

Whereas the 3rd Battalion, 297th Infantry courageously performed route and perimeter security missions, mounted combat patrols and inspections and searches of vehicles going into Iraq from Kuwait, among other assignments;

Whereas the 3rd Battalion, 297th Infantry, over the course of 15 months in Kuwait and Iraq, inspected and searched over 30,000 semi-trucks;

Whereas the 3rd Battalion, 297th Infantry designed all force protection plans in northern Kuwait;

Whereas the families of the members of the 3rd Battalion, 297th Infantry have provided unwavering support while waiting patiently for their loved ones to return;

Whereas the employers of members and family members of the 3rd Battalion, 297th Infantry have displayed patriotism over profit, by keeping positions saved for the returning soldiers and supporting the families during the difficult days of this long deployment, and these employers are great corporate citizens through their support of members of the Armed Forces and their family members;

Whereas the 3rd Battalion, 297th Infantry has performed admirably and courageously; gaining the gratitude and respect of Alaskans and all Americans; and

Whereas members of the 3rd Battalion, 297th Infantry received 7 Bronze Stars, 23 Meritorious Service Medals, 142 Army Commendations and more than 200 Army Achievement Medals for their outstanding service: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That Congress—*

(1) commends the 3rd Battalion, 297th Infantry of the Alaska Army National Guard upon its completion of deployment and brave service to the Commonwealth of Alaska and the citizens of the United States; and

(2) directs the Clerk of the House of Representatives to transmit a copy of this resolution to the Adjutant General of the Alaska National Guard for appropriate display.

**AMENDMENTS SUBMITTED AND PROPOSED**

SA 3884. Mr. REID (for Ms. CANTWELL (for herself and Ms. SNOWE)) proposed an amendment to the bill S. 924, to strengthen the United States Coast Guard's Integrated Deepwater Program.

SA 3885. Mr. REID (for Mr. KERRY) proposed an amendment to the bill S. 1784, to amend the Small Business Act to improve programs for veterans, and for other purposes.

SA 3886. Mr. REID (for Mr. COBURN) proposed an amendment to amendment SA 3885 proposed by Mr. REID (for Mr. KERRY) to the bill S. 1784, *supra*.

SA 3887. Mr. SCHUMER (for Mr. LEAHY (for himself and Mr. SCHUMER)) proposed an amendment to the bill H.R. 2640, to improve the National Instant Criminal Background Check System, and for other purposes.

SA 3888. Mr. SCHUMER (for Mr. BIDEN (for himself and Mr. MCCONNELL)) proposed an amendment to the bill H.R. 3890, of 2003 to impose import sanctions on Burmese gemstones, expand the number of individuals against whom the visa ban is applicable, expand the blocking of assets and other prohibited activities, and for other purposes.

SA 3889. Mr. SCHUMER (for Mr. BIDEN (for himself and Mr. MCCONNELL)) proposed an amendment to the bill H.R. 3890, *supra*.

SA 3890. Mr. REID (for Mr. BAUCUS) proposed an amendment to the bill H.R. 3997, to amend the Internal Revenue Code of 1986 to provide tax relief and protections for military personnel, and for other purposes.

SA 3891. Mr. REID (for Mr. KENNEDY (for himself, Mr. BAUCUS, Mr. GRASSLEY, and Mr. ENZI)) proposed an amendment to the bill S. 1974, to make technical corrections related to the Pension Protection Act of 2006.

SA 3892. Mr. REID (for Mr. LAUTENBERG) proposed an amendment to the bill H.R. 3432, to establish the Commission on the Abolition of the Transatlantic Slave Trade.

**TEXT OF AMENDMENTS**

**SA 3884.** Mr. REID (for Ms. CANTWELL (for herself and Ms. SNOWE)) proposed an amendment to the bill S. 924, to strengthen the United States Coast Guard's Integrated Deepwater Program; as follows:

On page 15, strike the matter between lines 15 and 16 and insert the following:

- Sec. 1. Short title; table of contents.
- Sec. 2. Procurement structure.
- Sec. 3. Alternatives Analysis.
- Sec. 4. Certification.
- Sec. 5. Contract requirements.
- Sec. 6. Improvements in Coast Guard management.
- Sec. 7. Department of Defense Consultation.
- Sec. 8. Procurement and report requirements.
- Sec. 9. GAO review and recommendations.
- Sec. 10. Inspector General review of Deepwater program.
- Sec. 11. Definitions.

On page 16, line 2, insert "more than 90 days" after "Program".

On page 16, line 9, strike "Act." and insert "Act, unless otherwise excepted in accordance with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulations."

On page 16, line 17, insert "that is 90 days after the date" after "date".

On page 16, line 20, insert "after the date that is 90 days after the date of enactment of this Act of, or in support" after "procurements".

On page 16, strike line 21, and insert the following:

“(i) the HC-130J aircraft, the HH-65 aircraft, and the C4ISR system, and

On page 16, line 24, insert “the date that is 90 days after” after “as of”.

On page 17, line 3, strike “procurement” and insert “procurement, or in support.”.

On page 17, line 6, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 17, strike lines 8 and 9 and insert the following:

(i) the procurement is in accordance with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulations;

On page 17, line 22, strike “Coast Guard” and insert “Commandant”.

On page 17, line 22, insert “subparagraph (B) or (C) of” after “under”.

On page 17, line 23, strike “it” and insert “the Coast Guard”.

On page 17, beginning in line 24, strike “transmit a report to” and insert “notify in writing”.

On page 18, beginning in line 2, strike “notifying the Committees”.

On page 18, beginning in line 3, strike “explaining the” and insert “shall provide a detailed”.

On page 18, line 12, strike “entity” and insert “subcontractor”.

On page 18, line 23, strike “justifications of FAR 6.3 are met.” and insert “procurement was awarded in a manner consistent with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulations.”.

On page 18, after line 23, insert the following:

(d) **RULE OF CONSTRUCTION.**—The limitation in subsection (b)(1)(A) on the quantity and specific type of assets to which subsection (b) applies shall not be construed to apply to the modification of the number or type of any subsystems or other components of a vessel or aircraft described in subsection (b)(1)(B) or (C).

On page 19, strike line 1 and insert the following:

### SEC. 3. ALTERNATIVES ANALYSIS.

On page 19, line 5, strike “FAR” and insert “Federal Acquisition Regulations”.

On page 19, line 6 insert “of a major asset” after “procurement”.

On page 19, line 7, insert “after the date of enactment of this Act” after “Program”.

On page 19, line 8, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 19, beginning in line 12, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 19, line 14, strike “an appropriate” and insert “a qualified”.

On page 20, line 1, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 20, line 15, strike “and”.

On page 20, line 17, strike “costs.” and insert “costs; and”.

On page 20 between lines 17 and 18, insert the following:

(7) a business case of viable alternatives.

On page 20, line 19, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 20, line 22, strike “analysis of alternatives” and insert “alternatives analysis”.

On page 21, between lines 2 and 3, insert the following:

(e) **EXPERIMENTAL, TECHNICALLY IMMATURE SYSTEMS.**—

(1) **IN GENERAL.**—No procurement of an experimental or technically immature major asset may be awarded under the Integrated Deepwater Program until an alternatives analysis has been conducted for such asset. The alternatives analysis shall include the same components as those set forth in subsection (c). In addition, the alternatives analysis shall also include—

(A) an examination of likely research and development costs and the levels of uncertainty associated with such estimated costs;

(B) an examination of likely production and deployment costs and the levels of uncertainty associated with such estimated costs;

(C) an examination of likely operating and support costs and the levels of uncertainty associated with such estimated costs;

(D) if they are likely to be significant, an examination of likely disposal costs and the levels of uncertainty associated with such estimated costs;

(E) an analysis of the risks to production cost, schedule, and life-cycle cost resulting from the experimental, technically immature nature of the systems under consideration; and

(F) such additional measures the Commandant determines to be necessary for appropriate evaluation of the asset.

(2) **REPORT.**—As soon as possible after an alternatives analysis pursuant to this subsection has been completed, the Commandant shall transmit a report that provides a detailed summary of the findings of the analysis, a plan for the procurements addressed in the analysis, and the schedule and costs for delivery of such procurements to the Senate Committee on Commerce, Justice, and Transportation and the House of Representatives Committee on Transportation and Infrastructure.

On page 22, line 7, strike “deliver” and insert “delivery”.

On page 22, line 21, strike “Guard—” and insert “Guard after the date of enactment of this Act—”.

On page 23, beginning in line 2, strike “and any subsequent Government Accountability Office recommendations relevant to the contract terms issued before March 1, 2007.”.

On page 23, between lines 7 and 8, insert the following:

(2) addresses any subsequent Government Accountability Office recommendations that are issued at least 30 days prior to the execution of the contract, delivery order or task order when such recommendations are relevant to the contract terms.”.

On page 23, line 8, strike “(2)” and insert “(3)”.

Beginning with line 13 on page 23, strike through line 9 on page 24 and insert the following:

(4) does not include—

(A) provisions that commit the Coast Guard without express written approval by the Coast Guard; or

(B) any provision allowing for equitable adjustment that differs from the Federal Acquisition Regulations;

(5) meets the requirements of the Coast Guard Major Systems Acquisition COMDTINST Manual 5000.10(series); and

(6) for any contract, contract modification, or award term extending the existing Integrated Deepwater Program contract term—

(A) is reviewed by, and addresses recommendations made by, the Under Secretary of Defense for Acquisition, Technology, and Logistics through the Defense Acquisition University in its Quick Look Study dated February 5, 2007; and

(B) does not include any minimum requirements for the purchase of a given or determinable number of specific assets.

On page 26, between lines 5 and 6, insert the following:

### SEC. 7. DEPARTMENT OF DEFENSE CONSULTATION.

(a) **IN GENERAL.**—The Coast Guard shall make arrangements as appropriate with the Department of Defense for support in contracting and management of procurements under the Integrated Deepwater Program.

The Coast Guard shall also seek opportunities to leverage off of Department of Defense contracts, and contracts of other appropriate agencies, to obtain the best possible price for Integrated Deepwater Program assets. No later than one year after the date of enactment of this Act, the Commandant of the Coast Guard shall provide a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on agreements and other arrangements concluded pursuant to this subsection.

(b) **ASSESSMENT.**—Within 180 days after the date of enactment of this Act, the Comptroller General shall transmit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure that—

(1) contains an assessment of current Coast Guard acquisition and management capabilities to manage procurements under or in support of the Integrated Deepwater Program;

(2) includes recommendations as to how the Coast Guard can improve its acquisition management, either through internal reforms or by seeking acquisition expertise from the Department of Defense; and

(3) addresses specifically the question of whether the Coast Guard can better leverage Department of Defense or other agencies’ contracts that would meet the needs of the Integrated Deepwater Program in order to obtain the best possible price.

Beginning with line 6 on page 26, strike through line 18 on page 27, and insert the following:

### SEC. 8. PROCUREMENT AND REPORT REQUIREMENTS.

(a) **PROCUREMENT SCHEDULES.**—

(1) **BUDGET JUSTIFICATION DOCUMENTS.**—Each calendar year, not later than 45 days after the President submits the budget to Congress under section 1105 of title 31, United States Code, the Commandant shall submit to Congress budget justification documents regarding development and procurement schedules for each asset of the Integrated Deepwater Program for which any funds for procurement are requested in that budget.

(2) **REQUIRED DOCUMENTS.**—The budget justification documents required to be submitted under paragraph (1) for each asset for which funds for procurement are requested in the budget include—

(A) the development schedule for each asset and asset class, including estimated annual costs until development is completed;

(B) the procurement schedule for each asset and asset class, including estimated annual costs and units to be procured until procurement is completed;

(C) any variances in schedule or cost from the schedule and costs described in the plan submitted under section 3(d); and

(D) a projection of the remaining operational lifespan of each legacy asset and projected costs for sustaining such assets.

(b) **QUARTERLY STATUS UPDATE.**—The Commandant shall provide an update on the status of the Integrated Deepwater Program to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure at the beginning of the first full fiscal year quarter after the date of enactment of this Act, and at the beginning of each subsequent fiscal year quarter.

(c) **REPORTING ON COST OVERRUNS AND DELAYS.**—

(1) **REPORT REQUIRED.**—The Commandant shall submit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure as soon as possible, but not later than 30 days after the Deepwater Program Executive Officer becomes aware of—

(A) a likely cost overrun greater than 10 percent of the program acquisition unit cost, the procurement unit cost, or the life cycle cost of an individual asset or a class of assets under the Integrated Deepwater Program; or

(B) a likely delay of more than 6 months in the delivery schedule for any individual asset or class of assets under the Integrated Deepwater Program.

(2) **REQUIRED CONTENT.**—The report shall include—

(A) a detailed explanation for the variance or delay;

(B) the current program acquisition unit cost and the complete history of changes to that cost from the schedule and costs described in the plan submitted under section 3(d);

(C) the current procurement unit cost and the complete history of changes to that cost from the schedule and costs described in the plan submitted under section 3(d); and

(D) a full life-cycle cost analysis for each asset or class of assets for which a report is being submitted under paragraph (1).

(3) **SUBSTANTIAL VARIANCES IN COSTS OR SCHEDULE.**—If a likely cost overrun is greater than 20 percent or a likely delay is greater than 12 months from the schedule and costs described in the plan submitted under section 3(d) or, if the plan has been revised, from the schedule and costs described in the revised plan, the Commandant shall include in the report required under paragraph (1) a written certification, with a supporting explanation, that—

(A) the asset or asset class is essential to the accomplishment of Coast Guard missions;

(B) there are no alternatives to such asset or asset class which will provide equal or greater capability in a more cost-effective and timely manner;

(C) the new estimates of the program acquisition unit cost or procurement unit cost are reasonable; and

(D) the management structure for the acquisition program is adequate to manage and control program acquisition unit cost or procurement unit cost.

(4) **CERTIFIED ASSETS AND ASSET CLASSES.**—If the Commandant certifies an asset or asset class under paragraph (3), the requirements of this subsection shall be based on the new estimates of cost and schedule contained in that certification.

(5) **DEFINITIONS.**—In this subsection:

(A) **LIFE-CYCLE COST.**—The term “life-cycle cost” means all costs for development, procurement, construction, and operations and support for a particular asset, without regard to funding source or management control.

(B) **PROCUREMENT UNIT COST.**—The term “procurement unit cost” means the amount equal to the total of all funds programmed to be available for obligation for procurement of a given asset class divided by the number of assets to be procured.

(C) **PROGRAM ACQUISITION UNIT COST.**—The term “program acquisition unit cost” means the amount equal to the total cost for development, procurement, and construction for each class of assets divided by the total number of assets in each class.

On page 28, between lines 20 and 21, insert the following:

(e) **REPORT ON C4ISR.**—Not later than 30 days after the date of enactment of this Act,

the Commandant shall submit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure a report on the manner in which the Coast Guard is resolving the problems and responding to the recommendations contained in the August 2006 Department of Homeland Security Inspector General Report entitled *Improvements Needed in the Coast Guard's Acquisition and Implementation of Deepwater Information Technology Systems*.

(f) **AMENDMENT OF 2006 ACT.**—Section 408(a) of the Coast Guard and Maritime Transportation Act of 2006 is amended—

(1) by striking paragraphs (1) and (3); and

(2) by redesignating paragraphs (2) and (4) through (8) as paragraphs (1) through (6), respectively.

On page 28, line 21, strike “**SEC. 8.**” and insert “**SEC. 9.**”

On page 28, beginning in line 23, strike “no later than June 1, 2007”.

On page 29, beginning in line 4, strike “issued before March 1, 2007”.

On page 29, beginning in line 16, strike “Act. The Commandant shall report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on the Coast Guard's progress in implementing such recommendations.” and insert “Act, and implement subsequent recommendations to the maximum extent practicable as they arise.”

On page 30, line 9, strike “**SEC. 9.**” and insert “**SEC. 10.**”

On page 31, line 8, strike “**SEC. 10.**” and insert “**SEC. 11.**”

**SA 3885.** Mr. REID (for Mr. KERRY) proposed an amendment to the bill S. 1784, to amend the Small Business Act to improve programs for veterans, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

#### **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2007”.

#### **SEC. 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of Contents.
- Sec. 3. Definitions.

#### **TITLE I—VETERANS BUSINESS DEVELOPMENT**

Sec. 101. Increased funding for the Office of Veterans Business Development.

Sec. 102. Interagency task force.

Sec. 103. Permanent extension of SBA Advisory Committee on Veterans Business Affairs.

Sec. 104. Office of Veterans Business Development.

Sec. 105. Increasing the number of outreach centers.

Sec. 106. Independent study on gaps in availability of outreach centers.

#### **TITLE II—NATIONAL RESERVIST ENTERPRISE TRANSITION AND SUSTAINABILITY**

Sec. 201. Short title.

Sec. 202. Purpose.

Sec. 203. National Guard and Reserve business assistance.

Sec. 204. Veterans Assistance and Services program.

#### **TITLE III—RESERVIST PROGRAMS**

Sec. 301. Reservist programs.

Sec. 302. Reservist loans.

Sec. 303. Noncollateralized loans.

Sec. 304. Loan priority.

Sec. 305. Relief from time limitations for veteran-owned small businesses.

Sec. 306. Service-disabled veterans.

Sec. 307. Study on options for promoting positive working relations between employers and their Reserve Component employees.

Sec. 308. Increased Veteran Participation Program.

#### **SEC. 3. DEFINITIONS.**

In this Act—

(1) the term “activated” means receiving an order placing a Reservist on active duty;

(2) the term “active duty” has the meaning given that term in section 101 of title 10, United States Code;

(3) the terms “Administration” and “Administrator” mean the Small Business Administration and the Administrator thereof, respectively;

(4) the term “Reservist” means a member of a reserve component of the Armed Forces, as described in section 10101 of title 10, United States Code;

(5) the term “Service Corps of Retired Executives” means the Service Corps of Retired Executives authorized by section 8(b)(1) of the Small Business Act (15 U.S.C. 637(b)(1));

(6) the terms “service-disabled veteran” and “small business concern” have the meaning as in section 3 of the Small Business Act (15 U.S.C. 632);

(7) the term “small business development center” means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648); and

(8) the term “women's business center” means a women's business center described in section 29 of the Small Business Act (15 U.S.C. 656).

#### **TITLE I—VETERANS BUSINESS DEVELOPMENT**

##### **SEC. 101. INCREASED FUNDING FOR THE OFFICE OF VETERANS BUSINESS DEVELOPMENT.**

(a) **IN GENERAL.**—There are authorized to be appropriated to the Office of Veterans Business Development of the Administration, to remain available until expended—

- (1) \$2,100,000 for fiscal year 2008; and
- (2) \$2,300,000 for fiscal year 2009.

(b) **FUNDING OFFSET.**—Amounts necessary to carry out subsection (a) shall be offset and made available through the reduction of the authorization of funding under section 20(e)(1)(B)(iv) of the Small Business Act (15 U.S.C. 631 note).

(c) **SENSE OF CONGRESS.**—It is the sense of Congress that any amounts provided pursuant to this section that are in excess of amounts provided to the Administration for the Office of Veterans Business Development in fiscal year 2007, should be used to support Veterans Business Outreach Centers.

##### **SEC. 102. INTERAGENCY TASK FORCE.**

Section 32 of the Small Business Act (15 U.S.C. 657b) is amended—

(1) by redesignating subsection (c) as (f); and

(2) by inserting after subsection (b) the following:

“(c) **INTERAGENCY TASK FORCE.**—

“(1) **ESTABLISHMENT.**—Not later than 90 days after the date of enactment of this subsection, the President shall establish an interagency task force to coordinate the efforts of Federal agencies necessary to increase capital and business development opportunities for, and increase the award of Federal contracting and subcontracting opportunities to, small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans (in this section referred to as the “task force”).

“(2) **MEMBERSHIP.**—The members of the task force shall include—

“(A) the Administrator, who shall serve as chairperson of the task force;

“(B) a senior level representative from—  
 “(i) the Department of Veterans Affairs;  
 “(ii) the Department of Defense;  
 “(iii) the Administration (in addition to the Administrator);  
 “(iv) the Department of Labor;  
 “(v) the Department of the Treasury;  
 “(vi) the General Services Administration;  
 and

“(vii) the Office of Management and Budget; and

“(C) 4 representatives from a veterans service organization or military organization or association, selected by the President.

“(3) DUTIES.—The task force shall coordinate administrative and regulatory activities and develop proposals relating to

“(A) increasing capital access and capacity of small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through loans, surety bonding, and franchising;

“(B) increasing access to Federal contracting and subcontracting for small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through expanded mentor-protégé assistance and matching such small business concerns with contracting opportunities;

“(C) increasing the integrity of certifications of status as a small business concern owned and controlled by service-disabled veterans or a small business concern owned and controlled by veterans;

“(D) reducing paperwork and administrative burdens on veterans in accessing business development and entrepreneurship opportunities;

“(E) increasing and improving training and counseling services provided to small business concerns owned and controlled by veterans; and

“(F) making other improvements relating to the support for veterans business development by the Federal Government.

“(4) REPORTING.—The task force shall submit an annual report regarding its activities and proposals to—

“(A) the Committee on Small Business and Entrepreneurship and the Committee on Veterans' Affairs of the Senate; and

“(B) the Committee on Small Business and the Committee on Veterans' Affairs of the House of Representatives.”.

#### **SEC. 103. PERMANENT EXTENSION OF SBA ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.**

(a) ASSUMPTION OF DUTIES.—Section 33 of the Small Business Act (15 U.S.C. 657c) is amended

(1) by striking subsection (h); and  
 (2) by redesignating subsections (i) through (k) as subsections (h) through (j), respectively.

(b) PERMANENT EXTENSION OF AUTHORITY.—Section 203 of the Veterans Entrepreneurship and Small Business Development Act of 1999 (15 U.S.C. 657b note) is amended by striking subsection (h).

#### **SEC. 104. OFFICE OF VETERANS BUSINESS DEVELOPMENT.**

Section 32 of the Small Business Act (15 U.S.C. 657b) is amended by inserting after subsection (c) (as added by section 102) the following:

“(d) PARTICIPATION IN TAP WORKSHOPS.—

“(1) In general.—The Associate Administrator shall increase veteran outreach by ensuring that Veteran Business Outreach Centers regularly participate, on a nationwide basis, in the workshops of the Transition Assistance Program of the Department of Labor.

“(2) PRESENTATIONS.—In carrying out paragraph (1), a Veteran Business Outreach Cen-

ter may provide grants to entities located in Transition Assistance Program locations to make presentations on the opportunities available from the Administration for recently separating or separated veterans. Each presentation under this paragraph shall include, at a minimum, a description of the entrepreneurial and business training resources available from the Administration.

“(3) WRITTEN MATERIALS.—The Associate Administrator shall—

“(A) create written materials that provide comprehensive information on self-employment and veterans entrepreneurship, including information on resources available from the Administration on such topics; and

“(B) make the materials created under subparagraph (A) available to the Secretary of Labor for inclusion in the Transition Assistance Program manual.

“(4) REPORTS.—The Associate Administrator shall submit to Congress progress reports on the implementation of this subsection.

“(e) WOMEN VETERANS BUSINESS TRAINING RESOURCE PROGRAM.—

“(1) IN GENERAL.—The Associate Administrator shall establish a Women Veterans Business Training Resource Program.

“(2) ACTIVITIES.—The Associate Administrator shall—

“(A) compile information on resources available to women veterans for business training, including resources for—

“(i) vocational and technical education;  
 “(ii) general business skills, such as marketing and accounting; and

“(iii) business assistance programs targeted to women veterans; and

“(B) disseminate the information compiled under subparagraph (A) through Veteran Business Outreach Centers and women's business centers.”.

#### **SEC. 105. INCREASING THE NUMBER OF OUTREACH CENTERS.**

(a) IN GENERAL.—The Administrator shall use the authority in section 8(b)(17) of the Small Business Act (15 U.S.C. 637(b)(17)) to ensure that the number of Veterans Business Outreach Centers throughout the United States increases—

(1) subject to subsection (b), by at least 2, for each of fiscal years 2008 and 2009; and

(2) by the number that the Administrator considers appropriate, based on need, for each fiscal year thereafter.

(b) LIMITATION.—Subsection (a)(1) shall apply in a fiscal year if, for that fiscal year, the amount made available for the Office of Veterans Business Development is more than the amount made available for the Office of Veterans Business Development for fiscal year 2007.

#### **SEC. 106. INDEPENDENT STUDY ON GAPS IN AVAILABILITY OF OUTREACH CENTERS.**

The Administrator shall sponsor an independent study on gaps in the availability of Veterans Business Outreach Centers across the United States, to inform decisions on funding and on the allocation and coordination of resources. Not later than 6 months after the date of enactment of this Act, the Administrator shall submit to Congress a report on the results of the study.

#### **TITLE II—NATIONAL RESERVIST ENTERPRISE TRANSITION AND SUSTAINABILITY**

##### **SEC. 201. SHORT TITLE.**

This title may be cited as the “National Reservist Enterprise Transition and Sustainability Act of 2007”.

##### **SEC. 202. PURPOSE.**

The purpose of this title is to establish a program to—

(1) provide managerial, financial, planning, development, technical, and regulatory as-

sistance to small business concerns owned and operated by Reservists;

(2) provide managerial, financial, planning, development, technical, and regulatory assistance to the temporary heads of small business concerns owned and operated by Reservists;

(3) create a partnership between the Small Business Administration, the Department of Defense, and the Department of Veterans Affairs to assist small business concerns owned and operated by Reservists;

(4) utilize the service delivery network of small business development centers, women's business centers, Veterans Business Outreach Centers, and centers receiving funding from the National Veterans Business Development Corporation, and any other veterans small business assistance program which receives Federal funding, to expand the access of small business concerns owned and operated by Reservists to programs providing business management, development, financial, procurement, technical, regulatory, and marketing assistance;

(5) utilize the service delivery network of small business development centers, women's business centers, Veterans Business Outreach Centers, and centers receiving funding from the National Veterans Business Development Corporation, and any other veterans small business assistance program which receives Federal funding, to quickly respond to an activation of Reservists that own and operate small business concerns; and

(6) utilize the service delivery network of small business development centers, women's business centers, Veterans Business Outreach Centers, and centers receiving funding from the National Veterans Business Development Corporation, and any other veterans small business assistance program which receives Federal funding, to assist Reservists that own and operate small business concerns in preparing for future military activations.

#### **SEC. 203. NATIONAL GUARD AND RESERVE BUSINESS ASSISTANCE.**

The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 37 (15 U.S.C. 631 note) as section 38; and

(2) by inserting after section 36 the following:

#### **“SEC. 37. RESERVIST ENTERPRISE TRANSITION AND SUSTAINABILITY.**

“(a) IN GENERAL.—The Administrator shall establish a program to provide business planning assistance to small business concerns owned and operated by Reservists.

“(b) DEFINITIONS.—In this section—

“(1) the terms ‘activated’ and ‘activation’ mean having received an order placing a Reservist on active duty, as defined by section 101(i) of title 10, United States Code;

“(2) the term ‘Administrator’ means the Administrator of the Small Business Administration, acting through the Associate Administrator for Small Business Development Centers;

“(3) the term ‘Association’ means the association established under section 21(a)(3)(A);

“(4) the term ‘eligible applicant’ means—

“(A) a small business development center that is accredited under section 21(k);

“(B) a women's business center;

“(C) a Veterans Business Outreach Center that receives funds from the Office of Veterans Business Development;

“(D) an information and assistance center receiving funding from the National Veterans Business Development Corporation under section 38; or

“(E) any other veterans small business assistance program which receives Federal funding;

“(5) the term ‘enterprise transition and sustainability assistance’ means assistance

provided by an eligible applicant to a small business concern owned and operated by a Reservist, who has been activated or is likely to be activated in the next 12 months, to develop and implement a business strategy for the period while the owner is on active duty and 6 months after the date of the return of the owner;

“(6) the term ‘Reservist’ means any person who is—

“(A) a member of a reserve component of the Armed Forces, as defined by section 10101 of title 10, United States Code; and

“(B) on active status, as defined by section 101(d)(4) of title 10, United States Code;

“(7) the term ‘small business development center’ means a small business development center as described in section 21 of the Small Business Act (15 U.S.C. 648);

“(8) the term ‘State’ means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam; and

“(9) the term ‘women’s business center’ means a women’s business center described in section 29 of the Small Business Act (15 U.S.C. 656).

“(c) **AUTHORITY.**—The Administrator may award grants, in accordance with the regulations developed under subsection (e), to eligible applicants to assist small business concerns owned and operated by Reservists by—

“(1) providing management, development, financing, procurement, technical, regulatory, and marketing assistance;

“(2) providing access to information and resources, including Federal and State business assistance programs;

“(3) distributing contact information provided by the Department of Defense regarding activated Reservists to corresponding State directors;

“(4) offering free, one-on-one, in-depth counseling regarding management, development, financing, procurement, regulations, and marketing;

“(5) assisting in developing a long-term plan for possible future activation; and

“(6) providing enterprise transition and sustainability assistance.

“(d) **OTHER FEDERAL DEPARTMENTS AND AGENCIES.**—The Administrator shall make available informational materials relating to veteran business assistance practices developed by eligible entities using grants under this section to other Federal departments and agencies for use in programs operated by such departments and agencies.

“(e) **RULEMAKING.**—

“(1) **IN GENERAL.**—The Administrator, in consultation with the Association and after notice and an opportunity for comment, shall promulgate regulations to carry out this section.

“(2) **DEADLINE.**—The Administrator shall promulgate final regulations not later than 180 days of the date of enactment of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2007.

“(3) **CONTENTS.**—The regulations developed by the Administrator under this subsection shall establish—

“(A) procedures for identifying, in consultation with the Secretary of Defense, States that have had a recent activation of Reservists;

“(B) priorities for the types of assistance to be provided under the program authorized by this section;

“(C) standards relating to educational, technical, and support services to be provided by a grantee;

“(D) standards relating to any national service delivery and support function to be provided by a grantee;

“(E) standards relating to any work plan that the Administrator may require a grantee to develop; and

“(F) standards relating to the educational, technical, and professional competency of any expert or other assistance provider to whom a small business concern may be referred for assistance by a grantee.

“(f) **APPLICATION.**—

“(1) **IN GENERAL.**—Each eligible applicant desiring a grant under this section shall submit an application to the Administrator at such time, in such manner, and accompanied by such information as the Administrator may reasonably require.

“(2) **CONTENTS.**—Each application submitted under paragraph (1) shall describe

“(A) the activities for which the applicant seeks assistance under this section; and

“(B) how the applicant plans to allocate funds within its network.

“(g) **AWARD OF GRANTS.**—

“(1) **DEADLINE.**—The Administrator shall award grants not later than 60 days after the promulgation of final rules and regulations under subsection (e).

“(2) **AMOUNT.**—Each eligible applicant awarded a grant under this section shall receive a grant in an amount not greater than \$300,000 per fiscal year.

“(h) **REPORT.**—

“(1) **IN GENERAL.**—The Comptroller General of the United States shall—

“(A) initiate an evaluation of the program not later than 30 months after the disbursement of the first grant under this section; and

“(B) submit a report not later than 6 months after the initiation of the evaluation under paragraph (1) to—

“(i) the Administrator;

“(ii) the Committee on Small Business and Entrepreneurship of the Senate; and

“(iii) the Committee on Small Business of the House of Representatives.

“(2) **CONTENTS.**—The report under paragraph (1) shall—

“(A) address the results of the evaluation conducted under paragraph (1); and

“(B) recommend changes to law, if any, that it believes would be necessary or advisable to achieve the goals of this section.

“(i) **AUTHORIZATION OF APPROPRIATIONS.**—

“(1) **IN GENERAL.**—There are authorized to be appropriated to carry out this section—

“(A) \$5,000,000 for the first fiscal year beginning after the date of enactment of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2007; and

“(B) \$5,000,000 for the fiscal year following the fiscal year described in subparagraph (A).

“(2) **FUNDING OFFSET.**—Amounts necessary to carry out this section shall be offset and made available through the reduction of the authorization of fielding under section 20(e)(1)(B)(iv) of the Small Business Act (15 U.S.C. 631 note).”.

#### **SEC. 204. VETERANS ASSISTANCE AND SERVICES PROGRAM.**

Section 21 of the Small Business Act (15 U.S.C. 648) is amended by adding at the end the following:

“(n) **VETERANS ASSISTANCE AND SERVICES PROGRAM.**—

“(1) **IN GENERAL.**—A small business development center may apply for a grant under this subsection to carry out a veterans assistance and services program.

“(2) **ELEMENTS OF PROGRAM.**—Under a program carried out with a grant under this subsection, a small business development center shall—

“(A) create a marketing campaign to promote awareness and education of the services of the center that are available to veterans, and to target the campaign toward veterans, servicedisabled veterans, military units, Federal agencies, and veterans organizations;

“(B) use technology-assisted online counseling and distance learning technology to

overcome the impediments to entrepreneurship faced by veterans and members of the Armed Forces; and

“(C) increase coordination among organizations that assist veterans, including by establishing virtual integration of service providers and offerings for a one-stop point of contact for veterans who are entrepreneurs or owners of small business concerns.

“(3) **AMOUNT OF GRANTS.**—A grant under this subsection shall be for not less than \$75,000 and not more than \$250,000.

“(4) **FUNDING.**—Subject to amounts approved in advance in appropriations Acts, the Administration may make grants or enter into cooperative agreements to carry out the provisions of this subsection.”.

### **TITLE III—RESERVIST PROGRAMS**

#### **SEC. 301. RESERVIST PROGRAMS.**

(a) **APPLICATION PERIOD.**—Section 7(b)(3)(C) of the Small Business Act (15 U.S.C. 636(b)(3)(C)) is amended—

(1) by striking “90 days” and inserting “1 year”; and

(2) by adding at the end the following: “The Administrator may, when appropriate (as determined by the Administrator), waive the ending date specified in the preceding sentence and establish a later ending date.”.

(b) **PRE-CONSIDERATION PROCESS.**—

(1) **DEFINITION.**—In this subsection, the term “eligible Reservist” means a Reservist who—

(A) has not been ordered to active duty;

(B) expects to be ordered to active duty during a period of military conflict; and

(C) can reasonably demonstrate that the small business concern for which that Reservist is a key employee will suffer economic injury in the absence of that Reservist.

(2) **ESTABLISHMENT.**—Not later than 6 months after the date of enactment of this Act, the Administrator shall establish a pre-consideration process, under which the Administrator

(A) may collect all relevant materials necessary for processing a loan to a small business concern under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) before an eligible Reservist employed by that small business concern is activated; and

(B) shall distribute funds for any loan approved under subparagraph (A) if that eligible Reservist is activated.

(c) **OUTREACH AND TECHNICAL ASSISTANCE PROGRAM.**—

(1) **IN GENERAL.**—Not later than 6 months after the date of enactment of this Act, the Administrator, in consultation with the Secretary of Veterans Affairs and the Secretary of Defense, shall develop a comprehensive outreach and technical assistance program (in this subsection referred to as the “program”) to—

(A) market the loans available under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) to Reservists, and family members of Reservists, that are on active duty and that are not on active duty; and

(B) provide technical assistance to a small business concern applying for a loan under that section.

(2) **COMPONENTS.**—The program shall

(A) incorporate appropriate websites maintained by the Administration, the Department of Veterans Affairs, and the Department of Defense; and

(B) require that information on the program is made available to small business concerns directly through

(i) the district offices and resource partners of the Administration, including small business development centers, women’s business centers, and the Service Corps of Retired Executives; and

(ii) other Federal agencies, including the Department of Veterans Affairs and the Department of Defense.

## (3) REPORT.—

(A) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, and every 6 months thereafter until the date that is 30 months after such date of enactment, the Administrator shall submit to Congress a report on the status of the program.

(B) CONTENTS.—Each report submitted under subparagraph (A) shall include—

(i) for the 6-month period ending on the date of that report—

(I) the number of loans approved under section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3));

(II) the number of loans disbursed under that section; and

(III) the total amount disbursed under that section; and

(ii) recommendations, if any, to make the program more effective in serving small business concerns that employ Reservists.

**SEC. 302. RESERVIST LOANS.**

(a) IN GENERAL.—Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by striking “\$1,500,000” each place such term appears and inserting “\$2,000,000”.

**(b) LOAN INFORMATION.—**

(1) IN GENERAL.—The Administrator and the Secretary of Defense shall develop a joint website and printed materials providing information regarding any program for small business concerns that is available to veterans or Reservists.

(2) MARKETING.—The Administrator is authorized—

(A) to advertise and promote the program under section 7(b)(3) of the Small Business Act jointly with the Secretary of Defense and veterans' service organizations; and

(B) to advertise and promote participation by lenders in such program jointly with trade associations for banks or other lending institutions.

**SEC. 303. NONCOLLATERALIZED LOANS.**

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended by adding at the end the following:

“(G)(i) Notwithstanding any other provision of law, the Administrator may make a loan under this paragraph of not more than \$50,000 without collateral.

“(ii) The Administrator may defer payment of principal and interest on a loan described in clause (i) during the longer of—

“(I) the 1-year period beginning on the date of the initial disbursement of the loan; and

“(II) the period during which the relevant essential employee is on active duty.”.

**SEC. 304. LOAN PRIORITY.**

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)), as amended by this Act, is amended by adding at the end the following:

“(H) The Administrator shall give priority to any application for a loan under this paragraph and shall process and make a determination regarding such applications prior to processing or making a determination on other loan applications under this subsection, on a rolling basis.”.

**SEC. 305. RELIEF FROM TIME LIMITATIONS FOR VETERAN-OWNED SMALL BUSINESSES.**

Section 3(q) of the Small Business Act (15 U.S.C. 632(q)) is amended by adding at the end the following:

**“(5) RELIEF FROM TIME LIMITATIONS.—**

“(A) IN GENERAL.—Any time limitation on any qualification, certification, or period of participation imposed under this Act on any program that is available to small business concerns shall be extended for a small business concern that—

“(i) is owned and controlled by—

“(I) a veteran who was called or ordered to active duty under a provision of law specified in section 101(a)(13)(B) of title 10, United

States Code, on or after September 11, 2001; or

“(II) a service-disabled veteran who became such a veteran due to an injury or illness incurred or aggravated in the active military, naval, or air service during a period of active duty pursuant to a call or order to active duty under a provision of law referred to in subclause (I) on or after September 11, 2001; and

“(ii) was subject to the time limitation during such period of active duty.

“(B) DURATION.—Upon submission of proper documentation to the Administrator, the extension of a time limitation under subparagraph (A) shall be equal to the period of time that such veteran who owned or controlled such a concern was on active duty as described in that subparagraph.

“(C) EXCEPTION FOR PROGRAMS SUBJECT TO FEDERAL CREDIT REFORM ACT OF 1990.—The provisions of subparagraphs (A) and (B) shall not apply to any programs subject to the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).”.

**SEC. 306. SERVICE-DISABLED VETERANS.**

Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report describing

(1) the types of assistance needed by service-disabled veterans who wish to become entrepreneurs; and

(2) any resources that would assist such service-disabled veterans.

**SEC. 307. STUDY ON OPTIONS FOR PROMOTING POSITIVE WORKING RELATIONS BETWEEN EMPLOYERS AND THEIR RESERVE COMPONENT EMPLOYEES.**

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study on options for promoting positive working relations between employers and Reserve component employees of such employers, including assessing options for improving the time in which employers of Reservists are notified of the call or order of such members to active duty other than for training.

**(b) REPORT.—**

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report on the study conducted under subsection (a).

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

(A) provide a quantitative and qualitative assessment of—

(i) what measures, if any, are being taken to inform Reservists of the obligations and responsibilities of such members to their employers;

(ii) how effective such measures have been; and whether there are additional measures that could be taken to promote positive working relations between Reservists and their employers, including any steps that could be taken to ensure that employers are timely notified of a call to active duty; and

(B) assess whether there has been a reduction in the hiring of Reservists by business concerns because of—

(i) any increase in the use of Reservists after September 11, 2001; or

(ii) any change in any policy of the Department of Defense relating to Reservists after September 11, 2001.

(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term “appropriate committees of Congress” means—

(1) the Committee on Armed Services and the Committee on Small Business and Entrepreneurship of the Senate; and

(2) the Committee on Armed Services and the Committee on Small Business of the House of Representatives.

**SEC. 308. INCREASED VETERAN PARTICIPATION PROGRAM.**

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

**“(32) INCREASED VETERAN PARTICIPATION PROGRAM.—**

“(A) DEFINITIONS.—In this paragraph—

“(1) the term ‘cost’ has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a);

“(ii) the term ‘pilot program’ means the pilot program established under subparagraph (B); and

“(iii) the term ‘veteran participation loan’ means a loan made under this subsection to a small business concern owned and controlled by veterans of the Armed Forces or members of the reserve components of the Armed Forces.

“(B) ESTABLISHMENT.—The Administrator shall establish and carry out a pilot program under which the Administrator shall reduce the fees for veteran participation loans.

“(C) DURATION.—The pilot program shall terminate at the end of the second full fiscal year after the date that the Administrator establishes the pilot program.

“(D) MAXIMUM PARTICIPATION.—A veteran participation loan shall include the maximum participation levels by the Administrator permitted for loans made under this subsection.

**“(E) FEES.—**

“(i) IN GENERAL.—The fee on a veteran participation loan shall be equal to 50 percent of the fee otherwise applicable to that loan under paragraph (18).

“(ii) WAIVER.—The Administrator may waive clause (i) for a fiscal year if—

(I) for the fiscal year before that fiscal year, the annual estimated rate of default of veteran participation loans exceeds that of loans made under this subsection that are not veteran participation loans;

“(II) the cost to the Administration of making loans under this subsection is greater than zero and such cost is directly attributable to the cost of making veteran participation loans; and

“(III) no additional sources of revenue authority are available to reduce the cost of making loans under this subsection to zero.

“(iii) EFFECT OF WAIVER.—If the Administrator waives the reduction of fees under clause (ii), the Administrator

“(I) shall not assess or collect fees in an amount greater than necessary to ensure that the cost of the program under this subsection is not greater than zero; and

“(II) shall reinstate the fee reductions under clause (i) when the conditions in clause (ii) no longer apply.

“(iv) NO INCREASE OF FEES.—The Administrator shall not increase the fees under paragraph (18) on loans made under this subsection that are not veteran participation loans as a direct result of the pilot program.

**“(F) GAO REPORT.—**

“(i) IN GENERAL.—Not later than 1 year after the date that the pilot program terminates, the Comptroller General of the United States shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report on the pilot program.

“(ii) CONTENTS.—The report submitted under clause (i) shall include—

“(I) the number of veteran participation loans for which fees were reduced under the pilot program;

“(II) a description of the impact of the pilot program on the program under this subsection;



“(III) an evaluation of the efficacy and potential fraud and abuse of the pilot program; and

“(IV) recommendations for improving the pilot program.”.

**SA 3886.** Mr. REID (for Mr. COBURN) proposed an amendment to amendment SA 3885 proposed by Mr. REID (for Mr. KERRY) to the bill S. 1784, to amend the Small Business Act to improve programs for veterans, and for other purposes; as follows:

On page 4, line 25, strike “increase” and all that follows through “opportunities to” on page 5, line 2, and insert “improve capital and business development opportunities for, and ensure achievement of the pre-established Federal contracting goals for”.

On page 5, line 10, after the semicolon, add “and”.

On page 5, line 22, strike “; and” and insert a period.

On page 5, strike lines 23 through 25.

On page 6, strike line 1 and all that follows through page 7, line 16, and insert the following:

“(3) DUTIES.—The task force shall—

“(A) consult regularly with veterans service organizations and military organizations in performing the duties of the task force; and

“(B) coordinate administrative and regulatory activities and develop proposals relating to—

“(i) improving capital access and capacity of small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through loans, surety bonding, and franchising;

“(ii) ensuring achievement of the pre-established Federal contracting goals for small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans through expanded mentor-protégé assistance and matching such small business concerns with contracting opportunities;

“(iii) increasing the integrity of certifications of status as a small business concern owned and controlled by service-disabled veterans or a small business concern owned and controlled by veterans;

“(iv) reducing paperwork and administrative burdens on veterans in accessing business development and entrepreneurship opportunities;

“(v) increasing and improving training and counseling services provided to small business concerns owned and controlled by veterans; and

“(vi) making other improvements relating to the support for veterans business development by the Federal Government.

On page 9, strike line 13 and all that follows through page 10, line 8, and insert the following:

“(e) WOMEN VETERANS BUSINESS TRAINING.—The Associate Administrator shall—

“(1) compile information on existing resources available to women veterans for business training, including resources for—

“(A) vocational and technical education;

“(B) general business skills, such as marketing and accounting; and

“(C) business assistance programs targeted to women veterans; and

“(2) disseminate the information compiled under paragraph (1) through Veteran Business Outreach Centers and women’s business centers.”.

On page 11, strike line 10 and all that follows through page 20, line 23, and insert the following:

#### **SEC. 201. VETERANS ASSISTANCE AND SERVICES PROGRAM.**

On page 22, between lines 10 and 11, insert the following:

#### **SEC. 202. DISASTER LOANS.**

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended—

(1) in subparagraph (E), by striking “unless” and all that follows and inserting a period; and

(2) by inserting after subparagraph (I), the following:

“(J) There shall be reasonable assurance that a loan recipient under this paragraph can repay the loan of personal or business cash flow.”.

On page 22, line 21, strike “waive” and all that follows through “date” on line 23 and insert “extend the ending date specified in the preceding sentence by not more than 1 year”.

On page 24, line 4, strike “shall” and insert “may”.

On page 32, between lines 9 and 10, insert the following:

(d) ADDITIONAL STUDY.—Not later than 180 days after the date of enactment of this Act, the Office of Advocacy of the Administration shall submit to Congress a report describing—

(1) the barriers in place arising from Federal regulations for veterans who wish to become entrepreneurs;

(2) the barriers in place arising from the tax code for veterans who wish to become entrepreneurs; and

(3) any recommendations for how best to eliminate those barriers to better assist current or prospective veteran small business owners.

**SA 3887.** Mr. SCHUMER (for Mr. LEAHY (for himself and Mr. SCHUMER)) proposed an amendment to the bill H.R. 2640, to improve the National Instant Criminal Background Check System, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

#### **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the “NICS Improvement Amendments Act of 2007”.

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

Sec. 1. Short title and table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

#### **TITLE I—TRANSMITTAL OF RECORDS**

Sec. 101. Enhancement of requirement that Federal departments and agencies provide relevant information to the National Instant Criminal Background Check System.

Sec. 102. Requirements to obtain waiver.

Sec. 103. Implementation assistance to States.

Sec. 104. Penalties for noncompliance.

Sec. 105. Relief from disabilities program required as condition for participation in grant programs.

Sec. 106. Illegal immigrant gun purchase notification.

#### **TITLE II—FOCUSING FEDERAL ASSISTANCE ON THE IMPROVEMENT OF RELEVANT RECORDS**

Sec. 201. Continuing evaluations.

#### **TITLE III—GRANTS TO STATE COURT SYSTEMS FOR THE IMPROVEMENT IN AUTOMATION AND TRANSMITTAL OF DISPOSITION RECORDS**

Sec. 301. Disposition records automation and transmittal improvement grants.

#### **TITLE IV—GAO AUDIT**

Sec. 401. GAO audit.

#### **SEC. 2. FINDINGS.**

Congress finds the following:

(1) Approximately 916,000 individuals were prohibited from purchasing a firearm for failing a background check between November 30, 1998, (the date the National Instant Criminal Background Check System (NICS) began operating) and December 31, 2004.

(2) From November 30, 1998, through December 31, 2004, nearly 49,000,000 Brady background checks were processed through NICS.

(3) Although most Brady background checks are processed through NICS in seconds, many background checks are delayed if the Federal Bureau of Investigation (FBI) does not have automated access to complete information from the States concerning persons prohibited from possessing or receiving a firearm under Federal or State law.

(4) Nearly 21,000,000 criminal records are not accessible by NICS and millions of criminal records are missing critical data, such as arrest dispositions, due to data backlogs.

(5) The primary cause of delay in NICS background checks is the lack of—

(A) updates and available State criminal disposition records; and

(B) automated access to information concerning persons prohibited from possessing or receiving a firearm because of mental illness, restraining orders, or misdemeanor convictions for domestic violence.

(6) Automated access to this information can be improved by—

(A) computerizing information relating to criminal history, criminal dispositions, mental illness, restraining orders, and misdemeanor convictions for domestic violence; or

(B) making such information available to NICS in a usable format.

(7) Helping States to automate these records will reduce delays for law-abiding gun purchasers.

(8) On March 12, 2002, the senseless shooting, which took the lives of a priest and a parishioner at the Our Lady of Peace Church in Lynbrook, New York, brought attention to the need to improve information-sharing that would enable Federal and State law enforcement agencies to conduct a complete background check on a potential firearm purchaser. The man who committed this double murder had a prior disqualifying mental health commitment and a restraining order against him, but passed a Brady

background check because NICS did not have the necessary information to determine that he was ineligible to purchase a firearm under Federal or State law.

(9) On April 16, 2007, a student with a history of mental illness at the Virginia Polytechnic Institute and State University shot to death 32 students and faculty members, wounded 17 more, and then took his own life. The shooting, the deadliest campus shooting in United States history, renewed the need to improve information-sharing that would enable Federal and State law enforcement agencies to conduct complete background checks on potential firearms purchasers. In spite of a proven history of mental illness, the shooter was able to purchase the two firearms used in the shooting. Improved coordination between State and Federal authorities could have ensured that the shooter's disqualifying mental health information was available to NICS.

### SEC. 3. DEFINITIONS.

As used in this Act, the following definitions shall apply:

(1) **COURT ORDER.**—The term “court order” includes a court order (as described in section 922(g)(8) of title 18, United States Code).

(2) **MENTAL HEALTH TERMS.**—The terms “adjudicated as a mental defective” and “committed to a mental institution” have the same meanings as in section 922(g)(4) of title 18, United States Code.

(3) **MISDEMEANOR CRIME OF DOMESTIC VIOLENCE.**—The term “misdemeanor crime of domestic violence” has the meaning given the term in section 921(a)(33) of title 18, United States Code.

### TITLE I—TRANSMITTAL OF RECORDS

#### SEC. 101. ENHANCEMENT OF REQUIREMENT THAT FEDERAL DEPARTMENTS AND AGENCIES PROVIDE RELEVANT INFORMATION TO THE NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM.

(a) **IN GENERAL.**—Section 103(e)(1) of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note) is amended—

(1) by striking “Notwithstanding” and inserting the following:

“(A) **IN GENERAL.**—Notwithstanding”;

(2) by striking “On request” and inserting the following:

“(B) **REQUEST OF ATTORNEY GENERAL.**—On request”;

(3) by striking “furnish such information” and inserting “furnish electronic versions of the information described under subparagraph (A)”;

(4) by adding at the end the following:

“(C) **QUARTERLY SUBMISSION TO ATTORNEY GENERAL.**—If a Federal department or agency under subparagraph (A) has any record of any person demonstrating that the person falls within one of the categories described in subsection (g) or (n) of section 922 of title 18, United States Code, the head of such department or agency shall, not less frequently than quarterly, provide the pertinent information contained in such record to the Attorney General.

“(D) **INFORMATION UPDATES.**—The Federal department or agency, on being made aware that the basis under which a record was made available under subparagraph (A) does not apply, or no longer applies, shall—

“(i) update, correct, modify, or remove the record from any database that the agency maintains and makes available to the Attorney General, in accordance with the rules pertaining to that database; and

“(ii) notify the Attorney General that such basis no longer applies so that the National Instant Criminal Background Check System is kept up to date.

The Attorney General upon receiving notice pursuant to clause (ii) shall ensure that the

record in the National Instant Criminal Background Check System is updated, corrected, modified, or removed within 30 days of receipt.

“(E) **ANNUAL REPORT.**—The Attorney General shall submit an annual report to Congress that describes the compliance of each department or agency with the provisions of this paragraph.”.

#### (b) **PROVISION AND MAINTENANCE OF NICS RECORDS.**—

(1) **DEPARTMENT OF HOMELAND SECURITY.**—The Secretary of Homeland Security shall make available to the Attorney General—

(A) records, updated not less than quarterly, which are relevant to a determination of whether a person is disqualified from possessing or receiving a firearm under subsection (g) or (n) of section 922 of title 18, United States Code, for use in background checks performed by the National Instant Criminal Background Check System; and

(B) information regarding all the persons described in subparagraph (A) of this paragraph who have changed their status to a category not identified under section 922(g)(5) of title 18, United States Code, for removal, when applicable, from the National Instant Criminal Background Check System.

(2) **DEPARTMENT OF JUSTICE.**—The Attorney General shall—

(A) ensure that any information submitted to, or maintained by, the Attorney General under this section is kept accurate and confidential, as required by the laws, regulations, policies, or procedures governing the applicable record system;

(B) provide for the timely removal and destruction of obsolete and erroneous names and information from the National Instant Criminal Background Check System; and

(C) work with States to encourage the development of computer systems, which would permit electronic notification to the Attorney General when—

(i) a court order has been issued, lifted, or otherwise removed by order of the court; or

(ii) a person has been adjudicated as a mental defective or committed to a mental institution.

(c) **STANDARD FOR ADJUDICATIONS AND COMMITMENTS RELATED TO MENTAL HEALTH.**—

(1) **IN GENERAL.**—No department or agency of the Federal Government may provide to the Attorney General any record of an adjudication related to the mental health of a person or any commitment of a person to a mental institution if—

(A) the adjudication or commitment, respectively, has been set aside or expunged, or the person has otherwise been fully released or discharged from all mandatory treatment, supervision, or monitoring;

(B) the person has been found by a court, board, commission, or other lawful authority to no longer suffer from the mental health condition that was the basis of the adjudication or commitment, respectively, or has otherwise been found to be rehabilitated through any procedure available under law; or

(C) the adjudication or commitment, respectively, is based solely on a medical finding of disability, without an opportunity for a hearing by a court, board, commission, or other lawful authority, and the person has not been adjudicated as a mental defective consistent with section 922(g)(4) of title 18, United States Code, except that nothing in this section or any other provision of law shall prevent a Federal department or agency from providing to the Attorney General any record demonstrating that a person was adjudicated to be not guilty by reason of insanity, or based on lack of mental responsibility, or found incompetent to stand trial, in any criminal case or under the Uniform Code of Military Justice.

(2) **TREATMENT OF CERTAIN ADJUDICATIONS AND COMMITMENTS.**—

(A) **PROGRAM FOR RELIEF FROM DISABILITIES.**—

(i) **IN GENERAL.**—Each department or agency of the United States that makes any adjudication related to the mental health of a person or imposes any commitment to a mental institution, as described in subsection (d)(4) and (g)(4) of section 922 of title 18, United States Code, shall establish, not later than 120 days after the date of enactment of this Act, a program that permits such a person to apply for relief from the disabilities imposed by such subsections.

(ii) **PROCESS.**—Each application for relief submitted under the program required by this subparagraph shall be processed not later than 365 days after the receipt of the application. If a Federal department or agency fails to resolve an application for relief within 365 days for any reason, including a lack of appropriated funds, the department or agency shall be deemed for all purposes to have denied such request for relief without cause. Judicial review of any petitions brought under this clause shall be de novo.

(iii) **JUDICIAL REVIEW.**—Relief and judicial review with respect to the program required by this subparagraph shall be available according to the standards prescribed in section 925(c) of title 18, United States Code. If the denial of a petition for relief has been reversed after such judicial review, the court shall award the prevailing party, other than the United States, a reasonable attorney's fee for any and all proceedings in relation to attaining such relief, and the United States shall be liable for such fee. Such fee shall be based upon the prevailing rates awarded to public interest legal aid organizations in the relevant community.

(B) **RELIEF FROM DISABILITIES.**—In the case of an adjudication related to the mental health of a person or a commitment of a person to a mental institution, a record of which may not be provided to the Attorney General under paragraph (1), including because of the absence of a finding described in subparagraph (C) of such paragraph, or from which a person has been granted relief under a program established under subparagraph (A) or (B), or because of a removal of a record under section 103(e)(1)(D) of the Brady Handgun Violence Prevention Act, the adjudication or commitment, respectively, shall be deemed not to have occurred for purposes of subsections (d)(4) and (g)(4) of section 922 of title 18, United States Code. Any Federal agency that grants a person relief from disabilities under this subparagraph shall notify such person that the person is no longer prohibited under 922(d)(4) or 922(g)(4) of title 18, United States Code, on account of the relieved disability for which relief was granted pursuant to a proceeding conducted under this subparagraph, with respect to the acquisition, receipt, transfer, shipment, transportation, or possession of firearms.

(3) **NOTICE REQUIREMENT.**—Effective 30 days after the date of enactment of this Act, any Federal department or agency that conducts proceedings to adjudicate a person as a mental defective under 922(d)(4) or 922(g)(4) of title 18, United States Code, shall provide both oral and written notice to the individual at the commencement of the adjudication process including—

(A) notice that should the agency adjudicate the person as a mental defective, or should the person be committed to a mental institution, such adjudication, when final, or such commitment, will prohibit the individual from purchasing, possessing, receiving, shipping or transporting a firearm or ammunition under section 922(d)(4) or section 922(g)(4) of title 18, United States Code;



(B) information about the penalties imposed for unlawful possession, receipt, shipment or transportation of a firearm under section 924(a)(2) of title 18, United States Code; and

(C) information about the availability of relief from the disabilities imposed by Federal laws with respect to the acquisition, receipt, transfer, shipment, transportation, or possession of firearms.

(4) **EFFECTIVE DATE.**—Except for paragraph (3), this subsection shall apply to names and other information provided before, on, or after the date of enactment of this Act. Any name or information provided in violation of this subsection (other than in violation of paragraph (3)) before, on, or after such date shall be removed from the National Instant Criminal Background Check System.

#### SEC. 102. REQUIREMENTS TO OBTAIN WAIVER.

(a) **IN GENERAL.**—Beginning 3 years after the date of the enactment of this Act, a State shall be eligible to receive a waiver of the 10 percent matching requirement for National Criminal History Improvement Grants under the Crime Identification Technology Act of 1988 (42 U.S.C. 14601) if the State provides at least 90 percent of the information described in subsection (c). The length of such a waiver shall not exceed 2 years.

(b) **STATE ESTIMATES.**—

(1) **INITIAL STATE ESTIMATE.**—

(A) **IN GENERAL.**—To assist the Attorney General in making a determination under subsection (a) of this section, and under section 104, concerning the compliance of the States in providing information to the Attorney General for the purpose of receiving a waiver under subsection (a) of this section, or facing a loss of funds under section 104, by a date not later than 180 days after the date of the enactment of this Act, each State shall provide the Attorney General with a reasonable estimate, as calculated by a method determined by the Attorney General and in accordance with section 104(d), of the number of the records described in subparagraph (C) applicable to such State that concern persons who are prohibited from possessing or receiving a firearm under subsection (g) or (n) of section 922 of title 18, United States Code.

(B) **FAILURE TO PROVIDE INITIAL ESTIMATE.**—A State that fails to provide an estimate described in subparagraph (A) by the date required under such subparagraph shall be ineligible to receive any funds under section 103, until such date as it provides such estimate to the Attorney General.

(C) **RECORD DEFINED.**—For purposes of subparagraph (A), a record is the following:

(i) A record that identifies a person who has been convicted in any court of a crime punishable by imprisonment for a term exceeding 1 year.

(ii) A record that identifies a person for whom an indictment has been returned for a crime punishable by imprisonment for a term exceeding 1 year that is valid under the laws of the State involved or who is a fugitive from justice, as of the date of the estimate, and for which a record of final disposition is not available.

(iii) A record that identifies a person who is an unlawful user of, or addicted to a controlled substance (as such terms “unlawful user” and “addicted” are respectively defined in regulations implementing section 922(g)(3) of title 18, United States Code, as in effect on the date of the enactment of this Act) as demonstrated by arrests, convictions, and adjudications, and whose record is not protected from disclosure to the Attorney General under any provision of State or Federal law.

(iv) A record that identifies a person who has been adjudicated as a mental defective

or committed to a mental institution, consistent with section 922(g)(4) of title 18, United States Code, and whose record is not protected from disclosure to the Attorney General under any provision of State or Federal law.

(v) A record that is electronically available and that identifies a person who, as of the date of such estimate, is subject to a court order described in section 922(g)(8) of title 18, United States Code.

(vi) A record that is electronically available and that identifies a person convicted in any court of a misdemeanor crime of domestic violence, as defined in section 921(a)(33) of title 18, United States Code.

(2) **SCOPE.**—The Attorney General, in determining the compliance of a State under this section or section 104 for the purpose of granting a waiver or imposing a loss of Federal funds, shall assess the total percentage of records provided by the State concerning any event occurring within the prior 20 years, which would disqualify a person from possessing a firearm under subsection (g) or (n) of section 922 of title 18, United States Code.

(3) **CLARIFICATION.**—Notwithstanding paragraph (2), States shall endeavor to provide the National Instant Criminal Background Check System with all records concerning persons who are prohibited from possessing or receiving a firearm under subsection (g) or (n) of section 922 of title 18, United States Code, regardless of the elapsed time since the disqualifying event.

(c) **ELIGIBILITY OF STATE RECORDS FOR SUBMISSION TO THE NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM.**—

(1) **REQUIREMENTS FOR ELIGIBILITY.**—

(A) **IN GENERAL.**—From the information collected by a State, the State shall make electronically available to the Attorney General records relevant to a determination of whether a person is disqualified from possessing or receiving a firearm under subsection (g) or (n) of section 922 of title 18, United States Code, or applicable State law.

(B) **NICS UPDATES.**—The State, on being made aware that the basis under which a record was made available under subparagraph (A) does not apply, or no longer applies, shall, as soon as practicable—

(i) update, correct, modify, or remove the record from any database that the Federal or State government maintains and makes available to the National Instant Criminal Background Check System, consistent with the rules pertaining to that database; and

(ii) notify the Attorney General that such basis no longer applies so that the record system in which the record is maintained is kept up to date.

The Attorney General upon receiving notice pursuant to clause (ii) shall ensure that the record in the National Instant Criminal Background Check System is updated, corrected, modified, or removed within 30 days of receipt.

(C) **CERTIFICATION.**—To remain eligible for a waiver under subsection (a), a State shall certify to the Attorney General, not less than once during each 2-year period, that at least 90 percent of all records described in subparagraph (A) has been made electronically available to the Attorney General in accordance with subparagraph (A).

(D) **INCLUSION OF ALL RECORDS.**—For purposes of this paragraph, a State shall identify and include all of the records described under subparagraph (A) without regard to the age of the record.

(2) **APPLICATION TO PERSONS CONVICTED OF MISDEMEANOR CRIMES OF DOMESTIC VIOLENCE.**—The State shall make available to the Attorney General, for use by the National Instant Criminal Background Check

System, records relevant to a determination of whether a person has been convicted in any court of a misdemeanor crime of domestic violence. With respect to records relating to such crimes, the State shall provide information specifically describing the offense and the specific section or subsection of the offense for which the defendant has been convicted and the relationship of the defendant to the victim in each case.

(3) **APPLICATION TO PERSONS WHO HAVE BEEN ADJUDICATED AS A MENTAL DEFECTIVE OR COMMITTED TO A MENTAL INSTITUTION.**—The State shall make available to the Attorney General, for use by the National Instant Criminal Background Check System, the name and other relevant identifying information of persons adjudicated as a mental defective or those committed to mental institutions to assist the Attorney General in enforcing section 922(g)(4) of title 18, United States Code.

(d) **PRIVACY PROTECTIONS.**—For any information provided to the Attorney General for use by the National Instant Criminal Background Check System, relating to persons prohibited from possessing or receiving a firearm under section 922(g)(4) of title 18, United States Code, the Attorney General shall work with States and local law enforcement and the mental health community to establish regulations and protocols for protecting the privacy of information provided to the system. The Attorney General shall make every effort to meet with any mental health group seeking to express its views concerning these regulations and protocols and shall seek to develop regulations as expeditiously as practicable.

(e) **ATTORNEY GENERAL REPORT.**—Not later than January 31 of each year, the Attorney General 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 progress of States in automating the databases containing the information described in subsection (b) and in making that information electronically available to the Attorney General pursuant to the requirements of subsection (c).

#### SEC. 103. IMPLEMENTATION ASSISTANCE TO STATES.

(a) **AUTHORIZATION.**—

(1) **IN GENERAL.**—From amounts made available to carry out this section and subject to section 102(b)(1)(B), the Attorney General shall make grants to States and Indian tribal governments, in a manner consistent with the National Criminal History Improvement Program, which shall be used by the States and Indian tribal governments, in conjunction with units of local government and State and local courts, to establish or upgrade information and identification technologies for firearms eligibility determinations. Not less than 3 percent, and no more than 10 percent of each grant under this paragraph shall be used to maintain the relief from disabilities program in accordance with section 105.

(2) **GRANTS TO INDIAN TRIBES.**—Up to 5 percent of the grant funding available under this section may be reserved for Indian tribal governments, including tribal judicial systems.

(b) **USE OF GRANT AMOUNTS.**—Grants awarded to States or Indian tribes under this section may only be used to—

(1) create electronic systems, which provide accurate and up-to-date information which is directly related to checks under the National Instant Criminal Background Check System (referred to in this section as “NICS”), including court disposition and corrections records;

(2) assist States in establishing or enhancing their own capacities to perform NICS background checks;

(3) supply accurate and timely information to the Attorney General concerning final dispositions of criminal records to databases accessed by NICS;

(4) supply accurate and timely information to the Attorney General concerning the identity of persons who are prohibited from obtaining a firearm under section 922(g)(4) of title 18, United States Code, to be used by the Federal Bureau of Investigation solely to conduct NICS background checks;

(5) supply accurate and timely court orders and records of misdemeanor crimes of domestic violence for inclusion in Federal and State law enforcement databases used to conduct NICS background checks;

(6) collect and analyze data needed to demonstrate levels of State compliance with this Act; and

(7) maintain the relief from disabilities program in accordance with section 105, but not less than 3 percent, and no more than 10 percent of each grant shall be used for this purpose.

(c) **ELIGIBILITY.**—To be eligible for a grant under this section, a State shall certify, to the satisfaction of the Attorney General, that the State has implemented a relief from disabilities program in accordance with section 105.

(d) **CONDITION.**—As a condition of receiving a grant under this section, a State shall specify the projects for which grant amounts will be used, and shall use such amounts only as specified. A State that violates this subsection shall be liable to the Attorney General for the full amount of the grant received under this section.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—

(1) **IN GENERAL.**—There are authorized to be appropriated to carry out this section \$125,000,000 for fiscal year 2009, \$250,000,000 for fiscal year 2010, \$250,000,000 for fiscal year 2011, \$125,000,000 for fiscal year 2012, and \$125,000,000 for fiscal year 2013.

(2) **ALLOCATIONS.**—For fiscal years 2009 and 2010, the Attorney General shall endeavor to allocate at least ½ of the authorized appropriations to those States providing more than 50 percent of the records required to be provided under sections 102 and 103. For fiscal years 2011, 2012, and 2013, the Attorney General shall endeavor to allocate at least ½ of the authorized appropriations to those States providing more than 70 percent of the records required to be provided under section 102 and 103. The allocations in this paragraph shall be subject to the discretion of the Attorney General, who shall have the authority to make adjustments to the distribution of the authorized appropriations as necessary to maximize incentives for State compliance.

(f) **USER FEE.**—The Federal Bureau of Investigation shall not charge a user fee for background checks pursuant to section 922(t) of title 18, United States Code.

#### **SEC. 104. PENALTIES FOR NONCOMPLIANCE.**

(a) **ATTORNEY GENERAL REPORT.**—

(1) **IN GENERAL.**—Not later than January 31 of each year, the Attorney General 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 progress of the States in automating the databases containing information described under sections 102 and 103, and in providing that information pursuant to the requirements of sections 102 and 103.

(2) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to the Department of Justice, such funds as may be necessary to carry out paragraph (1).

(b) **PENALTIES.**—

(1) **DISCRETIONARY REDUCTION.**—

(A) During the 2-year period beginning 3 years after the date of enactment of this

Act, the Attorney General may withhold not more than 3 percent of the amount that would otherwise be allocated to a State under section 505 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3755) if the State provides less than 50 percent of the records required to be provided under sections 102 and 103.

(B) During the 5-year period after the expiration of the period referred to in subparagraph (A), the Attorney General may withhold not more than 4 percent of the amount that would otherwise be allocated to a State under section 505 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3755) if the State provides less than 70 percent of the records required to be provided under sections 102 and 103.

(2) **MANDATORY REDUCTION.**—After the expiration of the periods referred to in paragraph (1), the Attorney General shall withhold 5 percent of the amount that would otherwise be allocated to a State under section 505 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3755), if the State provides less than 90 percent of the records required to be provided under sections 102 and 103.

(3) **WAIVER BY ATTORNEY GENERAL.**—The Attorney General may waive the applicability of paragraph (2) to a State if the State provides substantial evidence, as determined by the Attorney General, that the State is making a reasonable effort to comply with the requirements of sections 102 and 103, including an inability to comply due to court order or other legal restriction.

(c) **REALLOCATION.**—Any funds that are not allocated to a State because of the failure of the State to comply with the requirements of this Act shall be reallocated to States that meet such requirements.

(d) **METHODOLOGY.**—The method established to calculate the number of records to be reported, as set forth in section 102(b)(1)(A), and State compliance with the required level of reporting under sections 102 and 103 shall be determined by the Attorney General. The Attorney General shall calculate the methodology based on the total number of records to be reported from all subcategories of records, as described in section 102(b)(1)(C).

#### **SEC. 105. RELIEF FROM DISABILITIES PROGRAM REQUIRED AS CONDITION FOR PARTICIPATION IN GRANT PROGRAMS.**

(a) **PROGRAM DESCRIBED.**—A relief from disabilities program is implemented by a State in accordance with this section if the program—

(1) permits a person who, pursuant to State law, has been adjudicated as described in subsection (g)(4) of section 922 of title 18, United States Code, or has been committed to a mental institution, to apply to the State for relief from the disabilities imposed by subsections (d)(4) and (g)(4) of such section by reason of the adjudication or commitment;

(2) provides that a State court, board, commission, or other lawful authority shall grant the relief, pursuant to State law and in accordance with the principles of due process, if the circumstances regarding the disabilities referred to in paragraph (1), and the person's record and reputation, are such that the person will not be likely to act in a manner dangerous to public safety and that the granting of the relief would not be contrary to the public interest; and

(3) permits a person whose application for the relief is denied to file a petition with the State court of appropriate jurisdiction for a de novo judicial review of the denial.

(b) **AUTHORITY TO PROVIDE RELIEF FROM CERTAIN DISABILITIES WITH RESPECT TO FIREARMS.**—If, under a State relief from disabilities program implemented in accordance

with this section, an application for relief referred to in subsection (a)(1) of this section is granted with respect to an adjudication or a commitment to a mental institution or based upon a removal of a record under section 102(c)(1)(B), the adjudication or commitment, as the case may be, is deemed not to have occurred for purposes of subsections (d)(4) and (g)(4) of section 922 of title 18, United States Code.

#### **SEC. 106. ILLEGAL IMMIGRANT GUN PURCHASE NOTIFICATION.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law or of this Act, all records obtained by the National Instant Criminal Background Check system relevant to whether an individual is prohibited from possessing a firearm because such person is an alien illegally or unlawfully in the United States shall be made available to U.S. Immigration and Customs Enforcement.

(b) **REGULATIONS.**—The Attorney General, at his or her discretion, shall promulgate guidelines relevant to what records relevant to illegal aliens shall be provided pursuant to the provisions of this Act.

#### **TITLE II—FOCUSING FEDERAL ASSISTANCE ON THE IMPROVEMENT OF REL- EVANT RECORDS**

##### **SEC. 201. CONTINUING EVALUATIONS.**

(a) **EVALUATION REQUIRED.**—The Director of the Bureau of Justice Statistics (referred to in this section as the “Director”) shall study and evaluate the operations of the National Instant Criminal Background Check System. Such study and evaluation shall include compilations and analyses of the operations and record systems of the agencies and organizations necessary to support such System.

(b) **REPORT ON GRANTS.**—Not later than January 31 of each year, the Director shall submit to Congress a report containing the estimates submitted by the States under section 102(b).

(c) **REPORT ON BEST PRACTICES.**—Not later than January 31 of each year, the Director shall submit to Congress, and to each State participating in the National Criminal History Improvement Program, a report of the practices of the States regarding the collection, maintenance, automation, and transmittal of information relevant to determining whether a person is prohibited from possessing or receiving a firearm by Federal or State law, by the State or any other agency, or any other records relevant to the National Instant Criminal Background Check System, that the Director considers to be best practices.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 2009 through 2013 to complete the studies, evaluations, and reports required under this section.

#### **TITLE III—GRANTS TO STATE COURT SYSTEMS FOR THE IMPROVEMENT IN AUTOMATION AND TRANSMITTAL OF DISPOSITION RECORDS**

##### **SEC. 301. DISPOSITION RECORDS AUTOMATION AND TRANSMITTAL IMPROVEMENT GRANTS.**

(a) **GRANTS AUTHORIZED.**—From amounts made available to carry out this section, the Attorney General shall make grants to each State, consistent with State plans for the integration, automation, and accessibility of criminal history records, for use by the State court system to improve the automation and transmittal of criminal history dispositions, records relevant to determining whether a person has been convicted of a misdemeanor crime of domestic violence, court orders, and mental health adjudications or commitments, to Federal and State record repositories in accordance with sections 102 and 103 and the National Criminal History Improvement Program.

(b) **GRANTS TO INDIAN TRIBES.**—Up to 5 percent of the grant funding available under this section may be reserved for Indian tribal governments for use by Indian tribal judicial systems.

(c) **USE OF FUNDS.**—Amounts granted under this section shall be used by the State court system only—

(1) to carry out, as necessary, assessments of the capabilities of the courts of the State for the automation and transmission of arrest and conviction records, court orders, and mental health adjudications or commitments to Federal and State record repositories; and

(2) to implement policies, systems, and procedures for the automation and transmission of arrest and conviction records, court orders, and mental health adjudications or commitments to Federal and State record repositories.

(d) **ELIGIBILITY.**—To be eligible to receive a grant under this section, a State shall certify, to the satisfaction of the Attorney General, that the State has implemented a relief from disabilities program in accordance with section 105.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to the Attorney General to carry out this section \$62,500,000 for fiscal year 2009, \$125,000,000 for fiscal year 2010, \$125,000,000 for fiscal year 2011, \$62,500,000 for fiscal year 2012, and \$62,500,000 for fiscal year 2013.

#### TITLE IV—GAO AUDIT

##### SEC. 401. GAO AUDIT.

(a) **IN GENERAL.**—The Comptroller General of the United States shall conduct an audit of the expenditure of all funds appropriated for criminal records improvement pursuant to section 106(b) of the Brady Handgun Violence Prevention Act (Public Law 103-159) to determine if the funds were expended for the purposes authorized by the Act and how those funds were expended for those purposes or were otherwise expended.

(b) **REPORT.**—Not later than 6 months after the date of enactment of this Act, the Comptroller General shall submit a report to Congress describing the findings of the audit conducted pursuant to subsection (a).

**SA 3888.** Mr. SCHUMER (for Mr. BIDEN (for himself and Mr. McCONNELL)) proposed an amendment to the bill H.R. 3890, of 2003 to impose import sanctions on Burmese gemstones, expand the number of individuals against whom the visa ban is applicable, expand the blocking of assets and other prohibited activities, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

##### SECTION 1. SHORT TITLE.

This Act may be cited as the “Burma Democracy Promotion Act of 2007”.

##### SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Beginning on August 19, 2007, hundreds of thousands of citizens of Burma, including thousands of Buddhist monks and students, participated in peaceful demonstrations against rapidly deteriorating living conditions and the violent and repressive policies of the State Peace and Development Council, the ruling military regime in Burma—

(A) to demand the release of all political prisoners, including 1991 Nobel Peace Prize winner Aung San Suu Kyi; and

(B) to urge the SPDC to engage in meaningful dialogue to pursue national reconciliation.

(2) The SPDC violently confronted unarmed demonstrators, killing, injuring, and

imprisoning citizens, including several thousand Buddhist monks, and continues to forcefully restrict peaceful forms of public expression.

(3) The Department of State’s 2006 Country Reports on Human Rights Practices found that the SPDC—

(A) routinely restricts freedoms of speech, press, assembly, association, religion, and movement;

(B) traffics in persons;

(C) discriminates against women and ethnic minorities;

(D) forcibly recruits child soldiers and child labor; and

(E) commits other serious violations of human rights, including extrajudicial killings, custodial deaths, disappearances, rape, torture, abuse of prisoners and detainees, and the imprisonment of citizens arbitrarily for political motives.

(4) Aung San Suu Kyi has been arbitrarily imprisoned or held under house arrest for more than 12 years.

(5) On September 25, 2007, President Bush announced that the United States would—

(A) tighten economic sanctions against Burma, and block property and interests in property of—

(i) certain senior leaders of the SPDC;

(ii) individuals who provide financial backing for the SPDC; and

(iii) individuals responsible for violations of human rights and for impeding the transition to democracy in Burma; and

(B) impose an expanded visa ban on individuals—

(i) responsible for violations of human rights; and

(ii) who aid, abet, or benefit from the efforts of the SPDC to impede the efforts of the people of Burma to transition to democracy and ensure respect for human dignity.

(6) The Burmese regime and its supporters finance their ongoing violations of human rights, undemocratic policies, and military activities through financial transactions, travel, and trade involving the United States, including the sale of gemstones and hardwoods.

(7) The SPDC seeks to evade the sanctions imposed in the Burmese Freedom and Democracy Act of 2003. Millions of dollars in gemstones that are exported from Burma ultimately enter the United States, but the Burmese regime attempts to conceal the origin of the gemstones in an effort to evade sanctions. For example, over 90 percent of the world’s ruby supply originates in Burma but only 3 percent of the rubies entering the United States are claimed to be of Burmese origin. The value of Burmese gemstones is predominantly based on their original quality and geological origin, rather than the labor involved in cutting and polishing the gemstones.

(8) Burma is home to approximately 60 percent of the world’s native teak reserves. More than ¼ of the world’s internationally traded teak originates from Burma, and hardwood sales, mainly of teak, represent more than 11 percent of Burma’s official foreign exchange earnings.

(9) Burma officially exports tens of millions of dollars worth of rubies, sapphires, pearls, jade, and other precious stones each year and the SPDC owns a majority stake in all mining operations within the borders of Burma.

(10) On October 11, 2007, the United Nations Security Council, with the consent of the People’s Republic of China, issued a statement condemning the violence in Burma, urging the release of all political prisoners, and calling on the SPDC to enter into a United Nations-mediated dialogue with its political opposition.

(11) The United Nations special envoy Ibrahim Gambari traveled to Burma from September 29, 2007, through October 2, 2007, holding meetings with SPDC leader General Than Shwe and democracy advocate Aung San Suu Kyi in an effort to promote dialogue between the SPDC and democracy advocates.

(12) The leaders of the SPDC will have a greater incentive to cooperate with diplomatic efforts by the United Nations, the Association of Southeast Asian Nations, and the People’s Republic of China if they come under targeted economic pressure that denies them access to personal wealth and sources of revenue.

##### SEC. 3. DEFINITIONS.

In this Act:

(1) **ACCOUNT; CORRESPONDENT ACCOUNT; PAYABLE-THROUGH ACCOUNT.**—The terms “account”, “correspondent account”, and “payable-through account” have the meanings given the terms in section 5318A(e)(1) of title 31, United States Code.

(2) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term “appropriate congressional committees” means—

(A) the Committee on Foreign Relations of the Senate;

(B) the Committee on Finance of the Senate;

(C) the Committee on Foreign Affairs of the House of Representatives; and

(D) the Committee on Ways and Means of the House of Representatives.

(3) **ASEAN.**—The term “ASEAN” means the Association of Southeast Asian Nations.

(4) **PERSON.**—The term “person” means—

(A) an individual, corporation, company, business association, partnership, society, trust, any other nongovernmental entity, organization, or group; and

(B) any successor, subunit, or subsidiary of any person described in subparagraph (A).

(5) **SPDC.**—The term “SPDC” means the State Peace and Development Council, the ruling military regime in Burma.

(6) **UNITED STATES PERSON.**—The term “United States person” means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States (including foreign branches), or any person in the United States.

##### SEC. 4. STATEMENT OF POLICY.

It is the policy of the United States to—

(1) condemn the continued repression carried out by the SPDC;

(2) work with the international community, especially the People’s Republic of China, India, Thailand, and ASEAN, to foster support for the legitimate democratic aspirations of the people of Burma and to coordinate efforts to impose sanctions on those directly responsible for human rights abuses in Burma;

(3) provide all appropriate support and assistance to aid a peaceful transition to constitutional democracy in Burma;

(4) support international efforts to alleviate the suffering of Burmese refugees and address the urgent humanitarian needs of the Burmese people; and

(5) identify individuals responsible for the repression of peaceful political activity in Burma and hold them accountable for their actions.

##### SEC. 5. SANCTIONS.

(a) **LIST OF OFFICIALS OF THE SPDC.**—

(1) **IN GENERAL.**—Not later than 30 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a list of—

(A) officials of the SPDC who have played a direct and substantial role in the repression of peaceful political activity in Burma or in the commission of other human rights

abuses, including any current or former officials of the security services and judicial institutions of the SPDC; and

(B) any other Burmese persons who provide substantial economic and political support for the SPDC.

(2) **UPDATES.**—The President shall regularly submit updated versions of the list required under paragraph (1).

(b) **SANCTIONS.**—

(1) **VISA BAN.**—A person included on the list required under subsection (a) shall be ineligible for a visa to enter the United States.

(2) **FINANCIAL SANCTIONS.**—

(A) **BLOCKED PROPERTY.**—No property or interest in property belonging to a person described in subparagraph (C) may be transferred, paid, exported, withdrawn, or otherwise dealt with if—

(i) the property is located in the United States or within the possession or control of a United States person, including the overseas branch of a United States person; or

(ii) the property comes into the possession or control of a United States person after the date of the enactment of this Act.

(B) **FINANCIAL TRANSACTIONS.**—Except with respect to transactions authorized under Executive Orders 13047 (May 20, 1997) and 13310 (July 28, 2003), no United States person may engage in a financial transaction with the SPDC or with a person described in subparagraph (C).

(C) **PERSON DESCRIBED.**—A person is described in this subparagraph if the person is—

(i) an official of the SPDC;

(ii) included on the list required under subsection (a); or

(iii) an immediate family member of a person included on the list required under subsection (a), if the President determines that the person included on the list—

(I) effectively controls the property, for purposes of subparagraph (A); or

(II) would benefit from a financial transaction, for purposes of subparagraph (B).

(c) **AUTHORITY FOR ADDITIONAL BANKING SANCTIONS.**—

(1) **IN GENERAL.**—The Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General of the United States, and the Chairman of the Board of Governors of the Federal Reserve System, may prohibit or impose conditions on the opening or maintaining in the United States of a correspondent account or payable-through account by any financial institution (as that term is defined in section 5312 of title 31, United States Code) or financial agency that is organized under the laws of a State, territory, or possession of the United States, for or on behalf of a foreign banking institution, if the Secretary determines that the account might be used—

(A) by a foreign banking institution that holds property or an interest in property belonging to a person on the list required under subsection (a); or

(B) to conduct a transaction on behalf of a person on the list required under subsection (a).

(2) **AUTHORITY TO DEFINE TERMS.**—The Secretary of the Treasury may, by regulation, further define the terms used in paragraph (1) for purposes of this section, as the Secretary considers appropriate.

(d) **RULE OF CONSTRUCTION.**—Nothing in this section may be construed to prohibit any contract or other financial transaction with any nongovernmental humanitarian organization in Burma.

(e) **EXCEPTIONS.**—

(1) **IN GENERAL.**—The prohibitions and restrictions described in subsections (b) and (c) shall not apply to medicine, medical equipment or supplies, food or feed, or any other form of humanitarian assistance provided to

Burma as relief in response to a humanitarian crisis.

(2) **ADDITIONAL EXCEPTIONS.**—The Secretary of the Treasury may, by regulation, authorize exceptions to the prohibitions and restrictions described in subsection (b) and (c)—

(A) to permit the United States to operate its diplomatic mission;

(B) to permit United States citizens to visit Burma; and

(C) for such other purposes as the Secretary determines to be necessary.

(f) **PENALTIES.**—Any person who violates any prohibition or restriction described in subsection (b) or (c) shall be subject to the penalties under section 6 of the International Emergency Economic Powers Act (50 U.S.C. 1705) to the same extent as for a violation under that Act.

(g) **TERMINATION OF SANCTIONS.**—The sanctions imposed under subsection (b) or (c) shall apply until the President determines and certifies to the appropriate congressional committees that the SPDC has—

(1) unconditionally released all political prisoners, including Aung San Suu Kyi and other members of the National League for Democracy;

(2) entered into a substantive dialogue with democratic forces led by the National League for Democracy and the ethnic minorities of Burma on transitioning to democratic government under the rule of law; and

(3) allowed humanitarian access to populations affected by armed conflict in all regions of Burma.

(h) **WAIVER.**—The sanctions described in subsection (b) or (c) may be waived if the President determines and certifies to the appropriate congressional committees that such waiver is in the national interest of the United States.

#### **SEC. 6. PROHIBITION ON IMPORTATION OF BURMESE GEMS, HARDWOODS, AND OTHER ITEMS.**

Section 3(a)(1) of the Burmese Freedom and Democracy Act of 2003 (50 U.S.C. 1701 note) is amended by striking “a product of Burma.” and inserting “produced, mined, manufactured, grown, or assembled in Burma, including—

“(A) any gemstone or rough unfinished geological material mined or extracted from Burma, whether imported as a loose item or as a component of a finished piece of jewelry; and

“(B) any teak or other hardwood timber, regardless of the country in which such hardwood timber is milled, sawn, or otherwise processed, whether imported in unprocessed form or as a part or component of finished furniture or another wood item.”.

#### **SEC. 7. SPECIAL REPRESENTATIVE AND POLICY COORDINATOR FOR BURMA.**

(a) **UNITED STATES SPECIAL REPRESENTATIVE AND POLICY COORDINATOR FOR BURMA.**—The President shall appoint a Special Representative and Policy Coordinator for Burma, by and with the advice and consent of the Senate.

(b) **RANK.**—The Special Representative and Policy Coordinator for Burma appointed under subsection (a) shall have the rank of ambassador and shall hold the office at the pleasure of the President.

(c) **DUTIES AND RESPONSIBILITIES.**—The Special Representative and Policy Coordinator for Burma shall—

(1) promote a comprehensive international effort, including multilateral sanctions, direct dialogue with the SPDC and democracy advocates, and support for nongovernmental organizations operating in Burma and neighboring countries, designed to restore civilian democratic rule to Burma and address the urgent humanitarian needs of the Burmese people;

(2) consult broadly, including with the Governments of the People's Republic of China, India, Thailand, and Japan, and the members of ASEAN and the European Union to coordinate policies toward Burma;

(3) assist efforts by the United Nations Special Envoy to secure the release of all political prisoners in Burma and to promote dialogue between the SPDC and leaders of Burma's democracy movement, including Aung San Suu Kyi;

(4) consult with Congress on policies relevant to Burma and the future and welfare of all the Burmese people, including refugees; and

(5) coordinate the imposition of Burma sanctions within the United States Government and with the relevant international financial institutions.

#### **SEC. 8. SENSE OF CONGRESS ON COORDINATION WITH THE ASSOCIATION OF SOUTH-EAST ASIAN NATIONS.**

It is the sense of Congress that the United States—

(1) joins the foreign ministers of member nations of ASEAN that have expressed concern over the human rights situation in Burma;

(2) encourages ASEAN to take more substantial steps to ensure a peaceful transition to democracy in Burma;

(3) welcomes steps by ASEAN to strengthen its internal governance through the adoption of a formal ASEAN charter;

(4) urges ASEAN to ensure that all members live up to their membership obligations and adhere to the core principles of ASEAN, including respect for, and commitment to, human rights; and

(5) would welcome a decision by ASEAN, consistent with its core documents and its new charter, to review Burma's membership in ASEAN and consider appropriate disciplinary measures, including suspension, until such time as the Government of Burma has demonstrated an improved respect for, and commitment to, human rights.

#### **SEC. 9. SUPPORT FOR CONSTITUTIONAL DEMOCRACY IN BURMA.**

(a) **IN GENERAL.**—The President is authorized to assist Burmese democracy activists who are dedicated to nonviolent opposition to the SPDC in their efforts to promote freedom, democracy, and human rights in Burma.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$5,000,000 to the Secretary of State for fiscal year 2008 to—

(1) provide aid to democracy activists in Burma;

(2) provide aid to individuals and groups conducting democracy programming outside of Burma targeted at a peaceful transition to constitutional democracy inside Burma; and

(3) expand radio and television broadcasting into Burma.

#### **SEC. 10. SUPPORT FOR NONGOVERNMENTAL ORGANIZATIONS ADDRESSING THE HUMANITARIAN NEEDS OF THE BURMESE PEOPLE.**

(a) **SENSE OF CONGRESS.**—It is the sense of Congress that the international community should increase support for nongovernmental organizations attempting to meet the urgent humanitarian needs of the Burmese people.

(b) **LICENSES FOR HUMANITARIAN OR RELIGIOUS ACTIVITIES IN BURMA.**—Section 5 of the Burmese Freedom and Democracy Act of 2003 (50 U.S.C. 1701) is amended—

(1) by inserting “(a) **OPPOSITION TO ASSISTANCE TO BURMA**” before “The Secretary”; and

(2) by adding at the end the following:

“(b) **LICENSES FOR HUMANITARIAN OR RELIGIOUS ACTIVITIES IN BURMA.**—Notwithstanding any other provision of law, the Secretary of the Treasury is authorized to issue

multi-year licenses for humanitarian or religious activities in Burma. Licenses issued pursuant to this section shall be subject to annual review.”.

(C) **AUTHORIZATION OF APPROPRIATIONS.**—

(1) **IN GENERAL.**—Subject to paragraph (2), there are authorized to be appropriated \$11,000,000 to the Secretary of State for fiscal year 2008 to support operations by non-governmental organizations designed to address the humanitarian needs of the Burmese people inside Burma and in refugee camps in neighboring countries.

(2) **LIMITATION.**—

(A) **IN GENERAL.**—Except as provided under subparagraph (B), amounts appropriated pursuant to paragraph (1) may not be provided to—

- (i) SPDC-controlled entities;
- (ii) entities run by members of the SPDC or their families; or
- (iii) entities providing cash or resources to the SPDC, including organizations affiliated with the United Nations.

(B) **WAIVER.**—The President may waive the funding restriction described in subparagraph (A) if—

- (i) the President determines and certifies to the appropriate congressional committees that such waiver is in the national security interests of the United States;
- (ii) a description of the national security need for the waiver is submitted to the appropriate congressional committees; and
- (iii) the description submitted under clause (ii) is posted on a publicly accessible Internet Web site of the Department of State.

**SEC. 11. REPORT ON MILITARY AID TO BURMA.**

(a) **IN GENERAL.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall submit a report to the appropriate congressional committees that—

- (1) contains a list of countries that provide military aid to Burma; and
- (2) describes the military aid provided by each of the countries described in paragraph (1).

(b) **MILITARY AID DEFINED.**—In this section, the term “military aid” includes—

- (1) the provision of weapons, military vehicles, and military aircraft;
- (2) the provision of military training; and
- (3) conducting joint military exercises.

(c) **FORM.**—The report required under subsection (a) shall be submitted in unclassified form and may include a classified annex.

**SEC. 12. SENSE OF CONGRESS ON INTERNATIONAL ARMS SALES TO BURMA.**

It is the sense of Congress that the United States should lead efforts in the United Nations Security Council to impose a mandatory international arms embargo on Burma, curtailing all sales of weapons, ammunition, military vehicles, and military aircraft to Burma until the SPDC releases all political prisoners, restores constitutional rule, and holds free and fair elections to establish a new government.

**SA 3889.** Mr. SCHUMER (for Mr. BIDEN (for himself and Mr. MCCONNELL)) proposed an amendment to the bill H.R. 3890, of 2003 to impose import sanctions on Burmese gemstones, expand the number of individuals against whom the visa ban is applicable, expand the blocking of assets and other prohibited activities, and for other purposes; as follows:

The title is amended to read as follows:

“An Act to impose sanctions on officials of the State Peace and Development Council in Burma, to amend the Burmese Freedom and Democracy Act of 2003 to prohibit the importation of gemstones and hardwoods

from Burma, to promote a coordinated international effort to restore civilian democratic rule to Burma, and for other purposes.”.

**SA 3890.** Mr. REID (for Mr. BAUCUS) proposed an amendment to the bill H.R. 3997, to amend the Internal Revenue Code of 1986 to provide tax relief and protections for military personnel, and for other purposes; as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the amendment of the Senate, insert the following:

**SECTION 1. SHORT TITLE, ETC.**

(a) **SHORT TITLE.**—This Act may be cited as the “Defenders of Freedom Tax Relief Act of 2007”.

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

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

Sec. 1. Short title, etc.

**TITLE I—BENEFITS FOR MILITARY**

Sec. 101. Election to include combat pay as earned income for purposes of earned income tax credit.

Sec. 102. Modification of mortgage revenue bonds for veterans.

Sec. 103. Survivor and disability payments with respect to qualified military service.

Sec. 104. Treatment of differential military pay as wages.

Sec. 105. Special period of limitation when uniformed services retired pay is reduced as a result of award of disability compensation.

Sec. 106. Distributions from retirement plans to individuals called to active duty.

Sec. 107. Disclosure of return information relating to veterans programs made permanent.

Sec. 108. Contributions of military death gratuities to Roth IRAs and Education Savings Accounts.

Sec. 109. Suspension of 5-year period during service with the Peace Corps.

Sec. 110. Credit for employer differential wage payments to employees who are active duty members of the uniformed services.

Sec. 111. State payments to service members treated as qualified military benefits.

Sec. 112. Permanent exclusion of gain from sale of a principal residence by certain employees of the intelligence community.

Sec. 113. Special disposition rules for unused benefits in health flexible spending arrangements of individuals called to active duty.

Sec. 114. Option to exclude military basic housing allowance for purposes of determining income eligibility under low-income housing credit and bond-financed residential rental projects.

**TITLE II—REVENUE PROVISIONS**

Sec. 201. Increase in penalty for failure to file partnership returns.

Sec. 202. Increase in penalty for failure to file S corporation returns.

Sec. 203. Increase in minimum penalty on failure to file a return of tax.

Sec. 204. Revision of tax rules on expatriation.

Sec. 205. Special enrollment option by employer health plans for members of uniform services who lose health care coverage.

**TITLE III—TAX TECHNICAL CORRECTIONS**

Sec. 301. Short title.

Sec. 302. Amendment related to the Tax Relief and Health Care Act of 2006.

Sec. 303. Amendments related to title XII of the Pension Protection Act of 2006.

Sec. 304. Amendments related to the Tax Increase Prevention and Reconciliation Act of 2005.

Sec. 305. Amendments related to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.

Sec. 306. Amendments related to the Energy Policy Act of 2005.

Sec. 307. Amendments related to the American Jobs Creation Act of 2004.

Sec. 308. Amendments related to the Economic Growth and Tax Relief Reconciliation Act of 2001.

Sec. 309. Amendments related to the Tax Relief Extension Act of 1999.

Sec. 310. Amendment related to the Internal Revenue Service Restructuring and Reform Act of 1998.

Sec. 311. Clerical corrections.

**TITLE IV—PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS**

Sec. 401. Parity in application of certain limits to mental health benefits.

**TITLE I—BENEFITS FOR MILITARY**

**SEC. 101. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.**

(a) **IN GENERAL.**—Clause (vi) of section 32(c)(2)(B) (defining earned income) is amended to read as follows:

“(vi) a taxpayer may elect to treat amounts excluded from gross income by reason of section 112 as earned income.”.

(b) **SUNSET NOT APPLICABLE.**—Section 105 of the Working Families Tax Relief Act of 2004 (relating to application of EGTRRA sunset to this title) shall not apply to section 104(b) of such Act.

(c) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years ending after December 31, 2007.

**SEC. 102. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.**

(a) **QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.**—Subparagraph (D) of section 143(d)(2) (relating to exceptions) is amended by striking “and before January 1, 2008”.

(b) **INCREASE IN BOND LIMITATION FOR ALASKA, OREGON, AND WISCONSIN.**—Clause (ii) of section 143(l)(3)(B) (relating to State veterans limit) is amended by striking “\$25,000,000” each place it appears and inserting “\$100,000,000”.

(c) **DEFINITION OF QUALIFIED VETERAN.**—Paragraph (4) of section 143(l) (defining qualified veteran) is amended to read as follows:

“(4) **QUALIFIED VETERAN.**—For purposes of this subsection, the term ‘qualified veteran’ means any veteran who—

“(A) served on active duty, and

“(B) applied for the financing before the date 25 years after the last date on which such veteran left active service.”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to bonds issued after December 31, 2007.

**SEC. 103. SURVIVOR AND DISABILITY PAYMENTS WITH RESPECT TO QUALIFIED MILITARY SERVICE.**

(a) **PLAN QUALIFICATION REQUIREMENT FOR DEATH BENEFITS UNDER USERRA—QUALIFIED ACTIVE MILITARY SERVICE.**—Subsection (a) of

section 401 (relating to requirements for qualification) is amended by inserting after paragraph (36) the following new paragraph:

“(37) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—A trust shall not constitute a qualified trust unless the plan provides that, in the case of a participant who dies while performing qualified military service (as defined in section 414(u)), the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the plan had the participant resumed and then terminated employment on account of death.”.

(b) TREATMENT IN THE CASE OF DEATH OR DISABILITY RESULTING FROM ACTIVE MILITARY SERVICE FOR BENEFIT ACCRUAL PURPOSES.—Subsection (u) of section 414 (relating to special rules relating to veterans' reemployment rights under USERRA) is amended by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively, and by inserting after paragraph (8) the following new paragraph:

“(9) TREATMENT IN THE CASE OF DEATH OR DISABILITY RESULTING FROM ACTIVE MILITARY SERVICE.—

“(A) IN GENERAL.—For benefit accrual purposes, an employer sponsoring a retirement plan may treat an individual who dies or becomes disabled (as defined under the terms of the plan) while performing qualified military service with respect to the employer maintaining the plan as if the individual has resumed employment in accordance with the individual's reemployment rights under chapter 43 of title 38, United States Code, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. In the case of any such treatment, and subject to subparagraphs (B) and (C), any full or partial compliance by such plan with respect to the benefit accrual requirements of paragraph (8) with respect to such individual shall be treated for purposes of paragraph (1) as if such compliance were required under such chapter 43.

“(B) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A) shall apply only if all individuals performing qualified military service with respect to the employer maintaining the plan (as determined under subsections (b), (c), (m), and (o)) who die or become disabled as a result of performing qualified military service prior to reemployment by the employer are credited with service and benefits on reasonably equivalent terms.

“(C) DETERMINATION OF BENEFITS.—The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under subparagraph (A) for purposes of applying paragraph (8)(C) shall be determined on the basis of the individual's average actual employee contributions or elective deferrals for the lesser of—

“(i) the 12-month period of service with the employer immediately prior to qualified military service, or

“(ii) if service with the employer is less than such 12-month period, the actual length of continuous service with the employer.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 404(a)(2) is amended by striking “and (31)” and inserting “(31), and (37)”.

(2) Section 403(b) is amended by adding at the end the following new paragraph:

“(14) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—This subsection shall not apply to an annuity contract unless such contract meets the requirements of section 401(a)(37).”.

(3) Section 457(g) is amended by adding at the end the following new paragraph:

“(4) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—A plan de-

scribed in paragraph (1) shall not be treated as an eligible deferred compensation plan unless such plan meets the requirements of section 401(a)(37).”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to deaths and disabilities occurring on or after January 1, 2007.

(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(A) IN GENERAL.—If this subparagraph applies to any plan or contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(iii).

(B) AMENDMENTS TO WHICH SUBPARAGRAPH (A) APPLIES.—

(i) IN GENERAL.—Subparagraph (A) shall apply to any amendment to any plan or annuity contract which is made—

(I) pursuant to the amendments made by subsection (a) or pursuant to any regulation issued by the Secretary of the Treasury under subsection (a), and

(II) on or before the last day of the first plan year beginning on or after January 1, 2009.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this clause shall be applied by substituting “2011” for “2009” in subclause (II).

(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—

(I) the plan or contract is operated as if such plan or contract amendment were in effect for the period described in clause (iii), and

(II) such plan or contract amendment applies retroactively for such period.

(iii) PERIOD DESCRIBED.—The period described in this clause is the period—

(I) beginning on the effective date specified by the plan, and

(II) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted).

#### SEC. 104. TREATMENT OF DIFFERENTIAL MILITARY PAY AS WAGES.

(a) INCOME TAX WITHHOLDING ON DIFFERENTIAL WAGE PAYMENTS.—

(1) IN GENERAL.—Section 3401 (relating to definitions) is amended by adding at the end the following new subsection:

“(h) DIFFERENTIAL WAGE PAYMENTS TO ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.—

“(1) IN GENERAL.—For purposes of subsection (a), any differential wage payment shall be treated as a payment of wages by the employer to the employee.

“(2) DIFFERENTIAL WAGE PAYMENT.—For purposes of paragraph (1), the term ‘differential wage payment’ means any payment which—

“(A) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days, and

“(B) represents all or a portion of the wages the individual would have received from the employer if the individual were performing service for the employer.”.

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

(b) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS FOR RETIREMENT PLAN PURPOSES.—

(1) PENSION PLANS.—

(A) IN GENERAL.—Section 414(u) (relating to special rules relating to veterans' reemploy-

ment rights under USERRA), as amended by section 103(b), is amended by adding at the end the following new paragraph:

“(12) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS.—

“(A) IN GENERAL.—Except as provided in this paragraph, for purposes of applying this title to a retirement plan to which this subsection applies—

“(i) an individual receiving a differential wage payment shall be treated as an employee of the employer making the payment,

“(ii) the differential wage payment shall be treated as compensation, and

“(iii) the plan shall not be treated as failing to meet the requirements of any provision described in paragraph (1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

“(B) SPECIAL RULE FOR DISTRIBUTIONS.—

(i) IN GENERAL.—Notwithstanding subparagraph (A)(i), for purposes of section 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services described in section 3401(h)(2)(A).

(ii) LIMITATION.—If an individual elects to receive a distribution by reason of clause (i), the plan shall provide that the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

“(C) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A)(iii) shall apply only if all employees of an employer (as determined under subsections (b), (c), (m), and (o)) performing service in the uniformed services described in section 3401(h)(2)(A) are entitled to receive differential wage payments on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the employer, to make contributions based on the payments on reasonably equivalent terms. For purposes of applying this subparagraph, the provisions of paragraphs (3), (4), and (5) of section 410(b) shall apply.

“(D) DIFFERENTIAL WAGE PAYMENT.—For purposes of this paragraph, the term ‘differential wage payment’ has the meaning given such term by section 3401(h)(2).”.

(B) CONFORMING AMENDMENT.—The heading for section 414(u) is amended by inserting “AND TO DIFFERENTIAL WAGE PAYMENTS TO MEMBERS ON ACTIVE DUTY” after “USERRA”.

(2) DIFFERENTIAL WAGE PAYMENTS TREATED AS COMPENSATION FOR INDIVIDUAL RETIREMENT PLANS.—Section 219(f)(1) (defining compensation) is amended by adding at the end the following new sentence: “The term compensation includes any differential wage payment (as defined in section 3401(h)(2)).”.

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

(c) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(1) IN GENERAL.—If this subsection applies to any plan or annuity contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i).

(2) AMENDMENTS TO WHICH SECTION APPLIES.—

(A) IN GENERAL.—This subsection shall apply to any amendment to any plan or annuity contract which is made—

(i) pursuant to any amendment made by subsection (b)(1), and

(ii) on or before the last day of the first plan year beginning on or after January 1, 2009.



In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this subparagraph shall be applied by substituting “2011” for “2009” in clause (ii).

(B) CONDITIONS.—This subsection shall not apply to any plan or annuity contract amendment unless—

(i) during the period beginning on the date the amendment described in subparagraph (A)(i) takes effect and ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and

(ii) such plan or contract amendment applies retroactively for such period.

**SEC. 105. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.**

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

“(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

“(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

“(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

“(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

“(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting “the date of the enactment of the Defenders of Freedom Tax Relief Act of 2007” for “the date of such determination” in subparagraph (A) thereof.

**SEC. 106. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.**

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking “, and before December 31, 2007”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.

**SEC. 107. DISCLOSURE OF RETURN INFORMATION RELATING TO VETERANS PROGRAMS MADE PERMANENT.**

(a) IN GENERAL.—Subparagraph (D) of section 6103(1)(7) (relating to disclosure of re-

turn information to Federal, State, and local agencies administering certain programs under the Social Security Act, the Food Stamp Act of 1977, or title 38, United States Code or certain housing assistance programs) is amended by striking the last sentence.

(b) TECHNICAL AMENDMENT.—Section 6103(1)(7)(D)(viii)(III) is amended by striking “sections 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B)” and inserting “sections 1710(a)(2)(G), 1710(a)(3), and 1710(b)”.

**SEC. 108. CONTRIBUTIONS OF MILITARY DEATH GRATUITIES TO ROTH IRAS AND EDUCATION SAVINGS ACCOUNTS.**

(a) PROVISION IN EFFECT BEFORE PENSION PROTECTION ACT.—Subsection (e) of section 408A (relating to qualified rollover contribution), as in effect before the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

“(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified rollover contribution’ means a rollover contribution to a Roth IRA from another such account, or from an individual retirement plan, but only if such rollover contribution meets the requirements of section 408(d)(3). Such term includes a rollover contribution described in section 402A(c)(3)(A). For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.

“(2) MILITARY DEATH GRATUITY.—

“(A) IN GENERAL.—The term ‘qualified rollover contribution’ includes a contribution to a Roth IRA maintained for the benefit of an individual made before the end of the 1-year period beginning on the date on which such individual receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—

“(i) the sum of the amounts received during such period by such individual under such sections with respect to such person, reduced by

“(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by subparagraph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.”.

(b) PROVISION IN EFFECT AFTER PENSION PROTECTION ACT.—Subsection (e) of section 408A, as in effect after the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

“(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified rollover contribution’ means a rollover contribution—

“(A) to a Roth IRA from another such account,

“(B) from an eligible retirement plan, but only if—

“(i) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and

“(ii) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.

For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover

contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.

“(2) MILITARY DEATH GRATUITY.—

“(A) IN GENERAL.—The term ‘qualified rollover contribution’ includes a contribution to a Roth IRA maintained for the benefit of an individual made before the end of the 1-year period beginning on the date on which such individual receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—

“(i) the sum of the amounts received during such period by such individual under such sections with respect to such person, reduced by

“(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.”.

(c) EDUCATION SAVINGS ACCOUNTS.—Subsection (d) of section 530 is amended by adding at the end the following new paragraph:

“(9) MILITARY DEATH GRATUITY.—

“(A) IN GENERAL.—For purposes of this section, the term ‘rollover contribution’ includes a contribution to a Coverdell education savings account made before the end of the 1-year period beginning on the date on which the contributor receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—

“(i) the sum of the amounts received during such period by such contributor under such sections with respect to such person, reduced by

“(ii) the amounts so received which were contributed to a Roth IRA under section 408A(e)(2) or to another Coverdell education savings account.

“(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—The last sentence of paragraph (5) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).

“(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is includible in gross income under paragraph (1), the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraphs (2) and (3), the amendments made by this section shall apply with respect to deaths from injuries occurring on or after the date of the enactment of this Act.

(2) APPLICATION OF AMENDMENTS TO DEATHS FROM INJURIES OCCURRING ON OR AFTER OCTOBER 7, 2001, AND BEFORE ENACTMENT.—The amendments made by this section shall apply to any contribution made pursuant to section 408A(e)(2) or 530(d)(5) of the Internal Revenue Code of 1986, as amended by this Act, with respect to amounts received under section 1477 of title 10, United States Code, or under section 1967 of title 38 of such Code, for deaths from injuries occurring on or after October 7, 2001, and before the date of the enactment of this Act if such contribution is made not later than 1 year after the date of the enactment of this Act.

(3) PENSION PROTECTION ACT CHANGES.—Section 408A(e)(1) of the Internal Revenue Code

of 1986 (as in effect after the amendments made by subsection (b)) shall apply to taxable years beginning after December 31, 2007.

**SEC. 109. SUSPENSION OF 5-YEAR PERIOD DURING SERVICE WITH THE PEACE CORPS.**

(a) IN GENERAL.—Subsection (d) of section 121 (relating to special rules) is amended by adding at the end the following new paragraph:

“(12) PEACE CORPS.—

“(A) IN GENERAL.—At the election of an individual with respect to a property, the running of the 5-year period described in subsections (a) and (c)(1)(B) and paragraph (7) of this subsection with respect to such property shall be suspended during any period that such individual or such individual’s spouse is serving outside the United States—

“(i) on qualified official extended duty (as defined in paragraph (9)(C)) as an employee of the Peace Corps, or

“(ii) as an enrolled volunteer or volunteer leader under section 5 or 6 (as the case may be) of the Peace Corps Act (22 U.S.C. 2504, 2505).

“(B) APPLICABLE RULES.—For purposes of subparagraph (A), rules similar to the rules of subparagraphs (B) and (D) shall apply.”.

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

**SEC. 110. CREDIT FOR EMPLOYER DIFFERENTIAL WAGE PAYMENTS TO EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business credits) is amended by adding at the end the following new section:

**“SEC. 450. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.**

“(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible small business employer, the differential wage payment credit for any taxable year is an amount equal to 20 percent of the sum of the eligible differential wage payments for each of the qualified employees of the taxpayer during such taxable year.

“(b) DEFINITIONS.—For purposes of this section—

“(1) ELIGIBLE DIFFERENTIAL WAGE PAYMENTS.—The term ‘eligible differential wage payments’ means, with respect to each qualified employee, so much of the differential wage payments (as defined in section 3401(h)(2)) paid to such employee for the taxable year as does not exceed \$20,000.

“(2) QUALIFIED EMPLOYEE.—The term ‘qualified employee’ means a person who has been an employee of the taxpayer for the 91-day period immediately preceding the period for which any differential wage payment is made.

“(3) ELIGIBLE SMALL BUSINESS EMPLOYER.—

“(A) IN GENERAL.—The term ‘eligible small business employer’ means, with respect to any taxable year, any employer which—

“(i) employed an average of less than 50 employees on business days during such taxable year, and

“(ii) under a written plan of the employer, provides eligible differential wage payments to every qualified employee of the employer.

“(B) CONTROLLED GROUPS.—For purposes of subparagraph (A), all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.

“(C) COORDINATION WITH OTHER CREDITS.—The amount of credit otherwise allowable under this chapter with respect to compensation paid to any employee shall be reduced by the credit determined under this section with respect to such employee.

“(d) DISALLOWANCE FOR FAILURE TO COMPLY WITH EMPLOYMENT OR REEMPLOYMENT RIGHTS OF MEMBERS OF THE RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—No credit shall be allowed under subsection (a) to a taxpayer for—

“(1) any taxable year, beginning after the date of the enactment of this section, in which the taxpayer is under a final order, judgment, or other process issued or required by a district court of the United States under section 4323 of title 38 of the United States Code with respect to a violation of chapter 43 of such title, and

“(2) the 2 succeeding taxable years.

“(e) CERTAIN RULES TO APPLY.—For purposes of this section, rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

“(f) TERMINATION.—This section shall not apply to any payments made after December 31, 2009.”.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to general business credit) is amended by striking “plus” at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting “, plus”, and by adding at the end of following new paragraph:

“(32) the differential wage payment credit determined under section 450(a).”.

(c) NO DEDUCTION FOR COMPENSATION TAKEN INTO ACCOUNT FOR CREDIT.—Section 280C(a) (relating to rule for employment credits) is amended by inserting “450(a),” after “45A(a).”.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

“Sec. 450. Employer wage credit for employees who are active duty members of the uniformed services.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid after the date of the enactment of this Act.

**SEC. 111. STATE PAYMENTS TO SERVICE MEMBERS TREATED AS QUALIFIED MILITARY BENEFITS.**

(a) IN GENERAL.—Section 134(b) (defining qualified military benefit) is amended by adding at the end the following new paragraph:

“(6) CERTAIN STATE PAYMENTS.—The term ‘qualified military benefit’ includes any bonus payment by a State or political subdivision thereof to any member or former member of the uniformed services of the United States or any dependent of such member only by reason of such member’s service in an combat zone (as defined in section 112(c)(2), determined without regard to the parenthetical).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made before, on, or after the date of the enactment of this Act.

**SEC. 112. PERMANENT EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.**

(a) PERMANENT EXCLUSION.—

(1) IN GENERAL.—Section 417(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by striking “and before January 1, 2011”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales or exchanges after December 31, 2010.

(b) DUTY STATION MAY BE INSIDE UNITED STATES.—

(1) IN GENERAL.—Section 121(d)(9)(C) (defining qualified official extended duty) is amended by striking clause (vi).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales

or exchanges after the date of the enactment of this Act.

**SEC. 113. SPECIAL DISPOSITION RULES FOR UNUSED BENEFITS IN HEALTH FLEXIBLE SPENDING ARRANGEMENTS OF INDIVIDUALS CALLED TO ACTIVE DUTY.**

(a) IN GENERAL.—Section 125 (relating to cafeteria plans) is amended by redesignating subsections (h) and (i) as subsection (i) and (j), respectively, and by inserting after subsection (g) the following new subsection:

“(h) SPECIAL RULE FOR UNUSED BENEFITS IN HEALTH FLEXIBLE SPENDING ARRANGEMENTS OF INDIVIDUALS CALLED TO ACTIVE DUTY.—

“(1) IN GENERAL.—For purposes of this title, a plan or other arrangement shall not fail to be treated as a cafeteria plan or health flexible spending arrangement merely because such arrangement provides for qualified reservist distributions.

“(2) QUALIFIED RESERVIST DISTRIBUTION.—For purposes of this subsection, the term ‘qualified reservist distribution’ means, any distribution to an individual of all or a portion of the balance in the employee’s account under such arrangement if—

“(A) such individual was (by reason of being a member of a reserve component (as defined in section 101 of title 37, United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and

“(B) such distribution is made during the period beginning on the date of such order or call and ending on the last date that reimbursements could otherwise be made under such arrangement for the plan year which includes the date of such order or call.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 114. OPTION TO EXCLUDE MILITARY BASIC HOUSING ALLOWANCE FOR PURPOSES OF DETERMINING INCOME ELIGIBILITY UNDER LOW-INCOME HOUSING CREDIT AND BOND-FINANCED RESIDENTIAL RENTAL PROJECTS.**

(a) IN GENERAL.—The last sentence of 142(d)(2)(B) (relating to income of individuals; area median gross income) is amended to read as follows: “For purposes of determining income under this subparagraph—

“(i) subsections (g) and (h) of section 7872 shall not apply, and

“(ii) in the case of determinations made before January 1, 2015, payments under section 403 of title 37, United States Code, as a basic pay allowance for housing shall be disregarded if the project is located in a census tract which is designated by the Governor (of the State in which such tract is located) as being in need of housing for members of the Armed Forces of the United States.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect with respect to determinations made after the date of the enactment of this Act.

## TITLE II—REVENUE PROVISIONS

**SEC. 201. INCREASE IN PENALTY FOR FAILURE TO FILE PARTNERSHIP RETURNS.**

(a) INCREASE IN PENALTY AMOUNT.—Paragraph (1) of section 6698(b) (relating to amount per month), as amended by section 8 of the Mortgage Forgiveness Debt Relief Act of 2007, is amended by striking “\$85” and inserting “\$100”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 8 of the Mortgage Forgiveness Debt Relief Act of 2007.

**SEC. 202. INCREASE IN PENALTY FOR FAILURE TO FILE S CORPORATION RETURNS.**

(a) IN GENERAL.—Paragraph (1) of section 6699(b) (relating to amount per month), as

added to the Internal Revenue Code of 1986 by section 9 of the Mortgage Forgiveness Debt Relief Act of 2007, is amended by striking “\$85” and inserting “\$100”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 9 of the Mortgage Forgiveness Debt Relief Act of 2007.

**SEC. 203. INCREASE IN MINIMUM PENALTY ON FAILURE TO FILE A RETURN OF TAX.**

(a) **IN GENERAL.**—Subsection (a) of section 6651 is amended by striking “\$100” in the last sentence and inserting “\$225”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to returns the due date for the filing of which (including extensions) is after December 31, 2007.

**SEC. 204. REVISION OF TAX RULES ON EXPATRIATION.**

(a) **IN GENERAL.**—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**“SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

“(a) **GENERAL RULES.**—For purposes of this subtitle—

“(1) **MARK TO MARKET.**—All property of a covered expatriate shall be treated as sold on the day before the expatriation date for its fair market value.

“(2) **RECOGNITION OF GAIN OR LOSS.**—In the case of any sale under paragraph (1)—

“(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

“(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence, determined without regard to paragraph (3).

“(3) **EXCLUSION FOR CERTAIN GAIN.**—

“(A) **IN GENERAL.**—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of paragraph (1) shall be reduced (but not below zero) by \$600,000.

“(B) **ADJUSTMENT FOR INFLATION.**—

“(i) **IN GENERAL.**—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting ‘calendar year 2007’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(ii) **ROUNDING.**—If any amount as adjusted under clause (i) is not a multiple of \$1,000, such amount shall be rounded to the nearest multiple of \$1,000.

“(b) **ELECTION TO DEFER TAX.**—

“(1) **IN GENERAL.**—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the time for payment of the additional tax attributable to such property shall be extended until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

“(2) **DETERMINATION OF TAX WITH RESPECT TO PROPERTY.**—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this

chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

“(3) **TERMINATION OF EXTENSION.**—The due date for payment of tax may not be extended under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

“(4) **SECURITY.**—

“(A) **IN GENERAL.**—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

“(B) **ADEQUATE SECURITY.**—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

“(i) it is a bond which is furnished to, and accepted by, the Secretary, which is conditioned on the payment of tax (and interest thereon), and which meets the requirements of section 6325, or

“(ii) it is another form of security for such payment (including letters of credit) that meets such requirements as the Secretary may prescribe.

“(5) **WAIVER OF CERTAIN RIGHTS.**—No election may be made under paragraph (1) unless the taxpayer makes an irrevocable waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

“(6) **ELECTIONS.**—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable.

“(7) **INTEREST.**—For purposes of section 6601, the last date for the payment of tax shall be determined without regard to the election under this subsection.

“(c) **EXCEPTION FOR CERTAIN PROPERTY.**—Subsection (a) shall not apply to—

“(1) any deferred compensation item (as defined in subsection (d)(4)),

“(2) any specified tax deferred account (as defined in subsection (e)(2)), and

“(3) any interest in a nongrantor trust (as defined in subsection (f)(3)).

“(d) **TREATMENT OF DEFERRED COMPENSATION ITEMS.**—

“(1) **WITHHOLDING ON ELIGIBLE DEFERRED COMPENSATION ITEMS.**—

“(A) **IN GENERAL.**—In the case of any eligible deferred compensation item, the payor shall deduct and withhold from any taxable payment to a covered expatriate with respect to such item a tax equal to 30 percent thereof.

“(B) **TAXABLE PAYMENT.**—For purposes of subparagraph (A), the term ‘taxable payment’ means with respect to a covered expatriate any payment to the extent it would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States. A deferred compensation item shall be taken into account as a payment under the preceding sentence when such item would be so includible.

“(2) **OTHER DEFERRED COMPENSATION ITEMS.**—In the case of any deferred compensation item which is not an eligible deferred compensation item—

“(A)(i) with respect to any deferred compensation item to which clause (ii) does not apply, an amount equal to the present value of the covered expatriate’s accrued benefit

shall be treated as having been received by such individual on the day before the expatriation date as a distribution under the plan, and

“(ii) with respect to any deferred compensation item referred to in paragraph (4)(D), the rights of the covered expatriate to such item shall be treated as becoming transferable and not subject to a substantial risk of forfeiture on the day before the expatriation date,

“(B) no early distribution tax shall apply by reason of such treatment, and

“(C) appropriate adjustments shall be made to subsequent distributions from the plan to reflect such treatment.

“(3) **ELIGIBLE DEFERRED COMPENSATION ITEMS.**—For purposes of this subsection, the term ‘eligible deferred compensation item’ means any deferred compensation item with respect to which—

“(A) the payor of such item is—

“(i) a United States person, or

“(ii) a person who is not a United States person but who elects to be treated as a United States person for purposes of paragraph (1) and meets such requirements as the Secretary may provide to ensure that the payor will meet the requirements of paragraph (1), and

“(B) the covered expatriate—

“(i) notifies the payor of his status as a covered expatriate, and

“(ii) makes an irrevocable waiver of any right to claim any reduction under any treaty with the United States in withholding on such item.

“(4) **DEFERRED COMPENSATION ITEM.**—For purposes of this subsection, the term ‘deferred compensation item’ means—

“(A) any interest in a plan or arrangement described in section 219(g)(5),

“(B) any interest in a foreign pension plan or similar retirement arrangement or program,

“(C) any item of deferred compensation, and

“(D) any property, or right to property, which the individual is entitled to receive in connection with the performance of services to the extent not previously taken into account under section 83 or in accordance with section 83.

“(5) **EXCEPTION.**—Paragraphs (1) and (2) shall not apply to any deferred compensation item which is attributable to services performed outside the United States while the covered expatriate was not a citizen or resident of the United States.

“(6) **SPECIAL RULES.**—

“(A) **APPLICATION OF WITHHOLDING RULES.**—Rules similar to the rules of subchapter B of chapter 3 shall apply for purposes of this subsection.

“(B) **APPLICATION OF TAX.**—Any item subject to the withholding tax imposed under paragraph (1) shall be subject to tax under section 871.

“(C) **COORDINATION WITH OTHER WITHHOLDING REQUIREMENTS.**—Any item subject to withholding under paragraph (1) shall not be subject to withholding under section 1441 or chapter 24.

“(e) **TREATMENT OF SPECIFIED TAX DEFERRED ACCOUNTS.**—

“(1) **ACCOUNT TREATED AS DISTRIBUTED.**—In the case of any interest in a specified tax deferred account held by a covered expatriate on the day before the expatriation date—

“(A) the covered expatriate shall be treated as receiving a distribution of his entire interest in such account on the day before the expatriation date,

“(B) no early distribution tax shall apply by reason of such treatment, and

“(C) appropriate adjustments shall be made to subsequent distributions from the account to reflect such treatment.

“(2) SPECIFIED TAX DEFERRED ACCOUNT.—For purposes of paragraph (1), the term ‘specified tax deferred account’ means an individual retirement plan (as defined in section 7701(a)(37)) other than any arrangement described in subsection (k) or (p) of section 408, a qualified tuition program (as defined in section 529), a Coverdell education savings account (as defined in section 530), a health savings account (as defined in section 223), and an Archer MSA (as defined in section 220).

“(f) SPECIAL RULES FOR NONGRANTOR TRUSTS.—

“(1) IN GENERAL.—In the case of a distribution (directly or indirectly) of any property from a nongrantor trust to a covered expatriate—

“(A) the trustee shall deduct and withhold from such distribution an amount equal to 30 percent of the taxable portion of the distribution, and

“(B) if the fair market value of such property exceeds its adjusted basis in the hands of the trust, gain shall be recognized to the trust as if such property were sold to the expatriate at its fair market value.

“(2) TAXABLE PORTION.—For purposes of this subsection, the term ‘taxable portion’ means, with respect to any distribution, that portion of the distribution which would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States.

“(3) NONGRANTOR TRUST.—For purposes of this subsection, the term ‘nongrantor trust’ means the portion of any trust that the individual is not considered the owner of under subpart E of part I of subchapter J. The determination under the preceding sentence shall be made immediately before the expatriation date.

“(4) SPECIAL RULES RELATING TO WITHHOLDING.—For purposes of this subsection—

“(A) rules similar to the rules of subsection (d)(6) shall apply, and

“(B) the covered expatriate shall be treated as having waived any right to claim any reduction under any treaty with the United States in withholding on any distribution to which paragraph (1)(A) applies unless the covered expatriate agrees to such other treatment as the Secretary determines appropriate.

“(5) APPLICATION.—This subsection shall apply to a nongrantor trust only if the covered expatriate was a beneficiary of the trust on the day before the expatriation date.

“(g) DEFINITIONS AND SPECIAL RULES RELATING TO EXPATRIATION.—For purposes of this section—

“(1) COVERED EXPATRIATE.—

“(A) IN GENERAL.—The term ‘covered expatriate’ means an expatriate who meets the requirements of subparagraph (A), (B), or (C) of section 877(a)(2).

“(B) EXCEPTIONS.—An individual shall not be treated as meeting the requirements of subparagraph (A) or (B) of section 877(a)(2) if—

“(i) the individual—

“(I) became a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

“(II) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 10 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

“(ii) (I) the individual’s relinquishment of United States citizenship occurs before such individual attains age 18½, and

“(II) the individual has been a resident of the United States (as so defined) for not

more than 10 taxable years before the date of relinquishment.

“(C) COVERED EXPATRIATES ALSO SUBJECT TO TAX AS CITIZENS OR RESIDENTS.—In the case of any covered expatriate who is subject to tax as a citizen or resident of the United States for any period beginning after the expatriation date, such individual shall not be treated as a covered expatriate during such period for purposes of subsections (d)(1) and (f) and section 2801.

“(2) EXPATRIATE.—The term ‘expatriate’ means—

“(A) any United States citizen who relinquishes his citizenship, and

“(B) any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

“(3) EXPATRIATION DATE.—The term ‘expatriation date’ means—

“(A) the date an individual relinquishes United States citizenship, or

“(B) in the case of a long-term resident of the United States, the date on which the individual ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

“(4) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

“(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

“(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

“(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

“(D) the date a court of the United States cancels a naturalized citizen’s certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

“(5) LONG-TERM RESIDENT.—The term ‘long-term resident’ has the meaning given to such term by section 877(e)(2).

“(6) EARLY DISTRIBUTION TAX.—The term ‘early distribution tax’ means any increase in tax imposed under section 72(t), 220(e)(4), 223(f)(4), 409A(a)(1)(B), 529(c)(6), or 530(d)(4).

“(h) OTHER RULES.—

“(1) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

“(A) any time period for acquiring property which would result in the reduction in the amount of gain recognized with respect to property disposed of by the taxpayer shall terminate on the day before the expatriation date, and

“(B) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

“(2) STEP-UP IN BASIS.—Solely for purposes of determining any tax imposed by reason of subsection (a), property which was held by an individual on the date the individual first became a resident of the United States (within the meaning of section 7701(b)) shall be treated as having a basis on such date of

not less than the fair market value of such property on such date. The preceding sentence shall not apply if the individual elects not to have such sentence apply. Such an election, once made, shall be irrevocable.

“(3) COORDINATION WITH SECTION 684.—If the expatriation of any individual would result in the recognition of gain under section 684, this section shall be applied after the application of section 684.

“(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”.

(b) TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—

(1) IN GENERAL.—Subtitle B (relating to estate and gift taxes) is amended by inserting after chapter 14 the following new chapter:

#### “CHAPTER 15—GIFTS AND BEQUESTS FROM EXPATRIATES

“Sec. 2801. Imposition of tax.

#### “SEC. 2801. IMPOSITION OF TAX.

“(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

“(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt (or, if greater, the highest rate of tax specified in the table applicable under section 2502(a) as in effect on the date), and

“(2) the value of such covered gift or bequest.

“(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

“(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the value of covered gifts and bequests received by any person during the calendar year exceeds the dollar amount in effect under section 2503(b) for such calendar year.

“(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

“(e) COVERED GIFT OR BEQUEST.—

“(1) IN GENERAL.—For purposes of this chapter, the term ‘covered gift or bequest’ means—

“(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, is a covered expatriate, and

“(B) any property acquired directly or indirectly by reason of the death of an individual who, immediately before such death, was a covered expatriate.

“(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

“(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the covered expatriate, and

“(B) any property included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate.

“(3) EXCEPTIONS FOR TRANSFERS TO SPOUSE OR CHARITY.—Such term shall not include any property with respect to which a deduction would be allowed under section 2055, 2056, 2522, or 2523, whichever is appropriate, if the decedent or donor were a United States person.

“(4) TRANSFERS IN TRUST.—

“(A) DOMESTIC TRUSTS.—In the case of a covered gift or bequest made to a domestic trust—

“(i) subsection (a) shall apply in the same manner as if such trust were a United States citizen, and

“(ii) the tax imposed by subsection (a) on such gift or bequest shall be paid by such trust.

“(B) FOREIGN TRUSTS.—

“(i) IN GENERAL.—In the case of a covered gift or bequest made to a foreign trust, subsection (a) shall apply to any distribution attributable to such gift or bequest from such trust (whether from income or corpus) to a United States citizen or resident in the same manner as if such distribution were a covered gift or bequest.

“(ii) DEDUCTION FOR TAX PAID BY RECIPIENT.—There shall be allowed as a deduction under section 164 the amount of tax imposed by this section which is paid or accrued by a United States citizen or resident by reason of a distribution from a foreign trust, but only to the extent such tax is imposed on the portion of such distribution which is included in the gross income of such citizen or resident.

“(iii) ELECTION TO BE TREATED AS DOMESTIC TRUST.—Solely for purposes of this section, a foreign trust may elect to be treated as a domestic trust. Such an election may be revoked with the consent of the Secretary.

“(f) COVERED EXPATRIATE.—For purposes of this section, the term ‘covered expatriate’ has the meaning given to such term by section 877A(g)(1).”

(2) CLERICAL AMENDMENT.—The table of chapters for subtitle B is amended by inserting after the item relating to chapter 14 the following new item:

“CHAPTER 15. GIFTS AND BEQUESTS FROM EXPATRIATES.”

(C) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—

(1) IN GENERAL.—Section 7701(a) is amended by adding at the end the following new paragraph:

“(50) TERMINATION OF UNITED STATES CITIZENSHIP.—

“(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual’s citizenship is treated as relinquished under section 877A(g)(4).

“(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.”

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 877(e) is amended to read as follows:

“(1) IN GENERAL.—Any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) shall be treated for purposes of this section and sections 2107, 2501, and 6039G in the same manner as if such resident were a citizen of the United States who lost United States citizenship on the date of such cessation or commencement.”

(B) Paragraph (6) of section 7701(b) is amended by adding at the end the following flush sentence:

“An individual shall cease to be treated as a lawful permanent resident of the United States if such individual commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country, does not waive the benefits of such treaty applicable to residents of the foreign country, and notifies the Secretary of the commencement of such treatment.”

(C) Section 7701 is amended by striking subsection (n) and by redesignating subsections (o) and (p) as subsections (n) and (o), respectively.

(d) INFORMATION RETURNS.—Section 6039G is amended—

(1) by inserting “or 877A” after “section 877(b)” in subsection (a), and

(2) by inserting “or 877A” after “section 877(a)” in subsection (d).

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

“Sec. 877A. Tax responsibilities of expatriation.”

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (as defined in section 877A(g) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) is on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Chapter 15 of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2801 of such Code, as so added) received on or after the date of the enactment of this Act from transferors whose expatriation date is on or after such date of enactment.

**SEC. 205. SPECIAL ENROLLMENT OPTION BY EMPLOYER HEALTH PLANS FOR MEMBERS OF UNIFORM SERVICES WHO LOSE HEALTH CARE COVERAGE.**

(a) IN GENERAL.—Section 9801(f) (relating to special enrollment periods) is amended by adding at the end the following new paragraph:

“(3) LOSS OF MILITARY HEALTH COVERAGE.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:

“(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.

“(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.

“(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.

“(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.”

(b) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 701(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1181(f)) is amended by adding at the end the following:

“(3) LOSS OF MILITARY HEALTH COVERAGE.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms

of the plan if each of the following conditions is met:

“(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.

“(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.

“(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.

“(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.”

(c) PUBLIC HEALTH SERVICE ACT.—Section 2701(f) of the Public Health Service Act (42 U.S.C. 300gg(f)) is amended by adding at the end the following:

“(3) LOSS OF MILITARY HEALTH COVERAGE.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:

“(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.

“(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.

“(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.

“(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.”

(d) REGULATIONS.—The Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services, consistent with section 104 of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 300gg–92 note), may promulgate such regulations as may be necessary or appropriate to require the notification of individuals (or their dependents) of their rights under the amendment made by this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect 90 days after the date of the enactment of this Act.

**TITLE III—TAX TECHNICAL CORRECTIONS**

**SEC. 301. SHORT TITLE.**

This title may be cited as the “”.

**SEC. 302. AMENDMENT RELATED TO THE TAX RELIEF AND HEALTH CARE ACT OF 2006.**

(a) AMENDMENT RELATED TO SECTION 402 OF DIVISION A OF THE ACT.—Subparagraph (A) of section 53(e)(2) is amended to read as follows:

“(A) IN GENERAL.—The term ‘AMT refundable credit amount’ means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

“(i) \$5,000,  
“(ii) 20 percent of the long-term unused minimum tax credit for such taxable year, or  
“(iii) the amount (if any) of the AMT refundable credit amount determined under this paragraph for the taxpayer’s preceding taxable year (as determined before any reduction under subparagraph (B)).”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provision of the Tax Relief and Health Care Act of 2006 to which it relates.

**SEC. 303. AMENDMENTS RELATED TO TITLE XII OF THE PENSION PROTECTION ACT OF 2006.**

(a) AMENDMENT RELATED TO SECTION 1201 OF THE ACT.—Subparagraph (D) of section 408(d)(8) is amended by striking “all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72” and inserting “all amounts in all individual retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible”.

(b) AMENDMENT RELATED TO SECTION 1203 OF THE ACT.—Subsection (d) of section 1366 is amended by adding at the end the following new paragraph:

“(4) APPLICATION OF LIMITATION ON CHARITABLE CONTRIBUTIONS.—In the case of any charitable contribution of property to which the second sentence of section 1367(a)(2) applies, paragraph (1) shall not apply to the extent of the excess (if any) of—

“(A) the shareholder’s pro rata share of such contribution, over

“(B) the shareholder’s pro rata share of the adjusted basis of such property.”

(c) AMENDMENT RELATED TO SECTION 1215 OF THE ACT.—Subclause (I) of section 170(e)(7)(D)(i) is amended by striking “related” and inserting “substantial and related”.

(d) AMENDMENTS RELATED TO SECTION 1218 OF THE ACT.—

(1) Section 2055 is amended by striking subsection (g) and by redesignating subsection (h) as subsection (g).

(2) Subsection (e) of section 2522 is amended—

(A) by striking paragraphs (2) and (4),

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

(C) by adding at the end of paragraph (2), as so redesignated, the following new subparagraph:

“(C) INITIAL FRACTIONAL CONTRIBUTION.—For purposes of this paragraph, the term ‘initial fractional contribution’ means, with respect to any donor, the first gift of an undivided portion of the donor’s entire interest in any tangible personal property for which a deduction is allowed under subsection (a) or (b).”

(e) AMENDMENTS RELATED TO SECTION 1219 OF THE ACT.—

(1) Paragraph (2) of section 6695A(a) is amended by inserting “a substantial estate or gift tax valuation understatement (within the meaning of section 6662(g)),” before “or a gross valuation misstatement”.

(2) Paragraph (1) of section 6696(d) is amended by striking “or under section 6695” and inserting “, section 6695, or 6695A”.

(f) AMENDMENT RELATED TO SECTION 1221 OF THE ACT.—Subparagraph (A) of section 4940(c)(4) is amended to read as follows:

“(A) There shall not be taken into account any gain or loss from the sale or other disposition of property to the extent that such gain or loss is taken into account for purposes of computing the tax imposed by section 511.”

(g) AMENDMENT RELATED TO SECTION 1225 OF THE ACT.—

(1) Subsection (b) of section 6104 is amended—

(A) by striking “INFORMATION” in the heading, and

(B) by adding at the end the following:

“Any annual return which is filed under section 6011 by an organization described in section 501(c)(3) and which relates to any tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations) shall be treated for purposes of this subsection in the same manner as if furnished under section 6033.”

(2) Clause (ii) of section 6104(d)(1)(A) is amended to read as follows:

“(ii) any annual return which is filed under section 6011 by an organization described in section 501(c)(3) and which relates to any tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations).”

(3) Paragraph (2) of section 6104(d) is amended by striking “section 6033” and inserting “section 6011 or 6033”.

(h) AMENDMENT RELATED TO SECTION 1231 OF THE ACT.—Subsection (b) of section 4962 is amended by striking “or D” and inserting “D, or G”.

(i) AMENDMENT RELATED TO SECTION 1242 OF THE ACT.—

(1) Subclause (II) of section 4958(c)(3)(A)(i) is amended by striking “paragraph (1), (2), or (4) of section 509(a)” and inserting “subparagraph (C)(ii)”.

(2) Clause (ii) of section 4958(c)(3)(C) is amended to read as follows:

“(ii) EXCEPTION.—Such term shall not include—

“(I) any organization described in paragraph (1), (2), or (4) of section 509(a), and

“(II) any organization which is treated as described in such paragraph (2) by reason of the last sentence of section 509(a) and which is a supported organization (as defined in section 509(f)(3)) of the organization to which subparagraph (A) applies.”

(j) 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 they relate.

**SEC. 304. AMENDMENTS RELATED TO THE TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005.**

(a) AMENDMENTS RELATED TO SECTION 103 OF THE ACT.—Paragraph (6) of section 954(c) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

“(B) EXCEPTION.—Subparagraph (A) shall not apply in the case of any interest, rent, or royalty to the extent such interest, rent, or royalty creates (or increases) a deficit which under section 952(c) may reduce the subpart F income of the payor or another controlled foreign corporation.”

(b) AMENDMENTS RELATED TO SECTION 202 OF THE ACT.—

(1) Subparagraph (A) of section 355(b)(2) is amended to read as follows:

“(A) it is engaged in the active conduct of a trade or business.”

(2) Paragraph (3) of section 355(b) is amended to read as follows:

“(3) SPECIAL RULES FOR DETERMINING ACTIVE CONDUCT IN THE CASE OF AFFILIATED GROUPS.—

“(A) IN GENERAL.—For purposes of determining whether a corporation meets the requirements of paragraph (2)(A), all members of such corporation’s separate affiliated group shall be treated as one corporation.

“(B) SEPARATE AFFILIATED GROUP.—For purposes of this paragraph, the term ‘separate affiliated group’ means, with respect to any corporation, the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

“(C) TREATMENT OF TRADE OR BUSINESS CONDUCTED BY ACQUIRED MEMBER.—If a corporation became a member of a separate affiliated group as a result of one or more transactions in which gain or loss was recognized in whole or in part, any trade or business conducted by such corporation (at the time that such corporation became such a member) shall be treated for purposes of paragraph (2) as acquired in a transaction in which gain or loss was recognized in whole or in part.

“(D) REGULATIONS.—The Secretary shall prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which provide for the proper application of subparagraphs (B), (C), and (D) of paragraph (2), and modify the application of subsection (a)(3)(B), in connection with the application of this paragraph.”

(3) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005 and by section 410 of division A of the Tax Relief and Health Care Act of 2006 had never been enacted.

(c) AMENDMENT RELATED TO SECTION 515 OF THE ACT.—Subsection (f) of section 911 is amended to read as follows:

“(f) DETERMINATION OF TAX LIABILITY.—

“(1) IN GENERAL.—If, for any taxable year, any amount is excluded from gross income of a taxpayer under subsection (a), then, notwithstanding sections 1 and 55—

“(A) if such taxpayer has taxable income for such taxable year, the tax imposed by section 1 for such taxable year shall be equal to the excess (if any) of—

“(i) the tax which would be imposed by section 1 for such taxable year if the taxpayer’s taxable income were increased by the amount excluded under subsection (a) for such taxable year, over

“(ii) the tax which would be imposed by section 1 for such taxable year if the taxpayer’s taxable income were equal to the amount excluded under subsection (a) for such taxable year, and

“(B) if such taxpayer has a taxable excess (as defined in section 55(b)(1)(A)(ii)) for such taxable year, the amount determined under the first sentence of section 55(b)(1)(A)(i) for such taxable year shall be equal to the excess (if any) of—

“(i) the amount which would be determined under such sentence for such taxable year (subject to the limitation of section 55(b)(3)) if the taxpayer’s taxable excess (as so defined) were increased by the amount excluded under subsection (a) for such taxable year, over

“(ii) the amount which would be determined under such sentence for such taxable year if the taxpayer’s taxable excess (as so defined) were equal to the amount excluded under subsection (a) for such taxable year.

“(2) SPECIAL RULES.—

“(A) REGULAR TAX.—In applying section 1(h) for purposes of determining the tax under paragraph (1)(A)(i) for any taxable



year in which, without regard to this subsection, the taxpayer's net capital gain exceeds taxable income (hereafter in this subparagraph referred to as the capital gain excess)—

“(i) the taxpayer's net capital gain (determined without regard to section 1(h)(11)) shall be reduced (but not below zero) by such capital gain excess,

“(ii) the taxpayer's qualified dividend income shall be reduced by so much of such capital gain excess as exceeds the taxpayer's net capital gain (determined without regard to section 1(h)(11) and the reduction under clause (i)), and

“(iii) adjusted net capital gain, unrecaptured section 1250 gain, and 28-percent rate gain shall each be determined after increasing the amount described in section 1(h)(4)(B) by such capital gain excess.

“(B) ALTERNATIVE MINIMUM TAX.—In applying section 55(b)(3) for purposes of determining the tax under paragraph (1)(B)(i) for any taxable year in which, without regard to this subsection, the taxpayer's net capital gain exceeds the taxable excess (as defined in section 55(b)(1)(A)(ii))—

“(i) the rules of subparagraph (A) shall apply, except that such subparagraph shall be applied by substituting ‘the taxable excess (as defined in section 55(b)(1)(A)(ii))’ for ‘taxable income’, and

“(ii) the reference in section 55(b)(3)(B) to the excess described in section 1(h)(1)(B) shall be treated as a reference to such excess as determined under the rules of subparagraph (A) for purposes of determining the tax under paragraph (1)(A)(i).

“(C) DEFINITIONS.—Terms used in this paragraph which are also used in section 1(h) shall have the respective meanings given such terms by section 1(h), except that in applying subparagraph (B) the adjustments under part VI of subchapter A shall be taken into account.”.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the Tax Increase Prevention and Reconciliation Act of 2005 to which they relate.

(2) MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsection (b) shall apply to distributions made after May 17, 2006.

(B) TRANSITION RULE.—The amendments made by subsection (b) shall not apply to any distribution pursuant to a transaction which is—

(i) made pursuant to an agreement which was binding on May 17, 2006, and at all times thereafter,

(ii) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(iii) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

(C) ELECTION OUT OF TRANSITION RULE.—Subparagraph (B) shall not apply if the distributing corporation elects not to have such subparagraph apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

(D) SPECIAL RULE FOR CERTAIN PRE-ENACTMENT DISTRIBUTIONS.—For purposes of determining the continued qualification under section 355(b)(2)(A) of the Internal Revenue Code of 1986 of distributions made on or before May 17, 2006, as a result of an acquisition, disposition, or other restructuring after such date, such distribution shall be treated as made on the date of such acquisition, disposition, or restructuring for purposes of applying subparagraphs (A) through (C) of this

paragraph. The preceding sentence shall only apply with respect to the corporation that undertakes such acquisition, disposition, or other restructuring, and only if such application results in continued qualification under section 355(b)(2)(A) of such Code.

(3) AMENDMENT RELATED TO SECTION 515 OF THE ACT.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2006.

**SEC. 305. AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS.**

(a) AMENDMENTS RELATED TO SECTION 11113 OF THE ACT.—

(1) Paragraph (3) of section 6427(i) is amended—

(A) by inserting “or under subsection (e)(2) by any person with respect to an alternative fuel (as defined in section 6426(d)(2))” after “section 6426” in subparagraph (A),

(B) by inserting “or (e)(2)” after “subsection (e)(1)” in subparagraphs (A)(i) and (B), and

(C) by striking “ALCOHOL FUEL AND BIO-DIESEL MIXTURE CREDIT” and inserting “MIXTURE CREDITS AND THE ALTERNATIVE FUEL CREDIT” in the heading thereof.

(2) Subparagraph (F) of section 6426(d)(2) is amended by striking “hydrocarbons” and inserting “fuel”.

(3) Section 6426 is amended by adding at the end the following new subsection:

“(h) DENIAL OF DOUBLE BENEFIT.—No credit shall be determined under subsection (d) or (e) with respect to any fuel with respect to which credit may be determined under subsection (b) or (c) or under section 40 or 40A.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the SAFETEA-LU to which they relate.

**SEC. 306. AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.**

(a) AMENDMENT RELATED TO SECTION 1306 OF THE ACT.—Paragraph (2) of section 45J(b) is amended to read as follows:

“(2) AMOUNT OF NATIONAL LIMITATION.—The aggregate amount of national megawatt capacity limitation allocated by the Secretary under paragraph (3) shall not exceed 6,000 megawatts.”.

(b) AMENDMENTS RELATED TO SECTION 1342 OF THE ACT.—

(1) So much of subsection (b) of section 30C as precedes paragraph (1) thereof is amended to read as follows:

“(b) LIMITATION.—The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed—”.

(2) Subsection (c) of section 30C is amended to read as follows:

“(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section, the term ‘qualified alternative fuel vehicle refueling property’ has the same meaning as the term ‘qualified clean-fuel vehicle refueling property’ would have under section 179A if—

“(1) paragraph (1) of section 179A(d) did not apply to property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, and

“(2) only the following were treated as clean-burning fuels for purposes of section 179A(d):

“(A) Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen.

“(B) Any mixture—

“(i) which consists of two or more of the following: biodiesel (as defined in section

40A(d)(1)), diesel fuel (as defined in section 4083(a)(3)), or kerosene, and

“(ii) at least 20 percent of the volume of which consists of biodiesel (as so defined) determined without regard to any kerosene in such mixture.”.

(c) AMENDMENTS RELATED TO SECTION 1351 OF THE ACT.—

(1) Paragraph (3) of section 41(a) is amended by inserting “for energy research” before the period at the end.

(2) Paragraph (6) of section 41(f) is amended by adding at the end the following new subparagraph:

“(E) ENERGY RESEARCH.—The term ‘energy research’ does not include any research which is not qualified research.”.

(d) AMENDMENTS RELATED TO SECTION 1362 OF THE ACT.—

(1)(A) Paragraph (1) of section 4041(d) is amended by adding at the end the following new sentence: “No tax shall be imposed under the preceding sentence on the sale or use of any liquid if tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.”.

(B) Paragraph (3) of section 4042(b) is amended to read as follows:

“(3) EXCEPTION FOR FUEL ON WHICH LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE SEPARATELY IMPOSED.—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply to the use of any fuel if tax was imposed with respect to such fuel under section 4041(d) or 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.”.

(C) Notwithstanding section 6430 of the Internal Revenue Code of 1986, a refund, credit, or payment may be made under subchapter B of chapter 65 of such Code for taxes imposed with respect to any liquid after September 30, 2005, and before the date of the enactment of this Act under section 4041(d)(1) or 4042 of such Code at the Leaking Underground Storage Tank Trust Fund financing rate to the extent that tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

(2)(A) Paragraph (5) of section 4041(d) is amended—

(i) by striking “(other than with respect to any sale for export under paragraph (3) thereof)”, and

(ii) by adding at the end the following new sentence: “The preceding sentence shall not apply with respect to subsection (g)(3) and so much of subsection (g)(1) as relates to vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.”.

(B) Section 4082 is amended—

(i) by striking “(other than such tax at the Leaking Underground Storage Tank Trust Fund financing rate imposed in all cases other than for export)” in subsection (a), and

(ii) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

“(f) EXCEPTION FOR LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—

“(1) IN GENERAL.—Subsection (a) shall not apply to the tax imposed under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

“(2) EXCEPTION FOR EXPORT, ETC.—Paragraph (1) shall not apply with respect to any fuel if the Secretary determines that such fuel is destined for export or for use by the purchaser as supplies for vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.”.

(C) Subsection (e) of section 4082 is amended—

(i) by striking “an aircraft, the rate of tax under section 4081(a)(2)(A)(iii) shall be zero.” and inserting “an aircraft—

“(1) the rate of tax under section 4081(a)(2)(A)(iii) shall be zero, and

“(2) if such aircraft is employed in foreign trade or trade between the United States and any of its possessions, the increase in such rate under section 4081(a)(2)(B) shall be zero.”; and

(ii) by moving the last sentence flush with the margin of such subsection (following the paragraph (2) added by clause (i)).

(D) Section 6430 is amended to read as follows:

**“SEC. 6430. TREATMENT OF TAX IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.**

“No refunds, credits, or payments shall be made under this subchapter for any tax imposed at the Leaking Underground Storage Tank Trust Fund financing rate, except in the case of fuels—

“(1) which are exempt from tax under section 4081(a) by reason of section 4082(f)(2),

“(2) which are exempt from tax under section 4041(d) by reason of the last sentence of paragraph (5) thereof, or

“(3) with respect to which the rate increase under section 4081(a)(2)(B) is zero by reason of section 4082(e)(2).”.

(3) Paragraph (5) of section 4041(d) is amended by inserting “(b)(1)(A),” after “subsections”.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.

(2) NONAPPLICATION OF EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—The amendment made by subsection (d)(3) shall apply to fuel sold for use or used after the date of the enactment of this Act.

(3) AMENDMENT MADE BY THE SAFETEA-LU.—The amendment made by subsection (d)(2)(C)(ii) shall take effect as if included in section 11161 of the SAFETEA-LU.

**SEC. 307. AMENDMENTS RELATED TO THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) AMENDMENTS RELATED TO SECTION 339 OF THE ACT.—

(1)(A) Section 45H is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(B) Subsection (d) of section 280C is amended to read as follows:

“(d) CREDIT FOR LOW SULFUR DIESEL FUEL PRODUCTION.—The deductions otherwise allowed under this chapter for the taxable year shall be reduced by the amount of the credit determined for the taxable year under section 45H(a).”.

(C) Subsection (a) of section 1016 is amended by striking paragraph (31) and by redesignating paragraphs (32) through (37) as paragraphs (31) through (36), respectively.

(2)(A) Section 45H, as amended by paragraph (1), is amended by adding at the end the following new subsection:

“(g) ELECTION TO NOT TAKE CREDIT.—No credit shall be determined under subsection (a) for the taxable year if the taxpayer elects not to have subsection (a) apply to such taxable year.”.

(B) Subsection (m) of section 6501 is amended by inserting “45H(g),” after “45C(d)(4).”.

(3)(A) Subsections (b)(1)(A), (c)(2), (e)(1), and (e)(2) of section 45H (as amended by paragraph (1)) and section 179B(a) are each amended by striking “qualified capital costs” and inserting “qualified costs”.

(B) The heading of paragraph (2) of section 45H(c) is amended by striking “CAPITAL”.

(C) Subsection (a) of section 179B is amended by inserting “and which are properly chargeable to capital account” before the period at the end.

(b) AMENDMENTS RELATED TO SECTION 710 OF THE ACT.—

(1) Clause (ii) of section 45(c)(3)(A) is amended by striking “which is segregated from other waste materials and”.

(2) Subparagraph (B) of section 45(d)(2) is amended by inserting “and” at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii).

(c) AMENDMENTS RELATED TO SECTION 848 OF THE ACT.—

(1) Paragraph (2) of section 470(c) is amended to read as follows:

“(2) TAX-EXEMPT USE PROPERTY.—

“(A) IN GENERAL.—The term ‘tax-exempt use property’ has the meaning given to such term by section 168(h), except that such section shall be applied—

“(i) without regard to paragraphs (1)(C) and (3) thereof, and

“(ii) as if section 197 intangible property (as defined in section 197), and property described in paragraph (1)(B) or (2) of section 167(f), were tangible property.

“(B) EXCEPTION FOR PARTNERSHIPS.—Such term shall not include any property which would (but for this subparagraph) be tax-exempt use property solely by reason of section 168(h)(6).

“(C) CROSS REFERENCE.—For treatment of partnerships as leases to which section 168(h) applies, see section 7701(e).”.

(2) Subparagraph (A) of section 470(d)(1) is amended by striking “(at any time during the lease term)” and inserting “(at all times during the lease term)”.

(d) AMENDMENTS RELATED TO SECTION 888 OF THE ACT.—

(1) Subparagraph (A) of section 1092(a)(2) is amended by striking “and” at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

“(iii) if the application of clause (ii) does not result in an increase in the basis of any offsetting position in the identified straddle, the basis of each of the offsetting positions in the identified straddle shall be increased in a manner which—

“(I) is reasonable, consistent with the purposes of this paragraph, and consistently applied by the taxpayer, and

“(II) results in an aggregate increase in the basis of such offsetting positions which is equal to the loss described in clause (ii), and”.

(2)(A) Subparagraph (B) of section 1092(a)(2) is amended by adding at the end the following flush sentence:

“A straddle shall be treated as clearly identified for purposes of clause (i) only if such identification includes an identification of the positions in the straddle which are offsetting with respect to other positions in the straddle.”.

(B) Subparagraph (A) of section 1092(a)(2) is amended—

(i) by striking “identified positions” in clause (i) and inserting “positions”,

(ii) by striking “identified position” in clause (ii) and inserting “position”, and

(iii) by striking “identified offsetting positions” in clause (ii) and inserting “offsetting positions”.

(C) Subparagraph (B) of section 1092(a)(3) is amended by striking “identified offsetting position” and inserting “offsetting position”.

(3) Paragraph (2) of section 1092(a) is amended by redesignating subparagraph (C) as subparagraph (D) and inserting after sub-

paragraph (B) the following new subparagraph:

“(C) APPLICATION TO LIABILITIES AND OBLIGATIONS.—Except as otherwise provided by the Secretary, rules similar to the rules of clauses (ii) and (iii) of subparagraph (A) shall apply for purposes of this paragraph with respect to any position which is, or has been, a liability or obligation.”.

(4) Subparagraph (D) of section 1092(a)(2), as redesignated by paragraph (3), is amended by inserting “the rules for the application of this section to a position which is or has been a liability or obligation, methods of loss allocation which satisfy the requirements of subparagraph (A)(iii),” before “and the ordering rules”.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which they relate.

(2) IDENTIFICATION REQUIREMENT OF AMENDMENT RELATED TO SECTION 888 OF THE AMERICAN JOBS CREATION ACT OF 2004.—The amendment made by subsection (d)(2)(A) shall apply to straddles acquired after the date of the enactment of this Act.

**SEC. 308. AMENDMENTS RELATED TO THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.**

(a) AMENDMENTS RELATED TO SECTION 617 OF THE ACT.—

(1) Subclause (II) of section 402(g)(7)(A)(ii) is amended by striking “for prior taxable years” and inserting “permitted for prior taxable years by reason of this paragraph”.

(2) Subparagraph (A) of section 3121(v)(1) is amended by inserting “or consisting of designated Roth contributions (as defined in section 402A(c))” before the comma at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

**SEC. 309. AMENDMENTS RELATED TO THE TAX RELIEF EXTENSION ACT OF 1999.**

(a) AMENDMENT RELATED TO SECTION 507 OF THE ACT.—Clause (i) of section 45(e)(7)(A) is amended by striking “placed in service by the taxpayer” and inserting “originally placed in service”.

(b) AMENDMENT RELATED TO SECTION 542 OF THE ACT.—Clause (ii) of section 856(d)(9)(D) is amended to read as follows:

“(ii) LODGING FACILITY.—The term ‘lodging facility’ means a—

“(I) hotel,

“(II) motel, or

“(III) other establishment more than one-half of the dwelling units in which are used on a transient basis.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax Relief Extension Act of 1999 to which they relate.

**SEC. 310. AMENDMENT RELATED TO THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.**

(a) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Paragraph (3) of section 6110(i) is amended by inserting “and related background file documents” after “Chief Counsel advice” in the matter preceding subparagraph (A).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provision of the Internal Revenue Service Restructuring and Reform Act of 1998 to which it relates.

**SEC. 311. CLERICAL CORRECTIONS.**

(a) IN GENERAL.—

(1) Paragraph (5) of section 21(e) is amended by striking “section 152(e)(3)(A)” in the

flush matter after subparagraph (B) and inserting “section 152(e)(4)(A)”.

(2) Paragraph (3) of section 25C(c) is amended by striking “section 3280” and inserting “part 3280”.

(3) Paragraph (2) of section 26(b) is amended by redesignating subparagraphs (S) and (T) as subparagraphs (U) and (V), respectively, and by inserting after subparagraph (R) the following new subparagraphs:

“(S) sections 106(e)(3)(A)(ii), 223(b)(8)(B)(i)(II), and 408(d)(9)(D)(i)(II) (relating to certain failures to maintain high deductible health plan coverage),

“(T) section 170(o)(3)(B) (relating to recapture of certain deductions for fractional gifts).”.

(4) Subsection (a) of section 34 is amended—

(A) in paragraph (1), by striking “with respect to gasoline used during the taxable year on a farm for farming purposes”,

(B) in paragraph (2), by striking “with respect to gasoline used during the taxable year (A) otherwise than as a fuel in a highway vehicle or (B) in vehicles while engaged in furnishing certain public passenger land transportation service”, and

(C) in paragraph (3), by striking “with respect to fuels used for nontaxable purposes or resold during the taxable year”.

(5) Paragraph (2) of section 35(d) is amended—

(A) by striking “paragraph (2) or (4) of”, and

(B) by striking “(within the meaning of section 152(e)(1))” and inserting “(as defined in section 152(e)(4)(A))”.

(6) Subsection (b) of section 38 is amended—

(A) by striking “and” each place it appears at the end of any paragraph,

(B) by striking “plus” each place it appears at the end of any paragraph, and

(C) by inserting “plus” at the end of paragraph (30).

(7) Paragraphs (2) and (3) of section 45L(c) are each amended by striking “section 3280” and inserting “part 3280”.

(8) Subsection (c) of section 48 is amended by striking “subsection” in the text preceding paragraph (1) and inserting “section”.

(9) Paragraphs (1)(B) and (2)(B) of section 48(c) are each amended by striking “paragraph (1)” and inserting “subsection (a)”.

(10) Clause (ii) of section 48A(d)(4)(B) is amended by striking “subsection” both places it appears.

(11) The last sentence of section 125(b)(2) is amended by striking “last sentence” and inserting “second sentence”.

(12) Subclause (II) of section 167(g)(8)(C)(ii) is amended by striking “section 263A(j)(2)” and inserting “section 263A(i)(2)”.

(13)(A) Clause (vii) of section 170(b)(1)(A) is amended by striking “subparagraph (E)” and inserting “subparagraph (F)”.

(B) Clause (ii) of section 170(e)(1)(B) is amended by striking “subsection (b)(1)(E)” and inserting “subsection (b)(1)(F)”.

(C) Clause (i) of section 1400S(a)(2)(A) is amended by striking “subparagraph (F)” and inserting “subparagraph (G)”.

(D) Subparagraph (A) of section 4942(i)(1) is amended by striking “section 170(b)(1)(E)(ii)” and inserting “section 170(b)(1)(F)(ii)”.

(14) Subclause (II) of section 170(e)(1)(B)(i) is amended by inserting “, but without regard to clause (ii) thereof” after “paragraph (7)(C)”.

(15)(A) Subparagraph (A) of section 170(o)(1) and subparagraph (A) of section 2522(e)(1) are each amended by striking “all interest in the property is” and inserting “all interests in the property are”.

(B) Section 170(o)(3)(A)(i), and section 2522(e)(2)(A)(i) (as redesignated by section 403(d)(2)), are each amended—

(i) by striking “interest” and inserting “interests”, and

(ii) by striking “before” and inserting “on or before”.

(16)(A) Subparagraph (C) of section 852(b)(4) is amended to read as follows:

“(C) DETERMINATION OF HOLDING PERIODS.—For purposes of this paragraph, in determining the period for which the taxpayer has held any share of stock—

“(i) the rules of paragraphs (3) and (4) of section 246(c) shall apply, and

“(ii) there shall not be taken into account any day which is more than 6 months after the date on which such share becomes ex-dividend.”.

(B) Subparagraph (B) of section 857(b)(8) is amended to read as follows:

“(B) DETERMINATION OF HOLDING PERIODS.—For purposes of this paragraph, in determining the period for which the taxpayer has held any share of stock or beneficial interest—

“(i) the rules of paragraphs (3) and (4) of section 246(c) shall apply, and

“(ii) there shall not be taken into account any day which is more than 6 months after the date on which such share or interest becomes ex-dividend.”.

(17) Paragraph (2) of section 856(l) is amended by striking the last sentence and inserting the following: “For purposes of subparagraph (B), securities described in subsection (m)(2)(A) shall not be taken into account.”.

(18) Subparagraph (F) of section 954(c)(1) is amended to read as follows:

“(F) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS.—

“(i) IN GENERAL.—Net income from notional principal contracts.

“(ii) COORDINATION WITH OTHER CATEGORIES OF FOREIGN PERSONAL HOLDING COMPANY INCOME.—Any item of income, gain, deduction, or loss from a notional principal contract entered into for purposes of hedging any item described in any preceding subparagraph shall not be taken into account for purposes of this subparagraph but shall be taken into account under such other subparagraph.”.

(19) Paragraph (1) of section 954(c) is amended by redesignating subparagraph (I) as subparagraph (H).

(20) Paragraph (33) of section 1016(a), as redesignated by section 407(a)(1)(C), is amended by striking “section 25C(e)” and inserting “section 25C(f)”.

(21) Paragraph (36) of section 1016(a), as redesignated by section 407(a)(1)(C), is amended by striking “section 30C(f)” and inserting “section 30C(e)(1)”.

(22) Subparagraph (G) of section 1260(c)(2) is amended by adding “and” at the end.

(23)(A) Section 1297 is amended by striking subsection (d) and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(B) Subparagraph (G) of section 1260(c)(2) is amended by striking “subsection (e)” and inserting “subsection (d)”.

(C) Subparagraph (B) of section 1298(a)(2) is amended by striking “Section 1297(e)” and inserting “Section 1297(d)”.

(24) Paragraph (1) of section 1362(f) is amended—

(A) by striking “, section 1361(b)(3)(B)(ii), or section 1361(c)(1)(A)(ii)” and inserting “or section 1361(b)(3)(B)(ii)”, and

(B) by striking “, section 1361(b)(3)(C), or section 1361(c)(1)(D)(iii)” in subparagraph (B) and inserting “or section 1361(b)(3)(C)”.

(25) Paragraph (2) of section 1400O is amended by striking “under of” and inserting “under”.

(26) The table of sections for part II of subchapter Y of chapter 1 is amended by adding at the end the following new item:

“Sec. 1400T. Special rules for mortgage revenue bonds.”.

(27) Subsection (b) of section 4082 is amended to read as follows:

“(b) NONTAXABLE USE.—For purposes of this section, the term ‘nontaxable use’ means—

“(1) any use which is exempt from the tax imposed by section 4041(a)(1) other than by reason of a prior imposition of tax,

“(2) any use in a train, and

“(3) any use described in section 4041(a)(1)(C)(iii)(II).

The term ‘nontaxable use’ does not include the use of kerosene in an aircraft and such term shall not include any use described in section 6421(e)(2)(C).”.

(28) Paragraph (4) of section 4101(a) (relating to registration in event of change of ownership) is redesignated as paragraph (5).

(29) Paragraph (6) of section 4965(c) is amended by striking “section 4457(e)(1)(A)” and inserting “section 457(e)(1)(A)”.

(30) Subpart C of part II of subchapter A of chapter 51 is amended by redesignating section 5432 (relating to recordkeeping by wholesale dealers) as section 5121.

(31) Paragraph (2) of section 5732(c), as redesignated by section 1125(b)(20)(A) of the SAFETEA-LU, is amended by striking “this subpart” and inserting “this subchapter”.

(32) Subsection (b) of section 6046 is amended—

(A) by striking “subsection (a)(1)” and inserting “subsection (a)(1)(A)”, and

(B) by striking “paragraph (2) or (3) of subsection (a)” and inserting “subparagraph (B) or (C) of subsection (a)(1)”.

(33)(A) Subparagraph (A) of section 6103(b)(5) is amended by striking “the Canal Zone.”.

(B) Section 7651 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(34) Subparagraph (A) of section 6211(b)(4) is amended by striking “and 34” and inserting “34, and 35”.

(35) Subparagraphs (A) and (B) of section 6230(a)(3) are each amended by striking “section 6013(e)” and inserting “section 6015”.

(36) Paragraph (3) of section 6427(e) (relating to termination), as added by section 11113 of the SAFETEA-LU, is redesignated as paragraph (5) and moved after paragraph (4).

(37) Clause (ii) of section 6427(l)(4)(A) is amended by striking “section 4081(a)(2)(iii)” and inserting “section 4081(a)(2)(A)(iii)”.

(38)(A) Section 6427, as amended by section 1343(b)(1) of the Energy Policy Act of 2005, is amended by striking subsection (p) (relating to gasohol used in noncommercial aviation) and redesignating subsection (q) as subsection (p).

(B) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by paragraph (2) of section 11151(a) of the SAFETEA-LU had never been enacted.

(39) Subsection (a) of section 6695A is amended by striking “then such person” in paragraph (2) and inserting the following: “then such person”.

(40) Subparagraph (C) of section 6707A(e)(2) is amended by striking “section 6662A(e)(2)(C)” and inserting “section 6662A(e)(2)(B)”.

(41)(A) Paragraph (3) of section 9002 is amended by striking “section 309(a)(1)” and inserting “section 306(a)(1)”.

(B) Paragraph (1) of section 9004(a) is amended by striking “section 320(b)(1)(B)” and inserting “section 315(b)(1)(B)”.

(C) Paragraph (3) of section 9032 is amended by striking “section 309(a)(1)” and inserting “section 306(a)(1)”.

(D) Subsection (b) of section 9034 is amended by striking “section 320(b)(1)(A)” and inserting “section 315(b)(1)(A)”.

(42) Section 9006 is amended by striking “Comptroller General” each place it appears and inserting “Commission”.

(43) Subsection (c) of section 9503 is amended by redesignating paragraph (7) (relating to transfers from the trust fund for certain aviation fuels taxes) as paragraph (6).

(44) Paragraph (1) of section 1301(g) of the Energy Policy Act of 2005 is amended by striking “shall take effect of the date of the enactment” and inserting “shall take effect on the date of the enactment”.

(45) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by section 1(a) of Public Law 109-433 had never been enacted.

(b) CLERICAL AMENDMENTS RELATED TO THE TAX RELIEF AND HEALTH CARE ACT OF 2006.—

(1) AMENDMENT RELATED TO SECTION 209 OF DIVISION A OF THE ACT.—Paragraph (3) of section 168(l) is amended by striking “enzymatic”.

(2) AMENDMENTS RELATED TO SECTION 419 OF DIVISION A OF THE ACT.—

(A) Clause (iv) of section 6724(d)(1)(B) is amended by inserting “or (h)(1)” after “section 6050H(a)”.

(B) Subparagraph (K) of section 6724(d)(2) is amended by inserting “or (h)(2)” after “section 6050H(d)”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provision of the Tax Relief and Health Care Act of 2006 to which they relate.

(c) CLERICAL AMENDMENTS RELATED TO THE GULF OPPORTUNITY ZONE ACT OF 2005.—

(1) AMENDMENTS RELATED TO SECTION 402 OF THE ACT.—Subparagraph (B) of section 24(d)(1) is amended—

(A) by striking “the excess (if any) of” in the matter preceding clause (i) and inserting “the greater of”, and

(B) by striking “section” in clause (ii)(II) and inserting “section 32”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Gulf Opportunity Zone Act of 2005 to which they relate.

(d) CLERICAL AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS.—

(1) AMENDMENTS RELATED TO SECTION 11163 OF THE ACT.—Subparagraph (C) of section 6416(a)(4) is amended—

(A) by striking “ultimate vendor” and all that follows through “has certified” and inserting “ultimate vendor or credit card issuer has certified”, and

(B) by striking “all ultimate purchasers of the vendor” and all that follows through “are certified” and inserting “all ultimate purchasers of the vendor or credit card issuer are certified”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to which they relate.

(e) CLERICAL AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.—

(1) AMENDMENT RELATED TO SECTION 1344 OF THE ACT.—Subparagraph (B) of section 6427(e)(5), as redesignated by subsection (a)(36), is amended by striking “2006” and inserting “2008”.

(2) AMENDMENTS RELATED TO SECTION 1351 OF THE ACT.—Subparagraphs (A)(ii) and (B)(ii) of section 41(f)(1) are each amended by striking “qualified research expenses and basic research payments” and inserting “qualified research expenses, basic research payments,

and amounts paid or incurred to energy research consortiums.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.

(f) CLERICAL AMENDMENTS RELATED TO THE AMERICAN JOBS CREATION ACT OF 2004.—

(1) AMENDMENT RELATED TO SECTION 301 OF THE ACT.—Section 9502 is amended by striking subsection (e) and redesignating subsection (f) as subsection (e).

(2) AMENDMENT RELATED TO SECTION 413 OF THE ACT.—Subsection (b) of section 1298 is amended by striking paragraph (7) and by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.

(3) AMENDMENT RELATED TO SECTION 895 OF THE ACT.—Clause (iv) of section 904(f)(3)(D) is amended by striking “a controlled group” and inserting “an affiliated group”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which they relate.

(g) CLERICAL AMENDMENTS RELATED TO THE FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION ACT OF 2000.—

(1) Subclause (I) of section 56(g)(4)(C)(ii) is amended by striking “921” and inserting “921 (as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)”.

(2) Clause (iv) of section 54(g)(4)(C) is amended by striking “a cooperative described in section 927(a)(4)” and inserting “an organization to which part I of subchapter T (relating to tax treatment of cooperatives) applies which is engaged in the marketing of agricultural or horticultural products”.

(3) Paragraph (4) of section 245(c) is amended by adding at the end the following new subparagraph:

“(C) FSC.—The term ‘FSC’ has the meaning given such term by section 922.”.

(4) Subsection (c) of section 245 is amended by inserting at the end the following new paragraph:

“(5) REFERENCES TO PRIOR LAW.—Any reference in this subsection to section 922, 923, or 927 shall be treated as a reference to such section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.”.

(5) Paragraph (4) of section 275(a) is amended by striking “if” and all that follows and inserting “if the taxpayer chooses to take to any extent the benefits of section 901.”.

(6)(A) Subsection (a) of section 291 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(B) Paragraph (1) of section 291(c) is amended by striking “subsection (a)(5)” and inserting “subsection (a)(4)”.

(7)(A) Paragraph (4) of section 441(b) is amended by striking “FSC or”.

(B) Subsection (h) of section 441 is amended—

(i) by striking “FSC or” each place it appears, and

(ii) by striking “FSC’S AND” in the heading thereof.

(8) Subparagraph (B) of section 884(d)(2) is amended by inserting before the comma “(as in effect before their repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)”.

(9) Section 901 is amended by striking subsection (h).

(10) Clause (v) of section 904(d)(2)(B) is amended—

(A) by inserting “and” at the end of subclause (I), by striking subclause (II), and by redesignating subclause (III) as subclause (II),

(B) by striking “a FSC (or a former FSC)” in subclause (II) (as so redesignated) and inserting “a former FSC (as defined in section 922)”, and

(C) by adding at the end the following:

“Any reference in subclause (II) to section 922, 923, or 927 shall be treated as a reference to such section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.”.

(11) Subsection (b) of section 906 is amended by striking paragraph (5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(12) Subparagraph (B) of section 936(f)(2) is amended by striking “FSC or”.

(13) Section 951 is amended by striking subsection (c) and by redesignating subsection (d) as subsection (c).

(14) Subsection (b) of section 952 is amended by striking the second sentence.

(15)(A) Paragraph (2) of section 956(c) is amended—

(i) by striking subparagraph (I) and by redesignating subparagraphs (J) through (M) as subparagraphs (I) through (L), respectively, and

(ii) by striking “subparagraphs (J), (K), and (L)” in the flush sentence at the end and inserting “subparagraphs (I), (J), and (K)”.

(B) Clause (ii) of section 954(c)(2)(C) is amended by striking “section 956(c)(2)(J)” and inserting “section 956(c)(2)(I)”.

(16) Paragraph (1) of section 992(a) is amended by striking subparagraph (E), by inserting “and” at the end of subparagraph (C), and by striking “, and” at the end of subparagraph (D) and inserting a period.

(17) Paragraph (5) of section 1248(d) is amended—

(A) by inserting “(as defined in section 922)” after “a FSC”, and

(B) by adding at the end the following new sentence: “Any reference in this paragraph to section 922, 923, or 927 shall be treated as a reference to such section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.”.

(18) Subparagraph (D) of section 1297(b)(2) is amended by striking “foreign trade income of a FSC or”.

(19)(A) Paragraph (1) of section 6011(c) is amended by striking “or former DISC or a FSC or former FSC” and inserting “, former DISC, or former FSC (as defined in section 922 as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)”.

(B) Subsection (c) of section 6011 is amended by striking “AND FSC’S” in the heading thereof.

(20) Subsection (c) of section 6072 is amended by striking “a FSC or former FSC” and inserting “a former FSC (as defined in section 922 as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)”.

(21) Section 6686 is amended by inserting “FORMER” before “FSC” in the heading thereof.

#### TITLE IV—PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS

##### SEC. 401. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 9812(f)(3) of the Internal Revenue Code of 1986 is amended by striking “2007” and inserting “2008”.

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking “2007” and inserting “2008”.

(C) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public Health Service Act (42 U.S.C. 300gg-5(f)) is amended by striking “2007” and inserting “2008”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for services furnished after December 31, 2007.

**SA 3891.** Mr. REID (for Mr. KENNEDY (for himself, Mr. BAUCUS, Mr. GRASSLEY, and Mr. ENZI)) proposed an amendment to the bill S. 1974, to make technical corrections related to the Pension Protection Act of 2006; as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; REFERENCES TO ACTS.**

(a) IN GENERAL.—This Act may be cited as the “Pension Protection Technical Corrections Act of 2007”.

(b) REFERENCES TO ACTS.—For purposes of this Act—

(1) AMENDMENT OF 1986 CODE.—The term “1986 Code” means the Internal Revenue Code of 1986.

(2) AMENDMENT OF ERISA.—The term “ERISA” means the Employee Retirement Income Security Act of 1974.

(3) 2006 ACT.—The term “2006 Act” means the Pension Protection Act of 2006.

**SEC. 2. AMENDMENTS RELATED TO TITLE I.**

(a) AMENDMENTS RELATED TO SECTIONS 101 AND 111.—

(1) AMENDMENTS TO ERISA.—

(A) Clause (i) of section 302(c)(1)(A) of ERISA is amended by striking “the plan is” and inserting “the plan are”.

(B) Section 302(c)(7) of ERISA is amended by inserting “which reduces the accrued benefit of any participant” after “subsection (d)(2)” in subparagraph (A).

(C) Section 302(d)(1) of ERISA is amended by striking “, the valuation date,”.

(2) AMENDMENTS TO 1986 CODE.—

(A) Clause (i) of section 412(c)(1)(A) of the 1986 Code is amended by striking “the plan is” and inserting “the plan are”.

(B) Section 412(c)(7) of the 1986 Code is amended by inserting “which reduces the accrued benefit of any participant” after “subsection (d)(2)” in subparagraph (A).

(C) Section 412(d)(1) of the 1986 Code is amended by striking “, the valuation date,”.

(b) AMENDMENTS RELATED TO SECTIONS 102 AND 112.—

(1) AMENDMENTS TO ERISA.—

(A) Section 303(b) of ERISA is amended to read as follows:

“(b) TARGET NORMAL COST.—For purposes of this section—

“(1) IN GENERAL.—Except as provided in subsection (i)(2) with respect to plans at risk status, the term ‘target normal cost’ means, for any plan year, the excess of—

“(A) the sum of—

“(i) the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year, plus

“(ii) the amount of plan-related expenses expected to be paid from plan assets during the plan year, over

“(B) the amount of mandatory employee contributions expected to be made during the plan year.

“(2) SPECIAL RULE FOR INCREASE IN COMPENSATION.—For purposes of this subsection, if any benefit attributable to services performed in a preceding plan year is increased by reason of any increase in compensation during the current plan year, the increase in such benefit shall be treated as having accrued during the current plan year.”.

(B) Section 303(c)(5)(B)(iii) of ERISA is amended by inserting “beginning” before “after 2008”.

(C) Section 303(c)(5)(B)(iv)(II) of ERISA is amended by inserting “for such year” after “beginning in 2007”.

(D) Section 303(f)(4)(A) of ERISA is amended by striking “paragraph (2)” and inserting “paragraph (3)”.

(E) Section 303(h)(2)(F) of ERISA is amended—

(i) by striking “section 205(g)(3)(B)(iii)(I) for such month” and inserting “section 205(g)(3)(B)(iii)(I) for such month”, and

(ii) by striking “subparagraph (B)” and inserting “subparagraph (C)”.

(F) Section 303(i) of ERISA is amended—

(i) in paragraph (2)—

(I) by striking subparagraph (A) and inserting the following new subparagraph:

“(A) the excess of—

“(i) the sum of—

“(I) the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year, determined using the additional actuarial assumptions described in paragraph (1)(B), plus

“(II) the amount of plan-related expenses expected to be paid from plan assets during the plan year, over

“(ii) the amount of mandatory employee contributions expected to be made during the plan year, plus”, and

(II) in subparagraph (B), by striking “the target normal cost (determined without regard to this paragraph) of the plan for the plan year” and inserting “the amount determined under subsection (b)(1)(A)(i) with respect to the plan for the plan year”, and

(ii) by striking “subparagraph (A)(ii)” in the last sentence of paragraph (4)(B) and inserting “subparagraph (A)”.

(G) Section 303(j)(3) of ERISA—

(i) is amended by adding at the end of subparagraph (A) the following new sentence: “In the case of plan years beginning in 2008, the funding shortfall for the preceding plan year may be determined using such methods of estimation as the Secretary of the Treasury may provide.”,

(ii) by adding at the end of subparagraph (E) the following new clause:

“(iii) PLAN WITH ALTERNATE VALUATION DATE.—The Secretary of the Treasury shall prescribe regulations for the application of this paragraph in the case of a plan which has a valuation date other than the first day of the plan year.”, and

(iii) by striking “AND SHORT YEARS” in the heading of subparagraph (E) and inserting “, SHORT YEARS, AND YEARS WITH ALTERNATE VALUATION DATE”.

(H) Section 303(k)(6)(B) of ERISA is amended by striking “, except” and all that follows and inserting a period.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 430(b) of the 1986 Code is amended to read as follows:

“(b) TARGET NORMAL COST.—For purposes of this section—

“(1) IN GENERAL.—Except as provided in subsection (i)(2) with respect to plans at risk status, the term ‘target normal cost’ means, for any plan year, the excess of—

“(A) the sum of—

“(i) the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year, plus

“(ii) the amount of plan-related expenses expected to be paid from plan assets during the plan year, over

“(B) the amount of mandatory employee contributions expected to be made during the plan year.

“(2) SPECIAL RULE FOR INCREASE IN COMPENSATION.—For purposes of this subsection, if any benefit attributable to services performed in a preceding plan year is increased by reason of any increase in compensation during the current plan year, the increase in

such benefit shall be treated as having accrued during the current plan year.”.

(B) Section 430(c)(5)(B)(iii) of the 1986 Code is amended by inserting “beginning” before “after 2008”.

(C) Section 430(c)(5)(B)(iv)(II) of the 1986 Code is amended by inserting “for such year” after “beginning in 2007”.

(D) Section 430(f) of the 1986 Code is amended—

(i) by striking “as of the first day of the plan year” the second place it appears in the first sentence of paragraph (3)(A),

(ii) by striking “paragraph (2)” in paragraph (4)(A) and inserting “paragraph (3)”,

(iii) by striking “paragraph (1), (2), or (4) of section 206(g)” in paragraph (6)(B)(iii) and inserting “subsection (b), (c), or (e) of section 436”,

(iv) by striking “the sum of” in paragraph (6)(C), and

(v) by striking “of the Treasury” in paragraph (8).

(E) Section 430(h)(2) of the 1986 Code is amended—

(i) by inserting “and target normal cost” after “funding target” in subparagraph (B),

(ii) by striking “liabilities” and inserting “benefits” in subparagraph (B),

(iii) by striking “section 417(e)(3)(D)(i) for such month” in subparagraph (F) and inserting “section 417(e)(3)(D)(i) for such month”, and

(iv) by striking “subparagraph (B)” in subparagraph (F) and inserting “subparagraph (C)”.

(F) Section 430(i) of the 1986 Code is amended—

(i) in paragraph (2)—

(I) by striking subparagraph (A) and inserting the following new subparagraph:

“(A) the excess of—

“(i) the sum of—

“(I) the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year, determined using the additional actuarial assumptions described in paragraph (1)(B), plus

“(II) the amount of plan-related expenses expected to be paid from plan assets during the plan year, over

“(ii) the amount of mandatory employee contributions expected to be made during the plan year, plus”, and

(II) in subparagraph (B), by striking “the target normal cost (determined without regard to this paragraph) of the plan for the plan year” and inserting “the amount determined under subsection (b)(1)(A)(i) with respect to the plan for the plan year”, and

(ii) by striking “subparagraph (A)(ii)” in the last sentence of paragraph (4)(B) and inserting “subparagraph (A)”.

(G) Section 430(j)(3) of the 1986 Code is amended—

(i) by adding at the end of subparagraph (A) the following new sentence: “In the case of plan years beginning in 2008, the funding shortfall for the preceding plan year may be determined using such methods of estimation as the Secretary may provide.”,

(ii) by striking “section 302(c)” in subparagraph (D)(ii)(II) and inserting “section 412(c)”.

(iii) by adding at the end of subparagraph (E) the following new clause:

“(iii) PLAN WITH ALTERNATE VALUATION DATE.—The Secretary shall prescribe regulations for the application of this paragraph in the case of a plan which has a valuation date other than the first day of the plan year.”, and

(iv) by striking “AND SHORT YEARS” in the heading of subparagraph (E) and inserting “, SHORT YEARS, AND YEARS WITH ALTERNATE VALUATION DATE”.

(H) Section 430(k) of the 1986 Code is amended—

(i) by inserting “(as provided under paragraph (2))” after “applies” in paragraph (1), and

(ii) by striking “, except” and all that follows in paragraph (6)(B) and inserting a period.

(C) AMENDMENTS RELATED TO SECTIONS 103 AND 113.—

(1) AMENDMENTS TO ERISA.—

(A) Section 101(j) of ERISA is amended—

(i) in paragraph (2), by striking “section 206(g)(4)(B)” and inserting “section 206(g)(4)(A)”; and

(ii) by adding at the end the following: “The Secretary of the Treasury, in consultation with the Secretary, shall have the authority to prescribe rules applicable to the notices required under this subsection.”.

(B) Section 206(g)(1)(B)(ii) of ERISA is amended by striking “a funding” and inserting “an adjusted funding”.

(C) The heading for section 206(g)(1)(C) of ERISA is amended by inserting “BENEFIT” after “EVENT”.

(D) Section 206(g)(3)(E) of ERISA is amended by adding at the end the following new flush sentence:

“Such term shall not include the payment of a benefit which under section 203(e) may be immediately distributed without the consent of the participant.”.

(E) Section 206(g)(5)(A)(iv) of ERISA is amended by inserting “adjusted” before “funding”.

(F) Section 206(g)(9)(C) of ERISA is amended—

(i) by striking “without regard to this subparagraph and” in clause (i), and

(ii) in clause (iii)—

(I) by striking “without regard to this subparagraph” and inserting “without regard to the reduction in the value of assets under section 303(f)(4)”, and

(II) by inserting “beginning” before “after” each place it appears.

(G) Section 206(g) of ERISA is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

“(10) SECRETARIAL AUTHORITY FOR PLANS WITH ALTERNATE VALUATION DATE.—In the case of a plan which has designated a valuation date other than the first day of the plan year, the Secretary of the Treasury may prescribe rules for the application of this subsection which are necessary to reflect the alternate valuation date.”.

(H) Section 502(c)(4) of ERISA is amended by striking “by any person” and all that follows through the period and inserting “by any person of subsection (j), (k), or (l) of section 101 or section 514(e)(3).”.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 436(b)(2) of the 1986 Code is amended—

(i) by striking “section 303” and inserting “section 430” in the matter preceding subparagraph (A), and

(ii) by striking “a funding” and inserting “an adjusted funding” in subparagraph (B).

(B) Section 436(b)(3) of the 1986 Code is amended—

(i) by inserting “BENEFIT” after “EVENT” in the heading, and

(ii) by striking “any event” in subparagraph (B) and inserting “an event”.

(C) Section 436(d)(5) of the 1986 Code is amended by adding at the end the following new flush sentence:

“Such term shall not include the payment of a benefit which under section 411(a)(11) may be immediately distributed without the consent of the participant.”.

(D) Section 436(f) of the 1986 Code is amended—

(i) by inserting “adjusted” before “funding” in paragraph (1)(D), and

(ii) by striking “prefunding balance under section 430(f) or funding standard carryover balance” in paragraph (2) and inserting “prefunding balance or funding standard carryover balance under section 430(f)”.

(E) Section 436(j)(3) of the 1986 Code is amended—

(i) in subparagraph (A)—

(I) by striking “without regard to this paragraph and”,

(II) by striking “section 430(f)(4)(A)” and inserting “section 430(f)(4)”, and

(III) by striking “paragraph (1)” and inserting “paragraphs (1) and (2)”, and

(ii) in subparagraph (C)—

(I) by striking “without regard to this paragraph” and inserting “without regard to the reduction in the value of assets under section 430(f)(4)”, and

(II) by inserting “beginning” before “after” each place it appears.

(F) Section 436 of the 1986 Code is amended by redesignating subsection (k) as subsection (m) and by inserting after subsection (j) the following new subsections:

“(k) SECRETARIAL AUTHORITY FOR PLANS WITH ALTERNATE VALUATION DATE.—In the case of a plan which has designated a valuation date other than the first day of the plan year, the Secretary may prescribe rules for the application of this section which are necessary to reflect the alternate valuation date.

“(l) SINGLE-EMPLOYER PLAN.—For purposes of this section, the term ‘single-employer plan’ means a plan which is not a multiemployer plan.”.

(3) AMENDMENTS TO 2006 ACT.—Sections 103(c)(2)(A)(ii) and 113(b)(2)(A)(ii) of the 2006 Act are each amended—

(A) by striking “subsection” and inserting “section”, and

(B) by striking “subparagraph” and inserting “paragraph”.

(d) AMENDMENTS RELATED TO SECTIONS 107 AND 114.—

(1) AMENDMENTS TO ERISA.—

(A) Section 103(d) of ERISA is amended—

(i) in paragraph (3), by striking “the normal costs, the accrued liabilities” and inserting “the normal costs or target normal costs, the accrued liabilities or funding target”, and

(ii) by striking paragraph (7) and inserting the following new paragraph:

“(7) A certification of the contribution necessary to reduce the minimum required contribution determined under section 303, or the accumulated funding deficiency determined under section 304, to zero.”.

(B) Section 4071 of ERISA is amended by striking “as section 303(k)(4) or 307(e)” and inserting “or section 303(k)(4)”,

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 401(a)(29) of the 1986 Code is amended by striking “ON PLANS IN AT-RISK STATUS” in the heading.

(B) Section 401(a)(32)(C) of the 1986 Code is amended—

(i) by striking “section 430(j)” and inserting “section 430(j)(3)”, and

(ii) by striking “paragraph (5)(A)” and inserting “section 430(j)(4)(A)”.

(C) Section 401(a)(33) of the 1986 Code is amended—

(i) by striking “section 412(c)(2)” in subparagraph (B)(iii) and inserting “section 412(d)(2)”, and

(ii) by striking “section 412(b)(2) (without regard to subparagraph (B) thereof)” in subparagraph (D) and inserting “section 412(b)(1), without regard to section 412(b)(2)”.

(D) Section 411 of the 1986 Code is amended—

(i) by striking “section 412(c)(2)” in subsection (a)(3)(C) and inserting “section 412(d)(2)”, and

(ii) by striking “section 412(e)(2)” in subsection (d)(6)(A) and inserting “section 412(d)(2)”.

(E) Section 414(1)(2)(B)(i)(I) of the 1986 Code is amended to read as follows:

“(I) the sum of the funding target and target normal cost determined under section 430, over”.

(F) Section 4971 of the 1986 Code is amended—

(i) by striking “required minimum” in subsection (b)(1) and inserting “minimum required”,

(ii) by inserting “or unpaid minimum required contribution, whichever is applicable” after “accumulated funding deficiency” each place it appears in subsections (c)(3) and (d)(1), and

(iii) by striking “section 412(a)(1)(A)” in subsection (e)(1) and inserting “section 412(a)(2)”.

(3) AMENDMENT TO 2006 ACT.—Section 114 of the 2006 Act is amended by adding at the end the following new subsection:

“(g) EFFECTIVE DATES.—

“(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after 2007.

“(2) EXCISE TAX.—The amendments made by subsection (e) shall apply to taxable years beginning after 2007, but only with respect to plan years described in paragraph (1) which end with or within any such taxable year.”.

(e) AMENDMENT RELATED TO SECTION 116.—Section 409A(b)(3)(A)(ii) of the 1986 Code is amended by inserting “to an applicable covered employee” after “under the plan”.

### SEC. 3. AMENDMENTS RELATED TO TITLE II.

(a) AMENDMENT RELATED TO SECTIONS 201 AND 211.—Section 201(b)(2)(A) of the 2006 Act is amended by striking “has not used” and inserting “has not adopted, or ceased using.”.

(b) AMENDMENTS RELATED TO SECTIONS 202 AND 212.—

(1) AMENDMENTS TO ERISA.—

(A) Section 305(b)(3)(C) of ERISA is amended by striking “section 101(b)(4)” and inserting “section 101(b)(1)”.

(B) Section 305(b)(3)(D) of ERISA is amended by striking “The Secretary” in clause (iii) and inserting “The Secretary of the Treasury, in consultation with the Secretary”.

(C) Section 305(c)(7) of ERISA is amended—

(i) by striking “to agree on” and all that follows in subparagraph (A)(ii) and inserting “to adopt a contribution schedule with terms consistent with the funding improvement plan and a schedule from the plan sponsor,” and

(ii) by striking subparagraph (B) and inserting the following new subparagraph:

“(B) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the date which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) expires,” and

(iii) by adding at the end the following new subparagraph:

“(C) FAILURE TO MAKE SCHEDULED CONTRIBUTIONS.—Any failure to make a contribution under a schedule of contribution rates provided under this paragraph shall be treated as a delinquent contribution under section 515 and shall be enforceable as such.”.

(D) Section 305(e) of ERISA is amended—

(i) in paragraph (3)(C)—

(I) by striking all that follows “to adopt a” in clause (i)(II) and inserting “to adopt a contribution schedule with terms consistent with the rehabilitation plan and a schedule from the plan sponsor under paragraph (1)(B)(i),”.

(II) by striking clause (ii) and inserting the following new clause:

“(ii) DATE OF IMPLEMENTATION.—The date specified in this clause is the date which is



180 days after the date on which the collective bargaining agreement described in clause (i) expires.”, and

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

“(iii) FAILURE TO MAKE SCHEDULED CONTRIBUTIONS.—Any failure to make a contribution under a schedule of contribution rates provided under this subsection shall be treated as a delinquent contribution under section 515 and shall be enforceable as such.”,

(ii) in paragraph (4)—

(I) by striking “the date of” in subparagraph (A)(ii), and

(II) by striking “and taking” in subparagraph (B) and inserting “but taking”,

(iii) in paragraph (6)—

(I) by striking “paragraph (1)(B)(i)” and inserting “the last sentence of paragraph (1)”, and

(II) by striking “established” and inserting “establish”,

(iv) in paragraph (8)(C)(iii)—

(I) by striking “the Secretary” in subclause (I) and inserting “the Secretary of the Treasury, in consultation with the Secretary”, and

(II) by striking “Secretary” in the last sentence and inserting “Secretary of the Treasury”, and

(v) by striking “an employer’s withdrawal liability” in paragraph (9)(B) and inserting “the allocation of unfunded vested benefits to an employer”.

(E) Section 305(g) of ERISA is amended by inserting “under subsection (c)” after “funding improvement plan” the first place it appears.

(F) Section 302(b)(3) of ERISA is amended by striking “the plan adopts” and inserting “the plan sponsor adopts”.

(G) Section 502(c)(2) of ERISA is amended by striking “101(b)(4)” and inserting “101(b)(1)”.

(H) Section 502(c)(8)(A) of ERISA is amended by inserting “plan” after “multiemployer”.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 432(b)(3)(C) of the 1986 Code is amended by striking “section 101(b)(4)” and inserting “section 101(b)(1)”.

(B) Section 432(b)(3)(D)(iii) of the 1986 Code is amended by striking “The Secretary of Labor” and inserting “The Secretary, in consultation with the Secretary of Labor”.

(C) Section 432(c) of the 1986 Code is amended—

(i) in paragraph (3), by striking “section 304(d)” in subparagraph (A)(ii) and inserting “section 431(d)”, and

(ii) in paragraph (7)—

(I) by striking “to agree on” and all that follows in subparagraph (A)(ii) and inserting “to adopt a contribution schedule with terms consistent with the funding improvement plan and a schedule from the plan sponsor,”, and

(II) by striking subparagraph (B) and inserting the following new subparagraph:

“(B) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the date which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) expires.”.

(D) Section 432(e) of the 1986 Code is amended—

(i) in paragraph (3)(C)—

(I) by striking all that follows “to adopt a” in clause (i)(II) and inserting “to adopt a contribution schedule with terms consistent with the rehabilitation plan and a schedule from the plan sponsor under paragraph (1)(B)(i).”, and

(II) by striking clause (ii) and inserting the following new clause:

“(ii) DATE OF IMPLEMENTATION.—The date specified in this clause is the date which is

180 days after the date on which the collective bargaining agreement described in clause (i) expires.”,

(ii) in paragraph (4)—

(I) by striking “the date of” in subparagraph (A)(ii), and

(II) by striking “and taking” in subparagraph (B) and inserting “but taking”,

(iii) in paragraph (6)—

(I) by striking “paragraph (1)(B)(i)” and inserting “the last sentence of paragraph (1)”, and

(II) by striking “established” and inserting “establish”,

(iv) in paragraph (8)—

(I) by striking “section 204(g)” in subparagraph (A)(i) and inserting “section 411(d)(6)”,

(II) by inserting “of the Employee Retirement Income Security Act of 1974” after “4212(a)” in subparagraph (C)(i)(II),

(III) by striking “the Secretary of Labor” in subparagraph (C)(iii)(I) and inserting “the Secretary, in consultation with the Secretary of Labor”, and

(IV) by striking “the Secretary of Labor” in the last sentence of subparagraph (C)(iii) and inserting “the Secretary”, and

(v) by striking “an employer’s withdrawal liability” in paragraph (9)(B) and inserting “the allocation of unfunded vested benefits to an employer”.

(E) Section 432(f)(2)(A)(i) of the 1986 Code is amended by striking “section 411(b)(1)(A)” and inserting “section 411(a)(9)”.

(F) Section 432(g) of the 1986 Code is amended by inserting “under subsection (c)” after “funding improvement plan” the first place it appears.

(G) Section 432(i) of the 1986 Code is amended—

(i) by striking “section 412(a)” in paragraph (3) and inserting “section 431(a)”, and

(ii) by striking paragraph (9) and inserting the following new paragraph:

“(9) PLAN SPONSOR.—For purposes of this section, section 431, and section 4971(g)—

“(A) IN GENERAL.—The term ‘plan sponsor’ means, with respect to any multiemployer plan, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

“(B) SPECIAL RULE FOR SECTION 404(c) PLANS.—In the case of a plan described in section 404(c) (or a continuation of such plan), such term means the bargaining parties described in paragraph (1).”.

(H) Section 412(b)(3) of the 1986 Code is amended by striking “the plan adopts” and inserting “the plan sponsor adopts”.

(I) Section 4971(g)(4) of the 1986 Code is amended—

(i) in subparagraph (B)(ii), by striking “first day of” and inserting “day following the close of”, and

(ii) by striking clause (ii) of subparagraph (C) and inserting the following new clause:

“(ii) PLAN SPONSOR.—For purposes of clause (i), the term ‘plan sponsor’ has the meaning given such term by section 432(i)(9).”.

(3) AMENDMENTS TO 2006 ACT.—

(A) Section 212(b)(2) of the 2006 Act is amended by striking “Section 4971(c)(2) of such Code” and inserting “Section 4971(e)(2) of such Code”.

(B) Section 212(e)(1) of the 2006 Act is amended by inserting “, except that the amendments made by subsection (b) shall apply to taxable years beginning after 2007, but only with respect to plan years beginning after 2007 which end with or within any such taxable year” before the period at the end.

(C) Section 212(e)(2) of the 2006 Act is amended by striking “section 305(b)(3) of the Employee Retirement Income Security Act

of 1974” and inserting “section 432(b)(3) of the Internal Revenue Code of 1986”.

#### SEC. 4. AMENDMENTS RELATED TO TITLE III.

(a) AMENDMENT RELATED TO SECTION 301.—Clause (ii) of section 101(c)(2)(A) of the Pension Funding Equity Act of 2004, as amended by section 301(c) of the 2006 Act, is amended by striking “2008” and inserting “2009”.

(b) AMENDMENTS RELATED TO SECTION 302.—

(1) AMENDMENT TO ERISA.—Section 205(g)(3)(B)(iii)(II) of ERISA is amended by striking “section 205(g)(3)(B)(iii)(II)” and inserting “section 205(g)(3)(A)(ii)(II)”.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 417(e)(3)(D)(i) of the 1986 Code is amended by striking “clause (ii)” and inserting “subparagraph (C)”.

(B) Section 415(b)(2)(E)(v) of the 1986 Code is amended to read as follows:

“(v) For purposes of adjusting any benefit or limitation under subparagraph (B), (C), or (D), the mortality table used shall be the applicable mortality table (within the meaning of section 417(e)(3)(B)).”.

#### SEC. 5. AMENDMENTS RELATED TO TITLE IV.

(a) AMENDMENT RELATED TO SECTION 401.—Section 4006(a)(3)(A)(i) of ERISA is amended by striking “1990” and inserting “2005”.

(b) AMENDMENT RELATED TO SECTION 402.—Section 402(c)(1)(A) of the 2006 Act is amended by striking “commercial airline” and inserting “commercial”.

(c) AMENDMENT RELATED TO SECTION 408.—Section 4044(e) of ERISA, as added by section 408(b)(2) of the 2006 Act, is redesignated as subsection (f).

(d) AMENDMENTS RELATED TO SECTION 409.—Section 4041(b)(5)(A) of ERISA is amended by striking “subparagraph (B)” and inserting “subparagraphs (B) and (D)”.

(e) AMENDMENTS RELATED TO SECTION 410.—Section 4050(d)(4)(A) of ERISA is amended—

(1) by striking “and” at the end of clause (i), and

(2) by striking clause (ii) and inserting the following new clauses:

“(ii) which is not a plan described in paragraph (2), (3), (4), (6), (7), (8), (9), (10), or (11) of section 4021(b), and

“(iii) which, was a plan described in section 401(a) of the Internal Revenue Code of 1986 which includes a trust exempt from tax under section 501(a) of such Code, and”.

#### SEC. 6. AMENDMENTS RELATED TO TITLE V.

(a) AMENDMENT RELATED TO SECTION 501.—Section 101(f)(2)(B)(ii) of ERISA is amended—

(1) by striking “for which the latest annual report filed under section 104(a) was filed” in subclause (I)(aa) and inserting “to which the notice relates”, and

(2) by striking subclause (II) and inserting the following new subclause:

“(II) in the case of a multiemployer plan, a statement, for the plan year to which the notice relates and the preceding 2 plan years, of the value of the plan assets (determined both in the same manner as under section 304 and under the rules of subclause (I)(bb)) and the value of the plan liabilities (determined in the same manner as under section 304 except that the method specified in section 305(i)(8) shall be used).”.

(b) AMENDMENTS RELATED TO SECTION 502.—

(1) Section 101(k)(2) of ERISA is amended by filing at the end the following new flush sentence:

“Subparagraph (C)(i) shall not apply to individually identifiable information with respect to any plan investment manager or adviser, or with respect to any other person (other than an employee of the plan) preparing a financial report required to be included under paragraph (1)(B).”.

(2) Section 4221 of ERISA is amended by striking subsection (e) and by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(C) AMENDMENTS RELATED TO SECTION 503.—  
(1) AMENDMENTS TO ERISA.—

(A) Section 104(b)(3) of ERISA is amended by—

(i) striking “section 103(f)” and inserting “section 101(f)”, and

(ii) striking “the administrators” and inserting “the administrator”.

(B) Section 104(d)(1)(E)(ii) of ERISA is amended by inserting “funding” after “plan’s”.

(2) AMENDMENTS TO 2006 ACT.—Section 503(e) of the 2006 Act is amended by striking “section 101(f)” and inserting “section 104(d)”.

(d) AMENDMENT RELATED TO SECTION 505.—Section 4010(d)(2)(B) of ERISA is amended by striking “section 302(d)(2)” and inserting “section 303(d)(2)”.

(e) AMENDMENTS RELATED TO SECTION 506.—

(1) Section 4041(c)(2)(D)(i) of ERISA is amended by striking “subsection (a)(2)” the second place it appears and inserting “subparagraph (A) or the regulations under subsection (a)(2)”.

(2) Section 4042(c)(3)(C)(i) of ERISA is amended—

(A) by striking “and plan sponsor” and inserting “, the plan sponsor, or the corporation”, and

(B) by striking “subparagraph (A)(i)” and inserting “subparagraph (A)”.

(f) AMENDMENTS RELATED TO SECTION 508.—Section 209(a) of ERISA is amended—

(1) in paragraph (1)—

(A) by striking “regulations prescribed by the Secretary” and inserting “such regulations as the Secretary may prescribe”, and

(B) by striking the last sentence and inserting “The report required under this paragraph shall be in the same form, and contain the same information, as periodic benefit statements under section 105(a).”, and

(2) by striking paragraph (2) and inserting the following:

“(2) If more than one employer adopts a plan, each such employer shall furnish to the plan administrator the information necessary for the administrator to maintain the records, and make the reports, required by paragraph (1). Such administrator shall maintain the records, and make the reports, required by paragraph (1).”

(g) AMENDMENT RELATED TO SECTION 509.—Section 101(i)(8)(B) of ERISA is amended to read as follows:

“(B) ONE-PARTICIPANT RETIREMENT PLAN.—For purposes of subparagraph (A), the term ‘one-participant retirement plan’ means a retirement plan that on the first day of the plan year—

“(i) covered only one individual (or the individual and the individual’s spouse) and the individual (or the individual and the individual’s spouse) owned 100 percent of the plan sponsor (whether or not incorporated), or

“(ii) covered only one or more partners (or partners and their spouses) in the plan sponsor.”

#### SEC. 7. AMENDMENTS RELATED TO TITLE VI.

(a) AMENDMENTS RELATED TO SECTION 601.—

(1) AMENDMENTS TO ERISA.—

(A) Section 408(g)(3)(D)(ii) of ERISA is amended by striking “subsection (b)(14)(B)(ii)” and inserting “subsection (b)(14)(A)(ii)”.

(B) Section 408(g)(6)(A)(i) of ERISA is amended by striking “financial adviser” and inserting “fiduciary adviser”.

(C) Section 408(g)(11)(A) of ERISA is amended—

(i) by striking “the participant” each place it appears and inserting “a participant”, and

(ii) by striking “section 408(b)(4)” in clause (ii) and inserting “subsection (b)(4)”.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 4975(d)(17) of the 1986 Code, in the matter preceding subparagraph (A), is

amended by striking “and that permits” and inserting “that permits”.

(B) Section 4975(f)(8) of the 1986 Code is amended—

(i) in subparagraph (A), by striking “subsection (b)(14)” and inserting “subsection (d)(17)”,

(ii) in subparagraph (C)(iv)(II), by striking “subsection (b)(14)(B)(ii)” and inserting “(d)(17)(A)(ii)”,

(iii) in subparagraph (F)(i)(I), by striking “financial adviser” and inserting “fiduciary adviser”,

(iv) in subparagraph (I), by striking “section 406” and inserting “subsection (c)”, and

(v) in subparagraph (J)(i)—

(I) by striking “the participant” each place it appears and inserting “a participant”,

(II) in the matter preceding subclause (I), by inserting “referred to in subsection (e)(3)(B)” after “investment advice”, and

(III) in subclause (II), by striking “section 408(b)(4)” and inserting “subsection (d)(4)”.

(3) AMENDMENT TO 2006 ACT.—Section 601(b)(4) of the 2006 Act is amended by striking “section 4975(c)(3)(B)” and inserting “section 4975(e)(3)(B)”.

(b) AMENDMENTS RELATED TO SECTION 611.—

(1) AMENDMENT TO ERISA.—Section 408(b)(18)(C) of ERISA is amended by striking “or less”.

(2) AMENDMENTS TO 1986 CODE.—Section 4975(d) of the 1986 Code is amended—

(A) in the matter preceding subparagraph (A) of paragraph (18)—

(i) by striking “party in interest” and inserting “disqualified person”, and

(ii) by striking “subsection (e)(3)(B)” and inserting “subsection (e)(3)”.

(B) in paragraphs (19), (20), and (21), by striking “party in interest” each place it appears and inserting “disqualified person”, and

(C) by striking “or less” in paragraph (21)(C).

(c) AMENDMENTS RELATED TO SECTION 612.—Section 4975(f)(11)(B)(i) of the 1986 Code is amended by—

(1) inserting “of the Employee Retirement Income Security Act of 1974” after “section 407(d)(1)”, and

(2) inserting “of such Act” after “section 407(d)(2)”.

(d) AMENDMENTS RELATED TO SECTION 621.—Section 404(c)(1) of ERISA is amended—

(1) by inserting “(or any period that would be a blackout period but for the fact that it is a period of 3 consecutive business days or less)” after “blackout period” in subparagraph (A)(ii), and

(2) by inserting the following new sentence at the end of subparagraph (B): “In the case of any period that would be a blackout period but for the fact that it is a period of 3 consecutive business days or less, the preceding sentence shall apply to such period if the person referred to in subparagraph (A)(ii) meets the requirements described in the preceding sentence with respect to such period in the same manner as if it were a blackout period.”

(e) AMENDMENTS RELATED TO SECTION 624.—Section 404(c)(5) of ERISA is amended by striking “participant” each place it appears and inserting “participant or beneficiary”.

#### SEC. 8. AMENDMENTS RELATED TO TITLE VII.

(1) AMENDMENTS TO ERISA.—

(A) Section 203(f)(1)(B) of ERISA is amended to read as follows:

“(B) the requirements of section 204(c) or 205(g), or the requirements of subsection (e), with respect to accrued benefits derived from employer contributions.”

(B) Section 204(b)(5) of ERISA is amended—

(i) by striking “clause” in subparagraph (A)(iii) and inserting “subparagraph”, and

(ii) by inserting “otherwise” before “allowable” in subparagraph (C).

(C) Subclause (II) of section 204(b)(5)(B)(i) of ERISA is amended to read as follows:

“(II) PRESERVATION OF CAPITAL.—An applicable defined benefit plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the plan provides that an interest credit (or equivalent amount) of less than zero shall in no event result in the account balance or similar amount being less than the aggregate amount of contributions credited to the account.”

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 411(b)(5) of the 1986 Code is amended—

(i) by striking “clause” in subparagraph (A)(iii) and inserting “subparagraph”, and

(ii) by inserting “otherwise” before “allowable” in subparagraph (C).

(B) Section 411(a)(13)(A) of the 1986 Code is amended—

(i) by striking “paragraph (2)” in clause (i) and inserting “subparagraph (B)”,

(ii) by striking clause (ii) and inserting the following new clause:

“(ii) the requirements of subsection (a)(11) or (c), or the requirements of section 417(e), with respect to accrued benefits derived from employer contributions,” and

(iii) by striking “paragraph (3)” in the matter following clause (ii) and inserting “subparagraph (C)”.

(C) Subclause (II) of section 411(b)(5)(B)(i) of the 1986 Code is amended to read as follows:

“(II) PRESERVATION OF CAPITAL.—An applicable defined benefit plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the plan provides that an interest credit (or equivalent amount) of less than zero shall in no event result in the account balance or similar amount being less than the aggregate amount of contributions credited to the account.”

(3) AMENDMENTS TO 2006 ACT.—

(A) Section 701(d)(2) of the 2006 Act is amended by striking “204(g)” and inserting “205(g)”.

(B) Section 701(e) of the 2006 Act is amended—

(i) by inserting “on or” after “period” in paragraph (3),

(ii) in paragraph (4)—

(I) by inserting “the earlier of” after “before” in the matter preceding subparagraph (A), and

(II) by striking “earlier” and inserting “later” in subparagraph (A),

(iii) by inserting “on or” before “after” each place it appears in paragraph (5), and

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

“(6) SPECIAL RULE FOR VESTING REQUIREMENTS.—The requirements of section 203(f)(2) of the Employee Retirement Income Security Act of 1974 and section 411(a)(13)(B) of the Internal Revenue Code of 1986 (as added by this Act)—

“(A) shall not apply to a participant who does not have an hour of service after the effective date of such requirements (as otherwise determined under this subsection); and

“(B) in the case of a plan other than a plan described in paragraph (3) or (4), shall apply to plan years ending on or after June 29, 2005.”

#### SEC. 9. AMENDMENTS RELATED TO TITLE VIII.

(a) AMENDMENTS RELATED TO SECTION 801.—

(1) Section 404(o) of the 1986 Code is amended—

(A) by striking “430(g)(2)” in paragraph (2)(A)(ii) and inserting “430(g)(3)”, and

(B) by striking “412(f)(4)” in paragraph (4)(B) and inserting “412(d)(3)”.

(2) Section 404(a)(7)(A) of the 1986 Code is amended—

(A) by striking the next to last sentence, and

(B) by striking “the plan’s funding shortfall determined under section 430” in the last sentence and inserting “the excess (if any) of the plan’s funding target (as defined in section 430(d)(1)) over the value of the plan’s assets (as determined under section 430(g)(3))”.

(b) AMENDMENT RELATED TO SECTION 803.—Clause (iii) of section 404(a)(7)(C) of the 1986 Code is amended to read as follows:

“(iii) LIMITATION.—In the case of employer contributions to 1 or more defined contribution plans—

“(I) if such contributions do not exceed 6 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under such plans, this paragraph shall not apply to such contributions or to employer contributions to the defined benefit plans to which this paragraph would otherwise apply by reason of contributions to the defined contribution plans, and

“(II) if such contributions exceed 6 percent of such compensation, this paragraph shall be applied by only taking into account such contributions to the extent of such excess. For purposes of this clause, amounts carried over from preceding taxable years under subparagraph (B) shall be treated as employer contributions to 1 or more defined contribution plans to the extent attributable to employer contributions to such plans in such preceding taxable years.”.

(c) AMENDMENTS RELATED TO SECTION 824.—

(1) Section 408A(c)(3)(B) of the 1986 Code, as in effect after the amendments made by section 824(b)(1) of the 2006 Act, is amended—

(A) by striking the second “an” before “eligible”;

(B) by striking “other than a Roth IRA”, and

(C) by adding at the end the following new flush sentence:

“This subparagraph shall not apply to a qualified rollover contribution from a Roth IRA or to a qualified rollover contribution from a designated Roth account which is a rollover contribution described in section 402A(c)(3)(A).”

(2) Section 408A(d)(3)(B), as in effect after the amendments made by section 824(b)(2)(B) of the 2006 Act, is amended by striking “(other than a Roth IRA)” and by inserting at the end the following new sentence: “This paragraph shall not apply to a distribution which is a qualified rollover contribution from a Roth IRA or a qualified rollover contribution from a designated Roth account which is a rollover contribution described in section 402A(c)(3)(A).”

(d) AMENDMENT TO SECTION 827.—The first sentence of section 72(t)(2)(G)(iv) of the 1986 Code is amended by inserting “on or” before “before”.

(e) AMENDMENTS RELATED TO SECTION 829.—(1) Section 402(c)(11) of the 1986 Code is amended—

(A) by inserting “described in paragraph (8)(B)(iii)” after “eligible retirement plan” in subparagraph (A), and

(B) by striking “trust” before “designated beneficiary” in subparagraph (B).

(2)(A) Section 402(f)(2)(A) of the 1986 Code is amended by adding at the end the following new sentence: “Such term shall include any distribution which is treated as an eligible rollover distribution by reason of section 403(a)(4)(B), 403(b)(8)(B), or 457(e)(16)(B).”

(B) Clause (i) of section 402(c)(11) of the 1986 Code is amended by striking “for purposes of this subsection”.

(C) The amendments made by this paragraph shall apply with respect to plan years beginning after December 31, 2008.

(f) AMENDMENT RELATED TO SECTION 832.—Section 415(f) of the 1986 Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(g) AMENDMENTS RELATED TO SECTION 833.—

(1) Section 408A(c)(3)(C) of the 1986 Code, as added by section 833(c) of the 2006 Act, is redesignated as subparagraph (E).

(2) In the case of taxable years beginning after December 31, 2009, section 408A(c)(3)(E) of the 1986 Code (as redesignated by paragraph (1))—

(A) is redesignated as subparagraph (D), and

(B) is amended by striking “subparagraph (C)(ii)” and inserting “subparagraph (B)(ii)”. (h) AMENDMENTS RELATED TO SECTION 841.—

(1) Section 420(c)(1)(A) of the 1986 Code is amended by adding at the end the following new sentence: “In the case of a qualified future transfer or collectively bargained transfer to which subsection (f) applies, any assets so transferred may also be used to pay liabilities described in subsection (f)(2)(C).”

(2) Section 420(f)(2) of the 1986 Code is amended by striking “such” before “the applicable” in subparagraph (D)(i)(I).

(3) Section 4980(c)(2)(B) of the 1986 Code is amended by striking “or” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, or”, and by adding at the end the following new clause: “(iii) any transfer described in section 420(f)(2)(B)(ii)(II).”

(i) AMENDMENTS RELATED TO SECTION 845.—(1) Subsection (l) of section 402 of the 1986 Code is amended—

(A) in paragraph (1)—

(i) by inserting “maintained by the employer described in paragraph (4)(B)” after “an eligible retirement plan”, and

(ii) by striking “of the employee, his spouse, or dependents (as defined in section 152)”;

(B) in paragraph (4)(D), by—

(i) inserting “(as defined in section 152)” after “dependents”, and

(ii) striking “health insurance plan” and inserting “health plan”, and

(C) in paragraph (5)(A), by striking “health insurance plan” and inserting “health plan”.

(2) Subparagraph (B) of section 402(l)(3) of the 1986 Code is amended by striking “all amounts distributed from all eligible retirement plans were treated as 1 contract for purposes of determining the inclusion of such distribution under section 72” and inserting “all amounts to the credit of the eligible public safety officer in all eligible retirement plans maintained by the employer described in paragraph (4)(B) were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible”.

(j) AMENDMENTS RELATED TO SECTION 854.—

(1) Section 3121(b)(5)(E) of the 1986 Code is amended by striking “or special trial judge”.

(2) Section 210(a)(5)(E) of the Social Security Act is amended by striking “or special trial judge”.

(k) AMENDMENTS RELATED TO SECTION 856.—Section 856 of the 2006 Act, and the amendments made by such section, are hereby repealed, and the Internal Revenue Code of 1986 shall be applied and administered as if such sections and amendments had not been enacted.

(l) AMENDMENT RELATED TO SECTION 864.—Section 864(a) of the 2006 Act is amended by striking “Reconciliation”.

#### SEC. 10. AMENDMENTS RELATED TO TITLE IX.

(a) AMENDMENT RELATED TO SECTION 901.—Section 401(a)(35)(E)(iv) of the 1986 Code is amended to read as follows:

“(iv) ONE-PARTICIPANT RETIREMENT PLAN.—For purposes of clause (iii), the term ‘one-participant retirement plan’ means a retirement plan that on the first day of the plan year—

“(I) covered only one individual (or the individual and the individual’s spouse) and the

individual (or the individual and the individual’s spouse) owned 100 percent of the plan sponsor (whether or not incorporated), or

“(II) covered only one or more partners (or partners and their spouses) in the plan sponsor.”.

(b) AMENDMENTS RELATED TO SECTION 902.—

(1) Section 401(k)(13)(D)(i)(I) of the 1986 Code is amended by striking “such compensation as exceeds 1 percent but does not” and inserting “such contributions as exceed 1 percent but do not”.

(2) Sections 401(k)(8)(E) and 411(a)(3)(G) of the 1986 Code are each amended—

(A) by striking “an erroneous automatic contribution” and inserting “a permissible withdrawal”, and

(B) by striking “ERRONEOUS AUTOMATIC CONTRIBUTION” in the heading and inserting “PERMISSIBLE WITHDRAWAL”.

(3) Section 402(g)(2)(A)(ii) of the 1986 Code is amended by inserting “through the end of such taxable year” after “such amount”.

(4) Section 414(w)(3) of the 1986 Code is amended—

(A) in subparagraph (B), by inserting “and” after the comma at the end,

(B) by striking subparagraph (C), and

(C) by redesignating subparagraph (D) as subparagraph (C).

(5) Section 414(w)(5) of the 1986 Code is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding at the end the following:

“(D) a simplified employee pension the terms of which provide for a salary reduction arrangement described in section 408(k)(6), and

“(E) a simple retirement account (as defined in section 408(pp)).”.

(6) Section 414(w)(6) of the 1986 Code is amended by inserting “or for purposes of applying the limitation under section 402(g)(1)” before the period at the end.

(c) AMENDMENTS RELATED TO SECTION 903.—

(1) AMENDMENT OF 1986 CODE.—Section 414(x)(1) of the 1986 Code is amended by adding at the end of paragraph (1) the following new sentence: “In the case of a termination of the defined benefit plan and the applicable defined contribution plan forming part of an eligible combined plan, the plan administrator shall terminate each such plan separately.”

(2) AMENDMENTS OF ERISA.—Section 210(e) of ERISA is amended—

(A) by adding at the end of paragraph (1) the following new sentence: “In the case of a termination of the defined benefit plan and the applicable defined contribution plan forming part of an eligible combined plan, the plan administrator shall terminate each such plan separately.”, and

(B) by striking paragraph (3) and by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

(d) AMENDMENTS RELATED TO SECTION 906.—

(1) Section 906(b)(1)(B)(ii) of the 2006 Act is amended by striking “paragraph (1)” and inserting “paragraph (10)”.

(2) Section 4021(b) of ERISA is amended by inserting “or” at the end of paragraph (12), by striking “; or” at the end of paragraph (13) and inserting a period, and by striking paragraph (14).

#### SEC. 11. AMENDMENTS RELATED TO TITLE X.

(a) AMENDMENTS TO RAILROAD RETIREMENT ACT.—

(1) Section 14(b) of the Railroad Retirement Act of 1974 (45 U.S.C. 231m(b)) is amended by adding at the end the following:

“(3)(i) Payments made pursuant to paragraph (2) of this subsection shall not require that the employee be entitled to an annuity under section 2(a)(1) of this Act: Provided,

however, That where an employee is not entitled to such an annuity, payments made pursuant to paragraph (2) may not begin before the month in which the following three conditions are satisfied:

“(A) The employee has completed ten years of service in the railroad industry or, five years of service all of which accrues after December 31, 1995.

“(B) The spouse or former spouse attains age 62.

“(C) The employee attains age 62 (or if deceased, would have attained age 62).

“(ii) Payments made pursuant to paragraph (2) of this subsection shall terminate upon the death of the spouse or former spouse, unless the court document provides for termination at an earlier date. Notwithstanding the language in a court order, that portion of payments made pursuant to paragraph (2) which represents payments computed pursuant to section 3(f)(2) of this Act shall not be paid after the death of the employee.

“(iii) If the employee is not entitled to an annuity under section 2(a)(1) of this Act, payments made pursuant to paragraph (2) of this subsection shall be computed as though the employee were entitled to an annuity.”.

(2) Subsection (d) of section 5 of the Railroad Retirement Act (45 U.S.C. 231d) is repealed.

(b) EFFECTIVE DATES.—

(1) SUBSECTION (a)(1).—The amendment made by subsection (a)(1) shall apply with respect to payments due for months after August 2007. If, prior to the effective date of such amendment, payment pursuant to paragraph (2) of section 14(b) of the Railroad Retirement Act of 1974 (45 U.S.C. 231m(b)) was terminated because of the employee's death, payment to the former spouse may be reinstated for months after August 2007.

(2) SUBSECTION (a)(2).—The amendment made by subsection (a)(2) shall take effect upon the date of the enactment of this Act.

**SEC. 12. AMENDMENTS RELATED TO TITLE XI.**

(a) AMENDMENT RELATED TO SECTION 1104.—Section 1104(d)(1) of the 2006 Act is amended by striking “Act” the first place it appears and inserting “section”.

(b) AMENDMENTS RELATED TO SECTION 1105.—Section 3304(a) of the 1986 Code is amended—

(1) in paragraph (15)—

(A) by redesignating clauses (i) and (ii) of subparagraph (A) as subclauses (I) and (II),

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii),

(C) by striking the semicolon at the end of clause (ii) (as so redesignated) and inserting “, and”,

(D) by striking “(15)” and inserting “(15)(A) subject to subparagraph (B)”, and

(E) by adding at the end the following:

“(B) the amount of compensation shall not be reduced on account of any payments of governmental or other pensions, retirement or retired pay, annuity, or other similar payments which are not includible in the gross income of the individual for the taxable year in which it was paid because it was part of a rollover distribution.”, and

(2) by striking the last sentence.

(c) AMENDMENTS RELATED TO SECTION 1106.—Section 3(37)(G) of ERISA is amended by—

(1) striking “paragraph” each place it appears in clauses (ii), (iii), and (v)(I) and inserting “subparagraph”,

(2) striking “subclause (i)(II)” in clause (iii) and inserting “clause (i)(II)”,

(3) striking “subparagraph” in clause (v)(II) and inserting “clause”, and

(4) by striking “section 101(b)(4)” in clause (v)(III) and inserting “section 101(b)(1)”.

**SEC. 13. AMENDMENT RELATED TO TITLE XII.**

Section 408(d)(8)(D) of the 1986 Code is amended by striking “all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72” and inserting “all amounts in all individual retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible”.

**SEC. 14. OTHER PROVISIONS.**

(a) AMENDMENTS RELATED TO SECTIONS 102 AND 112.—

(1) AMENDMENT OF ERISA.—The last sentence of section 303(g)(3)(B) of ERISA is amended to read as follows: “Any such averaging shall be adjusted for contributions, distributions, and expected earnings (as determined by the plan's actuary on the basis of an assumed earnings rate specified by the actuary but not in excess of the third segment rate applicable under subsection (h)(2)(C)(iii)), as specified by the Secretary of the Treasury.”.

(2) AMENDMENT OF 1986 CODE.—The last sentence of section 430(g)(3)(B) of the 1986 Code is amended to read as follows: “Any such averaging shall be adjusted for contributions, distributions, and expected earnings (as determined by the plan's actuary on the basis of an assumed earnings rate specified by the actuary but not in excess of the third segment rate applicable under subsection (h)(2)(C)(iii)), as specified by the Secretary.”.

(b) AMENDMENTS RELATED TO SECTION 1004.—

(1) AMENDMENT OF ERISA.—Paragraph (2) of section 205(d) of ERISA is amended by adding at the end the following:

“(C) Notwithstanding subparagraph (B), the applicable percentage is any percentage greater than or equal to 66½ percent but not more than 75 percent if—

“(i) the plan is a defined contribution plan maintained for its employees by an employer which is either exempt from tax under section 501(a) of the Internal Revenue Code of 1986 or aggregated under subsection (b), (c), (m), or (o) of section 414 of such Code with an organization that is exempt from tax under section 501(a) of such Code,

“(ii) the survivor annuity percentage for the plan's qualified joint and survivor annuity is 50 percent, and

“(iii) each participant may elect (subject to the requirements of subsection (a)) an annuity for the life of the participant with a survivor annuity for the life of the spouse which is equal to 100 percent of the amount of the annuity which is payable during the joint lives of the participant and spouse and which is the actuarial equivalent of a single annuity for the life of the participant.”.

(2) AMENDMENT OF 1986 CODE.—Subsection (g) of section 417 of the 1986 Code is amended by adding at the end the following:

“(3) ALTERNATIVE METHOD OF COMPLIANCE.—Notwithstanding paragraph (2), the applicable percentage is any percentage greater than or equal to 66½ percent but not more than 75 percent if—

“(A) the plan is a defined contribution plan maintained for its employees by an employer which is either exempt from tax under section 501(a) or aggregated under subsection (b), (c), (m), or (o) of section 414 with an organization that is exempt from tax under section 501(a),

“(B) the survivor annuity percentage for the plan's qualified joint and survivor annuity is 50 percent, and

“(C) each participant may elect (subject to the requirements of subsection (a)) an annu-

ity for the life of the participant with a survivor annuity for the life of the spouse which is equal to 100 percent of the amount of the annuity which is payable during the joint lives of the participant and spouse and which is the actuarial equivalent of a single annuity for the life of the participant.”.

**SEC. 15. EFFECTIVE DATE.**

Except as otherwise provided in this Act, the amendments made by this Act shall take effect as if included in the provisions of the 2006 Act to which the amendments relate.

**SA 3892.** Mr. REID (for Mr. LAUTENBERG) proposed an amendment to the bill H.R. 3432, to establish the Commission on the Abolition of the Transatlantic Slave Trade; as follows:

On page 15, strike lines 3 through 5.

**NOTICE OF HEARING**

**COMMITTEE ON ENERGY AND NATURAL RESOURCES**

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources. The hearing will be held on Thursday, January 24, 2008, at 9:30 a.m., in room SD-366 of the Dirksen Senate Office Building.

The purpose of this oversight hearing is to receive testimony on Reform of the Mining Law of 1872.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send it to the Committee on Energy and Natural Resources, United States Senate, Washington, DC 20510-6150, or by e-mail to [Gina.Weinstock@energy.senate.gov](mailto:Gina.Weinstock@energy.senate.gov).

For further information, please contact Patty Beneke at (202) 224-5451, Angela Becker-Dippman at (202) 224-5269 or Gina Weinstock at (202) 224-5684.

**AUTHORITY FOR COMMITTEES TO MEET**

**COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

Mr. WYDEN. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on Wednesday, December 19, 2007, at 10 a.m., in room 253 of the Russell Senate Office Building, for the purpose of conducting a hearing.

The primary focus of the hearing will be on the Federal Motor Carrier Safety Administration's, FMCSA, interim final rule, IFR, governing truck driver HOS. This IFR is in response to a July 2007 U.S. Court of Appeals decision vacating key aspects of the FMCSA's 2005 HOS rule. The Subcommittee will receive testimony on the IFR and related truck driver fatigue and truck safety matters from the FMCSA, truck safety advocates and the motor carrier industry. Subcommittee Chairman Frank R. Lautenberg will preside.