the bill, we all agree something needs to be done very quickly. We will move this just as quickly as we can.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

U.S. TROOP READINESS, VETERANS' HEALTH, AND IRAQ ACCOUNTABILITY ACT, 2007

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 1591, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 1591) making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.

Pending:

Cochran (for Lugar) amendment No. 690, to provide that, of the funds appropriated by this act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50 million may be made available to support and maintain a civilian reserve corps.

Obama amendment No. 664, to appropriate an additional $58 million for Defense Health Program for additional mental health and related personnel, an additional $10 million for operation and maintenance for each of the military departments for improved physical disability evaluations of members of the Armed Forces, and an additional $15 million for Defense Health Program for women's mental health services.

Webb amendment No. 692, to prohibit the use of funds for military operations in Iran.

Coburn amendment No. 649, to remove a $2 million earmark for the University of Vermont.

Coburn amendment No. 656, to require timely public disclosure of Government reports submitted to Congress.

Coburn amendment No. 717, to make certain provisions inapplicable.

Coburn amendment No. 718, to make certain provisions inapplicable.

Reid amendment No. 823 (to amendment No. 690), to establish the enactment date.

The ACTING PRESIDENT pro tempore. Under the previous order, all time postcloture has expired.

AMENDMENT NO. 823 WITHDRAWN

The ACTING PRESIDENT pro tempore. Under the previous order, amendment No. 823, offered by the Senator from Nevada, Mr. REID, is withdrawn.

AMENDMENT NO. 690

The ACTING PRESIDENT pro tempore. Under the previous order, amendment No. 690, offered by the Senator from Indiana, Mr. LUGAR, is agreed to.

The amendment (No. 690) was agreed to.

The ACTING PRESIDENT pro tempore. Under the previous order, all pending amendments, other than amendment No. 649, offered by the Senator from Oklahoma, Mr. COBURN, are withdrawn.

The Senator from Washington.

Mrs. MURRAY. Mr. President, I understand under the order that there will be 4 minutes equally divided before each amendment. The first amendment we are considering is the Ensign amendment; is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

Mrs. MURRAY. I see the Senator from Nevada is on the floor, so I yield the floor.

AMENDMENT NO. 752, AS MODIFIED

Mr. ENSIGN. Mr. President, I understand a modification of my amendment is at the desk. I call it up.

The ACTING PRESIDENT pro tempore. That is correct. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. ENSIGN] proposes an amendment numbered 752, as modified.

Mr. ENSIGN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 3, strike lines 13 through 22 and insert the following:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for ''Salaries and Expenses, United States Attorneys'', $12,500,000, to remain available until September 30, 2008.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For an additional amount for ''Salaries and Expenses, United States Marshals Service'', $32,500,000, to remain available until September 30, 2008: *Provided*, That of the amounts made available in this Act for ''Educational and Cultural Exchange Programs'', $15,000,000 is rescinded.

Mr. ENSIGN. Mr. President, very simply, this amendment reduces spending for the Educational and Cultural Exchange Program fund in order to provide spending for implementation of the Adam Walsh Act. My amendment provides funding for the United States Attorneys to prosecute sexual predators who target children and also for the United States Marshals to track down the nearly 100,000 sex offenders in the United States who have failed to register as a sex offender as required by law.

The bill before the Senate is an emergency spending bill. I strongly believe that funding the critical programs contained in the Adam Walsh Act is an emergency: 100,000 predators on our streets who are unregistered as sex offenders. They need to be registered. So that parents know where they are so that they can protect their children. That is an emergency.

I know some people hold the sincere belief that the Educational and Cultural Exchange program is very worthwhile. I don't question their opinion, but I question whether funding it is truly an emergency. I want to give a few examples of the kind of projects that the Educational and Cultural Exchange program funds. Last year, according to the State Department Web site, this program funded the following: We sent a bluegrass band to China. We taught weaving and dyeing techniques with Uzbek women. We sent jazz musicians to Madagascar. We paid for breakdancers to tour Denmark, Argentina, Croatia, and Kiev. Those may be worthy cross-cultural activities to pursue, but I cannot stand here and suggest they are emergencies that are of greater need to fund than providing law enforcement with the resources need to protect our children, especially at a time of war.

Let's use emergency funding for real emergencies in this country. If you are a parent today and you have children out there, knowing where those sex offenders are so you can keep your children safe I would say does constitute an emergency. I recommend and urge my colleagues to support this important amendment.

Mr. LEAHY. Mr. President, as a former prosecutor I am a strong supporter of the Marshals Service.

We have the Commerce, Justice, Science appropriations bill to fund the U.S. Marshals Service, and there is already $25 million in this bill to support their important work, which is $11 million more than was requested by the President.

The amendment offered by the Senator from Nevada has a lot of appeal. Who would not want to support additional funding for the U.S. Marshals Service, or for a whole lot of other programs, for that matter. Police, fire departments, hospitals, schools—the list is limitless.

It is unfortunate that the Senator's amendment would be paid for by cutting $15 million in this supplemental bill, requested by the President, to fund international educational and cultural exchange programs. In other words, he reaches across subcommittees to a completely different budget from that which funds the Marshals Service. That is a mistake. It is a road we should not go down.

Should we also take money to train teachers in Afghanistan and use it instead to refurbish public schools in the United States? What about cutting funding for reconstruction in Lebanon to pay for new vehicles and equipment for our police and fire departments? Or we could cut the funding in this bill to combat the spread of avian flu and use it instead for victims of crime programs or drug treatment programs here at home.

Any of those amendments would pass overwhelmingly in the Senate.

But is that really how we want to do our business? The reputation of the United States today has taken a beating unparalleled in our history. We are reviled in the Muslim world. Even our traditional allies have lost faith in our leadership. During his recent trip to Latin America, President Bush encountered this hostility at every stop.

Our image has been tarnished, our influence badly eroded. This is an emergency bill to combat terrorism, and

these educational exchange programs, which provide Muslim students and professionals the opportunity to come to the United States for education and training, are among the most effective ways we have of combating extremism.

Exchanges have been shown to reverse negative perceptions and the spread of hatred. There are far too few tools at our fingertips that are this effective.

These funds would support, for example, a first-ever Islamic dialogue two-way exchange program to foster interfaith dialogue, sports exchanges to engage youth and provide the opportunity to visit the United States and summer programs for Muslim students to learn English. This amendment would cut $15 million in this bill for these programs, leaving only $10 million for educational and cultural exchanges for the whole world.

I share the Senator's concerns about the Adam Walsh Child Safety and Protection Act. We should increase funding for the Marshals Service. But this bill is not the place to do that. This bill is about combating terrorism and responding to humanitarian emergencies overseas. It would be a serious mistake to reduce funding for exchange programs that have strong bipartisan support. The President requested these funds, and he was right to do so. We cannot only look inward. We must look outward as well. No programs are more effective in countering the negative attitudes about America than the exchanges that bring people here from countries such as Egypt, Indonesia, Lebanon, and Pakistan to meet Americans and experience what life is like in the world's oldest democracy.

I support the intent of the amendment of the Senator from Nevada and will reluctantly vote for it, but if he had been willing, I would have been happy to have worked with him to obtain additional funds for the Marshals Service in the appropriate funding bill. Unfortunately he was not.

Mr. FEINGOLD. Mr. President, I supported that Ensign amendment today because it is vitally important that we protect our children against sexual predators. I did so despite my serious concern about the offset used to pay for the program. We should not be cutting funding from the State Department's Bureau of Education and Cultural Exchange, ECA. I strongly believe that people-to-people exchange is one of the most effective public diplomacy tools we have, and I hope that funding for the ECA will be restored in conference.

I yield the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

Mrs. MURRAY. Mr. President, the Ensign amendment, as modified, is an amendment that is acceptable to this side. I ask my colleague from Nevada if he is willing to take a voice vote.

Mr. ENSIGN. I ask for the yeas and nays.

Mrs. MURRAY. Mr. President, I understand the Senator wants a rollcall vote on this amendment. We will move to that vote. We support the amendment on this side and yield back our time.

I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There appears to be a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Indiana (Mr. BAYH), the Senator from New York (Mrs. CLINTON), the Senator from Hawaii (Mr. INOUYE), the Senator from South Dakota (Mr. JOHNSON), the Senator from Connecticut (Mr. LIEBERMAN), and the Senator from Florida (Mr. NELSON) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mrs. CLINTON) and the Senator from Florida (Mr. NELSON) would each vote ''yea.''

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The ACTING PRESIDENT pro tempore. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 122 Leg.]

YEAS—93

Akaka	Domenici	Menendez
Alexander	Dorgan	Mikulski
Allard	Durbin	Murkowski
Baucus	Ensign	Murray
Bennett	Feingold	Nelson (NE)
Biden	Feinstein	Obama
Bingaman	Graham	Pryor
Bond	Grassley	Reed
Boxer	Gregg	Reid
Brown	Hagel	Roberts
Brownback	Harkin	Rockefeller
Bunning	Hatch	Salazar
Burr	Hutchison	Sanders
Byrd	Inhofe	Schumer
Cantwell	Isakson	Sessions
Cardin	Kennedy	Shelby
Carper	Kerry	Smith
Casey	Klobuchar	Snowe
Chambliss	Kohl	Specter
Coburn	Kyl	Stabenow
Cochran	Landrieu	Stevens
Coleman	Lautenberg	Sununu
Collins	Leahy	Tester
Conrad	Levin	Thomas
Corker	Lincoln	Thune
Cornyn	Lott	Vitter
Craig	Lugar	Voinovich
Crapo	Martinez	Warner
DeMint	McCain	Webb
Dodd	McCaskill	Whitehouse
Dole	McConnell	Wyden

NOT VOTING—7

Bayh	Inouye	Nelson (FL)
Clinton	Johnson	
Enzi	Lieberman	

The amendment (No. 752), as modified, was agreed to.

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, we are moving quickly to finish this bill. It will take the cooperation of all Senators. I ask everyone to make sure you are in the Senate Chamber because rollcall votes will be 10 minutes from here on.

We now turn to the Senator from South Carolina.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina is recognized.

AMENDMENT NO. 704

Mr. DEMINT. I ask unanimous consent to call up amendment No. 704 and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from South Carolina [Mr. DEMINT] proposes an amendment numbered 704.

Mr. DEMINT. I ask unanimous consent the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To prohibit the use of funds to make payments to certain spinach growers and first handlers)

At the end of chapter 1 of title III, insert the following:

SEC. 3104. SPINACH.

No funds made available under this Act shall be used to make payments to growers and first handlers, as defined by the Secretary of Health and Human Services, of fresh spinach that were unable to market spinach crops as a result of the Food and Drug Administration Public Health Advisory issued on September 14, 2006.

Mr. DEMINT. Mr. President, my amendment simply states that no funds in this act shall be used to make payments to spinach producers.

The House version of this bill includes $25 million for spinach growers, which all of us know has no place in this bill. Last week, the Senate spoke unanimously and we voted to block this spending from our budget process last year. I am asking all my colleagues to support the removal of this wasteful spending in this emergency war supplemental bill.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

Mrs. MURRAY. Mr. President, the amendment by the Senator from South Carolina is a solution looking for a problem. I sit on the Appropriations Committee. I was there throughout the entire committee markup. There was never any money for spinach in the Senate version of this bill. There is not now any money for spinach in the Senate version of this bill, so adoption of this amendment will not change the substance of this bill one iota. But if the Senator insists, we will go ahead and move forward on his amendment. We are happy to take it by a voice vote if the Senator would consider that.

Mr. DEMINT. I think it is important this body be on record. This will be a matter of conference, and I think we all need to be on record showing we do not want it in the final bill.

I ask for the yeas and nays.

Mrs. MURRAY. How much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator has 1 minute 14 seconds.

Mrs. MURRAY. Mr. President, I tell my colleagues on this side of the aisle, there is no money in the Senate bill for spinach. We do know there are issues out there affecting our agricultural communities across the Nation. The bill that is before us addresses many of those critical issues. This is a supplemental emergency bill, and when there are emergencies, we are responsible for taking care of them. But the amendment of the Senator from South Carolina will make no difference in this bill.

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

Mr. REID. I will use leader time. Mr. President, we are trying to get a lot of things done today to finish this bill. There are important committees wanting to meet. Everyone should understand every Democrat is going to vote for this amendment. This is a waste of time. Everyone who is going to be on conference knows the Senate is voting for this amendment. I think it is an effort to slow things down today. I think it is unnecessary. We are all going to vote for this, but if we want to waste 15 minutes of the people's time, we can do that. The Senator has that right.

Mr. DEMINT. I thank the Senator. I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second. The question is on agreeing to the amendment. The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from Indiana (Mr. BAYH) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The ACTING PRESIDENT pro tempore. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—97

Akaka	DeMint	Lincoln
Alexander	Dodd	Lott
Allard	Dole	Lugar
Baucus	Domenici	Martinez
Bennett	Dorgan	McCain
Biden	Durbin	McCaskill
Bingaman	Ensign	McConnell
Bond	Feingold	Menendez
Boxer	Feinstein	Mikulski
Brown	Graham	Murkowski
Brownback	Grassley	Murray
Bunning	Gregg	Nelson (FL)
Burr	Hagel	Nelson (NE)
Byrd	Harkin	Obama
Cantwell	Hatch	Pryor
Cardin	Hutchison	Reed
Carper	Inhofe	Reid
Casey	Inouye	Roberts
Chambliss	Isakson	Rockefeller
Clinton	Kennedy	Salazar
Coburn	Kerry	Sanders
Cochran	Klobuchar	Schumer
Coleman	Kohl	Sessions
Collins	Kyl	Shelby
Conrad	Landrieu	Smith
Corker	Lautenberg	Snowe
Cornyn	Leahy	Specter
Craig	Levin	Stabenow
Crapo	Lieberman	Stevens
Sununu	Vitter	Whitehouse
Tester	Voinovich	Wyden
Thomas	Warner	
Thune	Webb	

NOT VOTING—3

Bayh	Enzi	Johnson

The amendment (No. 704) was agreed to.

Mrs. MURRAY. Mr. President, I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CHANGE OF VOTE

Mr. BAUCUS. Mr. President, on rollcall vote No. 123, I voted ''nay.'' It was my intention to vote ''yea.'' Therefore, I ask unanimous consent that I be permitted to change my vote as it will not affect the outcome.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

AMENDMENT NO. 649

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, the next amendment in order is the Coburn amendment, No. 649. We are ready to take this on a voice vote. If there is no one who wants to speak on the other side, we can move to the amendment.

Mr. President, I yield back all time.

The ACTING PRESIDENT pro tempore. Without objection, all time is yielded back.

The question is on agreeing to the amendment.

The amendment (No. 649) was agreed to.

Mrs. MURRAY. Mr. President, I move to reconsider the vote.

Mr. DURBIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 737, AS MODIFIED

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, the next amendment in order is the Sanders amendment, No. 737. This amendment has also been agreed to on both sides. If the Senator from Vermont wishes to, he may speak.

The ACTING PRESIDENT pro tempore. The Senator from Vermont is recognized.

Mr. SANDERS. Mr. President, I will be very brief.

Pursuant to the agreement reached last night, I call up an amendment I have at the desk, Sanders amendment No. 737, as modified by No. 808.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. SANDERS], for himself, Mr. REED, Mr. BINGAMAN, Mr. MENENDEZ, Mr. KERRY, and Mr. HARKIN, proposes an amendment numbered 737.

Mr. SANDERS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide funds for the weatherization assistance program)

On page 99, line 4, strike ''ties'' and insert ''ties: *Provided further*, That $229,500,000 of the amount provided shall be used for the weatherization assistance program of the Department of Energy''.

Mr. SANDERS. Mr. President, this amendment is a bipartisan amendment cosponsored by Senators SUNUNU, BINGAMAN, MENENDEZ, KERRY, HARKIN, DODD, WYDEN, and CLINTON. It is also strongly supported by the AARP.

This modification, which has the bipartisan support of the Appropriations Committee, would partially restore funding for weatherization programs. The amendment does not use new money. It simply instructs the Department of Energy to use its fiscal year 2007 appropriations to increase the amount it will spend on weatherization by $25 million over its current plan.

I think all of my colleagues know the weatherization program is important for a number of reasons. First, when people have a limited amount of money, it is absurd that their scarce resources simply go up into the air because they do not have the money to adequately insulate their walls or their roofs.

Secondly, if we are serious about global warming, we had better move toward energy efficiency. We are wasting huge amounts of energy by seeing people living in homes with inadequate weatherization.

I would ask strong support from my colleagues for this amendment.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

Mrs. MURRAY. Mr. President, this amendment has been agreed to on both sides. I believe we can do it on a voice vote.

Mr. President, I yield back all time.

The ACTING PRESIDENT pro tempore. Without objection, all time is yielded back.

The question is on agreeing to the amendment.

The amendment (No. 737) was agreed to.

Mrs. MURRAY. Mr. President, I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The ACTING PRESIDENT pro tempore. The Senator from Washington.

Mrs. MURRAY. Mr. President, we are moving rapidly to a finish. We have one final amendment that needs to be voted on. Then we will have a manager's package and final passage shortly. I yield to the Senator from Delaware.

AMENDMENT NO. 739

The ACTING PRESIDENT pro tempore. The Senator from Delaware.

Mr. BIDEN. Mr. President, I call up amendment No. 739.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. BIDEN], for himself, Mr. KENNEDY, Mr. KERRY, and Mr. DURBIN, proposes an amendment numbered 739.

Mr. BIDEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To appropriate an additional $1,500,000,000 for Procurement, Marine Corps, to accelerate the procurement of an additional 2,500 Mine Resistant Ambush Protected vehicles for the Armed Forces)

At the end of chapter 3 of title I, add the following:

SEC. 1316. ADDITIONAL AMOUNT FOR PROCUREMENT, MARINE CORPS, FOR ACCELERATION OF PROCUREMENT OF ADDITIONAL 2,500 MINE RESISTANT AMBUSH PROTECTED VEHICLES FOR THE ARMED FORCES.

(a) ADDITIONAL AMOUNT.—The amount appropriated by this chapter under the heading ''PROCUREMENT, MARINE CORPS'' is hereby increased by $1,500,000,000, with the amount of the increase to be available to the Marine Corps for the procurement of an additional 2,500 Mine Resistant Ambush Protected (MRAP) vehicles for the regular and reserve components of the Armed Forces by not later than December 31, 2007.

(b) SUPPLEMENT NOT SUPPLANT.—The amount available under subsection (a) for the procurement of vehicles described in that subsection is in addition to any other amounts available under this chapter for that purpose.

Mr. BIDEN. This amendment is very straightforward. This amendment moves up $1.5 billion into the supplemental from the 2008 budget. The effect will be, it will add an additional 2,500 MRAP vehicles into the field faster. These are the vehicles with the V-shaped hull. This increases the security of our troops inside these vehicles—who are now riding in humvees—three to four times.

What it will mean is it is an opportunity to provide 10,000 to 30,000 of our troops four times more protection than they now get riding around in the humvees when they are attacked by IEDs. That is tens of thousands of Americans who won't be severely injured or killed.

The Commandant of the Marine Corps and the Chief of Staff of the Army both have said they need this money moved up so they can get these additional vehicles into the field earlier. I cannot think of a better way to explain this amendment than using the words of the Commandant of the Marine Corps when I spoke to him yesterday.

He said: Senator, this is the highest moral imperative I have as a Commandant of the Marine Corps.

I hope we will move this money up. I hope we will pass this amendment. It literally, not figuratively, will save lives.

I yield the floor, and I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

Who yields time?

The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I yield back all time.

The ACTING PRESIDENT pro tempore. Without objection, all time is yielded back.

The question is on agreeing to the amendment.

The clerk will call the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 124 Leg.]

YEAS—98

Akaka	Domenici	Menendez
Alexander	Dorgan	Mikulski
Allard	Durbin	Murkowski
Baucus	Ensign	Murray
Bayh	Feingold	Nelson (FL)
Bennett	Feinstein	Nelson (NE)
Biden	Graham	Obama
Bingaman	Grassley	Pryor
Bond	Gregg	Reed
Boxer	Hagel	Reid
Brown	Harkin	Roberts
Brownback	Hatch	Rockefeller
Bunning	Hutchison	Salazar
Burr	Inhofe	Sanders
Byrd	Inouye	Schumer
Cantwell	Isakson	Sessions
Cardin	Kennedy	Shelby
Carper	Kerry	Smith
Casey	Klobuchar	Snowe
Chambliss	Kohl	Specter
Clinton	Kyl	Stabenow
Coburn	Landrieu	Stevens
Cochran	Lautenberg	Sununu
Coleman	Leahy	Tester
Collins	Levin	Thomas
Conrad	Lieberman	Thune
Corker	Lincoln	Vitter
Cornyn	Lott	Voinovich
Craig	Lugar	Warner
Crapo	Martinez	Webb
DeMint	McCain	Whitehouse
Dodd	McCaskill	Wyden
Dole	McConnell	

NOT VOTING—2

Enzi	Johnson

The amendment (No. 739) was agreed to.

Mrs. MURRAY. I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. OBAMA). The Senator from Arizona.

Mr. KYL. Mr. President, I raise a point of order. Under rule XVI, section 1711 of the bill is legislation on an appropriations bill.

Section 1711 of the substitute amendment makes changes to the immigration code's bars on entry to the United States for individuals tied to terrorist activity or groups. Although I agree with the stated purpose of this provision—to allow the Hmong and other groups that do not pose a threat to the United States to enter this country—I object to the language of this provision and have introduced two amendments to correct that language.

Everyone agrees that groups such as the Hmong and the Montagnards, who fought bravely alongside U.S. forces during the Vietnam war, should not be barred from entering this country. If section 1711 were tailored to aid the Hmong and other groups that do not pose a threat to the United States, I would have no objection to such a legislative proposal.

Unfortunately, the text of section 1711 does much more than simply allow the Hmong to remain in this country. The provision in this bill would extend the waiver authority in current law to groups that are definitely not friends of the United States—including to members of groups that the Secretary of State has designated as Foreign Terrorist Organizations.

Current law bars, without exception, anyone who is a member or a representative of a terrorist organization from gaining admission to the United States. Section 1711 would remove this categorical bar and allow members of even Tier I terrorist organizations to seek a waiver and admission to this country.

Tier I terrorist organizations include groups such as the Al-Aqsa Martyrs Brigade, the group that has been responsible for the majority of suicide bombings in Israel in recent years. Section 1711 would extend waiver authority to the Armed Islamic Group and to the Salafist Group for Call and Combat, the two principal terrorist groups that have carried out a bloodthirsty campaign massacres, abductions, and rapes in Algeria over the last 15 years. The provision in the Senate substitute would extend waiver authority to Hamas, Hezbollah, and Palestinian Islamic Jihad, and the Senate bill would even extend waiver authority to al-Qaida.

I do not think that there is a single Member of this body who believes that any member of al-Qaida, Hamas, or Hezbollah should ever be considered for admission to this country. Yet the Senate bill would allow members or representatives of all of these groups to be considered for entry to the United States.

Another problem posed by section 1711 of the Senate bill is that it would also make it very difficult to bar entry to someone who has given material support to a terrorist organization. The section would effectively require the Department of Homeland Security to prove a negative—to show that an individual did not act under duress—when it seeks to bar someone who has given material support to terrorism from entering this country.

Imagine a situation, for example, where DHS learns that an Iraqi seeking admission to this country had helped plant improvised explosive devices in Iraq. Approximately 1,000 U.S. soldiers have been killed by IEDs since the beginning of the Iraq war. And suppose

that this hypothetical individual claimed that he acted under duress—that some unnamed person forced him to plant IEDs. Under the Senate bill, DHS would have to prove that this person did not act under duress in order to bar him from the United States. This makes no sense. If we learn that someone has provided material support to terrorism, and that person seeks a waiver and entry to this country, at the very least, it is that person who should bear the burden of proving that he acted only under duress.

As I mentioned earlier, I have filed two amendments that are designed to address these problems with section 1711. I have concluded, however, that there is no reason at all to enact this provision on the emergency war supplemental. There is no reason that this measure cannot be enacted through regular order. To that end, I will introduce legislation this week that will provide relief from terrorism-related immigration bars to the Hmong and other groups that do not pose a threat to the United States.

Everyone agrees that groups such as the Hmong should not be barred from the United States. Moving such a bill through regular order will also protect the rights of the minority, and allow the full Senate to ensure that this legislation does not include the excesses that appear in section 1711. We all agree that we should help the Hmong. But I would venture that we would also all agree that we should not extend immigration waiver authority to members of Hamas and al-Qaida.

Mr. LEAHY. Mr. President, the supplemental contains a provision, section 1711, which was carefully worked out through discussions between my office, the offices of Senator SPECTER, Senator BROWNBACK, Senator KENNEDY, Senator COLEMAN and Senator FEINGOLD, as well as with representatives of the Department of Homeland Security, the Department of Justice, the Department of State, and the National Security Council.

This provision contains six subsections, (a) through (f).

Subsections (a) and (d) were written by the administration.

Subsections (b) and (f) were written by the Senator from Arizona, Senator KYL.

Subsection (c) provides an exception for cases involving duress, which is consistent with the administration's policy except that this provision would codify it into law.

Section (e) is a reporting requirement.

That is the whole provision. It represents months of discussion and compromise on an issue that has been a focus of concern of faith-based organizations and humanitarian organizations, conservative and liberal, Democratic and Republican.

Here is the background.

Current law, as a result of overbroad amendments in the PATRIOT Act and Real ID Act, has been used to bar refugees and asylum seekers who were either members of groups who fought on the side of the United States, such as the Hmong, the Montagnards, and the Northern Alliance in Afghanistan, or who were the victims of terrorist groups and forced to provide ''material support,'' such as food, shelter, or other services.

Administration officials have acknowledged that they have been inexcusably slow to deal with this problem. Thousands of refugees and hundreds of asylum seekers have been in limbo as a result. We now face the additional problem of Iraqi refugees, 7,000 of whom the President says should be admitted to the United States, being barred from admission unless we fix the law.

After considerable prodding, the administration has moved in the right direction. Two weeks ago, it took another welcome step, although we have not yet seen the results of this reported change of policy.

The number of refugees admitted to the United States would not be increased or decreased by this provision. That is determined by the numerical limit set by the President each year and by the amount we appropriate for refugee admissions.

Numerous editorials have described the horrific consequences for refugees who have been victimized by current law.

Just the titles of these editorials tell the story: ''Shutting Out Terrorism's Victims,'' ''Doctors Without Refuge,'' ''Anti-terror laws keeping out old Vietnam allies,'' ''Punishing the Persecuted,'' ''U.S. denies refuge to friends, the abused,'' ''The Refugee Mess,'' ''Excluding Friends,'' and finally, ''Fix This Law.''

I will ask that just three of these editorials be printed in the RECORD at the close of my remarks.

This provision is a compromise that would get our law back in sync with our values, but now the Senator from Arizona, Mr. KYL, has raised a rule XVI point of order against this provision and had it stricken from the bill.

It is regrettable that one Senator, for whatever reason, has decided to torpedo this bipartisan effort. We have worked with the administration. We have worked with refugee organizations that know the hardship current law is causing for thousands of innocent people, legitimate refugees and asylum seekers, who have been denied admission. We have worked to find a reasonable middle ground.

But that isn't good enough for the Senator from Arizona, so we are back to square one. Individuals who fought alongside the United States in Vietnam, in Afghanistan, and elsewhere will continue to be barred under current law. Our provision would have fixed this illogical, unfair result, but now that provision has been stricken so those former allies—the Hmong, the Montagnards and others—will remain excluded.

Innocent victims of the material support bar will continue to wait for the Federal bureaucracy to address their cases—a wait that is well into its third year. Victims of terrorist groups like the FARC in Colombia or the Lord's Resistance Army in Uganda get no help from the Congress.

I regret this action by the Senator from Arizona. By striking this provision he ensures the perpetuation of a policy that is contrary to our values, to our morals, and to our national traditions.

I wish to thank all Senators who have joined in this effort but particularly Senator BROWNBACK, Senator SPECTER, Senator KENNEDY, Senator COLEMAN, and Senator FEINGOLD. I also wish to thank representatives of the humanitarian and other groups who have provided helpful information and advice, as well as officials in the administration who have made a sincere effort to work with us.

While the Senator from Arizona has singlehandedly prevented us from moving forward at this time, we will continue to work together to fix the law in a manner that reaffirms our commitment to the words that are carved in the Statue of Liberty.

Mr. President, I ask unanimous consent that the aforementioned editorials be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 24, 2006]

THE REFUGEE MESS

The Bush administration planned to admit 70,000 refugees this past fiscal year; Congress provided funding for 54,000. In the event, the United States admitted fewer than 42,000—a figure significantly lower than in either of the previous two years. The main reason for the shortfall in this crucial humanitarian program, according to recent State Department testimony before Congress, is the irrationally broad definitions in current law regarding terrorism, terrorist groups and material support for terrorism—definitions that end up excluding as terrorists people who should be protected.

The law bars as refugees people who have been members or supporters of any group with ''two or more individuals, whether organized or not, [which] engages in, or has a subgroup which engages in'' activities as broad as using an ''explosive, firearm or other weapon or dangerous device.'' The result has kept out the sort of people America's traditionally generous refugee policy was designed to help.

The law gives the administration some waiver flexibility, which it rightly has begun using recently on behalf of many ethnic Karen and Chin victims of the Burmese military junta. But that is only a partial fix, for the administration does not have the power to admit refugees who were members of groups that bore arms—even those allied with this country. So the law continues to keep out what Ellen Sauerbrey, assistant secretary of state in charge of refugees, recently described to a Senate subcommittee as ''other meritorious cases, such as Cuban anti-Castro freedom fighters, Vietnamese Montagnards who fought alongside of U.S. forces and Karen who participated in resistance against brutal attacks on their families and friends by the Burmese regime.''

The administration seems newly open to the idea of fixing the law to give itself flexibility concerning members of groups that meet the absurdly broad definition of terrorist. That would be a breakthrough. A country's willingness to welcome victims of repressive governments and war zones is a measure of its values, and this country has traditionally led the world in refugee resettlement. Not every armed group is a terrorist organization; American policy should not treat victims of the worst sort of violence like perpetrators of it.

[From the New York Times, Apr. 3, 2006]

TERRORISTS OR VICTIMS?

In Sierra Leone there is a woman who was kept captive in her house for four days by guerrillas. The rebels raped her and her daughter and cut them with machetes. Under America's program to resettle refugees, she would be eligible to come to safety in the United States. But her application for refuge has been put on indefinite hold—because American law says that she provided ''material support'' to terrorists by giving them shelter.

This law is keeping out of the United States several thousand recognized refugees America had agreed in principle to shelter. By any reasonable definition, they are victims, not terrorists.

A Liberian woman was kidnapped by a guerrilla group and forced to be a sexual slave for several weeks. She also had to cook and do laundry. These services are now considered material support to terrorists. In Colombia, the United Nations will no longer ask the United States to admit dozens of refugees who are clearly victims, since all their predecessors have been rejected on material support grounds. One is a woman who gave a glass of water to an armed guerrilla who approached her house. Another is a young man who was kidnapped by paramilitary members on a killing spree and forced to dig graves alongside others. The men, many of whom were shot when their work was finished, never knew if one of the graves would become their own.

The law makes no exception for duress. It also treats any group of two or more people fighting a government as terrorists no matter how justified the cause, or how long ago the struggle. So the United States has turned away Chin refugees, for supporting an armed group fighting against the Myanmar dictatorship, which has barred them practicing their religion. The United States has acknowledged that the law would also bar Iraqis who helped American marines find Jessica Lynch.

The law does not formally reject these applicants but places them on indefinite hold. No one accused of material support has ever had that hold lifted. The Department of Homeland Security can supposedly waive the material support provision but has never done so.

Clearly, Congress needs to add an exception for duress, allow the secretary of state to designate armed movements as nonterrorist, and allow supporters of legitimate groups to gain refuge. These changes would pose no risk of admitting terrorists to the United States and would keep America from further victimizing those who have already suffered at the hands of terrorist groups.

[From the Minneapolis Star-Tribune, Jan. 10, 2007]

U.S. DENIES REFUGE TO FRIENDS, THE ABUSED

Franz Kafka, Czech writer of the surreal and absurd, could have imagined this, perhaps: A young Hmong man fights with Americans against the Communist Laotian government. Decades later, he is accepted into the United States as a refugee. But he can't get a green card that will allow him to remain permanently and work in the United States. He's run afoul of an anti-terrorism law prohibiting asylum for people who have provided ''material support'' to terrorists. Incredibly, he's not alone, a situation that requires the remedial action promised by Senate Judiciary Committee Chairman Patrick Leahy, D–Vt.

The issue isn't the law itself but its interpretation by the Department of Homeland Security. The department's definition of ''material support'' for terrorism is so broad it has caught, among others, a refugee nurse from Colombia who was kidnapped and forced to treat a member of a guerrilla group.

Even strong Bush administration supporters—the conservative Hudson Institute; Gary Bauer, president of American Values; and the Southern Baptist Convention's Ethics and Religious Liberty Commission—are outraged by Homeland Security's inflexibility. In words he probably thought he would never utter, the Hudson Institute's Michael Horowitz says, ''The key to ending these policies is in the hands of the new Democratic majority'' in Congress.

Leahy, a persistent critic of the ''material support'' provision, has promised hearings on the issue. He should be pressed to follow through. It's beyond outrageous that a law intended to help protect Americans from terrorists should be used to punish old allies and further terrify victims seeking refuge from the abuse they suffered in their home countries.

The PRESIDING OFFICER. The point of order is well taken.

The Senator from Washington.

Mrs. MURRAY. Mr. President, I ask unanimous consent that the following amendments be agreed to en bloc: amendment No. 661 by Senator KOHL; amendment No. 664, OBAMA, as modified; No. 677, LEAHY; No. 679, COLLINS, as modified; No. 681, LEAHY, as modified; No. 683, Senator DORGAN; No. 722, Senators DOMENICI and BINGAMAN, as modified; No. 726, KERRY, as modified; No. 728, BOND, as modified; No. 754, MIKULSKI and SHELBY, as modified; No. 757, BYRD; No. 759, CLINTON; No. 771, Senator SNOWE; No. 784, Senator DURBIN; No. 799, Senators LUGAR and KENNEDY, as modified; and ask for their immediate consideration. I send the modifications to the desk.

Mr. COCHRAN. Mr. President, reserving the right to object, I will be compelled to object to that request in that there are some items here that have not been cleared on this side of the aisle. That has just been brought to my attention. To give us an opportunity to check each one of these items in the request, I do object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Washington.

Mrs. MURRAY. Having heard the objection, it is unfortunate. We have been trying to work through a number of what we had hoped would be agreed-upon amendments, but since they can't be considered at this time, all debate time has expired, and I understand we will move to third reading.

The PRESIDING OFFICER. The Senator from South Carolina.

CHANGE OF VOTE

Mr. GRAHAM. Mr. President, on rollcall vote 118, I voted ''yea.'' It was my intention to vote ''nay.'' Therefore, I ask unanimous consent that I be permitted to change my vote since it will not affect the outcome.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from South Carolina.

Mr. DEMINT. Mr. President, I make a point of order that section 431, dealing with the tree assistance program, starting on page 150, line 13 and ending on page 151, line 15, violates rule XVI of the Standing Rules of the Senate.

Mr. COCHRAN. Reserving the right to object, would the Senator state what the substance of this matter is in the bill?

Mr. DEMINT. This section of the bill deals with the tree assistance program. It has no business being in a war supplemental. It is clearly legislating on an appropriations bill, and I believe it violates rule XVI.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I raise the defense of germaneness on this point of order.

The PRESIDING OFFICER. The question is, Is the section germane?

Mr. DEMINT. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

At the moment there is not a sufficient second.

The Senator from Kentucky.

Mr. BUNNING. Mr. President, may we have a clarification of what is going on?

The PRESIDING OFFICER. The question is, Is the section germane to language in the underlying House bill?

Mr. BUNNING. Wait a minute. Would you continue? If this language is germane and a point of order has been lodged against it, is that——

The PRESIDING OFFICER. A point of order has been lodged against the section.

Mr. BUNNING. How does the Parliamentarian rule?

The PRESIDING OFFICER. It is a vote of the Senate as to whether there is sufficient language in the House bill for the defense of germaneness.

The question is, Is the section germane?

Mr. BUNNING. In other words, the Parliamentarian is throwing it back to the Senate to vote whether it is germane?

The PRESIDING OFFICER. As required by the rule.

Mr. BUNNING. OK.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, could we ask for a ruling from the Chair on the germaneness of the underlying section?

The PRESIDING OFFICER. The question is, Is the section germane?

Mr. DEMINT. Mr. President, I ask for the yeas and nays and encourage my colleagues to vote ''no.''

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 57, nays 41, as follows:

[Rollcall Vote No. 125 Leg.]

YEAS—57

Akaka	Durbin	Murray
Baucus	Feingold	Nelson (FL)
Bayh	Feinstein	Nelson (NE)
Biden	Harkin	Obama
Bingaman	Hutchison	Pryor
Bond	Inouye	Reed
Boxer	Kennedy	Reid
Brown	Kerry	Rockefeller
Byrd	Klobuchar	Salazar
Cantwell	Kohl	Sanders
Cardin	Landrieu	Schumer
Carper	Lautenberg	Smith
Casey	Leahy	Specter
Clinton	Levin	Stabenow
Cochran	Lieberman	Stevens
Coleman	Lincoln	Tester
Conrad	McCaskill	Webb
Dodd	Menendez	Whitehouse
Dorgan	Mikulski	Wyden

NAYS—41

Alexander	Dole	McCain
Allard	Domenici	McConnell
Bennett	Ensign	Murkowski
Brownback	Graham	Roberts
Bunning	Grassley	Sessions
Burr	Gregg	Shelby
Chambliss	Hagel	Snowe
Coburn	Hatch	Sununu
Collins	Inhofe	Thomas
Corker	Isakson	Thune
Cornyn	Kyl	Vitter
Craig	Lott	Voinovich
Crapo	Lugar	Warner
DeMint	Martinez	

NOT VOTING—2

Enzi	Johnson

The PRESIDING OFFICER. The section is voted germane and the point of order falls.

Mrs. MURRAY. I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, what is the regular order?

The PRESIDING OFFICER. The regular order is that other points of order remain in order.

The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I raise a point of order that section 3001 constitutes general legislation and is not in order to a general appropriations bill under rule XVI.

The PRESIDING OFFICER. The point of order is sustained. The language is stricken.

Mr. ALEXANDER. I thank the Chair.

Mr. STEVENS. I turn now to an issue that should be of concern to us all, and that is the safe transport of our civilian contractors into and out of Iraq and Afghanistan. On occasion, these U.S. citizens are flying on poorly regulated charter aircraft that are ultimately paid for by funds provided by Congress to the Department of Defense and the Department of State.

Mr. INOUYE. I believe that I recently read about this issue in the press. I am concerned as well that the lack of regulation and oversight of these charter aircraft put our citizens at risk.

Mr. STEVENS. I am also informed that the aircraft, air carriers, and air charter providers being used to provide the charters for our contractors in Iraq are, in some cases, using poorly trained crews to fly outdated and poorly maintained aircraft. The Senate Armed Services Committee will most likely address this matter during their consideration of the fiscal year 2008 Defense authorization bill. We should consider requiring that air charter operates in Iraq and Afghanistan, funded either directly or indirectly by congressional appropriations, meet safety and maintenance standards equal to those required by charters in the U.S.and European Union.

Mr. INOUYE. I agree that air transport safety of our citizens in Iraq and in Afghanistan is an important issue and I endorse your comments on this matter. We should work to take the steps needed to ensure the safety of our civilian contractors.

GEOTHERMAL ENERGY RESEARCH FUNDING

Mr. REID. I rise to enter into a brief colloquy with Senator DORGAN, chairman of the Energy and Water Development Appropriations Subcommittee, regarding section 3201 of title III of Senate amendment No. 641 to H.R. 1591, the emergency supplemental appropriations bill for fiscal year 2007. I thank the Senator for including in the committee's substitute amendment the language that I requested to ensure that important geothermal energy research can continue in fiscal year 2007, instead of being closed down pursuant to the administration's ill-advised spending plan.

Mr. DORGAN. I thank the leader for his support and continuing interest in geothermal and renewable energy. The committee's substitute amendment provides $22,762,000 for geothermal energy research at the Department of Energy in fiscal year 2007. This is the same level of funding as provided in fiscal year 2006. After the administration proposed terminating the geothermal research program in its fiscal year 2007 budget request, the Senate Appropriations Committee rejected that proposal last year in its report accompanying the fiscal year 2007 energy and water appropriations bill, S. Rept. 109–274. Section 3201 will ensure continuation of this vital program.

Mr. REID. I thank the Senator from North Dakota for his support for the geothermal energy program and his leadership on national energy policy. As the Senator knows, geothermal energy is a very important resource for Nevada and all Western States to develop to help address our national energy and environmental security problems. There have been several new reports in the past few months from the Geothermal Energy Association, the National Renewable Energy Laboratory, and the Massachusetts Institute of Technology that show the tremendous untapped potential of this renewable resource. Geothermal energy is clearly an important resource that can provide very valuable clean, baseload power. Its advantages are many and obvious, and the Department of Energy should be expanding its efforts in this area not reducing them.

Given the hostility of the Department of Energy, DOE, and the administration toward expanding our Nation's massive geothermal energy potential through research and deployment, can the chairman of the Energy and Water Subcommittee convey any specific intent about how the appropriated funds in this amendment should be used?

Mr. DORGAN. First of all, the department should continue critical efforts to support new technology and deployment, including funding of existing contracts and awards under previous solicitations, but the department should be rapidly implementing and supporting the geothermal provisions of the Energy Policy Act of 2005.

Based upon the studies and reports the Senator from Nevada has mentioned, it should also be a priority for the department to support resource development and exploration technology, including continued both existing and new Geothermal Resource Exploration and Development, GRED, efforts that are underway at the DOE.

Mr. REID. I thank the Senator from North Dakota for his comprehensive answer. I hope that as we consider the fiscal year 2008 energy and water appropriations bill, Congress will provide expanded support for the geothermal energy program, along with more specific guidance as needed by the distinguished chairman.

Mr. DORGAN. I appreciate the Senator's views on the importance of this program and share the Senator's commitment to ensuring an effective DOE geothermal program that works to expand our Nation's use of this important, renewable energy resource.

Mr. SPECTER. Mr. President, I seek recognition to discuss a matter of the utmost importance, a pay raise for judges and justices of the United States.

The salaries of article III judges are inadequate for the stature and duties that are attendant to the job. The low salaries threaten the independence and excellence of the judiciary.

The Framers sought to ensure that the Federal judges would be independent—free from persuasion—to impartially apply the law. Alexander Hamilton wrote in the Federalist No. 79: ''Next to permanency in office, nothing can contribute more to the independence of the judges than a fixed provision for their support. . . . In the general course of human nature, a

power over a man's subsistence amounts to a power over his will.''

For this reason, though Congress was charged with providing for the judiciary's support, judges were given salary protection in the compensation clause in article III, section 1 of the U.S. Constitution. This clause provides that ''the Judges, both of the supreme and inferior Courts, shall hold their offices during good Behavior, and shall, at stated Times, receive for their Services a Compensation which shall not be diminished during their Continuance in Office.'' The Framers gave judges salary protection so that they could be independent, free from the threat of salary diminution by Congress. They recognized that independence was key to the ability of judges to implement the rule of law without fear or favor. Judicial independence is the cornerstone of our legal system, which has been the model for judiciaries throughout the world.

This constitutional protection against salary diminution, so central to judicial independence, is undermined when judicial salaries are allowed to steadily decline through neglect. And the independent judiciary our forefathers envisioned is undermined when Congress fails to attend to the needs of its principals and insists on tying of their salaries to those of elected leaders.

The last time Congress significantly raised the pay of Federal judges was in 1989, when the Ethics Reform Act raised their salaries by 25 percent. At the same time, however, the act curtailed judges' ability to earn outside income. Although the act provided for annual cost-of-living adjustments, these annual increases have not been realized due to congressional inaction in 5 of the last 13 years. Thus, the real pay of judges has continued to decline—12 percent since the Ethics Reform Act was enacted. The decline of judicial salaries since 1969 is even starker—the real pay of district judges has decreased by nearly 25 percent since 1969. During the same time period, the salary for the average American worker increased by about 19 percent.

Obviously, we cannot equate the judges' pay with that of ordinary working Americans. No one would argue that Federal judges' salaries are worse than those of the vast majority of American taxpayers. However, Federal judges' pay has not kept pace with the salary increases of their peers within the legal profession. In 1969, Federal judges' salaries exceeded those of top law school deans by 21 percent. Today, in contrast, Federal district judges earn about half as much as deans at these law schools. In fact, the salary of a district judge today—$165,200—is a mere $20,000 more than what a first year associate at a New York law firm earns. Partners in law firms often earn an excess of $1 million per year.

Nor have judicial salaries kept up with the salaries of other government servants. The Chief Justice of the United States earns $212,100, while the Chief Learning Officer at the Federal Deposit Insurance Corporation earns up to $257,134. Many other government employees can receive in excess of $200,000 per year in compensation, while judges for the courts of appeal earn $175,100 and district court judges earn $165,200.

Chief Justice Roberts and Justice Kennedy have both recently addressed the toll that these comparatively low judicial salaries are taking on his fellow justices and judges. On February 14, 2007, Justice Kennedy addressed the Judiciary Committee and related that in more than 30 years as a judge, he has never seen his ''colleagues so dispirited as at the present time.'' He testified that ''if there is a continued neglect of compensation needs,'' he is concerned that low morale will lead to a judiciary that ''will be diminished in its stature and its capacity.'' Chief Justice Roberts also addressed this problem, devoting his entire 2006 Year End Report on the Federal Judiciary to the topic. He raised concerns that the low salaries of judges threaten the ability of the judiciary to draw the best and the brightest legal minds into service. The Chief Justice raised the alarm that ''without fair judicial compensation we cannot preserve the quality and independence of our judiciary, which is the model for the world.'' Further, he fears that the relative inadequacy of judicial compensation is cause for judges to leave the bench for more lucrative careers elsewhere. He wrote that ''[i]f judicial appointment ceases to be the capstone of a distinguished career and instead becomes a stepping stone to a lucrative position in private practice, the Framers' goal of a truly independent judiciary will be placed in serious jeopardy.''

On a related note, I would like to address the notion that judicial salaries should be linked to salaries for Senators and Members of the House. Judges should not be held hostage because political winds make it difficult for elected leaders to raise their own salaries. It is high time to dispense with the idea that the two ought to be linked. The judicial branch is separate but equal to the legislative branch, each with its own needs, each of equivalent stature. We cannot continue to humble the judiciary, neglecting our constitutional mandate to provide for its support, ignoring its independence, by tying judges' compensation to our own.

The problems of inadequate judicial compensation and the linking of judicial salaries to those of elected leaders are not new. Chief Justice Rehnquist raised the inadequacy of judicial compensation for nearly 20 years, and the National Commission on the Public Service—the ''Volcker Commission''—addressed judicial pay increases and linkage in its 2003 report on revitalizing the Federal Government. The Commission recommended a substantial pay raise for judges, calling the judicial compensation ''the most egregious example of the failure of federal compensation policies.'' The Commission also recommended breaking the link between salaries for Members of Congress and those for judges. The Commission admonished Congress that ''judicial salaries must be determined by procedures that tie them to the needs of the government, not the career related political exigencies of members of Congress.'' The American Bar Association and the Federal Bar Association have also endorsed increasing judicial salaries and delinking judicial salaries from those of elected leaders.

It is imperative that Congress address a judicial salary increase soon and decouple the salaries of judges with those of Members of Congress. I urge my colleagues to join me in this effort to ensure that the salaries for our judicial brethren are commensurate with the duties and stature of their positions and that salary policy respects the independence of this coequal branch of government. Our failure to act prevents us from showing proper respect to a coordinate branch of our constitutional government.

Mr. McCAIN. Mr. President, this emergency supplemental appropriations bill contains $121.7 billion in funding, approximately $19 billion above the President's request, and is replete with earmarks and other nonemergency spending. Additionally, this bill would establish a timeline for the withdrawal of American troops from Iraq, regardless of the conditions there. Such a mandate would have grave consequences for the future of Iraq, the stability of the Middle East and the security of Americans at home and abroad. For these reasons, I do not support this bill.

I support full funding for our troops in this time of war, and I believe that Congress, which authorized the wars in Iraq and Afghanistan, is obligated to give American troops everything they need to prevail in their missions. Unfortunately, the must-pass nature of this bill has proven all too tempting for Senators who could not restrain their profligate impulses to pile on spending unrelated to fighting the global war on terror.

This bill exhibits little evidence that Congress respects the solemn responsibility to be custodians of the taxpayers' dollars. In a time of war, with large Federal budget deficits, at a time when Americans deserve to keep more of their earnings at home, any rational observer would counsel restraint. Yet this emergency supplemental bill is stuffed with scarce dollars for the special interests, just as the measure approved by the House last week.

The Dallas Morning News editorial board wrote last week with respect to the House-passed bill that ''turning the President's $100 billion supplemental war spending request into a $124.6 billion, pork-laden mess'' is no way to show support for the troops, adding

that ''support for the troops takes the odd form of $25 million for spinach growers . . . $1.48 billion for livestock farmers . . . and $74 million 'to ensure the proper storage of peanuts.' ''

Unfortunately, the Senate has chosen to follow the House's misguided lead by adding a host of nonemergency and unrequested provisions to the measure pending before us—a measure that is desperately needed to fund the ongoing military missions.

Let me mention some of the unrequested items contained in this bill:

There is $3 million for sugar cane growers, of which the entire amount will go to one Hawaiian cooperative. Just last year Congress provided up to $40 million for Florida sugar cane growers in an emergency supplemental bill. I suppose no ''emergency supplemental'' bill is complete without a sweetener for sugar cane growers.

There is $165.9 million for fisheries disasters. Just last year Congress provided $95 million in another emergency supplemental bill to assist fishermen in recovering from fisheries disasters and to aid oyster bed and shrimp ground rehabilitation. This year, Congress's generous aid moved from the eastern seaboard to the west coast with over $60 million alone to assist salmon fishermen in Oregon and California.

There is $3,500,000 for the Capitol Guide Service and Special Services Office, to be available until September 2008. I was unaware that we had emergency tour guide needs in addition to our emergency troops' funding needs.

There is $13 million for research to develop mine safety technology. Congress provided $35 million in last year's emergency supplemental bill to hire an additional 217 mine safety inspectors, and $10 million for mine safety research, so I must question why this latest funding cannot wait for the regular appropriations process.

There is $22.76 million for geothermal energy research. While I support renewable energy research to reduce our dependency on oil, this funding was not part of the administration's budget request. Does geothermal energy research qualify as an emergency spending need? No, it does not.

There is $7 million for water quality research at pig farms in Missouri. Specifically, the bill directs the EPA to provide a $7 million grant to Water Environment Research Foundation in Alexandria, VA, to research water quality issues related to pig farms in Missouri. As many of us have stated, there is true ''pork'' in this bill as this earmark illustrates.

There is $2 million for the University of Vermont's Educational Excellence Program. This project is essentially identical to an earmark that was proposed last year. It was rejected in last year's final bill, and should not be included again this year.

There is $40 million for a ''Tree Assistance Program,'' to aid ''fruit and nut tree producers'' and other producers of a ''Christmas tree'' or ''potted shrub'' or ''ornamental tree.'' This bill is not only a big Christmas gift to special interests, but it also comes with a Christmas tree.

There is $95 million to dairy producers.

There is $20 million for reimbursements to Nevada, Idaho and Utah for ''insect damage'' from grasshoppers, crickets, and others. These pesky insects are now richer than most residents in those States.

There is $24 million to sugar beet producers as compensation for production losses. These producers should be ''beet red'' over this handout.

There is $13 million for the Ewe Lamb Replacement and Retention Program. Under this program, eligible livestock owners receive $18 for each qualifying ewe lamb. That means this provision would cover up to 722,222 sheep. Perhaps my colleagues think increasing our Nation's sheep stocks is somehow a viable alternative to the President's troop increase in Iraq? I doubt the troops appreciate the priority that we have placed on ewe lambs breeding in this bill. It is a ''baad'' earmark.

There is $6 million for crops damaged by floods in North Dakota. Yet another repeated attempt for funding that was rejected in last year's emergency supplemental.

There is $5 million for irrigation repairs in Montana. Of the $35 million provided to the USDA Emergency Conservation Programs, which was not requested by the administration, the bill earmarks $5 million for repairs to damaged irrigation ditches and pipelines in the State of Montana.

There is $30 million for the Farm Service Agency. On top of all the aforementioned programs, the bill provides $30 million for administration costs at the Farm Service Agency to ensure the Federal Government has enough employees to actually carry out all the new programs and new spending under this agriculture title. Here we see the underreported runaway effect of porkbarrel politics: more pork translates into bigger government, bigger government means larger administrative overhead, and large administrative overhead means greater costs to American taxpayers.

There is $388.9 million for funding a backlog of old Department of Transportation highway projects. The taxpayers just provided over $24 billion in unauthorized highway projects in 2005, but Congress in its infinite wisdom has seen fit to provide another $388 million in this bill.

This appropriations bill also includes numerous authorizing provisions, such as section 3001, which uses the emergency supplemental to authorize certain outdoor signs that were damaged, abandoned, or discontinued as a result of a hurricane in certain regions to be repaired, replaced, or reconstructed within 24 months of enactment. The bill also restricts authorization to the Department of Transportation to implement a provision authorized by Congress in the North American Free Trade Agreement that would allow Mexican and U.S. trucks to operate across the border, thereby facilitating free trade and benefiting the economy.

Once again, the appropriators have included a massive agriculture disaster assistance package in the emergency supplemental. The language before us today is strikingly similar to language that appeared in the 2006 emergency supplemental and to an amendment that was rejected just last December. As my colleagues surely remember, the 2006 Senate-passed emergency supplemental faced a veto threat because of the unrequested agricultural disaster package it contained. It faces the same threat today.

Most shockingly still, the bill actually underfunds the Army, Navy, Air Force, Marine Corps and Defense-Wide Operation and Maintenance accounts by nearly $1.4 billion, withholding funds from accounts directly related to fulfilling the wartime needs of the military. This is disgraceful.

This spending would be laughable if it weren't so tragic. We are at war—a war that has cost us a great deal in blood and treasure and which inevitably will cost us more still. Our troops, who fight so bravely on our behalf and who so love their country that they are willing to sacrifice everything—everything—in order to defend it, show incredible courage in carrying out their duties in Iraq and Afghanistan. And so it is only right that we, the elected leaders entrusted to preserve the common welfare, show just a modicum of the sacrifice, courage, and restraint that these warriors exhibit every day.

The Baltimore Sun editorialized last Sunday:

> President Bush requested that Congress quickly fund the troops serving in Iraq and Afghanistan and debate the war strategy separately. Yet Congress chose to hold troop funding hostage to pork-barrel spending and to provide terrorists with a countdown clock to America's exit from Iraq. Lawmakers must show that [past] promises of fiscal restraint were not meaningless by providing a clean bill for President Bush to sign. The troops deserve no less.

I agree it is time to exercise the fiscal discipline commensurate with the responsibilities entrusted to us by the American people and to provide our troops with the support necessary to win the war in Iraq. This bill, which provides insufficient funding for our Armed Forces and a damaging withdrawal deadline, sends the wrong message to our troops, our enemies, and the American taxpayer. The Dallas Morning News continued in its editorial:

> [S]etting an arbitrary date for withdrawal only handcuffs the troops trying to carry out their mission—and gives hope to their ene-

mies . . . We hope—the supplemental war-spending bill does not prove to be a reminder to Americans why the Constitution invested commander-in-chief responsibilities in one president, instead of 435 members of Congress.

This bill will be vetoed, and I will strongly support sustaining that veto. This bill is a perfect example of why I have long supported a President having line-item veto authority. There is some necessary funding in this bill that is urgently needed to support our troops in Iraq, but, unfortunately, the bill is saddled with too much wasteful spending and a regrettable war strategy to allow me to support it.

Mr. REID. Mr. President, I heard the Senator from Tennessee arguing about a provision in the disaster recovery portion of the supplemental relating to the private property rights of billboard owners. First let me note that the bill we voted on was not simply the Iraq supplemental. From the start, it has always been a supplemental that also included provisions for hurricane and natural disaster recovery efforts. Obviously, the Iraq portion of the supplemental is the most important part of the bill, but the supplemental has always also had a disaster recovery title, which is why we saw a majority of members of both Chambers supporting these disaster-related provisions.

I respect the Senator from Tennessee and appreciate his sincerity on the important issue he spoke on. I was disappointed, though, that there was much in what the Senator said that was just plain wrong.

The Senator claimed that the provision at issue was ''amnesty for illegal billboards.'' I don't know what it is these days with the use of the term ''amnesty,'' but some people don't seem to understand what the word means in any context.

All of the billboards affected by the provision are legal. Some of them have been standing legally for decades. But we are not talking about creaky old billboards; many of the billboards at issue are only a few years old, and in more recent years the state they are in happened to changed density or zoning requirements, but sensibly grandfathered in the existing structures.

Many of the billboards at issue provide advertising for small businesses, important information for U.S. drivers, public service announcements, and fuel local tourism industries throughout America. In short, the types of billboards at issue are very common, are a source of information and revenue for States, and are regulated by states.

Saying they are illegal or that we are providing amnesty is a nice rhetorical flourish but is just plain wrong.

The reality is that for decades, the Federal Government, in compliance with law and regulation, deferred to the States in determining whether billboards could be rebuilt or not after a hurricane or other natural disaster. For decades, this issue was not an issue. Then, in recent years, the Federal Government did an about-face and began dictating terms to the States, threatening to withhold Federal highway funds if the States did not trample on private property rights.

Ironically, Tennessee was one of the States that felt the heavy hand of the Federal Government's purse strings. ''Tennessee had a decades-long history of allowing billboards to be rebuilt after natural disasters. There are probably hundreds of letters from Tennessee granting permission to rebuild after natural disasters, including many from within the past year. Recently, however, the Federal Government told Tennessee it needed to change its policies or it would lose millions of dollars in Federal funding. Tennessee felt that it had no choice, so it changed its policy.

The provision at issue is very simple, it returns us to where we were before the Federal Government changed its policy. It respects States rights and private property rights—principles that people in the West understand well. I am surprised that a small group of Members on the other side of the aisle are opposed to States rights and private property rights. This is especially so, since other Members on the other side of the aisle have traditionally supported this provision, including Members from Louisiana and Mississippi, two of the States hit hardest by the new Federal Government stance on this issue.

The proposal ensures that states that want to allow these billboards to be rebuilt will have that option. If the State does not want to allow the billboards, it does not have to. That was the way things worked for decades.

But, under the new approach by the Federal Government, even if a State thinks the billboards provide a valuable source of revenue or public service and wants to allow them to be rebuilt, the Federal Government stands in the way and prohibits the State from allowing the billboard to go back up. It is about states rights.

So the gentlemen from Tennessee, Florida, and Alabama, are all basically taking a position that the Federal Government knows better than their own States.

Further, the proposal is about private property rights. It ensures that companies and small businesses whose billboards have been destroyed by the hurricane will not lose all of the value of their property.

This is just a matter of basic fairness. The Katrina portion of the supplemental included billions of dollars to help people rebuild their houses, to help private schools rebuild their facilities and programs, and to help small businessowners rebuild their businesses. The Katrina portion of the supplemental was all about rebuilding.

But, a small group of my colleagues on the other side of the aisle seems to think that this group of private property owners should be the exception—they should not be able to rebuild and reclaim their property just because their property is disfavored by some. I don't know why these folks are opposed to private property rights and States rights.

Finally, let me note the wide support for this proposal. The Governors of Mississippi and Louisiana support the proposal. The American Hotel Lodging Association supports it. The National Restaurant Association supports it. The Association of National Advertisers supports it. The ''America's Most Wanted'' TV show endorses the proposal because billboards have been helpful in catching criminals. A variety of America's best known brandnames support the proposal, as well—Accor, Best Western, Bob Evans, Cracker Barrel, Dairy Queen, Ford Motor Company, Wendy's, and White Castle.

Ms. SNOWE. Mr. President, I rise today to discuss the way forward for a recapitalization effort critical to our national security and the safety of America's seafarers. I speak of the effort to modernize the fleet of the U.S. Coast Guard known as the Integrated Deepwater Program. There is no question that the Coast Guard desperately requires new assets with which to carry out its missions, and it is our duty to ensure that they receive those tools at the best value to the American taxpayer.

For over two centuries, the Coast Guard has protected our shores, and the service has come a long way from its beginnings under the auspices of the U.S. Revenue Cutter Service and the U.S. Lifesaving Service. Following the events of September 11, 2001, the Coast Guard was transferred from the Department of Transportation to the Department of Homeland Security, a change that brought with it an increase in missions. Today, its roles include search-and-rescue missions and marine safety enforcement; securing our Nation's ports, waterways, and coasts; carrying out drug and illegal immigrant interdiction operations; protecting our marine environment; and ensuring safety and ease of navigation.

President Bush has called the Coast Guard ''the world's premiere lifesaving service,'' and given the new tasks assigned to the service under the Department of Homeland Security, that label now extends far beyond rescuing mariners in duress or stranded hurricane victims. The Coast Guard is also our first line of defense against waterborne terrorist attacks, from suicide bombers such as those who attacked the USS *Cole* in Yemen, to potential weapons of mass destruction that could be brought to our ports on board container ships.

However, the assets we have provided the world's premiere lifesaving service to carry out their critical missions are anything but the world's premiere equipment. The valiant men and women who protect our shores serve aboard vessels that collectively comprise the third oldest naval fleet in the

world. These are the same individuals who rescued over thirty thousand people from the rooftops of the gulf coast after Hurricane Katrina, and who, in a single action just last week, prevented over 4,200 pounds of cocaine from reaching America's streets, and schoolyards—the biggest single drug bust ever recorded. Our service men and women deserve better, and the American people deserve better.

Which is why the Coast Guard has chosen to modernize its fleet using a program of unprecedented scope. This recapitalization effort, called Deepwater, is a single acquisition program designed to completely overhaul the Coast Guard's entire fleet of ships and aircraft, as well as its communications system and interoperability components. In effect, rather than attempting to manage each asset individually, we chose to manage the new system of assets as a whole, allowing the Coast Guard and the taxpayer to reap the benefits of economies of scale and lack of duplicative effort. When the call for proposals was announced, the group Citizens Against Government Waste called Deepwater ''an innovative answer to the federal acquisition process' systematic waste.''

In June of 2002, the Coast Guard awarded a contract to a joint venture comprised of executives from Lockheed Martin and Northup Grumman and representatives from the Coast Guard itself. This entity is called Integrated Cost Guard Systems, or ICGS. And now, not 5 years later, we have arrived at a crossroads with the Deepwater program that has has found itself in rough seas. High-profile failures of acquisitions, such as the 123-foot patrol boats, and questions about the suitability of the new fleet's flagship, the national security cutter, have led Congress to re-examine the acquisition process. An innovative design for one ship, the fast response cutter, has proven to be a failure, and the Coast Guard, to its credit, has removed that ship from ICGS's control, will soon put forth a request for design proposals, and plans to manage that acquisition independently.

Many of these problems stem from the manner in which the Coast Guard structured its Deepwater contract. Too much control was given to ICGS in the contract's first term, including the authority to override Coast Guard engineering decisions, and the ability to ''self-certify'' its own designs and work as meeting the Coast Guard's requirements. To make matters worse, these contracts were structured in such a way that if the assets in development failed to meet the required standards, the contractor would be paid an additional fee to fix the very problem it had created in the first place. I am convinced that it is this contract—and not the concept of a system of systems approach to major acquisitions—that has brought us to where we are today with the Deepwater program.

Now the Coast Guard is in negotiations with ICGS for extension of the contract, and there is no question that oversight of the program must change. Several legislative solutions have been proposed, including provisions in both S. 965 and H.R. 1571. While I am pleased to know that the appropriators in both Houses of Congress recognize the importance of Deepwater to the Coast Guard and to the Nation, I strongly disagree with the way in which they have chosen to handle its revision.

Ultimately, oversight of Deepwater falls not to the appropriators, but to the service's authorizing committee the Committee on Commerce, Science, and Transportation's Subcommittee on Oceans, Atmosphere, Fisheries, and the Coast Guard, on which I serve as the ranking member. The Chair of that Subcommittee, Senator CANTWELL, and I have worked together on innumerable Coast Guard issues for years, and we have a detailed understanding of the intricate issues involved both in management of the Coast Guard as a whole and this program in particular. The language in neither the House nor the Senate Appropriations bill provides the best way forward for Deepwater or the Coast Guard. If passed, either version would lead to delays in production and affiliated increases both in the final delivery cost of the assets, and in the size of any patrol gaps the Coast Guard may experience. In simple terms, the appropriators' language will cost the taxpayers money and weaken the security of our maritime domain.

Senator CANTWELL and I have offered an alternative. Last week, we introduced the Integrated Deepwater Program Reform Act, S. 924. This bill places restrictions on the structure of any agreements between the Coast Guard and its contractors; mandates full and open competition for all Deepwater assets not yet under contract; requires the Coast Guard to conduct an analysis of alternatives to ensure that its Deepwater plan remains the best way to recapitalize the service at the lowest possible cost; and increases reporting requirements to Congress so we can be kept abreast of the program's progress as well as any stumbling blocks that may arise. But most importantly, while this analysis is ongoing, our bill will allow work to continue on assets that have been proven capable of meeting the demands of the Coast Guard's mission portfolio, thereby avoiding costly delays and dangerous patrol gaps.

Despite the mistakes of Deepwater's past, I believe we must move forward with this critical modernization of The Coast Guard's fleet. The simple fact is this: The Coast Guard needs new vessels, and a program run as a system of systems, rather than on an asset-by-asset basis will lead to a more efficient and more cost-effective recapitalization.

I respectfully ask that the members of the Appropriations Committees in both the House and the Senate remove the clauses in their bills that contain authorization language for the Deepwater program and allow the authorizing committee to do its job through passage of S. 924. We have the best interests of the American people at heart, and we have the necessary expertise to ensure that the Coast Guard and our maritime security do not suffer unintended consequences of even the best-intentioned efforts.

Mr. FEINGOLD. Mr. President, I am pleased to vote in favor of the fiscal year 2007 supplemental because it contains binding language that effectively ends the current misguided military mission in Iraq and requires the President to begin withdrawing U.S. troops from Iraq. While this action is long overdue, it is a big step in the right direction and it brings us closer to ending our involvement in this disastrous war.

I am also pleased that the supplemental includes necessary funding to address conflicts throughout the world, especially in Sudan, Somalia, and the Democratic Republic of Congo, to assist Iraqi refugees and internally displaced persons fleeing their homes, and to help pay for U.S. arrears to the U.N.

The supplemental also contains a 1-month extension of the Milk Income Loss Contract, MILC, program, which fixes a quirk that could have put family dairy farmers on unequal footing during the upcoming farm bill debate. I was glad this provision was included in the supplemental and will work with my colleagues to retain it during conference.

I am extremely disappointed at the removal of a provision in the supplemental spending bill that would have fixed a glaring problem in immigration law that effectively labeled the Hmong as terrorists. We will forever be indebted to the Hmong who fought alongside and supported the United States during the Vietnam war. I will continue working to make sure that Hmong and other legitimate refugees who are not threats to our national security do not face lengthy and unnecessary delays as the Federal agencies involved determine whether they are eligible for a waiver that would permit them to resettle in the United States or adjust their immigration status.

I remain concerned at the continued practice of funding the war in Iraq through emergency spending bills. We should not be using such bills to bypass the regular appropriations process. That is why I supported efforts to remove certain spending provisions that do not appear to address true emergencies, including an amendment offered by Senator COBURN to remove funding for next year's political conventions.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mrs. MURRAY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The bill having been read the third time, the question is, Shall the bill pass?

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 47, as follows:

[Rollcall Vote No. 126 Leg.]

YEAS—51

Akaka	Feingold	Murray
Baucus	Feinstein	Nelson (FL)
Bayh	Hagel	Nelson (NE)
Biden	Harkin	Obama
Bingaman	Inouye	Pryor
Boxer	Kennedy	Reed
Brown	Kerry	Reid
Byrd	Klobuchar	Rockefeller
Cantwell	Kohl	Salazar
Cardin	Landrieu	Sanders
Carper	Lautenberg	Schumer
Casey	Leahy	Smith
Clinton	Levin	Stabenow
Conrad	Lincoln	Tester
Dodd	McCaskill	Webb
Dorgan	Menendez	Whitehouse
Durbin	Mikulski	Wyden

NAYS—47

Alexander	DeMint	McCain
Allard	Dole	McConnell
Bennett	Domenici	Murkowski
Bond	Ensign	Roberts
Brownback	Graham	Sessions
Bunning	Grassley	Shelby
Burr	Gregg	Snowe
Chambliss	Hatch	Specter
Coburn	Hutchison	Stevens
Cochran	Inhofe	Sununu
Coleman	Isakson	Thomas
Collins	Kyl	Thune
Corker	Lieberman	Vitter
Cornyn	Lott	Voinovich
Craig	Lugar	Warner
Crapo	Martinez	

NOT VOTING—2

Enzi	Johnson

The bill (H.R. 1591), as amended, was passed, as follows:

H.R. 1591

Resolved, That the bill from the House of Representatives (H.R. 1591) entitled ''An Act making emergency supplemental appropriations for the fiscal year ending September 30, 2007, and for other purposes.'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2007, and for other purposes, namely:

TITLE I

GLOBAL WAR ON TERROR SUPPLEMENTAL APPROPRIATIONS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURAL SERVICE

PUBLIC LAW 480 TITLE II GRANTS

For an additional amount for ''Public Law 480 Title II Grants'', during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, for commodities supplied in connection with dispositions abroad under title II of said Act, $475,000,000, to remain available until expended.

GENERAL PROVISION—THIS CHAPTER

SEC. 1101. There is hereby appropriated $82,000,000 to reimburse the Commodity Credit Corporation for the release of eligible commodities under section 302(f)(2)(A) of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1): Provided, That any such funds made available to reimburse the Commodity Credit Corporation shall only be used to replenish the Bill Emerson Humanitarian Trust.

CHAPTER 2

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

OFFICE OF THE INSPECTOR GENERAL

For an additional amount for ''Office of the Inspector General'', $500,000, to remain available until September 30, 2008.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

For an additional amount for ''Salaries and Expenses, General Legal Activities'', $4,093,000, to remain available until September 30, 2008.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for ''Salaries and Expenses, United States Attorneys'', $12,500,000, to remain available until September 30, 2008.

UNITED STATES MARSHALS SERVICE

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For an additional amount for ''Salaries and Expenses, United States Marshals Service'', $32,500,000, to remain available until September 30, 2008: Provided, That of the amounts made available in this Act for ''Educational and Cultural Exchange Programs'', $15,000,000 is rescinded.

NATIONAL SECURITY DIVISION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses,'' $1,736,000, to remain available until September 30, 2008.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $348,260,000, of which $338,260,000 is to remain available until September 30, 2008 and $10,000,000 is to remain available until expended to implement corrective actions in response to the findings and recommendations in the Department of Justice Office of Inspector General report entitled, ''A Review of the Federal Bureau of Investigation's Use of National Security Letters''.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $25,100,000, to remain available until September 30, 2008.

BUREAU OF ALCOHOL, TOBACCO, FIREARMS, AND EXPLOSIVES

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $4,000,000, to remain available until September 30, 2008.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $17,000,000, to remain available until September 30, 2008.

CHAPTER 3

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for ''Military Personnel, Army'', $8,870,270,000.

MILITARY PERSONNEL, NAVY

For an additional amount for ''Military Personnel, Navy'', $1,100,410,000.

MILITARY PERSONNEL, MARINE CORPS

For an additional amount for ''Military Personnel, Marine Corps'', $1,495,827,000.

MILITARY PERSONNEL, AIR FORCE

For an additional amount for ''Military Personnel, Air Force'', $1,218,587,000.

RESERVE PERSONNEL, ARMY

For an additional amount for ''Reserve Personnel, Army'', $147,244,000.

RESERVE PERSONNEL, NAVY

For an additional amount for ''Reserve Personnel, Navy'', $77,523,000.

RESERVE PERSONNEL, AIR FORCE

For an additional amount for ''Reserve Personnel, Air Force'', $9,073,000.

NATIONAL GUARD PERSONNEL, ARMY

For an additional amount for ''National Guard Personnel, Army'', $474,978,000.

NATIONAL GUARD PERSONNEL, AIR FORCE

For an additional amount for ''National Guard Personnel, Air Force'', $41,533,000.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For an additional amount for ''Operation and Maintenance, Army'', $20,373,379,000.

OPERATION AND MAINTENANCE, NAVY

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Operation and Maintenance, Navy'', $4,865,003,000, of which $120,293,000 shall be transferred to Coast Guard, ''Operating Expenses'', for reimbursement for activities in support of activities requested by the Navy.

OPERATION AND MAINTENANCE, MARINE CORPS

For an additional amount for ''Operation and Maintenance, Marine Corps'', $1,101,594,000.

OPERATION AND MAINTENANCE, AIR FORCE

For an additional amount for ''Operation and Maintenance, Air Force'', $6,685,881,000.

OPERATION AND MAINTENANCE, DEFENSE-WIDE

For an additional amount for ''Operation and Maintenance, Defense-Wide'', $2,790,669,000, of which—

(1) not to exceed $25,000,000 may be used for the Combatant Commander Initiative Fund, to be used in support of Operation Iraqi Freedom and Operation Enduring Freedom; and

(2) not to exceed $200,000,000, to remain available until expended, may be used for payments to reimburse Pakistan, Jordan, and other key cooperating nations, for logistical, military, and other support provided to United States military operations, notwithstanding any other provision of law: Provided, That such payments may be made in such amounts as the Secretary of Defense, with the concurrence of the Secretary of State, and in consultation with the Director of the Office of Management and Budget, may determine, in his discretion, based on documentation determined by the Secretary of Defense to adequately account for the support provided, and such determination is final and conclusive upon the accounting officers of the United States, and 15 days following notification to the appropriate congressional committees: Provided further, That the Secretary of Defense shall provide quarterly reports to the congressional defense committees on the use of funds provided in this paragraph.

OPERATION AND MAINTENANCE, ARMY RESERVE

For an additional amount for ''Operation and Maintenance, Army Reserve'', $74,049,000.

OPERATION AND MAINTENANCE, NAVY RESERVE

For an additional amount for ''Operation and Maintenance, Navy Reserve'', $111,066,000.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For an additional amount for ''Operation and Maintenance, Marine Corps Reserve'', $13,591,000.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For an additional amount for ''Operation and Maintenance, Air Force Reserve'', $10,160,000.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Army National Guard'', $83,569,000.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For an additional amount for ''Operation and Maintenance, Air National Guard'', $38,429,000.

AFGHANISTAN SECURITY FORCES FUND

For an additional amount for ''Afghanistan Security Forces Fund'', $5,906,400,000, to remain available until September 30, 2008.

IRAQ SECURITY FORCES FUND

For an additional amount for ''Iraq Security Forces Fund'', $3,842,300,000, to remain available until September 30, 2008.

IRAQ FREEDOM FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Iraq Freedom Fund'', $455,600,000, to remain available for transfer until September 30, 2008.

JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT FUND

For an additional amount for ''Joint Improvised Explosive Device Defeat Fund'', $2,432,800,000, to remain available until September 30, 2009.

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

For an additional amount for ''Aircraft Procurement, Army'', $619,750,000, to remain available until September 30, 2009.

MISSILE PROCUREMENT, ARMY

For an additional amount for ''Missile Procurement, Army'', $111,473,000, to remain available until September 30, 2009.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For an additional amount for ''Procurement of Weapons and Tracked Combat Vehicles, Army'', $3,400,315,000, to remain available until September 30, 2009.

PROCUREMENT OF AMMUNITION, ARMY

For an additional amount for ''Procurement of Ammunition, Army'', $681,500,000, to remain available until September 30, 2009.

OTHER PROCUREMENT, ARMY

For an additional amount for ''Other Procurement, Army'', $10,589,272,000, to remain available until September 30, 2009.

AIRCRAFT PROCUREMENT, NAVY

For an additional amount for ''Aircraft Procurement, Navy'', $963,903,000, to remain available until September 30, 2009.

WEAPONS PROCUREMENT, NAVY

For an additional amount for ''Weapons Procurement, Navy'', $163,813,000, to remain available until September 30, 2009.

PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS

For an additional amount for ''Procurement of Ammunition, Navy and Marine Corps'', $159,833,000, to remain available until September 30, 2009.

OTHER PROCUREMENT, NAVY

For an additional amount for ''Other Procurement, Navy'', $722,506,000, to remain available until September 30, 2009.

PROCUREMENT, MARINE CORPS

For an additional amount for ''Procurement, Marine Corps'', $1,703,389,000, to remain available until September 30, 2009.

AIRCRAFT PROCUREMENT, AIR FORCE

For an additional amount for ''Aircraft Procurement, Air Force'', $1,431,756,000, to remain available until September 30, 2009.

MISSILE PROCUREMENT, AIR FORCE

For an additional amount for ''Missile Procurement, Air Force'', $78,900,000, to remain available until September 30, 2009.

PROCUREMENT OF AMMUNITION, AIR FORCE

For an additional amount for ''Procurement of Ammunition, Air Force'', $6,000,000, to remain available until September 30, 2009.

OTHER PROCUREMENT, AIR FORCE

For an additional amount for ''Other Procurement, Air Force'', $1,972,131,000, to remain available until September 30, 2009.

PROCUREMENT, DEFENSE-WIDE

For an additional amount for ''Procurement, Defense-Wide'', $903,092,000, to remain available until September 30, 2009.

NATIONAL GUARD AND RESERVE EQUIPMENT

For an additional amount for ''National Guard and Reserve Equipment'', $1,000,000,000, to remain available until September 30, 2009.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For an additional amount for ''Research, Development, Test and Evaluation, Army'', $125,576,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For an additional amount for ''Research, Development, Test and Evaluation, Navy'', $308,212,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For an additional amount for ''Research, Development, Test and Evaluation, Air Force'', $233,869,000, to remain available until September 30, 2008.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE

For an additional amount for ''Research, Development, Test and Evaluation, Defense-Wide'', $522,804,000, to remain available until September 30, 2008.

REVOLVING AND MANAGEMENT FUNDS

NATIONAL DEFENSE SEALIFT FUND

For an additional amount for ''National Defense Sealift Fund'', $5,000,000.

DEFENSE WORKING CAPITAL FUNDS

For an additional amount for ''Defense Working Capital Funds'', $1,315,526,000.

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For an additional amount for ''Defense Health Program'', $2,466,847,000; of which $2,277,147,000 shall be for operation and maintenance; of which $118,000,000, to remain available for obligation until September 30, 2009, shall be for Procurement; and of which $71,700,000, to remain available for obligation until September 30, 2008, shall be for Research, development, test and evaluation.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Drug Interdiction and Counter-Drug Activities, Defense'', $254,665,000, to remain available until expended: Provided, That these funds may be used only for such activities related to Afghanistan and Central Asia: Provided further, That the Secretary of Defense may transfer such funds only to appropriations for military personnel; operation and maintenance; procurement; and research, development, test and evaluation: Provided further, That the funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation to which transferred: Provided further, That the transfer authority provided in this paragraph is in addition to any other transfer authority available to the Department of Defense: Provided further, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation.

RELATED AGENCY

INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT

For an additional amount for ''Intelligence Community Management Account'', $71,726,000.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 1301. Appropriations provided in this chapter are available for obligation until September 30, 2007, unless otherwise provided in this chapter.

(TRANSFER OF FUNDS)

SEC. 1302. Upon his determination that such action is necessary in the national interest, the Secretary of Defense may transfer between appropriations up to $3,500,000,000 of the funds made available to the Department of Defense in this title: Provided, That the Secretary shall notify the Congress promptly of each transfer made pursuant to the authority in this section: Provided further, That the authority provided in this section is in addition to any other transfer authority available to the Department of Defense and is subject to the same terms and conditions as the authority provided in section 8005 of the Department of Defense Appropriations Act, 2007 (Public Law 109–289; 120 Stat. 1257), except for the fourth proviso: Provided further, That funds previously transferred to the ''Joint Improvised Explosive Device Defeat Fund'' and the ''Iraq Security Forces Fund'' under the authority of section 8005 of Public Law 109–289 and transferred back to their source appropriations accounts shall not be taken into account for purposes of the limitation on the amount of funds that may be transferred under section 8005.

SEC. 1303. Funds appropriated in this chapter, or made available by the transfer of funds in or pursuant to this chapter, for intelligence activities are deemed to be specifically authorized by the Congress for purposes of section 504(a)(1) of the National Security Act of 1947 (50 U.S.C. 414(a)(1)).

SEC. 1304. None of the funds provided in this chapter may be used to finance programs or activities denied by Congress in fiscal years 2006 or 2007 appropriations to the Department of Defense or to initiate a procurement or research, development, test and evaluation new start program without prior written notification to the congressional defense committees.

SEC. 1305. During fiscal year 2007, the Secretary of Defense may transfer not to exceed $6,300,000 of the amounts in or credited to the Defense Cooperation Account, pursuant to 10 U.S.C. 2608, to such appropriations or funds of the Department of Defense as he shall determine for use consistent with the purposes for which such funds were contributed and accepted: Provided, That such amounts shall be available for the same time period as the appropriation to which transferred: Provided further, That the Secretary shall report to the Congress all transfers made pursuant to this authority.

SEC. 1306. (a) AUTHORITY TO PROVIDE SUPPORT.—Of the amount appropriated by this title under the heading, ''Drug Interdiction and Counter-Drug Activities, Defense'', not to exceed $60,000,000 may be used for support for counter-drug activities of the Governments of Afghanistan, Kazakhstan, and Pakistan: Provided, That such support shall be in addition to support provided for the counter-drug activities of such Governments under any other provision of the law.

(b) TYPES OF SUPPORT.—

(1) Except as specified in subsection (b)(2) of this section, the support that may be provided

under the authority in this section shall be limited to the types of support specified in section 1033(c)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85, as amended by Public Laws 106–398, 108–136, and 109–364) and conditions on the provision of support as contained in section 1033 shall apply for fiscal year 2007.

(2) The Secretary of Defense may transfer vehicles, aircraft, and detection, interception, monitoring and testing equipment to said Governments for counter-drug activities.

SEC. 1307. (a) From funds made available for operations and maintenance in this title to the Department of Defense, not to exceed $456,400,000 may be used, notwithstanding any other provision of law, to fund the Commander's Emergency Response Program, for the purpose of enabling military commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the Iraqi and Afghan people.

(b) QUARTERLY REPORTS.—Not later than 15 days after the end of each fiscal year quarter, the Secretary of Defense shall submit to the congressional defense committees a report regarding the source of funds and the allocation and use of funds during that quarter that were made available pursuant to the authority provided in this section or under any other provision of law for the purposes of the programs under subsection (a).

SEC. 1308. During fiscal year 2007, supervision and administration costs associated with projects carried out with funds appropriated to ''Afghanistan Security Forces Fund'' or ''Iraq Security Forces Fund'' in this chapter may be obligated at the time a construction contract is awarded: Provided, That for the purpose of this section, supervision and administration costs include all in-house Government costs.

SEC. 1309. Section 1005(c)(2) of the National Defense Authorization Act, Fiscal Year 2007 (Public Law 109–364) is amended by striking ''$310,277,000'' and inserting ''$376,446,000''.

SEC. 1310. None of the funds appropriated or otherwise made available by this or any other Act shall be obligated or expended by the United States Government for a purpose as follows:

(1) To establish any military installation or base for the purpose of providing for the permanent stationing of United States Armed Forces in Iraq.

(2) To exercise United States control over any oil resource of Iraq.

SEC. 1311. None of the funds made available in this Act may be used in contravention of the following laws enacted or regulations promulgated to implement the United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (done at New York on December 10, 1984):

(1) Section 2340A of title 18, United States Code;

(2) Section 2242 of the Foreign Affairs Reform and Restructuring Act of 1998 (division G of Public Law 105–277; 112 Stat. 2681–822; 8 U.S.C. 1231 note) and regulations prescribed thereto, including regulations under part 208 of title 8, Code of Federal Regulations, and part 95 of title 22, Code of Federal Regulations; and

(3) Sections 1002 and 1003 of the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public Law 109–148).

SEC. 1312. Section 9007 of Public Law 109–289 is amended by striking ''20'' and inserting ''287''.

SEC. 1313. INSPECTION OF MILITARY MEDICAL TREATMENT FACILITIES, MILITARY QUARTERS HOUSING MEDICAL HOLD PERSONNEL, AND MILITARY QUARTERS HOUSING MEDICAL HOLDOVER PERSONNEL. (A) PERIODIC INSPECTION REQUIRED.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Secretary of Defense shall inspect each facility of the Department of Defense as follows:

(A) Each military medical treatment facility.

(B) Each military quarters housing medical hold personnel.

(C) Each military quarters housing medical holdover personnel.

(2) PURPOSE.—The purpose of an inspection under this subsection is to ensure that the facility or quarters concerned meets acceptable standards for the maintenance and operation of medical facilities, quarters housing medical hold personnel, or quarters housing medical holdover personnel, as applicable.

(b) ACCEPTABLE STANDARDS.—For purposes of this section, acceptable standards for the operation and maintenance of military medical treatment facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel are each of the following:

(1) Generally accepted standards for the accreditation of non-military medical facilities, or for facilities used to quarter individuals with medical conditions that may require medical supervision, as applicable, in the United States.

(2) Standards under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

(c) ADDITIONAL INSPECTIONS ON IDENTIFIED DEFICIENCIES.—

(1) IN GENERAL.—In the event a deficiency is identified pursuant to subsection (a) at a facility or quarters described in paragraph (1) of that subsection—

(A) the commander of such facility or quarters, as applicable, shall submit to the Secretary a detailed plan to correct the deficiency; and

(B) the Secretary shall reinspect such facility or quarters, as applicable, not less often than once every 180 days until the deficiency is corrected.

(2) CONSTRUCTION WITH OTHER INSPECTIONS.—An inspection of a facility or quarters under this subsection is in addition to any inspection of such facility or quarters under subsection (a).

(d) REPORTS ON INSPECTIONS.—A complete copy of the report on each inspection conducted under subsections (a) and (c) shall be submitted in unclassified form to the applicable military medical command and to the congressional defense committees.

(e) REPORT ON STANDARDS.—In the event no standards for the maintenance and operation of military medical treatment facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel exist as of the date of the enactment of this Act, or such standards as do exist do not meet acceptable standards for the maintenance and operation of such facilities or quarters, as the case may be, the Secretary shall, not later than 30 days after that date, submit to Congress a report setting forth the plan of the Secretary to ensure—

(1) the adoption by the Department of standards for the maintenance and operation of military medical facilities, military quarters housing medical hold personnel, or military quarters housing medical holdover personnel, as applicable, that meet—

(A) acceptable standards for the maintenance and operation of such facilities or quarters, as the case may be; and

(B) standards under the Americans with Disabilities Act of 1990; and

(2) the comprehensive implementation of the standards adopted under paragraph (1) at the earliest date practicable.

SEC. 1314. From funds made available for the ''Iraq Security Forces Fund'' for fiscal year 2007, up to $155,500,000 may be used, notwithstanding any other provision of law, to provide assistance, with the concurrence of the Secretary of State, to the Government of Iraq to support the disarmament, demobilization, and reintegration of militias and illegal armed groups.

SEC. 1315. REVISION OF UNITED STATES POLICY ON IRAQ. (a) FINDINGS.—Congress makes the following findings:

(1) Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or have served bravely and honorably in Iraq.

(2) The circumstances referred to in the Authorization for Use of Military Force Against Iraq Resolution of 2002 (Public Law 107–243) have changed substantially.

(3) United States troops should not be policing a civil war, and the current conflict in Iraq requires principally a political solution.

(4) United States policy on Iraq must change to emphasize the need for a political solution by Iraqi leaders in order to maximize the chances of success and to more effectively fight the war on terror.

(b) PROMPT COMMENCEMENT OF PHASED REDEPLOYMENT OF UNITED STATES FORCES FROM IRAQ.—

(1) TRANSITION OF MISSION.—The President shall promptly transition the mission of United States forces in Iraq to the limited purposes set forth in paragraph (2).

(2) COMMENCEMENT OF PHASED REDEPLOYMENT FROM IRAQ.—The President shall commence the phased redeployment of United States forces from Iraq not later than 120 days after the date of the enactment of this Act, with the goal of redeploying, by March 31, 2008, all United States combat forces from Iraq except for a limited number that are essential for the following purposes:

(A) Protecting United States and coalition personnel and infrastructure.

(B) Training and equipping Iraqi forces.

(C) Conducting targeted counter-terrorism operations.

(3) COMPREHENSIVE STRATEGY.—Paragraph (2) shall be implemented as part of a comprehensive diplomatic, political, and economic strategy that includes sustained engagement with Iraq's neighbors and the international community for the purpose of working collectively to bring stability to Iraq.

(4) REPORTS REQUIRED.—Not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the President shall submit to Congress a report on the progress made in transitioning the mission of the United States forces in Iraq and implementing the phased redeployment of United States forces from Iraq as required under this subsection, as well as a classified campaign plan for Iraq, including strategic and operational benchmarks and projected redeployment dates of United States forces from Iraq.

(c) BENCHMARKS FOR THE GOVERNMENT OF IRAQ.—

(1) SENSE OF CONGRESS.—It is the sense of Congress that—

(A) achieving success in Iraq is dependent on the Government of Iraq meeting specific benchmarks, as reflected in previous commitments made by the Government of Iraq, including—

(i) deploying trained and ready Iraqi security forces in Baghdad;

(ii) strengthening the authority of Iraqi commanders to make tactical and operational decisions without political intervention;

(iii) disarming militias and ensuring that Iraqi security forces are accountable only to the central government and loyal to the constitution of Iraq;

(iv) enacting and implementing legislation to ensure that the energy resources of Iraq benefit all Iraqi citizens in an equitable manner;

(v) enacting and implementing legislation that equitably reforms the de-Ba'athification process in Iraq;

(vi) ensuring a fair process for amending the constitution of Iraq so as to protect minority rights; and

(vii) enacting and implementing rules to equitably protect the rights of minority political parties in the Iraqi Parliament; and

(B) each benchmark set forth in subparagraph (A) should be completed expeditiously and pursuant to a schedule established by the Government of Iraq.

(2) REPORT.—Not later than 30 days after the date of the enactment of this Act, and every 60 days thereafter, the Commander, Multi-National Forces-Iraq and the United States Ambassador to Iraq shall jointly submit to Congress a report describing and assessing in detail the current progress being made by the Government of Iraq in meeting the benchmarks set forth in paragraph (1)(A).

SEC. 1316. INDEPENDENT ASSESSMENT OF CAPABILITIES OF THE IRAQI SECURITY FORCES. (a) FINDINGS.—Congress makes the following findings:

(1) The responsibility for Iraq's internal security and halting sectarian violence must rest primarily with the Government of Iraq, relying on the Iraqi Security Forces (ISF).

(2) In quarterly reports to Congress, and in testimony before a number of congressional committees, the Department of Defense reported progress towards training and equipping Iraqi Security Forces; however, the subsequent performance of the Iraqi Security Forces has been uneven and occasionally appeared inconsistent with those reports.

(3) On November 15, 2005, President Bush said, ''The plan [is] that we will train Iraqi troops to be able to take the fight to the enemy. And as I have consistently said, as the Iraqis stand up, we will stand down''.

(4) On January 10, 2007, the President announced a new strategy, which consists of three basic elements: diplomatic, economic, and military; the central component of the military element being an augmentation of the present level of the U.S. military forces with more than 20,000 additional U.S. military troops to Iraq to ''work alongside Iraqi units and be embedded in their formations. Our troops will have a well-defined mission: to help Iraqis clear and secure neighborhoods, to help them protect the local population, and to help ensure that the Iraqi forces left behind are capable of providing the security that Baghdad needs''.

(5) The President said on January 10, 2007, that ''I've made it clear to the Prime Minister and Iraq's other leaders that America's commitment is not open-ended'' so as to dispel the contrary impression that exists.

(6) The latest National Intelligence Estimate (NIE) on Iraq, entitled ''Prospects for Iraq's Stability: A Challenging Road Ahead,'' released in January 2007, found: ''If strengthened Iraqi Security Forces (ISF), more loyal to the government and supported by Coalition forces, are able to reduce levels of violence and establish more effective security for Iraq's population, Iraqi leaders could have an opportunity to begin the process of political compromise necessary for longer term stability, political progress, and economic recovery''.

(7) The NIE also stated that ''[d]espite real improvements, the Iraqi Security Forces (ISF)—particularly the Iraqi police—will be hard pressed in the next 12–18 months to execute significantly increased security responsibilities''.

(8) The current and prospective readiness of the ISF is critical to (A) the long term stability of Iraq, (B) the force protection of U.S. forces conducting combined operations with the ISF; and (C) the scale of U.S. forces deployed to Iraq.

(b) INDEPENDENT ASSESSMENT OF CAPABILITIES OF IRAQI SECURITY FORCES.—

(1) IN GENERAL.—Of the amount appropriated or otherwise made available for the Department of Defense, $750,000 is provided to commission an independent, private-sector entity, which operates as a 501(c)(3) with recognized credentials and expertise in military affairs, to prepare an independent report assessing the following:

(A) The readiness of the Iraqi Security Forces (ISF) to assume responsibility for maintaining the territorial integrity of Iraq, denying international terrorists a safe haven, and bringing greater security to Iraq's 18 provinces in the next 12–18 months, and bringing an end to sectarian violence to achieve national reconciliation.

(B) The training; equipping; command, control and intelligence capabilities; and logistics capacity of the ISF.

(C) The likelihood that, given the ISF's record of preparedness to date, following years of training and equipping by US forces, the continued support of US troops will contribute to the readiness of the ISF to fulfill the missions outlined in subparagraph (A).

(2) REPORT.—Not later than 120 days after passage of this Act, the designated private sector entity shall provide an unclassified report, with a classified annex, containing its findings, to the House and Senate Committees on Armed Services, Appropriations, Foreign Relations, and Intelligence.

SEC. 1317. (a)(1) Notwithstanding any other provision of law, the Secretary of Veterans Affairs (referred to in this section as the ''Secretary'') may convey to the State of Texas, without consideration, all right, title, and interest of the United States in and to the parcel of real property comprising the location of the Marlin, Texas, Department of Veterans Affairs Medical Center.

(2) The property conveyed under paragraph (1) shall be used by the State of Texas for the purposes of a prison.

(b) In carrying out the conveyance under subsection (a), the Secretary—

(1) shall not be required to comply with, and shall not be held liable under, any Federal law (including a regulation) relating to the environment or historic preservation; but

(2) may, at the discretion of the Secretary, conduct environmental cleanup on the parcel to be conveyed, at a cost not to exceed $500,000, using amounts made available for environmental cleanup of sites under the jurisdiction of the Secretary.

SEC. 1318. REDEVELOPMENT OF INDUSTRIAL SECTOR IN IRAQ. Of the amount appropriated or otherwise made available by this chapter under the heading ''IRAQ FREEDOM FUND'', up to $100,000,000 may be obligated and expended for purposes of the Task Force to Improve Business and Stability Operations in Iraq.

SEC. 1319. ADDITIONAL AMOUNT FOR PROCUREMENT, MARINE CORPS, FOR ACCELERATION OF PROCUREMENT OF ADDITIONAL 2,500 MINE RESISTANT AMBUSH PROTECTED VEHICLES FOR THE ARMED FORCES.—(a) ADDITIONAL AMOUNT.—The amount appropriated by this chapter under the heading ''PROCUREMENT, MARINE CORPS'' is hereby increased by $1,500,000,000, with the amount of the increase to be available to the Marine Corps for the procurement of an additional 2,500 Mine Resistant Ambush Protected (MRAP) vehicles for the regular and reserve components of the Armed Forces by not later than December 31, 2007.

(b) SUPPLEMENT NOT SUPPLANT.—The amount available under subsection (a) for the procurement of vehicles described in that subsection is in addition to any other amounts available under this chapter for that purpose.

CHAPTER 4

DEPARTMENT OF ENERGY

ATOMIC ENERGY DEFENSE ACTIVITIES

NATIONAL NUCLEAR SECURITY ADMINISTRATION

DEFENSE NUCLEAR NONPROLIFERATION

For an additional amount for ''Defense Nuclear Nonproliferation'', $63,000,000.

CHAPTER 5

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $140,000,000, to remain available until September 30, 2008.

AIR AND MARINE INTERDICTION, OPERATIONS, MAINTENANCE, AND PROCUREMENT

For an additional amount for ''Air and Marine Interdiction, Operations, Maintenance, and Procurement'', for air and marine operations on the Northern Border and the Great Lakes, including the final Northern Border air wing, $75,000,000, to remain available until September 30, 2008.

IMMIGRATION AND CUSTOMS ENFORCEMENT

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $20,000,000, to remain available until September 30, 2008.

TRANSPORTATION SECURITY ADMINISTRATION

AVIATION SECURITY

For an additional amount for ''Aviation Security'', $660,000,000; of which $600,000,000 shall be for procurement and installation of checked baggage explosives detection systems, to remain available until expended; and $60,000,000 shall be for air cargo security, to remain available until September 30, 2008.

FEDERAL AIR MARSHALS

For an additional amount for ''Federal Air Marshals'', $15,000,000, to remain available until September 30, 2008.

PREPAREDNESS

MANAGEMENT AND ADMINISTRATION

For an additional amount for ''Office of the Chief Medical Officer'' for nuclear preparedness and other activities, $18,000,000, to remain available until September 30, 2008.

INFRASTRUCTURE PROTECTION AND INFORMATION SECURITY

For an additional amount for ''Infrastructure Protection and Information Security'' for chemical site security activities, $18,000,000, to remain available until September 30, 2008.

FEDERAL EMERGENCY MANAGEMENT AGENCY

ADMINISTRATIVE AND REGIONAL OPERATIONS

For an additional amount for ''Administrative and Regional Operations'' for necessary expenses related to title V of the Homeland Security Act of 2002 (6 U.S.C. 101 et seq. (as amended by section 611 of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C. 701 note; Public Law 109–295))), $20,000,000, to remain available until September 30, 2008: Provided, That none of the funds available under this heading may be obligated until the Committees on Appropriations of the Senate and the House of Representatives receive and approve a plan for expenditure.

STATE AND LOCAL PROGRAMS

For an additional amount for ''State and Local Programs'', $850,000,000; of which $190,000,000 shall be for port security pursuant to section 70107(l) of title 46 United States Code; $625,000,000 shall be for intercity rail passenger transportation, freight rail, and transit security grants; and $35,000,000 shall be for regional grants and technical assistance to high risk urban areas for catastrophic event planning and preparedness: Provided, That none of the funds made available under this heading may be obligated for such regional grants and technical assistance until the Committees on Appropriations of the Senate and the House of Representatives receive and approve a plan for expenditure: Provided further, That funds for such regional grants and technical assistance shall remain available until September 30, 2008.

EMERGENCY MANAGEMENT PERFORMANCE GRANTS

For an additional amount for ''Emergency Management Performance Grants'' for necessary expenses related to the Nationwide Plan Review, $100,000,000.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

For an additional amount for expenses of ''United States Citizenship and Immigration Services'' to address backlogs of security checks

associated with pending applications and petitions, $30,000,000, to remain available until September 30, 2008: Provided, That none of the funds made available under this heading shall be available for obligation until the Secretary of Homeland Security, in consultation with the United States Attorney General, submits to the Committees on Appropriations of the Senate and the House of Representatives a plan to eliminate the backlog of security checks that establishes information sharing protocols to ensure United States Citizenship and Immigration Services has the information it needs to carry out its mission.

SCIENCE AND TECHNOLOGY

RESEARCH, DEVELOPMENT, ACQUISITION, AND OPERATIONS

For an additional amount for ''Research, Development, Acquisition, and Operations'' for air cargo research, $15,000,000, to remain available until expended.

DOMESTIC NUCLEAR DETECTION OFFICE

RESEARCH, DEVELOPMENT, AND OPERATIONS

For an additional amount for ''Research, Development, and Operations'' for non-container, rail, aviation and intermodal radiation detection activities, $39,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 1501. None of the funds provided in this Act, or Public Law 109–295, shall be available to carry out section 872 of Public Law 107–296.

SEC. 1502. Section 550 of the Department of Homeland Security Appropriations Act, 2007 (6 U.S.C. 121 note) is amended by adding at the end the following:

''(h) This section shall not preclude or deny any right of any State or political subdivision thereof to adopt or enforce any regulation, requirement, or standard of performance with respect to chemical facility security that is more stringent than a regulation, requirement, or standard of performance issued under this section, or otherwise impair any right or jurisdiction of any State with respect to chemical facilities within that State, unless there is an actual conflict between this section and the law of that State.''.

SEC. 1503. LINKING OF AWARD FEES UNDER DEPARTMENT OF HOMELAND SECURITY CONTRACTS TO SUCCESSFUL ACQUISITION OUTCOMES. The Secretary of Homeland Security shall require that all contracts of the Department of Homeland Security that provide award fees link such fees to successful acquisition outcomes (which outcomes shall be specified in terms of cost, schedule, and performance).

SEC. 1504. DOMESTIC PREPAREDNESS EQUIPMENT TECHNICAL ASSISTANCE PROGRAM. (a) ADDITIONAL AMOUNT FOR STATE AND LOCAL PROGRAMS.—The amount appropriated or otherwise made available by this chapter under the heading ''STATE AND LOCAL PROGRAMS'' is hereby increased by $5,000,000.

(b) AVAILABILITY FOR DOMESTIC PREPAREDNESS EQUIPMENT TECHNICAL ASSISTANCE PROGRAM.—Of the amount appropriated or otherwise made available by this chapter under the heading ''STATE AND LOCAL PROGRAMS'', as increased by subsection (a), $5,000,000 shall be available for the Domestic Preparedness Equipment Technical Assistance Program (DPETAP).

(c) OFFSET.—The amount appropriated or otherwise made available by this chapter under the heading ''UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES'' is hereby reduced by $5,000,000.

CHAPTER 6

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, ARMY

For an additional amount for ''Military Construction, Army'', $1,261,390,000, to remain available until September 30, 2008: Provided, That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law: Provided further, That of the funds provided under this heading, $280,300,000 shall not be obligated or expended until the Secretary of Defense certifies that none of the funds are to be used for the purpose of providing facilities for the permanent basing of U.S. military personnel in Iraq.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

For an additional amount for ''Military Construction, Navy and Marine Corps'', $347,890,000, to remain available until September 30, 2008: Provided, That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

MILITARY CONSTRUCTION, AIR FORCE

For an additional amount for ''Military Construction, Air Force'', $34,700,000, to remain available until September 30, 2008: Provided, That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

CHAPTER 7

DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For an additional amount for ''Diplomatic and Consular Programs'', $815,796,000, to remain available until September 30, 2008, of which $70,000,000 for World Wide Security Upgrades is available until expended: Provided, That of the funds appropriated under this heading, not more than $20,000,000 shall be made available for public diplomacy programs: Provided further, That prior to the obligation of funds pursuant to the previous proviso, the Secretary of State shall submit a report to the Committees on Appropriations describing a comprehensive public diplomacy strategy, with goals and expected results, for fiscal years 2007 and 2008: Provided further, That within 15 days of enactment of this Act, the Office of Management and Budget shall apportion $15,000,000 from amounts appropriated or otherwise made available by chapter 8 of title II of division B of Public Law 109–148 under the heading ''Emergencies in the Diplomatic and Consular Service'' for emergency evacuations: Provided further, That of the amount made available under this heading for Iraq, not to exceed $20,000,000 may be transferred to, and merged with, funds in the ''Emergencies in the Diplomatic and Consular Service'' appropriations account, to be available only for emergency evacuations and terrorism rewards.

OFFICE OF INSPECTOR GENERAL

For an additional amount for ''Office of Inspector General'', $36,500,000, to remain available until December 31, 2008: Provided, That of the funds appropriated under this heading, not less than $1,500,000 shall be made available for activities related to oversight of assistance furnished for Iraq and Afghanistan with funds appropriated in this Act and in prior appropriations Acts: Provided further, That $35,000,000 of these funds shall be transferred to the Special Inspector General for Iraq Reconstruction for reconstruction oversight.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For an additional amount for ''Educational and Cultural Exchange Programs'', $25,000,000, to remain available until expended.

INTERNATIONAL ORGANIZATIONS

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For an additional amount for ''Contributions to International Organizations'', $59,000,000, to remain available until September 30, 2008.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For an additional amount for ''Contributions for International Peacekeeping Activities'', $200,000,000, to remain available until September 30, 2008.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

For an additional amount for ''International Broadcasting Operations'' for activities related to broadcasting to the Middle East, $10,000,000, to remain available until September 30, 2008.

FOREIGN OPERATIONS

BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND HEALTH PROGRAMS FUND

For an additional amount for ''Child Survival and Health Programs Fund'', $161,000,000, to remain available until September 30, 2008: Provided, That notwithstanding any other provision of law, funds made available under the heading ''Millennium Challenge Corporation'' and ''Global HIV/AIDS Initiative'' in prior Acts making appropriations for foreign operations, export financing and related programs may be made available to combat the avian influenza, subject to the regular notification procedures of the Committees on Appropriations.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

For an additional amount for ''International Disaster and Famine Assistance'', $187,000,000, to remain available until expended: Provided, That of the funds appropriated under this heading, not less than $65,000,000 shall be made available for assistance for internally displaced persons in Iraq, not less than $18,000,000 shall be made available for emergency shelter, fuel and other assistance for internally displaced persons in Afghanistan, not less than $10,000,000 shall be made available for assistance for northern Uganda, not less than $10,000,000 shall be made available for assistance for eastern Democratic Republic of the Congo, and not less than $10,000,000 shall be made available for assistance for Chad.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

For an additional amount for ''Operating Expenses of the United States Agency for International Development'', $5,700,000, to remain available until September 30, 2008.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For an additional amount for ''Operating Expenses of the United States Agency for International Development Office of Inspector General'', $4,000,000, to remain available until September 30, 2008: Provided, That of the funds appropriated under this heading, not less than $3,000,000 shall be made available for activities related to oversight of assistance furnished for Iraq with funds appropriated in this Act and in prior appropriations Acts, and not less than $1,000,000 shall be made available for activities related to oversight of assistance furnished for Afghanistan with funds appropriated in this Act and in prior appropriations Acts.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For an additional amount for ''Economic Support Fund'', $2,602,200,000, to remain available until September 30, 2008: Provided, That of the funds appropriated under this heading that are available for assistance for Iraq, not less than $100,000,000 shall be made available to the United States Agency for International Development for continued support for its Community Action Program in Iraq, of which not less than $5,000,000 shall be made available for the fund established by section 2108 of Public Law 109–13: Provided further, That of the funds appropriated under this heading that are available

for assistance for Afghanistan, not less than $10,000,000 shall be made available to the United States Agency for International Development for continued support for its Afghan Civilian Assistance Program: Provided further, That of the funds appropriated under this heading, not less than $6,000,000 shall be made available for assistance for elections, reintegration of ex-combatants, and other assistance to support the peace process in Nepal: Provided further, That of the funds appropriated under this heading, not less than $3,200,000 shall be made available, notwithstanding any other provision of law, for assistance for Vietnam for environmental remediation of dioxin storage sites and to support health programs in communities near those sites: Provided further, That funds made available pursuant to the previous proviso should be matched, to the maximum extent possible, with contributions from other governments, multilateral organizations, and private sources: Provided further, That of the funds made available under this heading, not less than $6,000,000 shall be made available for typhoon reconstruction assistance for the Philippines: Provided further, That of the funds made available under this heading, not less than $110,000,000 shall be made available for assistance for Pakistan, of which not less than $5,000,000 shall be made available for political party development and election monitoring activities: Provided further, That of the funds appropriated under this heading, not less than $2,000,000 shall be made available to support the peace process in northern Uganda: Provided further, That of the funds made available under the heading ''Economic Support Fund'' in Public Law 109–234 for Iraq to promote democracy, rule of law and reconciliation, $2,000,000 should be made available for the United States Institute of Peace for programs and activities in Afghanistan to remain available until September 30, 2008.

DEPARTMENT OF STATE

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

For an additional amount for ''Assistance for Eastern Europe and the Baltic States'', $214,000,000, to remain available until September 30, 2008, for assistance for Kosovo.

DEMOCRACY FUND

For an additional amount for ''Democracy Fund'', $465,000,000, to remain available until September 30, 2008: Provided, That of the funds appropriated under this heading, not less than $385,000,000 shall be made available for the Human Rights and Democracy Fund of the Bureau of Democracy, Human Rights and Labor, Department of State, for democracy, human rights, and rule of law programs in Iraq: Provided further, That prior to the initial obligation of funds made available under this heading for Iraq for the Political Participation Fund or the National Institutions Fund, the Secretary of State shall submit a report to the Committees on Appropriations describing a comprehensive, long-term strategy, with goals and expected results, for strengthening and advancing democracy in Iraq: Provided further, That of the funds appropriated under this heading, not less than $5,000,000 shall be made available for media and reconciliation programs in Somalia.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for ''International Narcotics Control and Law Enforcement'', $210,000,000, to remain available until September 30, 2008.

Of the amounts made available for procurement of a maritime patrol aircraft for the Colombian Navy under this heading in Public Law 109–234, $13,000,000 are rescinded.

MIGRATION AND REFUGEE ASSISTANCE

For an additional amount for ''Migration and Refugee Assistance'', $143,000,000, to remain available until September 30, 2008: Provided, That of the funds appropriated under this heading, not less than $65,000,000 shall be made available for assistance for Iraqi refugees including not less than $5,000,000 to rescue Iraqi scholars, and not less than $18,000,000 shall be made available for assistance for Afghan refugees.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For an additional amount for ''United States Emergency Refugee and Migration Assistance Fund'', $55,000,000, to remain available until expended.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For an additional amount for ''Nonproliferation, Anti-Terrorism, Demining and Related Programs'', $27,500,000, to remain available until September 30, 2008.

DEPARTMENT OF THE TREASURY

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE PROGRAM

For an additional amount for ''International Affairs Technical Assistance'', $2,750,000, to remain available until September 30, 2008.

MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

FOREIGN MILITARY FINANCING PROGRAM

For an additional amount for ''Foreign Military Financing Program'', $220,000,000, to remain available until September 30, 2008, for assistance for Lebanon.

PEACEKEEPING OPERATIONS

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Peacekeeping Operations'', $323,000,000, to remain available until September 30, 2008, of which up to $128,000,000 may be transferred, subject to the regular notification procedures of the Committees on Appropriations, to ''Contributions to International Peacekeeping Activities'', to be made available, notwithstanding any other provision of law, for assessed costs of United Nations Peacekeeping Missions: Provided, That of the funds appropriated under this heading, not less than $45,000,000 shall be made available, notwithstanding section 660 of the Foreign Assistance Act of 1961, for assistance for Liberia for security sector reform.

GENERAL PROVISIONS—THIS CHAPTER

AUTHORIZATION OF FUNDS

SEC. 1701. Funds appropriated by this title may be obligated and expended notwithstanding section 10 of Public Law 91–672 (22 U.S.C. 2412), section 15 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2680), section 313 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 6212), and section 504(a)(1) of the National Security Act of 1947 (50 U.S.C. 414(a)(1)).

EXTENSION OF AVAILABILITY OF FUNDS

SEC. 1702. Section 1302(a) of Public Law 109–234 is amended by striking ''one additional year'' and inserting in lieu thereof ''two additional years''.

EXTENSION OF OVERSIGHT AUTHORITY

SEC. 1703. Section 3001(o)(1)(B) of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (Public Law 108–106; 117 Stat. 1238; 5 U.S.C. App., note to section 8G of Public Law 95–452), as amended by section 1054(b) of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364; 120 Stat. 2397) and section 2 of the Iraq Reconstruction Accountability Act of 2006 (Public Law 109–440), is amended by inserting ''or fiscal year 2007'' after ''fiscal year 2006''.

DEBT RESTRUCTURING

SEC. 1704. Amounts appropriated for fiscal year 2007 for ''Bilateral Economic Assistance—Department of the Treasury—Debt Restructuring'' may be used to assist Liberia in retiring its debt arrearages to the International Monetary Fund, the International Bank for Reconstruction and Development, and the African Development Bank.

JORDAN

(INCLUDING TRANSFER OF FUNDS)

SEC. 1705. Of the funds appropriated by this Act for assistance for Iraq under the heading ''Economic Support Fund'' that are available to support Provincial Reconstruction Team activities, up to $100,000,000 may be transferred to, and merged with, funds appropriated by this Act under the headings ''Foreign Military Financing Program'' and ''Nonproliferation, Anti-terrorism, Demining and Related Programs'' for assistance for Jordan: Provided, That funds transferred pursuant to this section shall be subject to the regular notification procedures of the Committees on Appropriations.

LEBANON

SEC. 1706. Prior to the initial obligation of funds made available in this Act for assistance for Lebanon under the headings ''Foreign Military Financing Program'' and ''Nonproliferation, Anti-terrorism, Demining and Related Programs'', the Secretary of State shall certify to the Committees on Appropriations that all practicable efforts have been made to ensure that such assistance is not provided to or through any individual, or private or government entity, that advocates, plans, sponsors, engages in, or has engaged in, terrorist activity: Provided, That this section shall be effective notwithstanding section 534(a) of Public Law 109–102, which is made applicable to funds appropriated for fiscal year 2007 by the Continuing Appropriations Resolution, 2007, as amended.

HUMAN RIGHTS AND DEMOCRACY FUND

SEC. 1707. The Assistant Secretary of State for Democracy, Human Rights and Labor shall be responsible for all policy, funding, and programming decisions regarding funds made available under this Act and prior Acts making appropriations for foreign operations, export financing and related programs for the Human Rights and Democracy Fund of the Bureau of Democracy, Human Rights and Labor.

INSPECTOR GENERAL OVERSIGHT OF IRAQ AND AFGHANISTAN

SEC. 1708. (a) IN GENERAL.—Subject to paragraph (2), the Inspector General of the Department of State and the Broadcasting Board of Governors (referred to in this section as the ''Inspector General'') may use personal services contracts to engage citizens of the United States to facilitate and support the Office of the Inspector General's oversight of programs and operations related to Iraq and Afghanistan. Individuals engaged by contract to perform such services shall not, by virtue of such contract, be considered to be employees of the United States Government for purposes of any law administered by the Office of Personnel Management. The Secretary of State may determine the applicability to such individuals of any law administered by the Secretary concerning the performance of such services by such individuals.

(b) CONDITIONS.—The authority under paragraph (1) is subject to the following conditions:

(1) The Inspector General determines that existing personnel resources are insufficient.

(2) The contract length for a personal services contractor, including options, may not exceed 1 year, unless the Inspector General makes a finding that exceptional circumstances justify an extension of up to 2 additional years.

(3) Not more than 20 individuals may be employed at any time as personal services contractors under the program.

(c) TERMINATION OF AUTHORITY.—The authority to award personal services contracts under this section shall terminate on December 31, 2008. A contract entered into prior to the termination date under this paragraph may remain in effect until not later than December 31, 2009.

(d) OTHER AUTHORITIES NOT AFFECTED.—The authority under this section is in addition to any other authority of the Inspector General to hire personal services contractors.

FUNDING TABLES

SEC. 1709. (a) Funds provided in this Act for the following accounts shall be made available for programs and countries in the amounts contained in the respective tables included in the report accompanying this Act:

''Diplomatic and Consular Programs''.

''Educational and Cultural Exchange Programs''.

''International Disaster and Famine Assistance''.

''Economic Support Fund''.

''Assistance for Eastern Europe and Baltic States''.

''Democracy Fund''.

''Migration and Refugee Assistance''.

''Nonproliferation, Anti-Terrorism, Demining and Related Programs''.

''Peacekeeping Operations''.

(b) Any proposed increases or decreases to the amounts contained in the tables in the accompanying report shall be subject to the regular notification procedures of the Committees on Appropriations and section 634A of the Foreign Assistance Act of 1961.

BENCHMARKS FOR CERTAIN RECONSTRUCTION ASSISTANCE FOR IRAQ

SEC. 1710. (a) BENCHMARKS.—Notwithstanding any other provision of law, fifty percent of the funds appropriated by this Act for assistance for Iraq under the headings ''Economic Support Fund'' and ''International Narcotics and Law Enforcement'' shall be withheld from obligation until the President certifies to the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that the Government of Iraq has—

(1) enacted a broadly accepted hydro-carbon law that equitably shares oil revenues among all Iraqis;

(2) adopted legislation necessary for the conduct of provincial and local elections, taken steps to implement such legislation, and set a schedule to conduct provincial and local elections;

(3) reformed current laws governing the de-Baathification process to allow for more equitable treatment of individuals affected by such laws;

(4) amended the Constitution of Iraq consistent with the principles contained in Article 137 of such constitution; and

(5) allocated and begun expenditure of $10,000,000,000 in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis.

(b) EXEMPTIONS.—The requirement to withhold funds from obligation pursuant to subsection (a) shall not apply with respect to funds made available under the heading ''Economic Support Fund'' that are administered by the United States Agency for International Development for continued support for the Community Action Program, assistance for civilian victims of the military operations, and the Community Stabilization Program in Iraq, or for programs and activities to promote democracy, governance, human rights, and rule of law.

(c) REPORT.—At the time the President certifies to the Committees on Appropriations and Foreign Relations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that the Government of Iraq has met the benchmarks described in subsection (a), the President shall submit to such Committees a report that contains a detailed description of the specific actions that the Government of Iraq has taken to meet each of the benchmarks referenced in the certification.

SPENDING PLAN AND NOTIFICATION PROCEDURES

SEC. 1711. Not later than 45 days after enactment of this Act the Secretary of State shall submit to the Committees on Appropriations a report detailing planned expenditures for funds appropriated under the headings in this chapter, except for funds appropriated under the headings ''International Disaster and Famine Assistance'', ''Office of the United States Agency for International Development Inspector General'', and ''Office of the Inspector General'': Provided, That funds appropriated under the headings in this chapter, except for funds appropriated under the headings named in this section, shall be subject to the regular notification procedures of the Committees on Appropriations.

CIVILIAN RESERVE CORPS

SEC. 1712. Of the funds appropriated by this Act under the headings ''DIPLOMATIC AND CONSULAR PROGRAMS'' and ''ECONOMIC SUPPORT FUND'' (except for the Community Action Program), up to $50,000,000 may be made available to support and maintain a civilian reserve corps. Funds made available under this section shall be subject to the regular notification procedures of the Committees on Appropriations.

TITLE II

KATRINA RECOVERY, VETERANS' CARE AND FOR OTHER PURPOSES

CHAPTER 1

GENERAL PROVISION—THIS CHAPTER

EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM

SEC. 2101. Section 1231(k)(2) of the Food Security Act of 1985 (16 U.S.C. 3831(k)(2)) is amended by striking ''During calendar year 2006, the'' and inserting ''The''.

CHAPTER 2

DEPARTMENT OF JUSTICE

OFFICE OF JUSTICE PROGRAMS

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For an additional amount for ''State and Local Law Enforcement Assistance'', for discretionary grants authorized by subpart 2 of part E, of title I of the Omnibus Crime Control and Safe Streets Act of 1968, notwithstanding the provisions of section 511 of said Act, $170,000,000, to remain available until September 30, 2008: Provided, That of the amount made available under this heading, $70,000,000 shall be for local law enforcement initiatives in the gulf coast region related to the aftermath of Hurricanes Katrina and Rita, of which no less than $55,000,000 shall be for the State of Louisiana: Provided further, That of the amount made available under this heading, $100,000,000 shall be for reimbursing State and local law enforcement entities for security and related costs, including overtime, associated with the 2008 Presidential Candidate Nominating Conventions, of which $50,000,000 shall be for the city of Denver, Colorado and $50,000,000 shall be for the city of St. Paul, Minnesota: Provided further, That the Department of Justice shall report to the Committees on Appropriations of the House and the Senate on a quarterly basis on the expenditure of the funds provided in the previous proviso.

DEPARTMENT OF COMMERCE

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

For an additional amount for ''Operations, Research, and Facilities'', for necessary expenses related to fisheries disasters, $165,900,000, to remain available until September 30, 2008: Provided, That of the amount provided under this heading, the National Marine Fisheries Service shall cause $60,400,000 to be distributed among eligible recipients of assistance for the commercial fishery failure designated under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)) and declared by the Secretary of Commerce on August 10, 2006: Provided further, That of the amount provided under this heading, $105,500,000 shall be for necessary expenses related to the consequences of Hurricanes Katrina and Rita on shrimp and fishing industries.

PROCUREMENT, ACQUISITION, AND CONSTRUCTION

For an additional amount for ''Procurement, Acquisition and Construction'', for necessary expenses related to disaster response and preparedness of the Gulf of Mexico coast, $6,000,000, to remain available until September 30, 2008.

FISHERIES DISASTER MITIGATION FUND

For an additional amount for a ''Fisheries Disaster Mitigation Fund'', $50,000,000, to remain available until expended for use in mitigating the effects of commercial fisheries failures and fishery resource disasters as determined under the Magnuson Stevens Act (16 U.S.C. 1801 et seq.) or the Interjurisdictional Fisheries Act (16 U.S.C. 4101 et seq.): Provided, That the Secretary of Commerce shall obligate funds provided under this heading according to the Magnuson Stevens Conservation Act, as amended, the Interjurisdictional Fisheries Act, as amended, or other Acts as the Secretary determines to be appropriate.

GENERAL PROVISION—THIS CHAPTER

SEC. 2201. Up to $48,000,000 of amounts made available to the National Aeronautics and Space Administration in Public Law 109–148 and Public Law 109–234 for emergency hurricane and other natural disaster-related expenses may be used to reimburse hurricane-related costs incurred by NASA in fiscal year 2005.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

CONSTRUCTION

For an additional amount for ''Construction'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $150,000,000, to remain available until expended, which may be used to continue construction of projects related to interior drainage for the greater New Orleans metropolitan area.

OPERATION AND MAINTENANCE

For an additional amount for ''Operation and Maintenance'' to dredge navigation channels related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $3,000,000, to remain available until expended.

FLOOD CONTROL AND COASTAL EMERGENCIES

For an additional amount for ''Flood Control and Coastal Emergencies'', as authorized by section 5 of the Act of August 18, 1941 (33 U.S.C. 701n), for necessary expenses relating to the consequences of Hurricanes Katrina and Rita and for other purposes, $1,557,700,000, to remain available until expended: Provided, That $1,300,000,000 of the amount provided may be used by the Secretary of the Army to carry out projects and measures to provide the level of protection necessary to achieve the certification required for the 100-year level of flood protection in accordance with the national flood insurance program under the base flood elevations in existence at the time of construction of the enhancements for the West Bank and Vicinity and Lake Ponchartrain and Vicinity, Louisiana, projects, as described under the heading ''Flood Control and Coastal Emergencies'', in chapter 3 of Public Law 109–148: Provided further, That $150,000,000 of the amount provided may be used to support emergency operations, repairs and other activities in response to flood, drought and earthquake emergencies as authorized by law: Provided further, That $107,700,000 of the amount provided may be used to implement the projects for hurricane storm damage reduction, flood damage reduction, and ecosystem restoration within Hancock, Harrison, and Jackson Counties, Mississippi substantially

in accordance with the Report of the Chief of Engineers dated December 31, 2006, and entitled ''Mississippi, Coastal Improvements Program Interim Report, Hancock, Harrison, and Jackson Counties, Mississippi'': Provided further, That projects authorized for implementation under this Chief's report shall be carried out at full Federal expense, except that the non-Federal interests shall be responsible for providing any lands, easements, rights-of-way, disposal areas, and relocations required for construction of the project and for all costs associated with operation and maintenance of the project: Provided further, That any project using funds appropriated under this heading shall be initiated only after non-Federal interests have entered into binding agreements with the Secretary requiring the non-Federal interests to pay 100 percent of the operation, maintenance, repair, replacement, and rehabilitation costs of the project and to hold and save the United States free from damages due to the construction or operation and maintenance of the project, except for damages due to the fault or negligence of the United States or its contractors.

DEPARTMENT OF INTERIOR

BUREAU OF RECLAMATION

WATER AND RELATED RESOURCES

For an additional amount for ''Water and Related Resources'', $18,000,000, to remain available until expended for drought assistance: Provided, That drought assistance may be provided under the Reclamation States Drought Emergency Act or other applicable Reclamation authorities to assist drought plagued areas of the West.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2301. The Secretary is authorized and directed to reimburse local governments for expenses they have incurred in storm-proofing pumping stations, constructing safe houses for operators, and other interim flood control measures in and around the New Orleans metropolitan area, provided the Secretary determines those elements of work and related expenses to be integral to the overall plan to ensure operability of the stations during hurricanes, storms and high water events and the flood control plan for the area.

SEC. 2302. The limitation concerning total project costs in section 902 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2280), shall not apply during fiscal year 2008 to any water resources project for which funds were made available during fiscal year 2007.

SEC. 2303. (a) The Secretary of the Army is authorized and directed to utilize funds remaining available for obligation from the amounts appropriated in chapter 3 of Public Law 109–234 under the heading ''Flood Control and Coastal Emergencies'' for projects in the greater New Orleans metropolitan area to prosecute these projects in a manner which promotes the goal of continuing work at an optimal pace, while maximizing, to the greatest extent practicable, levels of protection to reduce the risk of storm damage to people and property.

(b) The expenditure of funds as provided in subsection (a) may be made without regard to individual amounts or purposes specified in chapter 3 of Public Law 109–234.

(c) Any reallocation of funds that are necessary to accomplish the goal established in subsection (a) are authorized. Reallocation of funds in excess of $250,000,000 or 50 percent, whichever is less, of the individual amounts specified in chapter 3 of Public Law 109–234 require notifications of the House and Senate Committees on Appropriation.

SEC. 2304. The Chief of Engineers shall investigate the overall technical advantages, disadvantages and operational effectiveness of operating the new pumping stations at the mouths of the 17th Street, Orleans Avenue and London Avenue canals in the New Orleans area directed for construction in Public Law 109–234 concurrently or in series with existing pumping stations serving these canals and the advantages, disadvantages and technical operational effectiveness of removing the existing pumping stations and configuring the new pumping stations and associated canals to handle all needed discharges; and the advantages, disadvantages and technical operational effectiveness of replacing or improving the floodwalls and levees adjacent to the three outfall canals: Provided, That the analysis should be conducted at Federal expense: Provided further, That the analysis shall be completed and furnished to the Congress not later than three months after enactment of this Act.

SEC. 2305. Using funds made available in Chapter 3 under title II of Public Law 109–234 (120 Stat. 453), under the heading ''Investigations'', the Secretary of the Army, in consultation with other agencies and the State of Louisiana shall accelerate completion as practicable the final report of the Chief of Engineers recommending a comprehensive plan to deauthorize deep draft navigation on the Mississippi River Gulf Outlet: Provided, That the plan shall incorporate and build upon the Interim Mississippi River Gulf Outlet Deep-Draft De-Authorization Report submitted to Congress in December 2006 pursuant to Public Law 109–234.

SEC. 2306. (a) Section 111 of Public Law 108–137 (117 Stat. 1835) is amended by—

(1) adding the following language at the end of subsection (a):

''Such activities also may include the provision of financial assistance to facilitate the buyout of properties located in areas identified by the State of Oklahoma as areas that are or will be at risk of damage caused by land subsidence and other necessary and closely associated properties otherwise identified by the State of Oklahoma; however, any buyout of such properties shall not be considered to be part of a Federally assisted program or project for purposes of 42 U.S.C. 4601 et. seq., consistent with section 2301 of Public Law 109–234 (120 Stat. 455–456).''; and

(2) striking the first sentence of subsection (d) and inserting the following language in lieu thereof:

''(d) Non-Federal interests shall be responsible for operating and maintaining any restoration alternatives constructed or carried out pursuant to this section.''.

CHAPTER 4

SMALL BUSINESS ADMINISTRATION

DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Disaster Loans Program Account'' for administrative expenses to carry out the disaster loan program, $25,069,000, to remain available until expended, which may be transferred to and merged with ''Small Business Administration, Salaries and Expenses''.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2401. ECONOMIC INJURY DISASTER LOANS. (a) DEFINITIONS.—In this section—

(1) the term ''Administrator'' means the Administrator of the Small Business Administration;

(2) the term ''covered small business concern'' means a small business concern—

(A) that is located in any area in Louisiana or Mississippi for which the President declared a major disaster because of Hurricane Katrina of 2005 or Hurricane Rita of 2005;

(B) that has not more than 50 full-time employees; and

(C) that—

(i)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005, because of a reduction in travel or tourism to the area described in subparagraph (A); and

(II) demonstrates that, during the 1-year period ending on August 28, 2005, not less than 45 percent of the revenue of that small business concern resulted from tourism or travel related sales; or

(ii)(I) suffered a substantial economic injury as a result of Hurricane Katrina of 2005 or Hurricane Rita of 2005; and

(II) operates in a parish or county for which the population on the date of enactment of this Act, as determined by the Administrator, is not greater than 75 percent of the population of that parish or county before August 28, 2005, based on the most recent United States population estimate available before August 28, 2005;

(3) the term ''major disaster'' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); and

(4) the term ''small business concern'' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 632).

(b) APPROPRIATION.—

(1) IN GENERAL.—There are appropriated, out of any money in the Treasury not otherwise appropriated, $25,000,000 to the Administrator, which, except as provided in paragraph (2) or (3), shall be used for loans under section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) to covered small business concerns.

(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1), not more than $8,750,000 may be transferred to and merged with ''Salaries and Expenses'' to carry out the disaster loan program of the Small Business Administration.

(3) OTHER USES OF FUNDS.—The Administrator may use amounts made available under paragraph (1) for other purposes authorized for amounts in the ''Disaster Loans Program Account'' or transfer such amounts to and merge such amounts with ''Salaries and Expenses'', if—

(A) such amounts are—

(i) not obligated on the later of 5 months after the date of enactment of this Act and August 29, 2007; or

(ii) necessary to provide assistance in the event of a major disaster; and

(B) not later than 5 days before any such use or transfer of amounts, the Administrator provides written notification of such use or transfer to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.

SEC. 2402. OTHER PROGRAMS. (a) HUBZONES.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (D), by striking ''or'';

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

(C) by adding at the end the following:

''(F) an area in which the President has declared a major disaster (as that term is defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)) as a result of Hurricane Katrina of August 2005 or Hurricane Rita of September 2005, during the time period described in paragraph (8).''; and

(2) by adding at the end the following:

''(8) TIME PERIOD.—The time period for the purposes of paragraph (1)(F)—

''(A) shall be the 2-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007; and

''(B) may, at the discretion of the Administrator, be extended to be the 3-year period beginning on the later of the date of enactment of this paragraph and August 29, 2007.''.

(b) TERMINATION OF PROGRAM.—Section 711(c) of the Small Business Competitive Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by inserting after ''January 1, 1989'' the following: '', and shall terminate on the date of enactment of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007''.

SEC. 2403. RESERVIST PROGRAMS. (a) DEFINITIONS.—In this section—

(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 term ''small business concern'' has the meaning given that term 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).

(b) APPLICATION PERIOD.—Section 7(b)(3)(C) of the Small Business Act (15 U.S.C. 636(b)(3)(C)) is amended by striking ''90 days'' and inserting ''1 year''.

(c) 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.

(d) 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.

CHAPTER 5

DEPARTMENT OF HOMELAND SECURITY

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For an additional amount for ''Disaster Relief'' for necessary expenses under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $4,310,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2501. (a) IN GENERAL.—Notwithstanding any other provision of law, including any agreement, the Federal share of assistance, including direct Federal assistance, provided for the States of Louisiana, Mississippi, Alabama, and Texas in connection with Hurricanes Katrina and Rita under sections 403, 406, 407, and 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170b, 5172, 5173, and 5174) shall be 100 percent of the eligible costs under such sections.

(b) APPLICABILITY.—

(1) IN GENERAL.—Subject to paragraph (2), the Federal share provided by subsection (a) shall apply to disaster assistance applied for before the date of enactment of this Act.

(2) LIMITATION.—In the case of disaster assistance provided under sections 403, 406, and 407 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Federal share provided by subsection (a) shall be limited to assistance provided for projects for which applications have been prepared for the Federal Emergency Management Agency before the date of enactment of this Act.

SEC. 2502. (a) Section 2(a) of the Community Disaster Loan Act of 2005 (Public Law 109–88; 119 Stat. 2061) is amended by striking '': Provided further, That notwithstanding section 417(c)(1) of the Stafford Act, such loans may not be canceled''.

(b) Chapter 4 of title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 471) is amended under the heading ''Disaster Assistance Direct Loan Program Account'' under the heading ''Federal Emergency Management Agency'' under the heading ''Department of Homeland Security'', by striking ''Provided further, That notwithstanding section 417(c)(1) of such Act, such loans may not be canceled:''.

SEC. 2503. Section 2401 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 460) is amended by striking ''12 months'' and inserting ''24 months''.

CHAPTER 6

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

WILDLAND FIRE MANAGEMENT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Wildland Fire Management'', $100,000,000, to remain available until expended, for urgent wildland fire suppression activities: Provided, That such funds shall only become available if funds previously provided for wildland fire suppression will be exhausted imminently and the Secretary of the Interior notifies the House and Senate Committees on Appropriations in writing of the need for these additional funds: Provided further, That such funds are also available for repayment to other appropriations accounts from which funds were transferred for wildfire suppression.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For an additional amount for ''Resource Management'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $7,398,000, to remain available until September 30, 2008.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For an additional amount for ''Operation of the National Park System'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, $525,000, to remain available until September 30, 2008.

HISTORIC PRESERVATION FUND

For an additional amount for the ''Historic Preservation Fund'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, $15,000,000, to remain available until September 30, 2008: Provided, That the funds provided under this heading shall be provided to the State Historic Preservation Officer, after consultation with the National Park Service, for grants for disaster relief in areas of Louisiana impacted by Hurricanes Katrina or Rita: Provided further, That grants shall be for the preservation, stabilization, rehabilitation, and repair of historic properties listed in or eligible for the National Register of Historic Places, for planning and technical assistance: Provided further, That grants shall only be available for areas that the President determines to be a major disaster under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)) due to Hurricanes Katrina or Rita: Provided further, That individual grants shall not be subject to a non-Federal matching requirement: Provided further, That no more than 5 percent of funds provided under this heading for disaster relief grants may be used for administrative expenses.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For an additional amount for ''Surveys, Investigations, and Research'' for the detection of highly pathogenic avian influenza in wild birds, including the investigation of morbidity and mortality events, targeted surveillance in live wild birds, and targeted surveillance in hunter-taken birds, $5,270,000, to remain available until September 30, 2008.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

NATIONAL FOREST SYSTEM

For an additional amount for ''National Forest System'' for the implementation of a nationwide initiative to increase protection of national forest lands from foreign drug-trafficking organizations, including funding for additional law enforcement personnel, training, equipment and cooperative agreements, $12,000,000, to remain available until expended.

WILDLAND FIRE MANAGEMENT

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Wildland Fire Management'', $400,000,000, to remain available until expended, for urgent wildland fire suppression activities: Provided, That such funds shall only become available if funds provided previously for wildland fire suppression will be

exhausted imminently and the Secretary of Agriculture notifies the House and Senate Committees on Appropriations in writing of the need for these additional funds: Provided further, That such funds are also available for repayment to other appropriation accounts from which funds were transferred for wildfire suppression.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2601. SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION PROGRAM. (a) REAUTHORIZATION OF THE SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—The Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393) is amended by striking sections 1 through 403 and inserting the following:

"SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Secure Rural Schools and Community Self-Determination Act of 2000'.

"SEC. 2. PURPOSES.

''The purposes of this Act are—

''(1) to stabilize and transition payments to counties to provide funding for schools and roads that supplements other available funds;

''(2) to make additional investments in, and create additional employment opportunities through, projects that—

''(A)(i) improve the maintenance of existing infrastructure;

''(ii) implement stewardship objectives that enhance forest ecosystems; and

''(iii) restore and improve land health and water quality;

''(B) enjoy broad-based support; and

''(C) have objectives that may include—

''(i) road, trail, and infrastructure maintenance or obliteration;

''(ii) soil productivity improvement;

''(iii) improvements in forest ecosystem health;

''(iv) watershed restoration and maintenance;

''(v) the restoration, maintenance, and improvement of wildlife and fish habitat;

''(vi) the control of noxious and exotic weeds; and

''(vii) the reestablishment of native species; and

''(3) to improve cooperative relationships among—

''(A) the people that use and care for Federal land; and

''(B) the agencies that manage the Federal land.

"SEC. 3. DEFINITIONS.

''In this Act:

''(1) ADJUSTED SHARE.—The term 'adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (8)(A) for all eligible counties.

''(2) BASE SHARE.—The term 'base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(A) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 25-percent payments and safety net payments made to each eligible State for each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the averages calculated under clause (i) and paragraph (9)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(3) COUNTY PAYMENT.—The term 'county payment' means the payment for an eligible county calculated under section 101(b).

''(4) ELIGIBLE COUNTY.—The term 'eligible county' means any county that—

''(A) contains Federal land (as defined in paragraph (7)); and

''(B) elects to receive a share of the State payment or the county payment under section 102(b).

''(5) ELIGIBILITY PERIOD.—The term 'eligibility period' means fiscal year 1986 through fiscal year 1999.

''(6) ELIGIBLE STATE.—The term 'eligible State' means a State or territory of the United States that received a 25-percent payment for 1 or more fiscal years of the eligibility period.

''(7) FEDERAL LAND.—The term 'Federal land' means—

''(A) land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)) exclusive of the National Grasslands and land utilization projects designated as National Grasslands administered pursuant to the Act of July 22, 1937 (7 U.S.C. 1010–1012); and

''(B) such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site land valuable for timber, that shall be managed, except as provided in the former section 3 of the Act of August 28, 1937 (50 Stat. 875; 43 U.S.C. 1181c), for permanent forest production.

''(8) 50-PERCENT ADJUSTED SHARE.—The term '50-percent adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the 50-percent base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (1)(A) for all eligible counties.

''(9) 50-PERCENT BASE SHARE.—The term '50-percent base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(B) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 50-percent payments made to each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the averages calculated under clause (i) and paragraph (2)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(10) 50-PERCENT PAYMENT.—The term '50-percent payment' means the payment that is the sum of the 50-percent share otherwise paid to a county pursuant to title II of the Act of August 28, 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f), and the payment made to a county pursuant to the Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43 U.S.C. 1181f–1 et seq.).

''(11) FULL FUNDING AMOUNT.—The term 'full funding amount' means—

''(A) $526,079,656 for fiscal year 2007;

''(B) $520,000,000 for fiscal year 2008; and

''(C) for fiscal year 2009 and each fiscal year thereafter, the amount that is equal to 90 percent of the full funding amount for the preceding fiscal year.

''(12) INCOME ADJUSTMENT.—The term 'income adjustment' means the square of the quotient obtained by dividing—

''(A) the per capita personal income for each eligible county; by

''(B) the median per capita personal income of all eligible counties.

''(13) PER CAPITA PERSONAL INCOME.—The term 'per capita personal income' means the most recent per capita personal income data, as determined by the Bureau of Economic Analysis.

''(14) SAFETY NET PAYMENTS.—The term 'safety net payments' means the special payment amounts paid to States and counties required by section 13982 or 13983 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 16 U.S.C. 500 note; 43 U.S.C. 1181f note).

''(15) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

''(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal land described in paragraph (7)(A); and

''(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal land described in paragraph (7)(B).

''(16) STATE PAYMENT.—The term 'State payment' means the payment for an eligible State calculated under section 101(a).

''(17) 25-PERCENT PAYMENT.—The term '25-percent payment' means the payment to States required by the sixth paragraph under the heading of 'FOREST SERVICE' in the Act of May 23, 1908 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

"TITLE I—SECURE PAYMENTS FOR STATES AND COUNTIES CONTAINING FEDERAL LAND

"SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING FEDERAL LAND.

''(a) STATE PAYMENT.—For each of fiscal years 2007 through 2011, the Secretary of Agriculture shall calculate for each eligible State an amount equal to the sum of the products obtained by multiplying—

''(1) the adjusted share for each eligible county within the eligible State; by

''(2) the full funding amount for the fiscal year.

''(b) COUNTY PAYMENT.—For each of fiscal years 2007 through 2011, the Secretary of the Interior shall calculate for each eligible county that received a 50-percent payment during the eligibility period an amount equal to the product obtained by multiplying—

''(1) the 50-percent adjusted share for the eligible county; by

''(2) the full funding amount for the fiscal year.

"SEC. 102. PAYMENTS TO STATES AND COUNTIES.

''(a) PAYMENT AMOUNTS.—Except as provided in section 103, the Secretary of the Treasury shall pay to—

''(1) a State an amount equal to the sum of the amounts elected under subsection (b) by each county within the State for—

''(A) if the county is eligible for the 25-percent payment, the share of the 25-percent payment; or

''(B) the share of the State payment of the eligible county; and

''(2) a county an amount equal to the amount elected under subsection (b) by each county for—

''(A) if the county is eligible for the 50-percent payment, the 50-percent payment; or

''(B) the county payment for the eligible county.

''(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

''(1) ELECTION; SUBMISSION OF RESULTS.—

''(A) IN GENERAL.—The election to receive a share of the State payment, the county payment, a share of the State payment and the county payment, a share of the 25-percent payment, the 50-percent payment, or a share of the 25-percent payment and the 50-percent payment, as applicable, shall be made at the discretion of each affected county by August 1, 2007, and August 1 of each second fiscal year thereafter, in accordance with paragraph (2), and transmitted to the Secretary concerned by the Governor of each eligible State.

''(B) FAILURE TO TRANSMIT.—If an election for an affected county is not transmitted to the Secretary concerned by the date specified under subparagraph (A), the affected county shall be considered to have elected to receive a share of the State payment, the county payment, or a share of the State payment and the county payment, as applicable.

''(2) DURATION OF ELECTION.—

''(A) IN GENERAL.—A county election to receive a share of the 25-percent payment or 50-percent payment, as applicable shall be effective for 2 fiscal years.

''(B) FULL FUNDING AMOUNT.—If a county elects to receive a share of the State payment or the county payment, the election shall be effective for all subsequent fiscal years through fiscal year 2011.

''(3) SOURCE OF PAYMENT AMOUNTS.—The payment to an eligible State or eligible county under this section for a fiscal year shall be derived from—

''(A) any revenues, fees, penalties, or miscellaneous receipts, exclusive of deposits to any relevant trust fund, special account, or permanent operating funds, received by the Federal Government from activities by the Bureau of Land Management or the Forest Service on the applicable Federal land; and

''(B) to the extent of any shortfall, out of any amounts in the Treasury of the United States not otherwise appropriated.

''(c) DISTRIBUTION AND EXPENDITURE OF PAYMENTS.—

''(1) DISTRIBUTION METHOD.—A State that receives a payment under subsection (a) for Federal land described in section 3(7)(A) shall distribute the appropriate payment amount among the appropriate counties in the State in accordance with—

''(A) the Act of May 23, 1908 (16 U.S.C. 500); and

''(B) section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

''(2) EXPENDITURE PURPOSES.—Subject to subsection (d), payments received by a State under subsection (a) and distributed to counties in accordance with paragraph (1) shall be expended as required by the laws referred to in paragraph (1).

''(d) EXPENDITURE RULES FOR ELIGIBLE COUNTIES.—

''(1) ALLOCATIONS.—

''(A) USE OF PORTION IN SAME MANNER AS 25-PERCENT PAYMENT OR 50-PERCENT PAYMENT, AS APPLICABLE.—Except as provided in paragraph (3)(B), if an eligible county elects to receive its share of the State payment or the county payment, not less than 80 percent, but not more than 85 percent, of the funds shall be expended in the same manner in which the 25-percent payments or 50-percent payment, as applicable, are required to be expended.

''(B) ELECTION AS TO USE OF BALANCE.—Except as provided in subparagraph (C), an eligible county shall elect to do 1 or more of the following with the balance of any funds not expended pursuant to subparagraph (A):

''(i) Reserve any portion of the balance for projects in accordance with title II.

''(ii) Reserve not more than 7 percent of the total share for the eligible county of the State payment or the county payment for projects in accordance with title III.

''(iii) Return the portion of the balance not reserved under clauses (i) and (ii) to the Treasury of the United States.

''(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to which more than $100,000, but less than $350,000, is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county, with respect to the balance of any funds not expended pursuant to subparagraph (A) for that fiscal year, shall—

''(i) reserve any portion of the balance for—

''(I) carrying out projects under title II;

''(II) carrying out projects under title III; or

''(III) a combination of the purposes described in subclauses (I) and (II); or

''(ii) return the portion of the balance not reserved under clause (i) to the Treasury of the United States.

''(2) DISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—Funds reserved by an eligible county under subparagraph (B)(i) or (C)(i)(I) of paragraph (1) shall be deposited in a special account in the Treasury of the United States.

''(B) AVAILABILITY.—Amounts deposited under subparagraph (A) shall—

''(i) be available for expenditure by the Secretary concerned, without further appropriation; and

''(ii) remain available until expended in accordance with title II.

''(3) ELECTION.—

''(A) NOTIFICATION.—

''(i) IN GENERAL.—An eligible county shall notify the Secretary concerned of an election by the eligible county under this subsection not later than September 30 of each fiscal year.

''(ii) FAILURE TO ELECT.—Except as provided in subparagraph (B), if the eligible county fails to make an election by the date specified in clause (i), the eligible county shall—

''(I) be considered to have elected to expend 85 percent of the funds in accordance with paragraph (1)(A); and

''(II) return the balance to the Treasury of the United States.

''(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to which less than $100,000 is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county may elect to expend all the funds in the same manner in which the 25-percent payments or 50-percent payments, as applicable, are required to be expended.

''(e) TIME FOR PAYMENT.—The payments required under this section for a fiscal year shall be made as soon as practicable after the end of that fiscal year.

''SEC. 103. TRANSITION PAYMENTS TO THE STATES OF CALIFORNIA, OREGON, AND WASHINGTON.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED AMOUNT.—The term 'adjusted amount' means, with respect to a covered State—

''(A) for fiscal year 2007—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2007; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2007;

''(B) for fiscal year 2008, 90 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2008; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2008;

''(C) for fiscal year 2009, 81 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2009; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2009; and

''(D) for fiscal year 2010, 73 percent of—

''(i) the sum of the amounts paid in fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2010; and

''(ii) the sum of the amounts paid in fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2010.

''(2) COVERED STATE.—The term 'covered State' means each of the States of California, Oregon, and Washington.

''(b) TRANSITION PAYMENTS.—For each of fiscal years 2007 through 2010, in lieu of the payment amounts that otherwise would have been made under paragraphs (1)(B) and (2)(B) of section 102(a), the Secretary of the Treasury shall pay the adjusted amount to each covered State and the eligible counties within the covered State, as applicable, from funds in the Treasury of the United States not otherwise appropriated.

''(c) DISTRIBUTION OF ADJUSTED AMOUNT IN OREGON AND WASHINGTON.—It is the intent of Congress that the method of distributing the payments under subsection (b) among the counties in the States of Oregon and Washington for each of fiscal years 2007 through 2010 be in the same proportion that the payments were distributed to the eligible counties in fiscal year 2006.

''(d) DISTRIBUTION OF PAYMENTS IN CALIFORNIA.—The following payments shall be distributed among the eligible counties in the State of California in the same proportion that payments under section 102(a)(2) (as in effect on September 29, 2006) were distributed to the eligible counties in fiscal year 2006:

''(1) Payments to the State of California under subsection (b).

''(2) The shares of the eligible counties of the State payment for California under section 102 for fiscal year 2011.

''(e) TREATMENT OF PAYMENTS.—For purposes of this Act, any payment made under subsection (b) shall be considered to be a payment made under section 102(a).

''TITLE II—SPECIAL PROJECTS ON FEDERAL LAND

''SEC. 201. DEFINITIONS.

''In this title:

''(1) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''(2) PROJECT FUNDS.—The term 'project funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(3) RESOURCE ADVISORY COMMITTEE.—The term 'resource advisory committee' means—

''(A) an advisory committee established by the Secretary concerned under section 205; or

''(B) an advisory committee determined by the Secretary concerned to meet the requirements of section 205.

''(4) RESOURCE MANAGEMENT PLAN.—The term 'resource management plan' means—

''(A) a land use plan prepared by the Bureau of Land Management for units of the Federal land described in section 3(7)(B) pursuant to section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712); or

''(B) a land and resource management plan prepared by the Forest Service for units of the National Forest System pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974l (16 U.S.C. 1604).

''SEC. 202. GENERAL LIMITATION ON USE OF PROJECT FUNDS.

''(a) LIMITATION.—Project funds shall be expended solely on projects that meet the requirements of this title.

''(b) AUTHORIZED USES.—Project funds may be used by the Secretary concerned for the purpose of entering into and implementing cooperative agreements with willing Federal agencies, State and local governments, private and nonprofit entities, and landowners for protection, restoration, and enhancement of fish and wildlife habitat, and other resource objectives consistent with the purposes of this Act on Federal land and on non-Federal land where projects would benefit the resources on Federal land.

''SEC. 203. SUBMISSION OF PROJECT PROPOSALS.

''(a) SUBMISSION OF PROJECT PROPOSALS TO SECRETARY CONCERNED.—

''(1) PROJECTS FUNDED USING PROJECT FUNDS.—Not later than September 30 for fiscal year 2007, and each September 30 thereafter for each succeeding fiscal year through fiscal year 2011, each resource advisory committee shall submit to the Secretary concerned a description of any projects that the resource advisory committee proposes the Secretary undertake using any project funds reserved by eligible counties in the area in which the resource advisory committee has geographic jurisdiction.

''(2) PROJECTS FUNDED USING OTHER FUNDS.—A resource advisory committee may submit to the Secretary concerned a description of any projects that the committee proposes the Secretary undertake using funds from State or local governments, or from the private sector, other than project funds and funds appropriated and otherwise available to do similar work.

''(3) JOINT PROJECTS.—Participating counties or other persons may propose to pool project funds or other funds, described in paragraph (2), and jointly propose a project or group of projects to a resource advisory committee established under section 205.

''(b) REQUIRED DESCRIPTION OF PROJECTS.—In submitting proposed projects to the Secretary concerned under subsection (a), a resource advisory committee shall include in the description of each proposed project the following information:

''(1) The purpose of the project and a description of how the project will meet the purposes of this title.

''(2) The anticipated duration of the project.

''(3) The anticipated cost of the project.

''(4) The proposed source of funding for the project, whether project funds or other funds.

''(5)(A) Expected outcomes, including how the project will meet or exceed desired ecological conditions, maintenance objectives, or stewardship objectives.

''(B) An estimate of the amount of any timber, forage, and other commodities and other economic activity, including jobs generated, if any, anticipated as part of the project.

''(6) A detailed monitoring plan, including funding needs and sources, that—

''(A) tracks and identifies the positive or negative impacts of the project, implementation, and provides for validation monitoring; and

''(B) includes an assessment of the following:

''(i) Whether or not the project met or exceeded desired ecological conditions; created local employment or training opportunities, including summer youth jobs programs such as the Youth Conservation Corps where appropriate.

''(ii) Whether the project improved the use of, or added value to, any products removed from land consistent with the purposes of this title.

''(7) An assessment that the project is to be in the public interest.

''(c) AUTHORIZED PROJECTS.—Projects proposed under subsection (a) shall be consistent with section 2.

''SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY SECRETARY CONCERNED.

''(a) CONDITIONS FOR APPROVAL OF PROPOSED PROJECT.—The Secretary concerned may make a decision to approve a project submitted by a resource advisory committee under section 203 only if the proposed project satisfies each of the following conditions:

''(1) The project complies with all applicable Federal laws (including regulations).

''(2) The project is consistent with the applicable resource management plan and with any watershed or subsequent plan developed pursuant to the resource management plan and approved by the Secretary concerned.

''(3) The project has been approved by the resource advisory committee in accordance with section 205, including the procedures issued under subsection (e) of that section.

''(4) A project description has been submitted by the resource advisory committee to the Secretary concerned in accordance with section 203.

''(5) The project will improve the maintenance of existing infrastructure, implement stewardship objectives that enhance forest ecosystems, and restore and improve land health and water quality.

''(b) ENVIRONMENTAL REVIEWS.—

''(1) REQUEST FOR PAYMENT BY COUNTY.—The Secretary concerned may request the resource advisory committee submitting a proposed project to agree to the use of project funds to pay for any environmental review, consultation, or compliance with applicable environmental laws required in connection with the project.

''(2) CONDUCT OF ENVIRONMENTAL REVIEW.—If a payment is requested under paragraph (1) and the resource advisory committee agrees to the expenditure of funds for this purpose, the Secretary concerned shall conduct environmental review, consultation, or other compliance responsibilities in accordance with Federal laws (including regulations).

''(3) EFFECT OF REFUSAL TO PAY.—

''(A) IN GENERAL.—If a resource advisory committee does not agree to the expenditure of funds under paragraph (1), the project shall be deemed withdrawn from further consideration by the Secretary concerned pursuant to this title.

''(B) EFFECT OF WITHDRAWAL.—A withdrawal under subparagraph (A) shall be deemed to be a rejection of the project for purposes of section 207(c).

''(c) DECISIONS OF SECRETARY CONCERNED.—

''(1) REJECTION OF PROJECTS.—

''(A) IN GENERAL.—A decision by the Secretary concerned to reject a proposed project shall be at the sole discretion of the Secretary concerned.

''(B) NO ADMINISTRATIVE APPEAL OR JUDICIAL REVIEW.—Notwithstanding any other provision of law, a decision by the Secretary concerned to reject a proposed project shall not be subject to administrative appeal or judicial review.

''(C) NOTICE OF REJECTION.—Not later than 30 days after the date on which the Secretary concerned makes the rejection decision, the Secretary concerned shall notify in writing the resource advisory committee that submitted the proposed project of the rejection and the reasons for rejection.

''(2) NOTICE OF PROJECT APPROVAL.—The Secretary concerned shall publish in the Federal Register notice of each project approved under subsection (a) if the notice would be required had the project originated with the Secretary.

''(d) SOURCE AND CONDUCT OF PROJECT.—Once the Secretary concerned accepts a project for review under section 203, the acceptance shall be deemed a Federal action for all purposes.

''(e) IMPLEMENTATION OF APPROVED PROJECTS.—

''(1) COOPERATION.—Notwithstanding chapter 63 of title 31, United States Code, using project funds the Secretary concerned may enter into contracts, grants, and cooperative agreements with States and local governments, private and nonprofit entities, and landowners and other persons to assist the Secretary in carrying out an approved project.

''(2) BEST VALUE CONTRACTING.—

''(A) IN GENERAL.—For any project involving a contract authorized by paragraph (1) the Secretary concerned may elect a source for performance of the contract on a best value basis.

''(B) FACTORS.—The Secretary concerned shall determine best value based on such factors as—

''(i) the technical demands and complexity of the work to be done;

''(ii)(I) the ecological objectives of the project; and

''(II) the sensitivity of the resources being treated;

''(iii) the past experience by the contractor with the type of work being done, using the type of equipment proposed for the project, and meeting or exceeding desired ecological conditions; and

''(iv) the commitment of the contractor to hiring highly qualified workers and local residents.

''(3) MERCHANTABLE TIMBER CONTRACTING PILOT PROGRAM.—

''(A) ESTABLISHMENT.—The Secretary concerned shall establish a pilot program to implement a certain percentage of approved projects involving the sale of merchantable timber using separate contracts for—

''(i) the harvesting or collection of merchantable timber; and

''(ii) the sale of the timber.

''(B) ANNUAL PERCENTAGES.—Under the pilot program, the Secretary concerned shall ensure that, on a nationwide basis, not less than the following percentage of all approved projects involving the sale of merchantable timber are implemented using separate contracts:

''(i) For fiscal year 2007, 25 percent.

''(ii) For fiscal year 2008, 35 percent.

''(iii) For fiscal year 2009, 45 percent.

''(iv) For each of fiscal years 2010 and 2011, 50 percent.

''(C) INCLUSION IN PILOT PROGRAM.—The decision whether to use separate contracts to implement a project involving the sale of merchantable timber shall be made by the Secretary concerned after the approval of the project under this title.

''(D) ASSISTANCE.—

''(i) IN GENERAL.—The Secretary concerned may use funds from any appropriated account available to the Secretary for the Federal land to assist in the administration of projects conducted under the pilot program.

''(ii) MAXIMUM AMOUNT OF ASSISTANCE.—The total amount obligated under this subparagraph may not exceed $1,000,000 for any fiscal year during which the pilot program is in effect.

''(E) REVIEW AND REPORT.—

''(i) INITIAL REPORT.—Not later than September 30, 2009, the Comptroller General shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives a report assessing the pilot program.

''(ii) ANNUAL REPORT.—The Secretary concerned shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives an annual report describing the results of the pilot program.

''(f) REQUIREMENTS FOR PROJECT FUNDS.—The Secretary shall ensure that at least 50 percent of all project funds be used for projects that are primarily dedicated—

''(1) to road maintenance, decommissioning, or obliteration; or

''(2) to restoration of streams and watersheds.

''SEC. 205. RESOURCE ADVISORY COMMITTEES.

''(a) ESTABLISHMENT AND PURPOSE OF RESOURCE ADVISORY COMMITTEES.—

''(1) ESTABLISHMENT.—The Secretary concerned shall establish and maintain resource advisory committees to perform the duties in subsection (b), except as provided in paragraph (4).

''(2) PURPOSE.—The purpose of a resource advisory committee shall be—

''(A) to improve collaborative relationships; and

''(B) to provide advice and recommendations to the land management agencies consistent with the purposes of this title.

''(3) ACCESS TO RESOURCE ADVISORY COMMITTEES.—To ensure that each unit of Federal land has access to a resource advisory committee, and that there is sufficient interest in participation on a committee to ensure that membership can be balanced in terms of the points of view represented and the functions to be performed, the Secretary concerned may, establish resource advisory committees for part of, or 1 or more, units of Federal land.

''(4) EXISTING ADVISORY COMMITTEES.—

''(A) IN GENERAL.—An advisory committee that meets the requirements of this section, an advisory committee established before the date of enactment of this Act, or an advisory committee determined by the Secretary concerned to meet the requirements of this section before the date of enactment of this Act may be deemed by the Secretary concerned to be a resource advisory committee for the purposes of this title.

''(B) CHARTER.—A charter for a committee described in subparagraph (A) that was filed on or before September 29, 2006, shall be considered to be filed for purposes of this Act.

''(C) BUREAU OF LAND MANAGEMENT ADVISORY COMMITTEES.—The Secretary of the Interior may deem a resource advisory committee meeting the requirements of subpart 1784 of part 1780 of title 43, Code of Federal Regulations, as a resource advisory committee for the purposes of this title.

''(b) DUTIES.—A resource advisory committee shall—

''(1) review projects proposed under this title by participating counties and other persons;

''(2) propose projects and funding to the Secretary concerned under section 203;

''(3) provide early and continuous coordination with appropriate land management agency officials in recommending projects consistent with purposes of this Act under this title;

''(4) provide frequent opportunities for citizens, organizations, tribes, land management agencies, and other interested parties to participate openly and meaningfully, beginning at the early stages of the project development process under this title;

''(5)(A) monitor projects that have been approved under section 204; and

''(B) advise the designated Federal official on the progress of the monitoring efforts under subparagraph (A); and

''(6) make recommendations to the Secretary concerned for any appropriate changes or adjustments to the projects being monitored by the resource advisory committee.

''(c) APPOINTMENT BY THE SECRETARY.—

''(1) APPOINTMENT AND TERM.—

''(A) IN GENERAL.—The Secretary concerned, shall appoint the members of resource advisory committees for a term of 4 years beginning on the date of appointment.

''(B) REAPPOINTMENT.—The Secretary concerned may reappoint members to subsequent 4-year terms.

''(2) BASIC REQUIREMENTS.—The Secretary concerned shall ensure that each resource advisory committee established meets the requirements of subsection (d).

''(3) INITIAL APPOINTMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary concerned shall make initial appointments to the resource advisory committees.

''(4) VACANCIES.—The Secretary concerned shall make appointments to fill vacancies on any resource advisory committee as soon as practicable after the vacancy has occurred.

''(5) COMPENSATION.—Members of the resource advisory committees shall not receive any compensation.

''(d) COMPOSITION OF ADVISORY COMMITTEE.—

''(1) NUMBER.—Each resource advisory committee shall be comprised of 15 members.

''(2) COMMUNITY INTERESTS REPRESENTED.—Committee members shall be representative of the interests of the following 3 categories:

''(A) 5 persons that—

''(i) represent organized labor or non-timber forest product harvester groups;

''(ii) represent developed outdoor recreation, off highway vehicle users, or commercial recreation activities;

''(iii) represent—

''(I) energy and mineral development interests; or

''(II) commercial or recreational fishing interests;

''(iv) represent the commercial timber industry; or

''(v) hold Federal grazing or other land use permits, or represent nonindustrial private forest land owners, within the area for which the committee is organized.

''(B) 5 persons that represent—

''(i) nationally recognized environmental organizations;

''(ii) regionally or locally recognized environmental organizations;

''(iii) dispersed recreational activities;

''(iv) archaeological and historical interests; or

''(v) nationally or regionally recognized wild horse and burro interest groups, wildlife or hunting organizations, or watershed associations.

''(C) 5 persons that—

''(i) hold State elected office (or a designee);

''(ii) hold county or local elected office;

''(iii) represent American Indian tribes within or adjacent to the area for which the committee is organized;

''(iv) are school officials or teachers; or

''(v) represent the affected public at large.

''(3) BALANCED REPRESENTATION.—In appointing committee members from the 3 categories in paragraph (2), the Secretary concerned shall provide for balanced and broad representation from within each category.

''(4) GEOGRAPHIC DISTRIBUTION.—The members of a resource advisory committee shall reside within the State in which the committee has jurisdiction and, to extent practicable, the Secretary concerned shall ensure local representation in each category in paragraph (2).

''(5) CHAIRPERSON.—A majority on each resource advisory committee shall select the chairperson of the committee.

''(e) APPROVAL PROCEDURES.—

''(1) IN GENERAL.—Subject to paragraph (3), each resource advisory committee shall establish procedures for proposing projects to the Secretary concerned under this title.

''(2) QUORUM.—A quorum must be present to constitute an official meeting of the committee.

''(3) APPROVAL BY MAJORITY OF MEMBERS.—A project may be proposed by a resource advisory committee to the Secretary concerned under section 203(a), if the project has been approved by a majority of members of the committee from each of the 3 categories in subsection (d)(2).

''(f) OTHER COMMITTEE AUTHORITIES AND REQUIREMENTS.—

''(1) STAFF ASSISTANCE.—A resource advisory committee may submit to the Secretary concerned a request for periodic staff assistance from Federal employees under the jurisdiction of the Secretary.

''(2) MEETINGS.—All meetings of a resource advisory committee shall be announced at least 1 week in advance in a local newspaper of record and shall be open to the public.

''(3) RECORDS.—A resource advisory committee shall maintain records of the meetings of the committee and make the records available for public inspection.

''SEC. 206. USE OF PROJECT FUNDS.

''(a) AGREEMENT REGARDING SCHEDULE AND COST OF PROJECT.—

''(1) AGREEMENT BETWEEN PARTIES.—The Secretary concerned may carry out a project submitted by a resource advisory committee under section 203(a) using project funds or other funds described in section 203(a)(2), if, as soon as practicable after the issuance of a decision document for the project and the exhaustion of all administrative appeals and judicial review of the project decision, the Secretary concerned and the resource advisory committee enter into an agreement addressing, at a minimum, the following:

''(A) The schedule for completing the project.

''(B) The total cost of the project, including the level of agency overhead to be assessed against the project.

''(C) For a multiyear project, the estimated cost of the project for each of the fiscal years in which it will be carried out.

''(D) The remedies for failure of the Secretary concerned to comply with the terms of the agreement consistent with current Federal law.

''(2) LIMITED USE OF FEDERAL FUNDS.—The Secretary concerned may decide, at the sole discretion of the Secretary concerned, to cover the costs of a portion of an approved project using Federal funds appropriated or otherwise available to the Secretary for the same purposes as the project.

''(b) TRANSFER OF PROJECT FUNDS.—

''(1) INITIAL TRANSFER REQUIRED.—As soon as practicable after the agreement is reached under subsection (a) with regard to a project to be funded in whole or in part using project funds, or other funds described in section 203(a)(2), the Secretary concerned shall transfer to the applicable unit of National Forest System land or Bureau of Land Management District an amount of project funds equal to—

''(A) in the case of a project to be completed in a single fiscal year, the total amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2); or

''(B) in the case of a multiyear project, the amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2) for the first fiscal year.

''(2) CONDITION ON PROJECT COMMENCEMENT.—The unit of National Forest System land or Bureau of Land Management District concerned, shall not commence a project until the project funds, or other funds described in section 203(a)(2) required to be transferred under paragraph (1) for the project, have been made available by the Secretary concerned.

''(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR PROJECTS.—

''(A) IN GENERAL.—For the second and subsequent fiscal years of a multiyear project to be funded in whole or in part using project funds, the unit of National Forest System land or Bureau of Land Management District concerned shall use the amount of project funds required to continue the project in that fiscal year according to the agreement entered into under subsection (a).

''(B) SUSPENSION OF WORK.—The Secretary concerned shall suspend work on the project if the project funds required by the agreement in the second and subsequent fiscal years are not available.

''SEC. 207. AVAILABILITY OF PROJECT FUNDS.

''(a) SUBMISSION OF PROPOSED PROJECTS TO OBLIGATE FUNDS.—By September 30 of each fiscal year through fiscal year 2011, a resource advisory committee shall submit to the Secretary concerned pursuant to section 203(a)(1) a sufficient number of project proposals that, if approved, would result in the obligation of at least the full amount of the project funds reserved by the participating county in the preceding fiscal year.

''(b) USE OR TRANSFER OF UNOBLIGATED FUNDS.—Subject to section 208, if a resource advisory committee fails to comply with subsection (a) for a fiscal year, any project funds reserved

by the participating county in the preceding fiscal year and remaining unobligated shall be available for use as part of the project submissions in the next fiscal year.

''(c) EFFECT OF REJECTION OF PROJECTS.—Subject to section 208, any project funds reserved by a participating county in the preceding fiscal year that are unobligated at the end of a fiscal year because the Secretary concerned has rejected one or more proposed projects shall be available for use as part of the project submissions in the next fiscal year.

''(d) EFFECT OF COURT ORDERS.—

''(1) IN GENERAL.—If an approved project under this Act is enjoined or prohibited by a Federal court, the Secretary concerned shall return the unobligated project funds related to the project to the participating county or counties that reserved the funds.

''(2) EXPENDITURE OF FUNDS.—The returned funds shall be available for the county to expend in the same manner as the funds reserved by the county under subparagraph (B) or (C)(i) of section 102(d)(1).

''SEC. 208. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title shall terminate on September 30, 2011.

''(b) DEPOSITS IN TREASURY.—Any project funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE III—COUNTY FUNDS

''SEC. 301. DEFINITIONS.

''In this title:

''(1) COUNTY FUNDS.—The term 'county funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(2) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''SEC. 302. USE.

''(a) AUTHORIZED USES.—A participating county, including any applicable agencies of the participating county, shall use county funds, in accordance with this title, only—

''(1) to carry out activities under the Firewise Communities program to provide to homeowners in fire-sensitive ecosystems education on, and assistance with implementing, techniques in home siting, home construction, and home landscaping that can increase the protection of people and property from wildfires;

''(2) to reimburse the participating county for search and rescue and other emergency services, including firefighting, that are—

''(A) performed on Federal land after the date on which the use was approved under subsection (b);

''(B) paid for by the participating county; and

''(3) to develop community wildfire protection plans in coordination with the appropriate Secretary concerned.

''(b) PROPOSALS.—A participating county shall use county funds for a use described in subsection (a) only after a 45-day public comment period, at the beginning of which the participating county shall—

''(1) publish in any publications of local record a proposal that describes the proposed use of the county funds; and

''(2) submit the proposal to any resource advisory committee established under section 205 for the participating county.

''SEC. 303. CERTIFICATION.

''(a) IN GENERAL.—Not later than February 1 of the year after the year in which any county funds were expended by a participating county, the appropriate official of the participating county shall submit to the Secretary concerned a certification that the county funds expended in the applicable year have been used for the uses authorized under section 302(a), including a description of the amounts expended and the uses for which the amounts were expended.

''(b) REVIEW.—The Secretary concerned shall review the certifications submitted under subsection (a) as the Secretary concerned determines to be appropriate.

''SEC. 304. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title terminates on September 30, 2011.

''(b) AVAILABILITY.—Any county funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE IV—MISCELLANEOUS PROVISIONS

''SEC. 401. REGULATIONS.

''The Secretary of Agriculture and the Secretary of the Interior shall jointly issue regulations to carry out the purposes of this Act.

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this Act for each of fiscal years 2007 through 2011.

''(b) EMERGENCY DESIGNATION.—Of the amounts authorized to be appropriated under subsection (a) for fiscal year 2007, $425,000,000 is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

''SEC. 403. TREATMENT OF FUNDS AND REVENUES.

''(a) RELATION TO OTHER APPROPRIATIONS.—Funds made available under section 402 and funds made available to a Secretary concerned under section 206 shall be in addition to any other annual appropriations for the Forest Service and the Bureau of Land Management.

''(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—All revenues generated from projects pursuant to title II, including any interest accrued from the revenues, shall be deposited in the Treasury of the United States.''.

(b) FOREST RECEIPT PAYMENTS TO ELIGIBLE STATES AND COUNTIES.—

(1) ACT OF MAY 23, 1908.—The sixth paragraph under the heading ''FOREST SERVICE'' in the Act of May 23, 1908 (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(2) WEEKS LAW.—Section 13 of the Act of March 1, 1911 (commonly known as the ''Weeks Law'') (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(c) PAYMENTS IN LIEU OF TAXES.—

(1) IN GENERAL.—Section 6906 of title 31, United States Code, is amended to read as follows:

''§ 6906. Funding

''For each of fiscal years 2008 through 2012, such sums as are authorized under this chapter shall be made available to the Secretary of the Interior, out of any amounts in the Treasury not otherwise appropriated, for obligation or expenditure in accordance with this chapter.''.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 69 of title 31, United States Code, is amended by striking the item relating to section 6906 and inserting the following:

''6906. Funding.''.

(d) INCREASE IN INFORMATION RETURN PENALTIES.—

(1) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(A) IN GENERAL.—Section 6721(a)(1) of the Internal Revenue Code of 1986 is amended—

(i) by striking ''$50'' and inserting ''$250'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000''.

(B) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(i) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) of such Code is amended—

(I) by striking ''$15'' and inserting ''$50'',

(II) by striking ''$50'' and inserting ''$250'', and

(III) by striking ''$75,000'' and inserting ''$500,000''.

(ii) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) of such Code is amended—

(I) by striking ''$30'' and inserting ''$100'',

(II) by striking ''$50'' and inserting ''$250'', and

(III) by striking ''$150,000'' and inserting ''$1,500,000''.

(C) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) of such Code is amended—

(i) in subparagraph (A)—

(I) by striking ''$100,000'' and inserting ''$1,000,000'', and

(II) by striking ''$250,000'' and inserting ''$3,000,000'',

(ii) in subparagraph (B)—

(I) by striking ''$25,000'' and inserting ''$175,000'', and

(II) by striking ''$75,000'' and inserting ''$500,000'', and

(iii) in subparagraph (C)—

(I) by striking ''$50,000'' and inserting ''$500,000'', and

(II) by striking ''$150,000'' and inserting ''$1,500,000''.

(D) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) of such Code is amended—

(i) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(ii) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(2) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(A) IN GENERAL.—Section 6722(a) of the Internal Revenue Code of 1986 is amended—

(i) by striking ''$50'' and inserting ''$250'', and

(ii) by striking ''$100,000'' and inserting ''$1,000,000''.

(B) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) of such Code is amended—

(i) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(ii) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(3) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 of the Internal Revenue Code of 1986 is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(4) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

(e) REPEAL OF SUSPENSION OF CERTAIN PENALTIES AND INTEREST.—

(1) IN GENERAL.—Section 6404 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(B) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendment made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or

other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

(f) PARTICIPANTS IN GOVERNMENT SECTION 457 PLANS ALLOWED TO TREAT ELECTIVE DEFERRALS AS ROTH CONTRIBUTIONS.—

(1) IN GENERAL.—Section 402A(e)(1) of the Internal Revenue Code of 1986 (defining applicable retirement plan) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(2) ELECTIVE DEFERRALS.—Section 402A(e)(2) of the Internal Revenue Code of 1986 (defining elective deferral) is amended to read as follows:

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means—

''(A) any elective deferral described in subparagraph (A) or (C) of section 402(g)(3), and

''(B) any elective deferral of compensation by an individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

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

SEC. 2602. Disaster relief funds from Public Law 109–234, 120 Stat. 418, 461, (June 30, 2006), chapter 5, ''National Park Service—Historic Preservation Fund,'' for necessary expenses related to the consequences of Hurricane Katrina and other hurricanes of the 2005 season, may be used to reconstruct destroyed properties that at the time of destruction were listed in the National Register of Historic Places and are otherwise qualified to receive these funds: Provided, That the State Historic Preservation Officer certifies that, for the community where that destroyed property was located, that the property is iconic to or essential to illustrating that community's historic identity, that no other property in that community with the same associative historic value has survived, and that sufficient historical documentation exists to ensure an accurate reproduction.

CHAPTER 7

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH AND TRAINING

For an additional amount for ''Department of Health and Human Services, Centers for Disease Control and Prevention, Disease Control, Research and Training'', to carry out section 501 of the Federal Mine Safety and Health Act of 1977 and section 6 of the Mine Improvement and New Emergency Response Act of 2006, $13,000,000 for research to develop mine safety technology, including necessary repairs and improvements to leased laboratories: Provided, That progress reports on technology development shall be submitted to the House and Senate Committees on Appropriations and the Committee on Health, Education, Labor and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on a quarterly basis: Provided further, That the amount provided under this heading shall remain available until September 30, 2008.

ADMINISTRATION FOR CHILDREN AND FAMILIES

LOW-INCOME HOME ENERGY ASSISTANCE

For an additional amount for ''Low-Income Home Energy Assistance'' under section 2604(a) through (d) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(a) through (d)), $320,000,000.

For an additional amount for ''Low-Income Home Energy Assistance'' under section 2604(e) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(e)), $320,000,000.

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Public Health and Social Services Emergency Fund'' to prepare for and respond to an influenza pandemic, $820,000,000, to remain available until expended: Provided, That this amount shall be for activities including the development and purchase of vaccine, antivirals, necessary medical supplies, diagnostics, and other surveillance tools: Provided further, That products purchased with these funds may, at the discretion of the Secretary of Health and Human Services, be deposited in the Strategic National Stockpile: Provided further, That notwithstanding section 496(b) of the Public Health Service Act, funds may be used for the construction or renovation of privately owned facilities for the production of pandemic vaccine and other biologicals, where the Secretary finds such a contract necessary to secure sufficient supplies of such vaccines or biologicals: Provided further, That funds appropriated herein may be transferred to other appropriation accounts of the Department of Health and Human Services, as determined by the Secretary to be appropriate, to be used for the purposes specified in this sentence.

COVERED COUNTERMEASURE PROCESS FUND

For carrying out section 319F–4 of the Public Health Service Act (42 U.S.C. 247d–6e) to compensate individuals for injuries caused by H5N1 vaccine, in accordance with the declaration regarding avian influenza viruses issued by the Secretary of Health and Human Services on January 26, 2007, pursuant to section 319F–3(b) of such Act (42 U.S.C. 247d–6d(b)), $50,000,000, to remain available until expended.

DEPARTMENT OF EDUCATION

HIGHER EDUCATION

For an additional amount under part B of title VII of the Higher Education Act of 1965 (''HEA'') for institutions of higher education (as defined in section 102 of that Act) that are located in an area in which a major disaster was declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act related to hurricanes in the Gulf of Mexico in calendar year 2005, $30,000,000: Provided, That such funds shall be available to the Secretary of Education only for payments to help defray the expenses (which may include lost revenue, reimbursement for expenses already incurred, and construction) incurred by such institutions of higher education that were forced to close, relocate or significantly curtail their activities as a result of damage directly caused by such hurricanes and for payments to enable such institutions to provide grants to students who attend such institutions for academic years beginning on or after July 1, 2006: Provided further, That such payments shall be made in accordance with criteria established by the Secretary and made publicly available without regard to section 437 of the General Education Provisions Act, section 553 of title 5, United States Code, or part B of title VII of the HEA.

HURRICANE EDUCATION RECOVERY

For carrying out activities authorized by subpart 1 of part D of title V of the Elementary and Secondary Education Act of 1965, $30,000,000, to remain available until expended, for use by the States of Louisiana, Mississippi, and Alabama primarily for recruiting, retaining, and compensating new and current teachers, principals, school leaders, and other educators for positions in public elementary and secondary schools located in an area with respect to which a major disaster was declared under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) by reason of Hurricane Katrina or Hurricane Rita, including through such mechanisms as paying salary premiums, performance bonuses, housing subsidies, and relocation costs, with priority given to teachers and school leaders who were displaced from, or lost employment in, Louisiana, Mississippi, or Alabama by reason of Hurricane Katrina or Hurricane Rita and who return to and are rehired by such State or local educational agency; Provided, That funds available under this heading to such States may also be used for 1 or more of the following activities: (1) to build the capacity of such public elementary and secondary schools to provide an effective education, including the design, adaptation, and implementation of high-quality formative assessments; (2) the establishment of partnerships with nonprofit entities with a demonstrated track record in recruiting and retaining outstanding teachers and other school leaders; and (3) paid release time for teachers and principals to identify and replicate successful practices from the fastest-improving and highest-performing schools: Provided further, That the Secretary of Education shall allocate amounts available under this heading among such States that submit applications; that such allocation shall be based on the number of public elementary and secondary schools in each State that were closed for 19 days or more during the period beginning on August 29, 2005, and ending on December 31, 2005, due to Hurricane Katrina or Hurricane Rita; and that such States shall in turn allocate funds, on a competitive basis, to local educational agencies, with priority given first to such agencies with the highest percentages of public elementary and secondary schools that are closed as a result of such hurricanes as of the date of enactment of this Act and then to such agencies with the highest percentages of public elementary and secondary schools with a student-teacher ratio of at least 25 to 1, and with any remaining amounts to be distributed to such agencies with demonstrated need, as determined by the State educational agency: Provided further, That, in the case of a State that chooses to use amounts available under this heading for performance bonuses, not later than 60 days after the date of enactment of this Act and after consultation with, as applicable, local educational agencies, teachers' unions, local principals' organizations, local parents' organizations, local business organizations, and local charter schools organizations, such State shall establish and implement a rating system for such performance bonuses based on strong learning gains for students and growth in student achievement, based on classroom observation and feedback at least 4 times annually, conducted by multiple sources (including principals and master teachers), and evaluated against research-validated rubrics that use planning, instructional, and learning environment standards to measure teaching performance: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

HURRICANE EDUCATION RECOVERY

PROGRAMS TO RESTART SCHOOL OPERATIONS

Funds made available under section 102 of the Hurricane Education Recovery Act (title IV of division B of Public Law 109–148) may be used by the States of Louisiana, Mississippi, Alabama, and Texas, in addition to the uses of funds described in section 102(e) for the following costs: (1) recruiting, retaining and compensating new and current teachers, principals, school leaders, other school administrators, and other educators for positions in reopening public elementary and secondary schools impacted by Hurricane Katrina or Hurricane Rita, including through such mechanisms as paying salary premiums, performance bonuses, housing subsidies and relocation costs; and (2) activities to build

the capacity of reopening such public elementary and secondary schools to provide an effective education, including the design, adaptation, and implementation of high-quality formative assessments; the establishment of partnerships with nonprofit entities with a demonstrated track record in recruiting and retaining outstanding teachers and other school leaders; and paid release time for teachers and principals to identify and replicate successful practices from the fastest-improving and highest-performing schools: Provided further, That in the case of a State that chooses to use amounts available under this heading for performance bonuses, not later than 60 days after the date of enactment of this Act and after consultation with, as applicable, local educational agencies, teachers' unions, local principals' organizations, local parents' organizations, local business organizations, and local charter schools organizations, such State shall establish and implement a rating system that shall be based on strong learning gains for students and growth in student achievement, based on classroom observation and feedback at least 4 times annually, conducted by multiple sources (including principals and master teachers), and evaluated against research-validated rubrics that use planning, instructional, and learning environment standards to measure teaching performance: Provided further, That the amount provided under this heading is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2701. Section 105(b) of title IV of division B of Public Law 109–148 is amended by adding at the end the following new sentence: ''With respect to the program authorized by section 102 of this Act, the waiver authority in subsection (a) of this section shall be available until the end of fiscal year 2008.''

(INCLUDING RESCISSION)

SEC. 2702. (a) From unexpended balances of the amounts made available in the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107–38) for the Employment Training Administration, Training and Employment Services under the Department of Labor, $3,589,000 are rescinded.

(b) For an additional amount for the Centers for Disease Control and Prevention for carrying out activities under section 5011(b) of the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (Public Law 109–148), $3,589,000.

SEC. 2703. Notwithstanding section 2002(c) of the Social Security Act (42 U.S.C. 1397a(c)), funds made available under the heading ''Social Services Block Grant'' in division B of Public Law 109–148 shall be available for expenditure by the States through the end of fiscal year 2008.

SEC. 2704. ELIMINATION OF REMAINDER OF SCHIP FUNDING SHORTFALLS FOR FISCAL YEAR 2007. (a) ELIMINATION OF REMAINDER OF FUNDING SHORTFALLS, TIERED MATCH, AND OTHER LIMITATION ON EXPENDITURES.—Section 2104(h) of the Social Security Act (42 U.S.C. 1397dd(h)), as added by section 201(a) of the National Institutes of Health Reform Act of 2006 (Public Law 109–482), is amended—

(1) in the heading for paragraph (2), by striking ''REMAINDER OF REDUCTION'' and inserting ''PART''; and

(2) by striking paragraph (4) and inserting the following:

''(4) ADDITIONAL AMOUNTS TO ELIMINATE REMAINDER OF FISCAL YEAR 2007 FUNDING SHORTFALLS.—

''(A) IN GENERAL.—The Secretary shall allot to each remaining shortfall State described in subparagraph (B) such amount as the Secretary determines will eliminate the estimated shortfall described in such subparagraph for the State for fiscal year 2007.

''(B) REMAINING SHORTFALL STATE DESCRIBED.—For purposes of subparagraph (A), a remaining shortfall State is a State with a State child health plan approved under this title for which the Secretary estimates, on the basis of the most recent data available to the Secretary as of the date of the enactment of this paragraph, that the projected federal expenditures under such plan for the State for fiscal year 2007 will exceed the sum of—

''(i) the amount of the State's allotments for each of fiscal years 2005 and 2006 that will not be expended by the end of fiscal year 2006;

''(ii) the amount of the State's allotment for fiscal year 2007; and

''(iii) the amounts, if any, that are to be redistributed to the State during fiscal year 2007 in accordance with paragraphs (1) and (2).

''(C) APPROPRIATION; ALLOTMENT AUTHORITY.—For the purpose of providing additional allotments to remaining shortfall States under this paragraph there is appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as are necessary for fiscal year 2007.''.

(b) CONFORMING AMENDMENTS.—Section 2104(h) of such Act (42 U.S.C. 1397dd(h)) (as so added), is amended—

(1) in paragraph (1)(B), by striking ''subject to paragraph (4)(B) and'';

(2) in paragraph (2)(B), by striking ''subject to paragraph (4)(B) and'';

(3) in paragraph (5)(A), by striking ''and (3)'' and inserting ''(3), and (4)''; and

(4) in paragraph (6)—

(A) in the first sentence—

(i) by inserting ''or allotted'' after ''redistributed''; and

(ii) by inserting ''or allotments'' after ''redistributions''; and

(B) by striking ''and (3)'' and inserting ''(3), and (4)''.

(c) GENERAL EFFECTIVE DATE; APPLICABILITY.—Except as otherwise provided, the amendments made by this section take effect on the date of enactment of this Act and apply without fiscal year limitation.

SEC. 2705. Notwithstanding any other provision of law, the Secretary of Health and Human Services shall not, prior to the date that is 2 years after the date of enactment of this Act, take any action to finalize, or otherwise implement provisions—

(1) contained in the proposed rule published on January 18, 2007, on pages 2236 through 2258 of volume 72, Federal Register (relating to parts 433, 447, and 457 of title 42, Code of Federal Regulations) or any other rule that would affect the Medicaid program established under title XIX of the Social Security Act or the State Children's Health Insurance Program established under title XXI of such Act in a similar manner; or

(2) restricting payments for graduate medical education under the Medicaid program.

(a) MEDICARE CRITICAL ACCESS HOSPITAL DESIGNATION.—Section 405(h) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173; 117 Stat. 2269) is amended by adding at the end the following new paragraph:

''(3) EXCEPTION.—

''(A) STATE OF MINNESOTA.—The amendment made by paragraph (1) shall not apply to the certification by the State of Minnesota on or after January 1, 2006, under section 1820(c)(2)(B)(i)(II) of the Social Security Act (42 U.S.C. 1395i–4(c)(2)(B)(i)(II)) of one hospital that meets the criteria described in subparagraph (B) and is located in Cass County, Minnesota, as a necessary provider of health care services to residents in the area of the hospital.

''(B) CRITERIA DESCRIBED FOR HOSPITAL IN MINNESOTA.—A hospital meets the criteria described in this subparagraph if the hospital—

''(i) has been granted an exception by the State to an otherwise applicable statutory restriction on hospital construction or licensing prior to the date of enactment of this subparagraph; and

''(ii) is located on property which the State has approved for conveyance to a county within the State prior to such date of enactment.

''(C) STATE OF MISSISSIPPI.—The amendment made by paragraph (1) shall not apply to the certification by the State of Mississippi on or after April 1, 2007, under section 1820(c)(2)(b)(i)(II) of the Social Security Act (42 U.S.C. 1395i–4(c)(2)(B)(i)(II)) of one hospital that meets the criteria described in subparagraph (D) and is located in Kemper County, Mississippi, as a necessary provider of health care services to residents in the area of the hospital.

''(D) CRITERIA DESCRIBED FOR HOSPITAL IN MISSISSIPPI.—A hospital meets the criteria described in this subparagraph if the hospital—

''(i) meets all other criteria for designation as a critical access hospital under section 1820(c)(2)(b) of the Social Security Act (42 U.S.C. 1395i–4(c)(2)(B));

''(ii) has satisfied the requirement of the certificate of need laws and regulations of the State of Mississippi; and

''(iii) will be constructed on property that will be conveyed by the Kemper County Board of Supervisors within the State of Mississippi.''.

(b) INCREASE IN BASIC REBATE FOR SINGLE SOURCE DRUGS AND INNOVATOR MULTIPLE SOURCE DRUGS.—Section 1927(c)(1)(B)(i) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(B)(i)) is amended—

(1) in subclause (IV), by striking ''and'' after the semicolon;

(2) in subclause (V)—

(A) by inserting ''and before April 1, 2007,'' after ''1995,''; and

(B) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(VI) after March 31, 2007, is 20 percent.''.

SEC. 2705. (a) For grant years beginning in 2006–2007, the Secretary of Health and Human Services may waive the requirements of, with respect to Louisiana, Mississippi, Alabama, and Texas and any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas, the following sections of the Public Health Service Act:

(1) Section 2612(e)(1) of such Act (42 U.S.C. 300ff–21(b)(1)).

(2) Section 2617(b)(7)(E) of such Act (42 U.S.C. 300ff–27(b)(7)(E)).

(3) Section 2617(d) of such Act (42 U.S.C. 300ff–27(d)), except that such waiver shall apply so that the matching requirement is reduced to $1 for each $4 of Federal funds provided under the grant involved.

(b) If the Secretary of Health and Human Services grants a waiver under subsection (b), the Secretary—

(1) may not prevent Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas from receiving or utilizing, or both, funds granted or distributed, or both, pursuant to title XXVI of the Public Health Service Act (42 U.S.C. 300ff–11 et seq.) because of the failure of Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas to comply with the requirements of the sections listed in paragraphs (1) through (3) of subsection (a);

(2) may not take action due to such noncompliance; and

(3) shall assess, evaluate, and review Louisiana, Mississippi, Alabama, and Texas or any eligible metropolitan area's eligibility for funds under such title XXVI as if Louisiana, Mississippi, Alabama, and Texas or such eligible metropolitan area had fully complied with the requirements of the sections listed in paragraphs (1) through (3) of subsection (a).

(c) For grant years beginning in 2008, Louisiana, Mississippi, Alabama, and Texas and any eligible metropolitan area in Louisiana, Mississippi, Alabama, and Texas shall comply with each of the applicable requirements under

title XXVI of the Public Health Service Act (42 U.S.C. 300ff–11 et seq.).

CHAPTER 8

LEGISLATIVE BRANCH

ARCHITECT OF THE CAPITOL

CAPITOL POWER PLANT

For an additional amount for ''Capitol Power Plant'', $25,000,000, for emergency utility tunnel repairs and asbestos abatement, to remain available until September 30, 2011: Provided, That the Architect of the Capitol may not obligate any of the funds appropriated under this heading without approval of an obligation plan by the Committees on Appropriations of the Senate and House of Representatives.

GOVERNMENT ACCOUNTABILITY OFFICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' of the Government Accountability Office, $374,000, to remain available until expended.

CHAPTER 9

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, AIR FORCE RESERVE

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for ''Military Construction, Air Force Reserve'', $3,096,000, to remain available until September 30, 2011: Provided, That such funds may be obligated and expended to carry out planning and design and military construction projects not otherwise authorized by law.

Of the funds appropriated for ''Military Construction, Air Force Reserve'' under Public Law 109–114, $3,096,000 are hereby rescinded.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT, 2005

For deposit into the Department of Defense Base Closure Account 2005, established by section 2906(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), $3,136,802,000, to remain available until expended.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL SERVICES

For an additional amount for ''Medical Services'', $454,131,000, to remain available until expended, of which $50,000,000 shall be for the establishment of new Level I comprehensive polytrauma centers; $9,440,000 shall be for the establishment of polytrauma residential transitional rehabilitation programs; $20,000,000 shall be for additional transition caseworkers; $30,000,000 shall be for substance abuse treatment programs; $20,000,000 for readjustment counseling; $10,000,000 shall be for blind rehabilitation services; $100,000,000 shall be for enhancements to mental health services; $8,000,000 shall be for polytrauma support clinic teams; $5,356,000 for additional polytrauma points of contacts; and $201,335,000 shall be for treatment of Operation Enduring Freedom and Operation Iraqi Freedom veterans.

MEDICAL ADMINISTRATION

For an additional amount for ''Medical Administration'', $250,000,000, to remain available until expended.

MEDICAL FACILITIES

For an additional amount for ''Medical Facilities'', $595,000,000, to remain available until expended, of which $45,000,000 shall be used for facility and equipment upgrades at the Department of Veterans Affairs polytrauma rehabilitation centers and the polytrauma network sites; and $550,000,000 shall be for non-recurring maintenance as identified in the Department of Veterans Affairs Facility Condition Assessment report: Provided, That the amount provided under this heading for non-recurring maintenance shall be allocated in a manner outside of the Veterans Equitable Resource Allocation and specific to the needs and geographic distribution of Operation Enduring Freedom and Operation Iraqi Freedom veterans: Provided further, That within 30 days of enactment of this Act the Secretary shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for non-recurring maintenance prior to obligation.

MEDICAL AND PROSTHETIC RESEARCH

For an additional amount for ''Medical and Prosthetic Research'', $30,000,000, to remain available until expended, which shall be used for research related to the unique medical needs of returning Operation Enduring Freedom and Operation Iraqi Freedom veterans.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For an additional amount for ''General Operating Expenses'', $46,000,000, to remain available until expended, for the hiring and training of new pension and compensation claims processing personnel.

INFORMATION TECHNOLOGY SYSTEMS

For an additional amount for ''Information Technology Systems'', $36,100,000, to remain available until expended, of which $20,000,000 shall be for information technology support and improvements for processing of OIF/OEF veterans benefits claims, including making electronic DOD medical records available for claims processing and enabling electronic benefits applications by veterans; $1,000,000 shall be for the digitization of benefits records; and $15,100,000 shall be for electronic data breach and remediation and prevention.

CONSTRUCTION, MINOR PROJECTS

For an additional amount for ''Construction, Minor Projects'', $355,907,000, to remain available until expended, of which $36,000,000 shall be for construction costs associated with the establishment of polytrauma residential transitional rehabilitation programs.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 2901. (a) Notwithstanding any other provision of law, none of the funds in this or any other Act shall be used to downsize staff or to close, realign or phase out essential services at Walter Reed Army Medical Center until equivalent medical facilities at the Walter Reed National Military Medical Center at Naval Medical Center, Bethesda, Maryland, and/or the Fort Belvoir, Virginia, Community Hospital have been constructed and equipped, and until the Secretary of Defense has certified in writing to the Congress that:

(1) the new facilities at Walter Reed National Military Medical Center at Bethesda and/or the Fort Belvoir Community Hospital are complete and fully operational, and

(2) replacement medical facilities at Walter Reed National Military Medical Center at Bethesda have adequate capacity to meet both the existing and projected demand for complex medical care and services, including outpatient and medical hold facilities, for combat veterans and other military personnel.

(b) Not later than 30 days after enactment of this Act, the Secretary of Defense shall provide to the Committees on Appropriations of the Senate and House of Representatives a report and proposed timetable outlining the Department's plan to transition patients, staff and medical services to the new facilities at Bethesda and Fort Belvoir without compromising patient care, staffing requirements or facility maintenance at the Walter Reed Medical Center.

(c) To ensure that the quality of care provided by the Military Health System is not diminished during this transition, the Walter Reed Army Medical Center shall be adequately funded, to include necessary renovation and maintenance of existing facilities, to continue the maximum level of inpatient and outpatient services.

SEC. 2902. Notwithstanding any other provision of law, none of the funds in this or any other Act shall be used to reorganize or relocate the functions of the Armed Forces Institute of Pathology (AFIP) until the Secretary of Defense has submitted, not later than December 31, 2007, a detailed plan and timetable for the proposed reorganization and relocation to the Committees on Appropriations and Armed Services of the Senate and House of Representatives. The plan shall take into consideration the recommendations of a study being prepared by the Government Accountability Office (GAO), provided that such study is available not later than 45 days before the date specified in this section, on the impact of dispersing selected functions of AFIP among several locations, and the possibility of consolidating those functions at one location. The plan shall include an analysis of the options for the location and operation of the Program Management Office for second opinion consults that are consistent with the recommendations of the Base Realignment and Closure Commission, together with the rationale for the option selected by the Secretary.

SEC. 2903. Within existing funds appropriated to Departmental Administration, General Operating Expenses for fiscal year 2007, and within 30 days after enactment of this Act, the Department of Veterans Affairs shall contract with the National Academy of Public Administration for the purpose of conducting an independent study and analysis of the organizational structure, management and coordination processes, including Seamless Transition, utilized by the Department of Veterans affairs to:

(1) provide health care to active duty and veterans of Operation Enduring Freedom and Operation Iraqi Freedom; and

(2) provide benefits to veterans of Operation Enduring Freedom and Operation Iraqi Freedom.

SEC. 2904. The Director of the Congressional Budget Office shall, not later than November 15, 2007, submit to the Committees on Appropriations of the House of Representatives and the Senate a report projecting appropriations necessary for the Departments of Defense and Veterans Affairs to continue providing necessary health care to veterans of the conflicts in Iraq and Afghanistan. The projections should span several scenarios for the duration and number of forces deployed in Iraq and Afghanistan, and more generally, for the long-term health care needs of deployed troops engaged in the global war on terrorism over the next ten years.

CHAPTER 10

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

FEDERAL-AID HIGHWAYS

EMERGENCY RELIEF PROGRAM

(INCLUDING RESCISSION OF FUNDS)

For an additional amount for the Emergency Relief Program as authorized under section 125 of title 23, United States Code, $388,903,000, to remain available until expended: Provided, That of the unobligated balances of funds apportioned to each State under chapter 1 of title 23, United States Code, $388,903,000 are rescinded: Provided further, That such rescission shall not apply to the funds distributed in accordance with sections 130(f) and 104(b)(5) of title 23, United States Code; sections 133(d)(1) and 163 of such title, as in effect on the day before the date of enactment of Public Law 109–59; and the first sentence of section 133(d)(3)(A) of such title: Provided further, That section 4103 of title III of this Act shall not apply to the first proviso under this paragraph.

FEDERAL TRANSIT ADMINISTRATION

FORMULA GRANTS

For an additional amount to be allocated by the Secretary to recipients of assistance under chapter 53 of title 49, United States Code, directly affected by Hurricanes Katrina and Rita, $75,000,000, for the operating and capital costs of transit services, to remain available until expended: Provided, That the Federal share for

any project funded from this amount shall be 100 percent.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF INSPECTOR GENERAL

For an additional amount for the Office of Inspector General, for the necessary costs related to the consequences of Hurricanes Katrina and Rita, $5,000,000, to remain available until expended.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3001. Section 21033 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by adding after the third proviso: '': Provided further, That notwithstanding the previous proviso, except for applying the 2007 Annual Adjustment Factor and making any other specified adjustments, public housing agencies that are eligible for assistance under section 901 in Public Law 109–148 (119 Stat. 2781) shall receive funding for calendar year 2007 based on the amount such public housing agencies were eligible to receive in calendar year 2006''.

TITLE III

OTHER MATTERS

CHAPTER 1

DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'' of the Farm Service Agency, $75,000,000, to remain available until expended: Provided, That this amount shall only be available for the modernization and repair of the computer systems used by the Farm Service Agency (including all software, hardware, and personnel required for modernization and repair): Provided further, That of this amount $27,000,000 shall be made available 60 days after the date on which the Farm Service Agency submits to the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, and the Government Accountability Office a spending plan for the funds.

GENERAL PROVISIONS—THIS CHAPTER

(RESCISSION)

SEC. 3101. Of the unobligated balances of funds made available pursuant to section 298(a) of the Trade Act of 1974 (19 U.S.C. 2401G(a)), $75,000,000 are rescinded.

SEC. 3102. (a) Section 1237A(f) of the Food Security Act of 1985 (16 U.S.C. 3837a(f)) is amended in the first sentence by striking ''fair market value of the land less the fair market value of such land encumbered by the easement'' and inserting ''fair market value of the land as determined in accordance with the method of valuation used by the Secretary as of January 1, 2003''.

(b) Section 1238I(c)(1) of the Food Security Act of 1985 (16 U.S.C. 3838i(c)(1)) is amended by inserting at the end the following:

''(C) VALUATION.—The Secretary shall determine fair market value under this paragraph in accordance with the method of valuation used by the Secretary as of January 1, 2003.''.

SEC. 3103. Subsection (b)(1) of section 313A of the Rural Electrification Act shall not apply in the case of a cooperative lender that has previously received a guarantee under section 313A and such additional guarantees shall not exceed the amount provided for in Public Law 110–5.

SEC. 3104. SPINACH. No funds made available under this Act shall be used to make payments to growers and first handlers, as defined by the Secretary of Health and Human Services, of fresh spinach that were unable to market spinach crops as a result of the Food and Drug Administration Public Health Advisory issued on September 14, 2006.

CHAPTER 2

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3201. Section 20314 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by striking ''Resources.'' and inserting in lieu thereof: ''Resources: Provided, That $22,762,000 of the amount provided be for geothermal research and development activities: Provided further, That $229,500,000 of the amount provided shall be used for the weatherization assistance program of the Department of Energy.''.

SEC. 3202. Hereafter, federal employees at the National Energy Technology Laboratory shall be classified as inherently governmental for the purpose of the Federal Activities Inventory Reform Act of 1998 (31 U.S.C. 501 note).

SEC. 3203. PROHIBITION ON CERTAIN USES OF FUNDS BY BPA. None of the funds made available under this or any other Act shall be used during fiscal year 2007 to make, or plan or prepare to make, any payment on bonds issued by the Administrator of the Bonneville Power Administration (referred in this section as the ''Administrator'') or for an appropriated Federal Columbia River Power System investment, if the payment is both—

(1) greater, during any fiscal year, than the payments calculated in the rate hearing of the Administrator to be made during that fiscal year using the repayment method used to establish the rates of the Administrator as in effect on October 1, 2006; and

(2) based or conditioned on the actual or expected net secondary power sales receipts of the Administrator.

CHAPTER 3

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3301. The structure of any of the offices or components within the Office of National Drug Control Policy shall remain as they were on October 1, 2006. None of the funds appropriated or otherwise made available in the Continuing Appropriations Resolution, 2007 (Public Law 110–5) may be used to implement a reorganization of offices within the Office of National Drug Control Policy without the explicit approval of the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 3302. Funds made available in section 21075 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5) shall be made available to a 501(c)(3) entity: (1) with a wide anti-drug coalition network and membership base, and one with a demonstrated track record and specific expertise in providing technical assistance, training, evaluation, research, and capacity building to community anti-drug coalitions; (2) with authorization from Congress, both prior to fiscal year 2007, and in fiscal years 2008 through 2012, to perform the duties described in subsection (1) of this section; and (3) that has previously received funding from Congress, including through a competitive process as well as direct funding, for providing the duties described in subsection (1) of this section: Provided, That funds appropriated in section 21075 shall be obligated within sixty days after enactment of this Act.

SEC. 3303. Funds made available under section 613 of Public Law 109–108 (119 Stat. 2338) for Nevada's Commission on Economic Development shall be made available to the Nevada Center for Entrepreneurship and Technology (CET).

SEC. 3304. From the amount provided by section 21067 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5), the National Archives and Records Administration may obligate monies necessary to carry out the activities of the Public Interest Declassification Board.

SEC. 3305. None of the funds appropriated or otherwise made available in section 21063 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5) for the ''General Services Administration, Real Property Activities, Federal Buildings Fund'', may be obligated for design, construction, or acquisition until the House and Senate Committees on Appropriations approve a revised detailed plan, by project, on the use of such funds: Provided, That the new plan shall include funding for completion of courthouse construction projects which received funding in fiscal year 2006 above a level of $5,000,000: Provided further, That such plan shall be provided by the Administrator of the General Services Administration to the House of Representatives and the Senate Committees on Appropriations within seven days of enactment.

SEC. 3306. Notwithstanding the notice requirement of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006, 119 Stat. 2509 (Public Law 109–115), as continued in section 104 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5), the District of Columbia Courts may reallocate not more than $1,000,000 of the funds provided for fiscal year 2007 under the Federal Payment to the District of Columbia Courts for facilities among the items and entities funded under that heading for operations.

SEC. 3307. (a) Not later than 90 days after the date of enactment of this Act, the Secretary of the Treasury, in coordination with the Securities and Exchange Commission and in consultation with the Departments of State and Energy, shall prepare and submit to the Senate Committee on Appropriations, the House of Representatives Committee on Appropriations, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee an unclassified report, suitable to be made public, that contains the names of (1) all companies trading in securities that are registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 781) which either directly or through a parent or subsidiary company, including partly-owned subsidiaries, conduct business operations in Sudan relating to natural resource extraction, including oil-related activities and mining of minerals; and (2) the names of all other companies, which either directly or through a parent or subsidiary company, including partly-owned subsidiaries, conduct business operations in Sudan relating to natural resource extraction, including oil-related activities and mining of minerals. The reporting provision shall not apply to companies operating under licenses from the Office of Foreign Assets Control or otherwise expressly exempted under United States law from having to obtain such licenses in order to operate in Sudan.

(b) Not later than 20 days after enactment, the Secretary of the Treasury shall inform the aforementioned committees of Congress of any statutory or other legal impediments to the successful completion of this report.

(c) Not later than 45 days following the submission to Congress of the list of companies conducting business operations in Sudan relating to natural resource extraction required above, the General Services Administration shall determine whether the United States Government has an active contract for the procurement of goods or services with any of the identified companies, and provide notification to the appropriate committees of Congress of the companies, nature of the contract, and dollar amounts involved.

(INCLUDING RESCISSION)

SEC. 3308. (a) Of the funds provided for the General Services Administration, ''Office of Inspector General'' in section 21061 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5), $8,000,000 are rescinded.

(b) For an additional amount for the General Services Administration, ''Office of Inspector General'', $8,000,000, to remain available until September 30, 2008.

SEC. 3309. Section 21073 of the Continuing Appropriations Resolution, 2007 (Public Law 110–5)

is amended by adding a new subsection (j) as follows:

''(j) Notwithstanding section 101, any appropriation or funds made available to the District of Columbia pursuant to this division for 'Federal Payment for Foster Care Improvement in the District of Columbia' shall be available in accordance with an expenditure plan submitted by the Mayor of the District of Columbia not later than 60 days after the enactment of this section which details the activities to be carried out with such Federal Payment.''.

SEC. 3310. Pursuant to section 140 of Public Law 97–92, justices and judges of the United States are authorized during fiscal year 2007 to receive a salary adjustment in accordance with section 461 of title 28, United States Code.

CHAPTER 4

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3401. Any unobligated balances remaining from prior appropriations for United States Coast Guard, ''Retired Pay'' shall remain available until expended in the account and for the purposes for which the appropriations were provided, including the payment of obligations otherwise chargeable to lapsed or current appropriations for this purpose.

SEC. 3402. INTEGRATED DEEPWATER SYSTEM. (a) COMPETITION FOR ACQUISITION AND MODIFICATION OF ASSETS.—

(1) IN GENERAL.—The Commandant of the Coast Guard shall utilize full and open competition for any contract entered into after the date of enactment of this Act that provides for the acquisition or modification of assets under, or in support of, the Integrated Deepwater System Program of the Coast Guard.

(2) EXCEPTIONS.—Paragraph (1) shall not apply to the following:

(A) The acquisition or modification of the following asset classes for which assets of the class and related systems and components under the Integrated Deepwater System are under a contract for production:

(i) National Security Cutter;

(ii) Maritime Patrol Aircraft;

(iii) Deepwater Command, Control, Communications, Computer, Intelligence, Surveillance, and Reconnaissance (C4ISR) System; and

(iv) HC–130J Fleet Introduction.

(B) The modification of any legacy asset class under the Integrated Deepwater System Program being performed by a Coast Guard entity.

(b) CHAIR OF PRODUCT AND OVERSIGHT TEAMS.—The Commandant of the Coast Guard shall assign an appropriate officer or employee of the Coast Guard to act as chair of each of the following:

(1) Each integrated product team under the Integrated Deepwater System Program.

(2) Each higher-level team assigned to the oversight of a product team referred to in paragraph (1).

(c) LIFE-CYCLE COST ESTIMATE.—The Commandant of the Coast Guard may not enter into a contract for lead asset production under the Integrated Deepwater System Program until the Commandant obtains an independent estimate of life-cycle costs of the asset concerned.

(d) REVIEW OF ACQUISITIONS AND MAJOR DESIGN CHANGES.—

(1) IN GENERAL.—With the exception of assets covered under (a)(2) of this section, the Commandant of the Coast Guard may not carry out an action described in paragraph (2) unless an independent third party with no financial interest in the development, construction, or modification of any component of the Integrated Deepwater System Program, selected by the Commandant for purposes of the subsection, determines that such action is advisable.

(2) COVERED ACTIONS.—The actions described in the paragraph are as follows:

(A) The acquisition or modification of an asset under the Integrated Deepwater System Program.

(B) The implementation of a major design change for an asset under the Integrated Deepwater System Program.

(e) LINKING OF AWARD FEES TO SUCCESSFUL ACQUISITION OUTCOMES.—The Commandant of the Coast Guard shall require that all contracts under the Integrated Deepwater System Program that provide award fees link such fees to successful acquisition outcomes (which shall be defined in terms of cost, schedule, and performance).

(f) CONTRACTUAL AGREEMENTS.—

(1) IN GENERAL.—The Commandant of the Coast Guard may not award or issue any contract, task or delivery order, letter contract modification thereof, or other similar contract, for the acquisition or modification of an asset under the Integrated Deepwater System Program unless the Coast Guard and the contractor concerned have formally agreed to all terms and conditions.

(2) EXCEPTION.—A contract, task or delivery order, letter contract, modification thereof, or other similar contract described in paragraph (1) may be awarded or issued if the head of contracting activity of the Coast Guard determines that a compelling need exists for the award or issue of such instrument.

(g) DESIGNATION OF TECHNICAL AUTHORITY.—The Commandant of the Coast Guard shall designate the Assistant Commandant of the Coast Guard for Engineering and Logistics as the technical authority for all engineering, design, and logistics decisions pertaining to the Integrated Deepwater System Program.

(h) REPORT ON PERSONNEL REQUIRED FOR ACQUISITION MANAGEMENT.—Not later than 30 days after the date of the enactment of this Act, the Commandant of the Coast Guard shall submit to the Committees on Appropriations of the Senate and the House of Representatives; the Committee on Commerce, Science and Transportation of the Senate; and the Committee on Transportation and Infrastructure of the House of Representatives a report on the resources (including training, staff, and expertise) required by the Coast Guard to provide appropriate management and oversight of the Integrated Deepwater System Program.

(i) COMPTROLLER GENERAL REPORT ON PROGRESS.—Not later than 60 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committees on Appropriations of the Senate and the House of Representatives; the Committee on Commerce, Science and Transportation of the Senate; and the Committee on Transportation and Infrastructure of the House of Representatives a report describing and assessing the progress of the Coast Guard in complying with the requirements of this section.

SEC. 3403. None of the funds provided in this Act or any other Act may be used to alter or reduce operations within the Civil Engineering Program of the Coast Guard nationwide, including the civil engineering units, facilities, design and construction centers, maintenance and logistics command centers, the Coast Guard Academy and the Coast Guard Research and Development Center, except as specifically authorized by a statute enacted after the date of enactment of this Act.

CHAPTER 5

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3501. Section 20515 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting before the period: ''; and of which, not to exceed $143,628,000 shall be available for contract support costs under the terms and conditions contained in Public Law 109–54''.

SEC. 3502. Section 20512 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting after the first dollar amount: '', of which not to exceed $7,300,000 shall be transferred to the 'Indian Health Facilities' account; the amount in the second proviso shall be $18,000,000; the amount in the third proviso shall be $525,099,000; the amount in the ninth proviso shall be $269,730,000; and the $15,000,000 allocation of funding under the eleventh proviso shall not be required''.

SEC. 3503. Section 20501 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting after $55,663,000: ''of which $13,000,000 shall be for Save America's Treasures''.

SEC. 3504. Of the funds made available to the United States Fish and Wildlife Service for fiscal year 2007 under the heading ''Land Acquisition'', not to exceed $1,980,000 may be used for land conservation partnerships authorized by the Highlands Conservation Act of 2004.

SEC. 3505. The Administrator of the Environmental Protection Agency shall grant to the Water Environment Research Foundation (WERF) such sums as were directed in fiscal year 2005 and fiscal year 2006 for the On-Farm Assessment and Environmental Review program: Provided, That not less than 95 percent of funds made available shall be used by WERF to award competitively a contract to perform the program's environmental assessments: Provided further, That WERF shall not retain more than 5 percent of such sums for administrative expenses.

SEC. 3506. In providing any grants for small and rural community technical and compliance assistance under the Fiscal Year 2007 Operating Plan of the Environmental Protection Agency, the Administrator of the Environmental Protection Agency shall give priority to small systems and qualified (as determined by the Administrator) organizations that have the most need (or a majority of need) from small communities in each State.

CHAPTER 6

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL INSTITUTES OF HEALTH

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

(TRANSFER OF FUNDS)

Of the amount provided by the Continuing Appropriations Resolution, 2007 for ''National Institute of Allergy and Infectious Diseases'', $49,500,000 shall be transferred to ''Public Health and Social Services Emergency Fund'' to carry out activities relating to advanced research and development as provided by section 319L of the Public Health Service Act.

GENERAL PROVISIONS—THIS CHAPTER

(TRANSFER OF FUNDS)

SEC. 3601. Section 20602 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by inserting the following after ''$5,000,000'': ''(together with an additional $7,000,000 which shall be transferred by the Pension Benefit Guaranty Corporation as an authorized administrative cost)''.

SEC. 3602. Section 20625(b)(1) of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5) is amended by—

(1) striking ''$7,172,994,000'' and inserting ''$7,176,431,000'';

(2) amending subparagraph (A) to read as follows:

''(A) $5,454,824,000 shall be for basic grants under section 1124 of the Elementary and Secondary Education Act of 1965 (ESEA), of which up to $3,437,000 shall be available to the Secretary of Education on October 1, 2006, to obtain annually updated educational-agency-level census poverty data from the Bureau of the Census;''; and

(3) amending subparagraph (C) to read as follows:

''(C) not to exceed $2,352,000 may be available for section 1608 of the ESEA and for a clearinghouse on comprehensive school reform under part D of title V of the ESEA;''.

SEC. 3603. (a) From the amounts available for Department of Education, Safe Schools and Citizenship Education as provided by the Continuing Appropriations Resolution, 2007, $321,500,000 shall be available for Safe and Drug-Free Schools State Grants and $247,335,000 shall be available for Safe and Drug-Free Schools National Programs.

(b) Of the amount available for Safe and Drug-Free National Programs, not less than $25,000,000 shall be for competitive grants to local educational agencies to address youth violence and related issues.

(c) The competition under subsection (b) shall be limited to local educational agencies that operate schools currently identified as persistently dangerous under section 9532 of the Elementary and Secondary Education Act of 1965.

SEC. 3604. The provision in the first proviso under the heading ''Rehabilitation Services and Disability Research'' in the Department of Education Appropriations Act, 2006, relating to alternative financing programs under section 4(b)(2)(D) of the Assistive Technology Act of 1998 shall not apply to funds appropriated by the Continuing Appropriations Resolution, 2007.

(TRANSFER OF FUNDS)

SEC. 3605. Notwithstanding sections 20639 and 20640 of the Continuing Appropriations Resolution, 2007, as amended by section 2 of the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5), the Chief Executive Officer of the Corporation for National and Community Service may transfer an amount of not more than $1,360,000 from the account under the heading ''National and Community Service Programs, Operating Expenses'' under the heading ''Corporation for National and Community Service'', to the account under the heading ''Salaries and Expenses'' under the heading ''Corporation for National and Community Service''.

SEC. 3606. Section 1310.12(a) of title 45 of the Code of Federal Regulations (October 1, 2004) shall be effective 30 days after enactment of this Act except that any vehicles in use to transport Head Start children as of January 1, 2007, shall not be subject to a requirement under that part regarding rear emergency exit doors for two years after the date of enactment.

The Secretary of Health and Human Services shall revise the allowable alternate vehicle standards described in that part 1310 (or any corresponding similar regulation or ruling) to exempt from Federal seat spacing requirements and supporting seating requirements related to compartmentalization any vehicle used to transport children for a Head Start program if the vehicle meets federal motor vehicle safety standards for seating systems, occupant crash protection, seat belt assemblies, and child restraint anchorage systems consistent with that part 1310 (or any corresponding similar regulation or ruling). Such revision shall be made in a manner consistent with the findings of the National Highway Traffic Safety Administration, pursuant to its study on occupant protection on Head Start transit vehicles, related to the Government Accountability Office report GAO–06–767R.

(INCLUDING RESCISSION)

SEC. 3607. (a) From the amounts made available by the Continuing Appropriations Resolution, 2007 (Public Law 109–289, as amended by the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5)) for the Office of the Secretary, General Departmental Management under the Department of Health and Human Services, $1,000,000 are rescinded.

(b) For the activities carried out by the Secretary of Education under section 3(a) of Public Law 108–406 (42 U.S.C. 15001 note), $1,000,000.

(INCLUDING RESCISSION)

SEC. 3608. (a) From the amounts made available by the Continuing Appropriations Resolution, 2007 for ''Department of Education, Student Aid Administration'', $2,000,000 are rescinded.

(b) For an additional amount for ''Department of Education, Higher Education'' under part B of title VII of the Higher Education Act of 1965 which shall be used to make a grant to the University of Vermont for the Educational Excellence Program, $2,000,000.

SEC. 3609. Section 1820 of the Social Security Act (42 U.S.C. 1395i–4) is amended—

(1) by redesignating subsection (j) as subsection (k); and

(2) by inserting after subsection (i) the following new subsection:

''(j) DELTA HEALTH INITIATIVE.—

''(1) IN GENERAL.—The Secretary is authorized to award a grant to the Delta Health Alliance, a nonprofit alliance of academic institutions in the Mississippi Delta region, to solicit and fund proposals from local governments, hospitals, health care clinics, academic institutions, and rural public health-related entities and organizations for research development, educational programs, health care services, job training, planning, construction, and the equipment of public health-related facilities in the Mississippi Delta region.

''(2) FEDERAL INTEREST IN PROPERTY.—With respect to funds used under this subsection for construction or alteration of property, the Federal interest in the property shall last for a period of 1 year following completion or until the Federal Government is compensated for its proportionate interest in the property if the property use changes or the property is transferred or sold, whichever time period is less. At the conclusion of such period, the Notice of Federal Interest in such property shall be removed.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this subsection in fiscal year 2007 and in each of the five succeeding fiscal years.''.

SEC. 3610. Not withstanding any other provision of this Act, section 3608(b) of this Act shall not take effect.

CHAPTER 7

GENERAL PROVISIONS—THIS CHAPTER

SEC. 3701. Section 2(c) of the Legislative Branch Appropriations Act, 1993 (2 U.S.C. 121d(c)) is amended by adding at the end the following:

''(3) The Secretary of the Senate may transfer from the fund to the Senate Employee Child Care Center proceeds from the sale of holiday ornaments by the Senate Gift Shop for the purpose of funding necessary activities and expenses of the Center, including scholarships, educational supplies, and equipment.''.

(INCLUDING RESCISSION)

SEC. 3702. (a) Of the funds provided for the ''Capitol Guide Service and Special Services Office'' in section 20703(a) of the Continuing Appropriations Resolution, 2007 (as added by section 2 of the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5)), $3,500,000 are rescinded.

(b) For an additional amount for ''Capitol Guide Service and Special Services Office'', $3,500,000, to remain available until September 30, 2008.

CHAPTER 8

GENERAL PROVISION—THIS CHAPTER

SEC. 3801. Notwithstanding any other provision of law, appropriations made by Public Law 110–5, or any other Act, which the Secretary of Veterans Affairs contributes to the Department of Defense/Department of Veterans Affairs Health Care Sharing Incentive Fund under the authority of section 8111(d) of title 38, United States Code, shall remain available until expended for any purpose authorized by section 8111 of title 38, United States Code.

CHAPTER 9

GENERAL PROVISIONS—THIS CHAPTER

CONSULTATION REQUIREMENT

SEC. 3901. Of the funds provided in the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5) for the United States-China Economic and Security Review Commission, $1,000,000 shall be available for obligation only in accordance with a spending plan submitted to and approved by the Committees on Appropriations which addresses the recommendations of the Government Accountability Office's audit of the Commission.

TECHNICAL AMENDMENT

SEC. 3902. (a) Notwithstanding any other provision of law, subsection (c) under the heading ''Assistance for the Independent States of the Former Soviet Union'' in Public Law 109–102, shall not apply to funds appropriated by the Continuing Appropriations Resolution, 2007 (Public Law 109–289, division B) as amended by Public Laws 109–369, 109–383, and 110–5.

(b) Section 534(k) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (Public Law 109–102) is amended, in the second proviso, by inserting after ''subsection (b) of that section'' the following: ''and the requirement that a majority of the members of the board of directors be United States citizens provided in subsection (d)(3)(B) of that section''.

(c) Subject to section 101(c)(2) of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–5), the amount of funds appropriated for ''Foreign Military Financing Program'' pursuant to such Resolution shall be construed to be the total of the amount appropriated for such program by section 20401 of that Resolution and the amount made available for such program by section 591 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (Public Law 109–102) which is made applicable to the fiscal year 2007 by the provisions of such Resolution.

CHAPTER 10

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For an additional amount to carry out the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, $4,800,000, to remain available until expended, to be derived from the Federal Housing Enterprises Oversight Fund and to be subject to the same terms and conditions pertaining to funds provided under this heading in Public Law 109–115: Provided, That not to exceed the total amount provided for these activities for fiscal year 2007 shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: Provided further, That the general fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the general fund estimated at not more than $0.

GENERAL PROVISIONS—THIS CHAPTER

SEC. 4001. Hereafter, funds limited or appropriated for the Department of Transportation may be obligated or expended to grant authority to a Mexican motor carrier to operate beyond United States municipalities and commercial zones on the United States-Mexico border only to the extent that—

(1) granting such authority is first tested as part of a pilot program;

(2) such pilot program complies with the requirements of section 350 of Public Law 107–87 and the requirements of section 31315(c) of title 49, United States Code, related to pilot programs; and

(3) simultaneous and comparable authority to operate within Mexico is made available to motor carriers domiciled in the United States.

SEC. 4002. Section 21033 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109–289, as amended by Public Law 110–

5) is amended by adding after the second proviso: '': Provided further, That paragraph (2) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $149,300,000, but additional section 8 tenant protection rental assistance costs may be funded in 2007 by using unobligated balances, notwithstanding the purposes for which such amounts were appropriated, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under this heading, the heading ''Annual Contributions for Assisted Housing'', the heading ''Housing Certificate Fund'', and the heading ''Project-Based Rental Assistance'' for fiscal year 2006 and prior fiscal years: Provided further, That paragraph (3) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $47,500,000: Provided further, That paragraph (4) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $5,900,000: Provided further, That paragraph (5) under such heading in Public Law 109–115 (119 Stat. 2441) shall be funded at $1,281,100,000, of which $1,251,100,000 shall be allocated for the calendar year 2007 funding cycle on a pro rata basis to public housing agencies based on the amount public housing agencies were eligible to receive in calendar year 2006, and of which up to $30,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, with up to $20,000,000 to be for fees associated with section 8 tenant protection rental assistance''.

SEC. 4003. The dates for subsidy reductions and demonstrations for discontinuance of reductions in operating subsidy under the new operating fund formula, pursuant to HUD regulations at 24 CFR 990.230, shall be moved forward so that the first demonstration date for asset management compliance shall be September 1, 2007, and reductions in subsidy for calendar year 2007 shall be limited to the 5 percent amount referred to in such regulations. Any public housing agency that has filed information to demonstrate compliance on or prior to April 15, 2007 shall be permitted to re-file the same or different information to demonstrate such compliance on or before September 1, 2007.

CHAPTER 11

GENERAL PROVISIONS—THIS ACT

AVAILABILITY OF FUNDS

SEC. 4101. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

EMERGENCY DESIGNATION FOR TITLE I

SEC. 4102. Amounts provided in title I of this Act are designated as emergency requirements pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

EMERGENCY DESIGNATION FOR TITLE II

SEC. 4103. Amounts provided in title II of this Act are designated as emergency requirements pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006.

TITLE IV—EMERGENCY FARM RELIEF

SEC. 401. SHORT TITLE.

This title may be cited as the ''Emergency Farm Relief Act of 2007''.

SEC. 402. DEFINITIONS.

In this title:

(1) ADDITIONAL COVERAGE.—The term ''additional coverage'' has the meaning given the term in section 502(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)(1)).

(2) APPLICABLE CROP.—The term ''applicable crop'' means 1 or more crops planted, or prevented from being planted, during, as elected by the producers on a farm, 1 of—

(A) the 2005 crop year;

(B) the 2006 crop year; or

(C) that part of the 2007 crop year that takes place before the end of the applicable period.

(3) APPLICABLE PERIOD.—The term ''applicable period'' means the period beginning on January 1, 2005 and ending on February 28, 2007.

(4) DISASTER COUNTY.—The term ''disaster county'' means—

(A) a county included in the geographic area covered by a natural disaster declaration; and

(B) each county contiguous to a county described in subparagraph (A).

(5) HURRICANE-AFFECTED COUNTY.—The term ''hurricane-affected county'' means—

(A) a county included in the geographic area covered by a natural disaster declaration related to Hurricane Katrina, Hurricane Rita, Hurricane Wilma, or a related condition; and

(B) each county contiguous to a county described in subparagraph (A).

(6) INSURABLE COMMODITY.—The term ''insurable commodity'' means an agricultural commodity (excluding livestock) for which the producers on a farm are eligible to obtain a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(7) LIVESTOCK.—The term ''livestock'' includes—

(A) cattle (including dairy cattle);

(B) bison;

(C) poultry;

(D) sheep;

(E) swine; and

(F) other livestock, as determined by the Secretary.

(8) NATURAL DISASTER DECLARATION.—The term ''natural disaster declaration'' means a natural disaster declared by the Secretary during the applicable period under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)).

(9) NONINSURABLE COMMODITY.—The term ''noninsurable commodity'' means a crop for which the producers on a farm are eligible to obtain assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

(10) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

Subtitle A—Agricultural Production Losses

SEC. 411. CROP DISASTER ASSISTANCE.

(a) IN GENERAL.—The Secretary shall use such sums as are necessary of funds of the Commodity Credit Corporation to make emergency financial assistance authorized under this section available to producers on a farm that have incurred qualifying losses described in subsection (c).

(b) ADMINISTRATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall make assistance available under this section in the same manner as provided under section 815 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001 (Public Law 106–387; 114 Stat. 1549A–55), including using the same loss thresholds for quantity and economic losses as were used in administering that section, except that the payment rate shall be 55 percent of the established price, instead of 65 percent.

(2) NONINSURED PRODUCERS.—For producers on a farm that were eligible to acquire crop insurance for the applicable production loss and failed to do so or failed to submit an application for the noninsured assistance program for the loss, the Secretary shall make assistance in accordance with paragraph (1), except that the payment rate shall be 20 percent of the established price, instead of 50 percent.

(c) QUALIFYING LOSSES.—Assistance under this section shall be made available to producers on farms, other than producers of sugar beets, that incurred qualifying quantity or quality losses for the applicable crop due to damaging weather or any related condition (including losses due to crop diseases, insects, and delayed harvest), as determined by the Secretary.

(d) QUALITY LOSSES.—

(1) IN GENERAL.—In addition to any payment received under subsection (b), the Secretary shall use such sums as are necessary of funds of the Commodity Credit Corporation to make payments to producers on a farm described in subsection (a) that incurred a quality loss for the applicable crop of a commodity in an amount equal to the product obtained by multiplying—

(A) the payment quantity determined under paragraph (2);

(B)(i) in the case of an insurable commodity, the coverage level elected by the insured under the policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); or

(ii) in the case of a noninsurable commodity, the applicable coverage level for the payment quantity determined under paragraph (2); by

(C) 55 percent of the payment rate determined under paragraph (3).

(2) PAYMENT QUANTITY.—For the purpose of paragraph (1)(A), the payment quantity for quality losses for a crop of a commodity on a farm shall equal the lesser of—

(A) the actual production of the crop affected by a quality loss of the commodity on the farm; or

(B)(i) in the case of an insurable commodity, the actual production history for the commodity by the producers on the farm under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); or

(ii) in the case of a noninsurable commodity, the established yield for the crop for the producers on the farm under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

(3) PAYMENT RATE.—

(A) IN GENERAL.—For the purpose of paragraph (1)(B), the payment rate for quality losses for a crop of a commodity on a farm shall be equal to the difference between (as determined by the applicable State committee of the Farm Service Agency)—

(i) the per unit market value that the units of the crop affected by the quality loss would have had if the crop had not suffered a quality loss; and

(ii) the per unit market value of the units of the crop affected by the quality loss.

(B) FACTORS.—In determining the payment rate for quality losses for a crop of a commodity on a farm, the applicable State committee of the Farm Service Agency shall take into account—

(i) the average local market quality discounts that purchasers applied to the commodity during the first 2 months following the normal harvest period for the commodity;

(ii) the loan rate and repayment rate established for the commodity under the marketing loan program established for the commodity under subtitle B of title I of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7931 et seq.);

(iii) the market value of the commodity if sold into a secondary market; and

(iv) other factors determined appropriate by the committee.

(4) ELIGIBILITY.—

(A) IN GENERAL.—For producers on a farm to be eligible to obtain a payment for a quality loss for a crop under this subsection—

(i) the amount obtained by multiplying the per unit loss determined under paragraph (1) by the number of units affected by the quality loss shall be reduced by the amount of any indemnification received by the producers on the farm for quality loss adjustment for the commodity under a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

(ii) the remainder shall be at least 25 percent of the value that all affected production of the crop would have had if the crop had not suffered a quality loss.

(B) INELIGIBILITY.—If the amount of a quality loss payment for a commodity for the producers on a farm determined under this paragraph is

equal to or less than zero, the producers on the farm shall be ineligible for assistance for the commodity under this subsection.

(5) ELIGIBLE PRODUCTION.—The Secretary shall carry out this subsection in a fair and equitable manner for all eligible production, including the production of fruits and vegetables, other specialty crops, and field crops.

(e) ELECTION OF CROP YEAR.—If a producer incurred qualifying crop losses in more than 1 of the crop years during the applicable period, the producers on a farm shall elect to receive assistance under this section for losses incurred in only 1 of the crop years.

(f) PAYMENT LIMITATION.—

(1) LIMITATION.—Assistance provided under this section to the producers on a farm for losses to a crop, together with the amounts specified in paragraph (2) applicable to the same crop, may not exceed 95 percent of what the value of the crop would have been in the absence of the losses, as estimated by the Secretary.

(2) OTHER PAYMENTS.—In applying the limitation in paragraph (1), the Secretary shall include the following:

(A) Any crop insurance payment made under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or payment under section 196 of the Federal Agricultural Improvement and Reform Act of 1996 (7 U.S.C. 7333) that the producers on the farm receive for losses to the same crop.

(B) The value of the crop that was not lost (if any), as estimated by the Secretary.

(g) TIMING.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make payments to producers on a farm for a crop under this section not later than 60 days after the date the producers on the farm submit to the Secretary a completed application for the payments.

(2) INTEREST.—If the Secretary does not make payments to the producers on a farm by the date described in paragraph (1), the Secretary shall pay to the producers on a farm interest on the payments at a rate equal to the current (as of the sign-up deadline established by the Secretary) market yield on outstanding, marketable obligations of the United States with maturities of 30 years.

SEC. 412. DAIRY ASSISTANCE.

The Secretary shall use $95,000,000 of funds of the Commodity Credit Corporation to make payments to dairy producers for dairy production losses in disaster counties.

SEC. 413. MILK INCOME LOSS CONTRACT PROGRAM.

Section 1502(c)(3) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7982(c)(3)) is amended—

(1) in subparagraph (A), by adding ''and'' at the end;

(2) in subparagraph (B), by striking ''August'' and all that follows through the end and inserting ''September 30, 2007, 34 percent.''; and

(3) by striking subparagraph (C).

SEC. 414. LIVESTOCK ASSISTANCE.

(a) LIVESTOCK COMPENSATION PROGRAM.—

(1) USE OF COMMODITY CREDIT CORPORATION FUNDS.—Effective beginning on the date of enactment of this Act, the Secretary shall use funds of the Commodity Credit Corporation to carry out the 2002 Livestock Compensation Program announced by the Secretary on October 10, 2002 (67 Fed. Reg. 63070), to provide compensation for livestock losses during the applicable period for losses (including losses due to blizzards that began in calendar year 2006 and continued in January 2007) due to a disaster, as determined by the Secretary, except that the payment rate shall be 80 percent of the payment rate established for the 2002 Livestock Compensation Program.

(2) ELIGIBLE APPLICANTS.—In carrying out the program described in paragraph (1), the Secretary shall provide assistance to any applicant for livestock losses during the applicable period that—

(A)(i) conducts a livestock operation that is located in a disaster county, including any applicant conducting a livestock operation with eligible livestock (within the meaning of the livestock assistance program under section 101(b) of division B of Public Law 108–324 (118 Stat. 1234)); or

(ii) produces an animal described in section 10806(a)(1) of the Farm Security and Rural Investment Act of 2002 (21 U.S.C. 321d(a)(1));

(B) demonstrates to the Secretary that the applicant suffered a material loss of pasture or hay production, or experienced substantially increased feed costs, due to damaging weather or a related condition during the calendar year, as determined by the Secretary; and

(C) meets all other eligibility requirements established by the Secretary for the program.

(3) MITIGATION.—In determining the eligibility for or amount of payments for which a producer is eligible under the livestock compensation program, the Secretary shall not penalize a producer that takes actions (recognizing disaster conditions) that reduce the average number of livestock the producer owned for grazing during the production year for which assistance is being provided.

(4) PAYMENTS FOR REDUCTION IN GRAZING ON FEDERAL LAND.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall make payments to livestock producers that are in proportion to any reduction during calendar year 2007 in grazing on Federal land in a disaster county leased by the producers a result of actions described in subparagraph (B).

(B) FEDERAL ACTIONS.—Actions referred to in subparagraph (A) are actions taken during calendar year 2007 by the Bureau of Land Management or other Federal agency to restrict or prohibit grazing otherwise allowed under the terms of the lease of the producers in order to expedite the recovery of the Federal land from drought, wildfire, or other natural disaster declared by the Secretary during the applicable period.

(5) LIMITATION.—The Secretary shall ensure, to the maximum extent practicable, that producers on a farm do not receive duplicative payments under this subsection and another Federal program with respect to any loss.

(b) LIVESTOCK INDEMNITY PAYMENTS.—

(1) IN GENERAL.—The Secretary shall use such sums as are necessary of funds of the Commodity Credit Corporation to make livestock indemnity payments to producers on farms that have incurred livestock losses during the applicable period (including losses due to blizzards that began in calendar year 2006 and continued in January 2007) due to a disaster, as determined by the Secretary, including losses due to hurricanes, floods, anthrax, wildfires, and extreme heat.

(2) PAYMENT RATES.—Indemnity payments to a producer on a farm under paragraph (1) shall be made at a rate of not less than 30 percent of the market value of the applicable livestock on the day before the date of death of the livestock, as determined by the Secretary.

(c) EWE LAMB REPLACEMENT AND RETENTION.—

(1) IN GENERAL.—The Secretary shall use $13,000,000 of funds of the Commodity Credit Corporation to make payments to producers located in disaster counties under the Ewe Lamb Replacement and Retention Payment Program under part 784 of title 7, Code of Federal Regulations (or a successor regulation) for each qualifying ewe lamb retained or purchased during the period beginning on January 1, 2006, and ending on December 31, 2006, by the producers.

(2) INELIGIBILITY FOR OTHER ASSISTANCE.—A producer that receives assistance under this subsection shall not be eligible to receive assistance under subsection (a).

(d) ELECTION OF PRODUCTION YEAR.—If a producer incurred qualifying production losses in more than one of the production years, the producers on a farm shall elect to receive assistance under this section in only one of the production years.

(e) EXCEPTION.—Notwithstanding any other provision of this section, livestock producers on a farm shall be eligible to receive assistance under subsection (a) or livestock indemnity payments under subsection (b) if the producers on a farm—

(1) have livestock operations in a county included in the geographic area covered by a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) due to blizzards, ice storms, or other winter–related causes during the period of December 2006 through January 2007; and

(2) meet all eligibility requirements for the assistance or payments other than the requirements relating to disaster declarations by the Secretary under subsections (a) and (b)(1).

SEC. 415. FLOODED CROP AND GRAZING LAND.

(a) IN GENERAL.—The Secretary shall compensate eligible owners of flooded crop and grazing land in the State of North Dakota.

(b) ELIGIBILITY.—

(1) IN GENERAL.—To be eligible to receive compensation under this section, an owner shall own land described in subsection (a) that, during the 2 crop years preceding receipt of compensation, was rendered incapable of use for the production of an agricultural commodity or for grazing purposes (in a manner consistent with the historical use of the land) as the result of flooding, as determined by the Secretary.

(2) INCLUSIONS.—Land described in paragraph (1) shall include—

(A) land that has been flooded;

(B) land that has been rendered inaccessible due to flooding; and

(C) a reasonable buffer strip adjoining the flooded land, as determined by the Secretary.

(3) ADMINISTRATION.—The Secretary may establish—

(A) reasonable minimum acreage levels for individual parcels of land for which owners may receive compensation under this section; and

(B) the location and area of adjoining flooded land for which owners may receive compensation under this section.

(c) SIGN-UP.—The Secretary shall establish a sign-up program for eligible owners to apply for compensation from the Secretary under this section.

(d) COMPENSATION PAYMENTS.—

(1) IN GENERAL.—Subject to paragraphs (2) and (3), the rate of an annual compensation payment under this section shall be equal to 90 percent of the average annual per acre rental payment rate (at the time of entry into the contract) for comparable crop or grazing land that has not been flooded and remains in production in the county where the flooded land is located, as determined by the Secretary.

(2) REDUCTION.—An annual compensation payment under this section shall be reduced by the amount of any conservation program rental payments or Federal agricultural commodity program payments received by the owner for the land during any crop year for which compensation is received under this section.

(3) EXCLUSION.—During any year in which an owner receives compensation for flooded land under this section, the owner shall not be eligible to participate in or receive benefits for the flooded land under—

(A) the Federal crop insurance program established under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(B) the noninsured crop assistance program established under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333); or

(C) any Federal agricultural crop disaster assistance program.

(e) RELATIONSHIP TO AGRICULTURAL COMMODITY PROGRAMS.—The Secretary, by regulation, shall provide for the preservation of cropland base, allotment history, and payment

yields applicable to land described in subsection (a) that was rendered incapable of use for the production of an agricultural commodity or for grazing purposes as the result of flooding.

(f) USE OF LAND.—

(1) IN GENERAL.—An owner that receives compensation under this section for flooded land shall take such actions as are necessary to not degrade any wildlife habitat on the land that has naturally developed as a result of the flooding.

(2) RECREATIONAL ACTIVITIES.—To encourage owners that receive compensation for flooded land to allow public access to and use of the land for recreational activities, as determined by the Secretary, the Secretary may—

(A) offer an eligible owner additional compensation; and

(B) provide compensation for additional acreage under this section.

(g) FUNDING.—

(1) IN GENERAL.—The Secretary shall use $6,000,000 of funds of the Commodity Credit Corporation to carry out this section.

(2) PRO-RATED PAYMENTS.—In a case in which the amount made available under paragraph (1) for a fiscal year is insufficient to compensate all eligible owners under this section, the Secretary shall pro-rate payments for that fiscal year on a per acre basis.

SEC. 416. SUGAR BEET AND SUGAR CANE DISASTER ASSISTANCE.

(a) IN GENERAL.—The Secretary shall use $24,000,000 of funds of the Commodity Credit Corporation to provide assistance to sugar beet producers that suffered production losses (including quality losses) for the applicable crop.

(b) REQUIREMENT.—The Secretary shall make payments under subsection (a) in the same manner as payments were made under section 208 of the Agricultural Assistance Act of 2003 (Public Law 108–7; 117 Stat. 544), including using the same indemnity benefits as were used in carrying out that section.

(c) HAWAII.—The Secretary shall use $3,000,000 of funds of the Commodity Credit Corporation to assist sugarcane growers in Hawaii by making a payment in that amount to an agricultural transportation cooperative in Hawaii, the members of which are eligible to obtain a loan under section 156(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(a)).

(d) ELECTION OF CROP YEAR.—If a producer incurred qualifying crop losses in more than one of the crop years during the applicable period, the producers on a farm shall elect to receive assistance under this section for losses incurred in only one of the crop years.

SEC. 417. NONINSURED CROP ASSISTANCE PROGRAM.

Section 196(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(c)) is amended by adding at the end the following:

''(5) LOSS ASSESSMENT FOR GRAZING.—The Secretary shall permit the use of 1 claims adjustor certified by the Secretary to assess the quantity of loss on the acreage or allotment of a producer devoted to grazing for livestock under this section.''.

SEC. 418. REDUCTION IN PAYMENTS.

The amount of any payment for which a producer is eligible under this subtitle shall be reduced by any amount received by the producer for the same loss or any similar loss under—

(1) the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 (Public Law 109–148; 119 Stat. 2680);

(2) an agricultural disaster assistance provision contained in the announcement of the Secretary on January 26, 2006, or August 29, 2006;

(3) the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 418); or

(4) the Livestock Assistance Grant Program announced by the Secretary on August 29, 2006.

Subtitle B—Small Business Economic Loss Grant Program

SEC. 421. SMALL BUSINESS ECONOMIC LOSS GRANT PROGRAM.

(a) DEFINITION OF QUALIFIED STATE.—In this section, the term ''qualified State'' means a State in which at least 50 percent of the counties of the State were declared to be primary agricultural disaster areas by the Secretary during the applicable period.

(b) GRANTS TO QUALIFIED STATES.—

(1) IN GENERAL.—The Secretary shall use $100,000,000 of funds of the Commodity Credit Corporation to make grants to State departments of agriculture or comparable State agencies in qualified States.

(2) AMOUNT.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall allocate grants among qualified States described in paragraph (1) based on the average value of agricultural sector production in the qualified State, determined as a percentage of the gross domestic product of the qualified State.

(B) MINIMUM AMOUNT.—The minimum amount of a grant under this subsection shall be $500,000.

(3) REQUIREMENT.—To be eligible to receive a grant under this subsection, a qualified State shall agree to carry out an expedited disaster assistance program to provide direct payments to qualified small businesses in accordance with subsection (c).

(c) DIRECT PAYMENTS TO QUALIFIED SMALL BUSINESSES.—

(1) IN GENERAL.—In carrying out an expedited disaster assistance program described in subsection (b)(3), a qualified State shall provide direct payments to eligible small businesses in the qualified State that suffered material economic losses during the applicable period as a direct result of weather-related agricultural losses to the crop or livestock production sectors of the qualified State, as determined by the Secretary.

(2) ELIGIBILITY.—

(A) IN GENERAL.—To be eligible to receive a direct payment under paragraph (1), a small business shall—

(i) have less than $15,000,000 in average annual gross income from all business activities, at least 75 percent of which shall be directly related to production agriculture or agriculture support industries, as determined by the Secretary;

(ii) verify the amount of economic loss attributable to weather-related agricultural losses using such documentation as the Secretary and the head of the qualified State agency may require;

(iii) have suffered losses attributable to weather-related agricultural disasters that equal at least 50 percent of the total economic loss of the small business for each year a grant is requested; and

(iv) demonstrate that the grant will materially improve the likelihood the business will—

(I) recover from the disaster; and

(II) continue to service and support production agriculture.

(B) EMERGENCY GRANTS TO ASSIST LOW-INCOME MIGRANT AND SEASONAL FARMWORKERS.—

(i) Funds made available by this subtitle may be used to carry out assistance programs in States that are consistent with the purpose and intent of the program authorized at section 2281 of the Food, Agriculture, Conservation and Trade Act of 1990 (42 U.S.C. 5177a).

(ii) In carrying out this subparagraph, a qualified State may waive the gross income requirement at subparagraph (A)(i) of this paragraph.

(3) REQUIREMENTS.—A direct payment to small business under this subsection shall—

(A) be limited to not more than 2 years of documented losses; and

(B) be in an amount of not more than 75 percent of the documented average economic loss attributable to weather-related agriculture disasters for each eligible year in the qualified State.

(4) INSUFFICIENT FUNDING.—If the grant funds received by a qualified State agency under subsection (b) are insufficient to fund the direct payments of the qualified State agency under this subsection, the qualified State agency may apply a proportional reduction to all of the direct payments.

Subtitle C—Forestry

SEC. 431. TREE ASSISTANCE PROGRAM.

(a) DEFINITION OF TREE.—In this section, the term ''tree'' includes—

(1) a tree (including a Christmas tree, ornamental tree, nursery tree, and potted tree);

(2) a bush (including a shrub, nursery shrub, nursery bush, ornamental bush, ornamental shrub, potted bush, and potted shrub); and

(3) a vine (including a nursery vine and ornamental vine).

(b) PROGRAM.—Except as otherwise provided in this section, the Secretary shall use such sums as are necessary of the funds of the Commodity Credit Corporation to provide assistance under the terms and conditions of the tree assistance program established under subtitle C of title X of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8201 et seq.) to—

(1) producers who suffered tree losses in disaster counties; and

(2) fruit and tree nut producers in disaster counties.

(c) COSTS.—Funds made available under this section shall also be made available to cover costs associated with tree pruning, tree rehabilitation, and other appropriate tree-related activities as determined by the Secretary.

(d) SCOPE OF ASSISTANCE.—Assistance under this section shall compensate for losses resulting from disasters during the applicable period.

Subtitle D—Conservation

SEC. 441. EMERGENCY CONSERVATION PROGRAM.

The Secretary shall use an additional $35,000,000 of funds of the Commodity Credit Corporation to carry out emergency measures, including wildfire recovery efforts in Montana and other States, identified by the Administrator of the Farm Service Agency as of the date of enactment of this Act through the emergency conservation program established under title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 et seq.), of which $3,000,000 shall be to repair broken irrigation pipelines and damaged and collapsed water tanks, $1,000,000 to provide emergency loans for losses of agricultural income, and $2,000,000 to repair ditch irrigation systems in conjunction with the Presidential declaration of a major disaster (FEMA–1664–DR), dated October 17, 2006, and related determinations issued under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121–5206 (the Stafford Act): Provided, That the Secretary may transfer a portion of these funds to the Natural Resources Conservation Service, to include Resource Conservation and Development councils.

SEC. 442. EMERGENCY WATERSHED PROTECTION PROGRAM.

The Secretary shall use an additional $50,000,000 of funds of the Commodity Credit Corporation to carry out emergency measures identified by the Chief of the Natural Resources Conservation Service as of the date of enactment of this Act through the emergency watershed protection program established under section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203).

SEC. 443. CONSERVATION SECURITY PROGRAM.

Section 20115 of Public Law 110–5 is amended by striking ''section 726'' and inserting in lieu thereof ''section 726; section 741''.

Subtitle E—Farm Service Agency

SEC. 451. FUNDING FOR ADDITIONAL PERSONNEL AND ADMINISTRATIVE SUPPORT.

The Secretary shall use $30,000,000 of funds of the Commodity Credit Corporation—

(1) of which $9,000,000 shall be used to hire additional County Farm Service Agency personnel to expedite the implementation of, and delivery under, the agricultural disaster and economic assistance programs under this title; and

(2) to be used as the Secretary determines to be necessary to carry out this and other agriculture and disaster assistance programs.

Subtitle F—Miscellaneous

SEC. 461. CONTRACT WAIVER.

In carrying out this title and section 101(a)(5) of the Emergency Supplemental Appropriations for Hurricane Disasters Assistance Act, 2005 (Public Law 108–324; 118 Stat. 1233), the Secretary shall not require participation in a crop insurance pilot program relating to forage.

SEC. 462. INSECT INFESTATIONS.

(a) IN GENERAL.—The Secretary, acting through the Administrator of the Animal and Plant Health Inspection Service, shall use not less than $20,000,000 of funds made available from the Commodity Credit Corporation for the Animal and Plant Health Inspection Service to survey and control insect infestations in the States of Nevada, Idaho, and Utah.

(b) USE OF FUNDS.—Funds described in subsection (a) shall be used in a manner that promotes cooperative efforts between Federal programs (including the plant protection and quarantine program of the Animal and Plant Health Inspection Service) and State and local programs carried out, in whole or in part, with Federal funds to fight insect outbreaks.

SEC. 463. FUNDING.

The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title, to remain available until expended.

SEC. 464. REGULATIONS.

(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to implement this title.

(b) PROCEDURE.—The promulgation of the regulations and administration of this title shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

Subtitle G—Emergency Designation

SEC. 471. EMERGENCY DESIGNATION.

The amounts provided under this title are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

TITLE V—FAIR MINIMUM WAGE AND TAX RELIEF

Subtitle A—Fair Minimum Wage

SEC. 500. SHORT TITLE.

This subtitle may be cited as the ''Fair Minimum Wage Act of 2007''.

SEC. 501. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2007;

''(B) $6.55 an hour, beginning 12 months after that 60th day; and

''(C) $7.25 an hour, beginning 24 months after that 60th day;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 60 days after the date of enactment of this Act.

SEC. 502. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

Subtitle B—Small Business Tax Incentives

SEC. 510. SHORT TITLE; AMENDMENT OF CODE.

(a) SHORT TITLE.—This subtitle may be cited as the ''Small Business and Work Opportunity Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this subtitle 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.

PART I—SMALL BUSINESS TAX RELIEF PROVISIONS

Subpart A—General Provisions

SEC. 511. EXTENSION OF INCREASED EXPENSING FOR SMALL BUSINESSES.

Section 179 (relating to election to expense certain depreciable business assets) is amended by striking ''2010'' each place it appears and inserting ''2011''.

SEC. 512. EXTENSION AND MODIFICATION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

(b) MODIFICATION OF TREATMENT OF QUALIFIED RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION DEDUCTION.—

(1) TREATMENT TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building (or its structural components) or an improvement to such building if more than 50 percent of such building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 513. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—

(1) IN GENERAL.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) CERTAIN SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection, a taxpayer is an eligible taxpayer with respect to any taxable year if—

''(A) for each of the prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the gross receipts test in effect under section 448(c) for such taxable year, and

''(B) the taxpayer is not subject to section 447 or 448.''.

(2) EXPANSION OF GROSS RECEIPTS TEST.—

(A) IN GENERAL.—Paragraph (3) of section 448(b) (relating to entities with gross receipts of not more than $5,000,000) is amended to read as follows:

''(3) ENTITIES MEETING GROSS RECEIPTS TEST.—Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if, for each of the prior taxable years ending on or after the date of the enactment of the Small Business and Work Opportunity Act of 2007, the entity (or any predecessor) met the gross receipts test in effect under subsection (c) for such prior taxable year.''.

(B) CONFORMING AMENDMENTS.—Section 448(c) of such Code is amended—

(i) by striking ''$5,000,000'' in the heading thereof,

(ii) by striking ''$5,000,000'' each place it appears in paragraph (1) and inserting ''$10,000,000'', and

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

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) 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.

''If any amount as adjusted under this subparagraph is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—

(1) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—A qualified taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If a qualified taxpayer does not use inventories with respect to any property for any taxable year beginning after the date of the enactment of this subsection, such property shall be treated as a material or supply which is not incidental.

''(3) QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'qualified taxpayer' means—

''(A) any eligible taxpayer (as defined in section 446(g)(2)), and

''(B) any taxpayer described in section 448(b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subpart D of part II of subchapter E of chapter 1 is amended by striking section 474.

(B) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by striking the item relating to section 474.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 514. EXTENSION AND MODIFICATION OF COMBINED WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking ''2007'' and inserting ''2012''.

(b) INCREASE IN MAXIMUM AGE FOR DESIGNATED COMMUNITY RESIDENTS.—

(1) IN GENERAL.—Paragraph (5) of section 51(d) is amended to read as follows:

''(5) DESIGNATED COMMUNITY RESIDENTS.—

''(A) IN GENERAL.—The term 'designated community resident' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 40 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(B) INDIVIDUAL MUST CONTINUE TO RESIDE IN ZONE, COMMUNITY, OR COUNTY.—In the case of a designated community resident, the term 'qualified wages' shall not include wages paid or incurred for services performed while the individual's principal place of abode is outside an empowerment zone, enterprise community, renewal community, or rural renewal county.

''(C) RURAL RENEWAL COUNTY.—For purposes of this paragraph, the term 'rural renewal county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.''.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 51(d)(1) is amended to read as follows:

''(D) a designated community resident,''.

(c) CLARIFICATION OF TREATMENT OF INDIVIDUALS UNDER INDIVIDUAL WORK PLANS.—Subparagraph (B) of section 51(d)(6) (relating to vocational rehabilitation referral) 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) an individual work plan developed and implemented by an employment network pursuant to subsection (g) of section 1148 of the Social Security Act with respect to which the requirements of such subsection are met.''.

(d) TREATMENT OF DISABLED VETERANS UNDER THE WORK OPPORTUNITY TAX CREDIT.—

(1) DISABLED VETERANS TREATED AS MEMBERS OF TARGETED GROUP.—

(A) IN GENERAL.—Subparagraph (A) of section 51(d)(3) (relating to qualified veteran) is amended by striking ''agency as being a member of a family'' and all that follows and inserting ''agency as—

''(i) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date, or

''(ii) entitled to compensation for a service-connected disability incurred after September 10, 2001.''.

(B) DEFINITIONS.—Paragraph (3) of section 51(d) is amended by adding at the end the following new subparagraph:

''(C) OTHER DEFINITIONS.—For purposes of subparagraph (A), the terms 'compensation' and 'service-connected' have the meanings given such terms under section 101 of title 38, United States Code.''.

(2) INCREASE IN AMOUNT OF WAGES TAKEN INTO ACCOUNT FOR DISABLED VETERANS.—Paragraph (3) of section 51(b) is amended—

(A) by inserting ''($12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))'' before the period at the end, and

(B) by striking ''**ONLY FIRST** $6,000 of'' in the heading and inserting ''**LIMITATION ON**''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 515. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a)(1), 3231(e)(2)(C), and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer during the term of such service contract, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—Solely for purposes of its liability for the taxes, and other obligations, imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (f)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2), but only with respect to remuneration remitted by such organization to such individual, and

''(2) exclusions, definitions, and other rules which are based on the type of employer and which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) TREATMENT OF CREDITS.—

''(1) IN GENERAL.—For purposes of any credit specified in paragraph (2)—

''(A) such credit with respect to a work site employee performing services for the customer applies to the customer, not the certified professional employer organization,

''(B) the customer, and not the certified professional employer organization, shall take into account wages and employment taxes—

''(i) paid by the certified professional employer organization with respect to the work site employee, and

''(ii) for which the certified professional employer organization receives payment from the customer, and

''(C) the certified professional employer organization shall furnish the customer with any information necessary for the customer to claim such credit.

''(2) CREDITS SPECIFIED.—A credit is specified in this paragraph if such credit is allowed under—

''(A) section 41 (credit for increasing research activity),

''(B) section 45A (Indian employment credit),

''(C) section 45B (credit for portion of employer social security taxes paid with respect to employee cash tips),

''(D) section 45C (clinical testing expenses for certain drugs for rare diseases or conditions),

''(E) section 51 (work opportunity credit),

''(F) section 51A (temporary incentives for employing long-term family assistance recipients),

''(G) section 1396 (empowerment zone employment credit),

''(H) 1400(d) (DC Zone employment credit),

''(I) Section 1400H (renewal community employment credit), and

''(J) any other section as provided by the Secretary.

''(e) SPECIAL RULE FOR RELATED PARTY.—This section shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in

section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(f) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS DEFINED.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who has been certified by the Secretary for purposes of section 3511 as meeting the requirements of subsection (b).

''(b) GENERAL REQUIREMENTS.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(3) agrees that it will satisfy the bond and independent financial review requirements of subsection (c) on an ongoing basis,

''(4) agrees that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(5) agrees to verify on such periodic basis as the Secretary may prescribe that it continues to meet the requirements of this subsection, and

''(6) agrees to notify the Secretary in writing within such time as the Secretary may prescribe of any change that materially affects whether it continues to meet the requirements of this subsection.

''(c) BOND AND INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of paragraph (2), and

''(B) meets the independent financial review requirements of paragraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of—

''(i) 5 percent of the organization's liability under section 3511 for taxes imposed by subtitle C during the preceding calendar year (but not to exceed $1,000,000), or

''(ii) $50,000.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this paragraph if such organization—

''(A) has, as of the most recent review date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant that the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides, not later than the last day of the second month beginning after the end of each calendar quarter, to the Secretary from an independent certified public accountant an assertion regarding Federal employment tax payments and an examination level attestation on such assertion.

Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) CONTROLLED GROUP RULES.—For purposes of the requirements of paragraphs (2) and (3), all professional employer organizations that are members of a controlled group within the meaning of sections 414(b) and (c) shall be treated as a single organization.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to any calendar quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) REVIEW DATE.—For purposes of paragraph (3)(A), the review date shall be 6 months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 3511 if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to such individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to such individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume responsibility for hiring, firing, and recruiting workers in addition to the customer's responsibility for hiring, firing and recruiting workers,

''(E) maintain employee records relating to such individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of section 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2) (but not taking into account those individuals who are excluded employees within the meaning of section 414(q)(5)).

''(f) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 3302 is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705), or a customer of such organization, makes a contribution to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such contribution.''.

(2) Section 3303(a) is amended—

(A) by striking the period at the end of paragraph (3) and inserting ''; and'' and by inserting after paragraph (3) the following new paragraph:

''(4) if the taxpayer is a certified professional employer organization (as defined in section 7705) that is treated as the employer under section 3511, such certified professional employer organization is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(B) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(3) Section 6053(c) (relating to reporting of tips) is amended by adding at the end the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this subsection, in the case of a certified professional employer organization that is treated under section 3511 as the employer of a work site employee, the customer with respect to whom a work site employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations''.

(2) The table of sections for chapter 79 is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations defined''.

(e) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this section with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner

which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and record-keeping obligations of the certified professional employer organization.

(f) USER FEES.—Subsection (b) of section 7528 (relating to Internal Revenue Service user fees) is amended by adding at the end the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 shall not exceed $500.''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to wages for services performed on or after January 1 of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986, as added by subsection (b), not later than 6 months before the effective date determined under paragraph (1).

(h) NO INFERENCE.—Nothing contained in this section or the amendments made by this section shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by this section), or

(2) for purposes of any other provision of law.

SEC. 516. ACCELERATED DEPRECIATION FOR INVESTMENT IN HIGH OUT-MIGRATION COUNTIES.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(m) RURAL INVESTMENT PROPERTY.—

''(1) IN GENERAL.—For purposes of subsection (a), the applicable recovery period for qualified rural investment property shall be determined in accordance with the table contained in paragraph (2) in lieu of the table contained in subsection (c).

''(2) APPLICABLE RECOVERY PERIOD FOR RURAL INVESTMENT PROPERTY.—For purposes of paragraph (1)—

" "In the case of:	The applicable recovery period is:
3-year property	2 years
5-year property	3 years
7-year property	4 years
10-year property	6 years
15-year property	9 years
20-year property	12 years
Nonresidential real property	22 years.

''(3) QUALIFIED RURAL INVESTMENT PROPERTY DEFINED.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified rural investment property' means property which is property described in the table in paragraph (2) and which is—

''(i) used by the taxpayer predominantly in the active conduct of a trade or business within a high out-migration county,

''(ii) not used or located outside such county on a regular basis,

''(iii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)), and

''(iv) not property (or any portion thereof) placed in service for purposes of operating any racetrack or other facility used for gambling.

''(B) HIGH OUT-MIGRATION COUNTY.—The term 'high out-migration county' means any county which—

''(i) is outside a metropolitan statistical area (defined as such by the Office of Management and Budget), and

''(ii) during the 5-year periods 1990 through 1994 and 1995 through 1999 had a net population loss.

''(4) TERMINATION.—This subsection shall not apply to property placed in service after March 31, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act, the original use of which begins with the taxpayer after such date.

SEC. 517. EXTENSION OF INCREASED EXPENSING FOR QUALIFIED SECTION 179 GULF OPPORTUNITY ZONE PROPERTY.

Paragraph (2) of section 1400N(e) (relating to qualified section 179 Gulf Opportunity Zone property) is amended—

(1) by striking ''this subsection, the term'' and inserting ''this subsection—

''(A) IN GENERAL.—The term'', and

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

''(B) EXTENSION FOR CERTAIN PROPERTY.—In the case of property substantially all of the use of which is in one or more specified portions of the GO Zone (as defined by subsection (d)(6)), such term shall include section 179 property (as so defined) which is described in subsection (d)(2), determined—

''(i) without regard to subsection (d)(6), and

''(ii) by substituting '2008' for '2007' in subparagraph (A)(v) thereof.''.

Subpart B—Subchapter S Provisions

SEC. 521. CAPITAL GAIN OF S CORPORATION NOT TREATED AS PASSIVE INVESTMENT INCOME.

(a) IN GENERAL.—Section 1362(d)(3) is amended by striking subparagraphs (B), (C), (D), (E), and (F) and inserting the following new subparagraph:

''(B) PASSIVE INVESTMENT INCOME DEFINED.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(ii) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(iii) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(iv) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(v) EXCEPTION FOR BANKS, ETC.—In the case of a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), the term 'passive investment income' shall not include—

''(I) interest income earned by such bank or company, or

''(II) dividends on assets required to be held by such bank or company, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) CONFORMING AMENDMENT.—Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1362(d)(3)(B)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 522. TREATMENT OF BANK DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—

''(1) IN GENERAL.—Restricted bank director stock shall not be taken into account as outstanding stock of the S corporation in applying this subchapter (other than section 1368(f)).

''(2) RESTRICTED BANK DIRECTOR STOCK.—For purposes of this subsection, the term 'restricted bank director stock' means stock in a bank (as defined in section 581) or a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1)), if such stock—

''(A) is required to be held by an individual under applicable Federal or State law in order to permit such individual to serve as a director, and

''(B) is subject to an agreement with such bank or company (or a corporation which controls (within the meaning of section 368(c)) such bank or company) pursuant to which the holder is required to sell back such stock (at the same price as the individual acquired such stock) upon ceasing to hold the office of director.

''(3) CROSS REFERENCE.—

''For treatment of certain distributions with respect to restricted bank director stock, see section 1368(f)''.

(b) DISTRIBUTIONS.—Section 1368 (relating to distributions) is amended by adding at the end the following new subsection:

''(f) RESTRICTED BANK DIRECTOR STOCK.—If a director receives a distribution (not in part or full payment in exchange for stock) from an S corporation with respect to any restricted bank director stock (as defined in section 1361(f)), the amount of such distribution—

''(1) shall be includible in gross income of the director, and

''(2) shall be deductible by the corporation for the taxable year of such corporation in which or with which ends the taxable year in which such amount in included in the gross income of the director.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(2) SPECIAL RULE FOR TREATMENT AS SECOND CLASS OF STOCK.—In the case of any taxable year beginning after December 31, 1996, restricted bank director stock (as defined in section 1361(f) of the Internal Revenue Code of 1986, as added by this section) shall not be taken into account in determining whether an S corporation has more than 1 class of stock.

SEC. 523. SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.

(a) IN GENERAL.—Section 1361, as amended by this Act, is amended by adding at the end the following new subsection:

''(g) SPECIAL RULE FOR BANK REQUIRED TO CHANGE FROM THE RESERVE METHOD OF ACCOUNTING ON BECOMING S CORPORATION.—In the case of a bank which changes from the reserve method of accounting for bad debts described in section 585 or 593 for its first taxable year for which an election under section 1362(a) is in effect, the bank may elect to take into account any adjustments under section 481 by reason of such change for the taxable year immediately preceding such first taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 524. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Subparagraph (C) of section 1361(b)(3) (relating to treatment of terminations of qualified subchapter S subsidiary status) is amended—

(1) by striking ''For purposes of this title,'' and inserting the following:

''(i) IN GENERAL.—For purposes of this title,'', and

(2) by inserting at the end the following new clause:

''(ii) TERMINATION BY REASON OF SALE OF STOCK.—If the failure to meet the requirements of subparagraph (B) is by reason of the sale of stock of a corporation which is a qualified subchapter S subsidiary, the sale of such stock shall be treated as if—

''(I) the sale were a sale of an undivided interest in the assets of such corporation (based on the percentage of the corporation's stock sold), and

''(II) the sale were followed by an acquisition by such corporation of all of its assets (and the assumption by such corporation of all of its liabilities) in a transaction to which section 351 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006 .

SEC. 525. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS FOR CERTAIN CORPORATIONS.

In the case of a corporation which is—

(1) described in section 1311(a)(1) of the Small Business Job Protection Act of 1996, and

(2) not described in section 1311(a)(2) of such Act,

the amount of such corporation's accumulated earnings and profits (for the first taxable year beginning after the date of the enactment of this Act) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under subchapter S of the Internal Revenue Code of 1986.

SEC. 526. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST.

(a) NO LOOK THROUGH FOR ELIGIBILITY PURPOSES.—Clause (v) of section 1361(c)(2)(B) is amended by adding at the end the following new sentence: ''This clause shall not apply for purposes of subsection (b)(1)(C).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 527. DEDUCTIBILITY OF INTEREST EXPENSE ON INDEBTEDNESS INCURRED BY AN ELECTING SMALL BUSINESS TRUST TO ACQUIRE S CORPORATION STOCK.

(a) IN GENERAL.—Subparagraph (C) of section 641(c)(2) (relating to modifications) is amended by inserting after clause (iii) the following new clause:

''(iv) Any interest expense paid or accrued on indebtedness incurred to acquire stock in an S corporation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

PART II—REVENUE PROVISIONS

SEC. 531. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 532. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 533. DENIAL OF DEDUCTION FOR PUNITIVE DAMAGES.

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

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

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(h) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

SEC. 534. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to—

''(A) the violation of any law, or

''(B) an investigation or inquiry into the potential violation of any law which is initiated by such government or entity.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION OR PAID TO COME INTO COMPLIANCE WITH LAW.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes—

''(i) constitutes restitution (or remediation of property) for damage or harm caused by, or which may be caused by, the violation of any law or the potential violation of any law, or

''(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry, and

''(B) is identified as an amount described in clause (i) or (ii) of subparagraph (A), as the case may be, in the court order or settlement agreement, except that the requirement of this subparagraph shall not apply in the case of any settlement agreement which requires the taxpayer to pay or incur an amount not greater than $1,000,000.

A taxpayer shall not meet the requirements of subparagraph (A) solely by reason an identification under subparagraph (B). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation unless such amount is paid or incurred for a cost or fee regularly charged for any routine audit or other customary review performed by the government or entity.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing

sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) REPORTING OF DEDUCTIBLE AMOUNTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050V the following new section:

''SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.

''(a) REQUIREMENT OF REPORTING.—

''(1) IN GENERAL.—The appropriate official of any government or entity which is described in section 162(f)(4) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth—

''(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies,

''(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and

''(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry.

''(2) SUIT OR AGREEMENT DESCRIBED.—

''(A) IN GENERAL.—A suit or agreement is described in this paragraph if—

''(i) it is—

''(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or

''(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and

''(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more.

''(B) ADJUSTMENT OF REPORTING THRESHOLD.—The Secretary may adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws.

''(3) TIME OF FILING.—The return required under this subsection shall be filed not later than—

''(A) 30 days after the date on which a court order is issued with respect to the suit or the date the agreement is entered into, as the case may be, or

''(B) the date specified by the Secretary.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS INVOLVED IN THE SETTLEMENT.—Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing—

''(1) the name of the government or entity, and

''(2) the information supplied to the Secretary under subsection (a)(1).

The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a).

''(c) APPROPRIATE OFFICIAL DEFINED.—For purposes of this section, the term 'appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050V the following new item:

''Sec. 6050W. Information with respect to certain fines, penalties, and other amounts''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

SEC. 535. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(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.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies 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.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2007, the $600,000 amount under 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 such calendar year, determined by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(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 payment of the additional tax attributable to such property shall be postponed 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 POSTPONEMENT.—No tax may be postponed 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 to the Secretary 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 in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the 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. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth 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 not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(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 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) 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 and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) 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 of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's 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.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) 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.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) 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, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.

''(3) DEFINITIONS.—For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—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(e)(3).

''(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.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation) is inadmissible.''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of this subsection.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(f) 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''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an

individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 536. LIMITATION ON ANNUAL AMOUNTS WHICH MAY BE DEFERRED UNDER NONQUALIFIED DEFERRED COMPENSATION ARRANGEMENTS.

(a) IN GENERAL.—Section 409A(a) of the Internal Revenue Code of 1986 (relating to inclusion of gross income under nonqualified deferred compensation plans) is amended—

(1) by striking ''and (4)'' in subclause (I) of paragraph (1)(A)(i) and inserting ''(4), and (5)'', and

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

''(5) ANNUAL LIMITATION ON AGGREGATE DEFERRED AMOUNTS.—

''(A) LIMITATION.—The requirements of this paragraph are met if the plan provides that the aggregate amount of compensation which is deferred for any taxable year with respect to a participant under the plan may not exceed the applicable dollar amount for the taxable year.

''(B) INCLUSION OF FUTURE EARNINGS.—If an amount is includible under paragraph (1) in the gross income of a participant for any taxable year by reason of any failure to meet the requirements of this paragraph, any income (whether actual or notional) for any subsequent taxable year shall be included in gross income under paragraph (1)(A) in such subsequent taxable year to the extent such income—

''(i) is attributable to compensation (or income attributable to such compensation) required to be included in gross income by reason of such failure (including by reason of this subparagraph), and

''(ii) is not subject to a substantial risk of forfeiture and has not been previously included in gross income.

''(C) AGGREGATION RULE.—For purposes of this paragraph, all nonqualified deferred compensation plans maintained by all employers treated as a single employer under subsection (d)(6) shall be treated as 1 plan.

''(D) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable dollar amount' means, with respect to any participant, the lesser of—

''(I) the average annual compensation which was payable during the base period to the participant by the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) and which was includible in the participant's gross income for taxable years in the base period, or

''(II) $1,000,000.

''(ii) BASE PERIOD.—

''(I) IN GENERAL.—The term 'base period' means, with respect to any computation year, the 5-taxable year period ending with the taxable year preceding the computation year.

''(II) ELECTIONS MADE BEFORE COMPUTATION YEAR.—If, before the beginning of the computation year, an election described in paragraph (4)(B) is made by the participant to have compensation for services performed in the computation year deferred under a nonqualified deferred compensation plan, the base period shall be the 5-taxable year period ending with the taxable year preceding the taxable year in which the election is made.

''(III) COMPUTATION YEAR.—For purposes of this clause, the term 'computation year' means any taxable year of the participant for which the limitation under subparagraph (A) is being determined.

''(IV) SPECIAL RULE FOR EMPLOYEES OF LESS THAN 5 YEARS.—If a participant did not perform services for the employer maintaining the nonqualified deferred compensation plan (or any predecessor of the employer) during the entire 5-taxable year period referred to in subparagraph (A) or (B), only the portion of such period during which the participant performed such services shall be taken into account.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006, except that—

(A) the amendments shall only apply to amounts deferred after December 31, 2006 (and to earnings on such amounts), and

(B) taxable years beginning on or before December 31, 2006, shall be taken into account in determining the average annual compensation of a participant during any base period for purposes of section 409A(a)(5)(D) of the Internal Revenue Code of 1986 (as added by such amendments).

(2) GUIDANCE RELATING TO CERTAIN EXISTING ARRANGEMENTS.—Not later than 60 days after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance providing a limited period during which a nonqualified deferred compensation plan adopted before December 31, 2006, may, without violating the requirements of section 409A(a) of such Code, be amended—

(A) to provide that a participant may, no later than December 31, 2007, cancel or modify an outstanding deferral election with regard to all or a portion of amounts deferred after December 31, 2006, to the extent necessary for the plan to meet the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section), but only if amounts subject to the cancellation or modification are, to the extent not previously included in gross income, includible in income of the participant when no longer subject to substantial risk of forfeiture, and

(B) to conform to the requirements of section 409A(a)(5) of such Code (as added by the amendments made by this section) with regard to amounts deferred after December 31, 2006.

SEC. 537. MODIFICATION OF CRIMINAL PENALTIES FOR WILLFUL FAILURES INVOLVING TAX PAYMENTS AND FILING REQUIREMENTS.

(a) INCREASE IN PENALTY FOR ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 (relating to attempt to evade or defeat tax) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''5 years'' and inserting ''10 years''.

(b) MODIFICATION OF PENALTIES FOR WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—

(1) IN GENERAL.—Section 7203 (relating to willful failure to file return, supply information, or pay tax) is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

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

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$250,000 ($500,000' for '$50,000 ($100,000', and

''(C) '5 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is—

''(A) a failure to make a return described in subsection (a) for any 3 taxable years occurring during any period of 5 consecutive taxable years if the aggregate tax liability for such period is not less than $50,000, or

''(B) a failure to make a return if the tax liability giving rise to the requirement to make such return is attributable to an activity which is a felony under any State or Federal law.''.

(2) PENALTY MAY BE APPLIED IN ADDITION TO OTHER PENALTIES.—Section 7204 (relating to fraudulent statement or failure to make statement to employees) is amended by striking ''the penalty provided in section 6674'' and inserting ''the penalties provided in sections 6674 and 7203(b)''.

(c) FRAUD AND FALSE STATEMENTS.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''$100,000'' and inserting ''$500,000'',

(2) by striking ''$500,000'' and inserting ''$1,000,000'', and

(3) by striking ''3 years'' and inserting ''5 years''.

(d) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—Section 7206 (relating to fraud and false statements), as amended by subsection (a)(3), is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

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

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

SEC. 538. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has neither signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003–11 nor

voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the type of trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) APPLICABLE PENALTY.—For purposes of this section, the term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(c) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

SEC. 539. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

SEC. 540. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

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

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for 1 or more contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

SEC. 541. EXTENSION OF IRS USER FEES.

Subsection (c) of section 7528 (relating to Internal Revenue Service user fees) is amended by striking ''September 30, 2014'' and inserting ''September 30, 2016''.

SEC. 542. MODIFICATION OF COLLECTION DUE PROCESS PROCEDURES FOR EMPLOYMENT TAX LIABILITIES.

(a) IN GENERAL.—Section 6330(f) (relating to jeopardy and State refund collection) is amended—

(1) by striking ''; or'' at the end of paragraph (1) and inserting a comma,

(2) by adding ''or'' at the end of paragraph (2), and

(3) by inserting after paragraph (2) the following new paragraph:

''(3) the Secretary has served a levy in connection with the collection of taxes under chapter 21, 22, 23, or 24,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to levies issued on or after the date that is 120 days after the date of the enactment of this Act.

SEC. 543. MODIFICATIONS TO WHISTLEBLOWER REFORMS.

(a) MODIFICATION OF TAX THRESHOLD FOR AWARDS.—Subparagraph (B) of section 7623(b)(5), as added by the Tax Relief and Health Care Act of 2006, is amended by striking ''$2,000,000'' and inserting ''$20,000''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Section 7623 is amended by adding at the end the following new subsections:

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORTS.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(2) CONFORMING AMENDMENT.—Section 406 of division A of the Tax Relief and Health Care Act of 2006 is amended by striking subsections (b) and (c).

(3) REPORT ON IMPLEMENTATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to Congress a report on the establishment and operation of the Whistleblower Office under section 7623(c) of the Internal Revenue Code of 1986.

(c) PUBLICITY OF AWARD APPEALS.—Paragraph (4) of section 7623(b), as added by the Tax Relief and Health Care Act of 2006, is amended to read as follows:

''(4) APPEAL OF AWARD DETERMINATION.—

''(A) IN GENERAL.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(B) PUBLICITY OF APPEALS.—Notwithstanding sections 7458 and 7461, the Tax Court may, in order to preserve the anonymity, privacy, or confidentiality of any person under this subsection, provide by rules adopted under section 7453 that portions of filings, hearings, testimony, evidence, and reports in connection with proceedings under this subsection may be closed to the public or to inspection by the public.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

(2) PUBLICITY OF AWARD APPEALS.—The amendment made by subsection (c) shall take effect as if included in the amendments made by section 406 of the Tax Relief and Health Care Act of 2006.

SEC. 544. MODIFICATIONS OF DEFINITION OF EMPLOYEES COVERED BY DENIAL OF DEDUCTION FOR EXCESSIVE EMPLOYEE REMUNERATION.

(a) IN GENERAL.—Paragraph (3) of section 162(m) is amended to read as follows:

''(3) COVERED EMPLOYEE.—For purposes of this subsection, the term 'covered employee' means, with respect to any taxpayer for any taxable year, an individual who—

''(A) was the chief executive officer of the taxpayer, or an individual acting in such a capacity, at any time during the taxable year,

''(B) is 1 of the 4 highest compensated officers of the taxpayer for the taxable year (other than the individual described in subparagraph (A)), or

''(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2006.

''In the case of an individual who was a covered employee for any taxable year beginning after December 31, 2006, the term 'covered employee' shall include a beneficiary of such employee with respect to any remuneration for services performed by such employee as a covered employee (whether or not such services are performed during the taxable year in which the remuneration is paid).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 545. INCREASE IN AGE OF MINOR CHILDREN WHOSE UNEARNED INCOME IS TAXED AS IF PARENT'S INCOME.

(a) IN GENERAL.—Subparagraph (A) of section 1(g)(2) (relating to child to whom subsection applies) is amended to read as follows:

''(A) such child—

''(i) has not attained age 18 before the close of the taxable year, or

''(ii)(I) has attained age 18 before the close of the taxable year and meets the age requirements of section 152(c)(3) (determined without regard to subparagraph (B) thereof), and

''(II) whose earned income (as defined in section 911(d)(2)) for such taxable year does not exceed one-half of the amount of the individual's support (within the meaning of section 152(c)(1)(D) after the application of section 152(f)(5) (without regard to subparagraph (A) thereof) for such taxable year,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 546. INCREASE IN INFORMATION RETURN PENALTIES.

(a) FAILURE TO FILE CORRECT INFORMATION RETURNS.—

(1) IN GENERAL.—Section 6721(a)(1) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$250,000'' and inserting ''$3,000,000''.

(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—

(A) CORRECTION WITHIN 30 DAYS.—Section 6721(b)(1) is amended—

(i) by striking ''$15'' and inserting ''$50'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$75,000'' and inserting ''$500,000''.

(B) FAILURES CORRECTED ON OR BEFORE AUGUST 1.—Section 6721(b)(2) is amended—

(i) by striking ''$30'' and inserting ''$100'',

(ii) by striking ''$50'' and inserting ''$250'', and

(iii) by striking ''$150,000'' and inserting ''$1,500,000''.

(3) LOWER LIMITATION FOR PERSONS WITH GROSS RECEIPTS OF NOT MORE THAN $5,000,000.—Section 6721(d)(1) is amended—

(A) in subparagraph (A)—

(i) by striking ''$100,000'' and inserting ''$1,000,000'', and

(ii) by striking ''$250,000'' and inserting ''$3,000,000'',

(B) in subparagraph (B)—

(i) by striking ''$25,000'' and inserting ''$175,000'', and

(ii) by striking ''$75,000'' and inserting ''$500,000'', and

(C) in subparagraph (C)—

(i) by striking ''$50,000'' and inserting ''$500,000'', and

(ii) by striking ''$150,000'' and inserting ''$1,500,000''.

(4) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6721(e) is amended—

(A) by striking ''$100'' in paragraph (2) and inserting ''$500'',

(B) by striking ''$250,000'' in paragraph (3)(A) and inserting ''$3,000,000''.

(b) FAILURE TO FURNISH CORRECT PAYEE STATEMENTS.—

(1) IN GENERAL.—Section 6722(a) is amended—

(A) by striking ''$50'' and inserting ''$250'', and

(B) by striking ''$100,000'' and inserting ''$1,000,000''.

(2) PENALTY IN CASE OF INTENTIONAL DISREGARD.—Section 6722(c) is amended—

(A) by striking ''$100'' in paragraph (1) and inserting ''$500'', and

(B) by striking ''$100,000'' in paragraph (2)(A) and inserting ''$1,000,000''.

(c) FAILURE TO COMPLY WITH OTHER INFORMATION REPORTING REQUIREMENTS.—Section 6723 is amended—

(1) by striking ''$50'' and inserting ''$250'', and

(2) by striking ''$100,000'' and inserting ''$1,000,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to information returns required to be filed on or after January 1, 2008.

SEC. 547. E-FILING REQUIREMENT FOR CERTAIN LARGE ORGANIZATIONS.

(a) IN GENERAL.—The first sentence of section 6011(e)(2) is amended to read as follows: ''In prescribing regulations under paragraph (1), the Secretary shall take into account (among other relevant factors) the ability of the taxpayer to comply at reasonable cost with the requirements of such regulations.''.

(b) CONFORMING AMENDMENT.—Section 6724 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after December 31, 2008.

SEC. 548. EXPANSION OF IRS ACCESS TO INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES FOR TAX ADMINISTRATION PURPOSES.

(a) IN GENERAL.—Paragraph (3) of section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended to read as follows:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information in the National Directory of New Hires for purposes of administering the Internal Revenue Code of 1986.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 549. DISCLOSURE OF PRISONER RETURN INFORMATION TO FEDERAL BUREAU OF PRISONS.

(a) DISCLOSURE.—

(1) IN GENERAL.—Subsection (l) of section 6103 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(22) DISCLOSURE OF RETURN INFORMATION OF PRISONERS TO FEDERAL BUREAU OF PRISONS.—

''(A) IN GENERAL.—Under such procedures as the Secretary may prescribe, the Secretary may disclose return information with respect to persons incarcerated in Federal prisons whom the Secretary believes filed or facilitated the filing of false or fraudulent returns to the head of the Federal Bureau of Prisons if the Secretary determines that such disclosure is necessary to permit effective tax administration.

''(B) DISCLOSURE BY AGENCY TO EMPLOYEES.—The head of the Federal Bureau of Prisons may redisclose information received under subparagraph (A)—

''(i) only to those officers and employees of the Bureau who are personally and directly engaged in taking administrative actions to address violations of administrative rules and regulations of the prison facility, and

''(ii) solely for the purposes described in subparagraph (C).

''(C) RESTRICTION ON USE OF DISCLOSED INFORMATION.—Return information disclosed under this paragraph may be used only for the purposes of—

''(i) preventing the filing of false or fraudulent returns; and

''(ii) taking administrative actions against individuals who have filed or attempted to file false or fraudulent returns.''.

(2) PROCEDURES AND RECORD KEEPING RELATED TO DISCLOSURE.—Subsection (p)(4) of section 6103 is amended—

(A) by striking ''(14), or (17)'' in the matter before subparagraph (A) and inserting ''(14), (17), or (22)'', and

(B) by striking ''(9), or (16)'' in subparagraph (F)(i) and inserting ''(9), (16), or (22)''.

(3) EVALUATION BY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION.—Paragraph (3) of section 7803(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(C) not later than 3 years after the date of the enactment of section 6103(l)(22), submit a written report to Congress on the implementation of such section.''.

(b) ANNUAL REPORTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall submit to Congress and make publicly available an annual report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons.

(2) CONTENTS OF REPORT.—The report submitted under paragraph (1) shall contain statistics on the number of false or fraudulent returns associated with each Federal and State prison and such other information that the Secretary determines is appropriate.

(3) EXCHANGE OF INFORMATION.—For the purpose of gathering information necessary for the reports required under paragraph (1), the Secretary of the Treasury shall enter into agreements with the head of the Federal Bureau of Prisons and the heads of State agencies charged with responsibility for administration of State prisons under which the head of the Bureau or Agency provides to the Secretary not less frequently than annually the names and other identifying information of prisoners incarcerated at each facility administered by the Bureau or Agency.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures on or after January 1, 2008.

SEC. 550. UNDERSTATEMENT OF TAXPAYER LIABILITY BY RETURN PREPARERS.

(a) APPLICATION OF RETURN PREPARER PENALTIES TO ALL TAX RETURNS.—

(1) DEFINITION OF TAX RETURN PREPARER.—Paragraph (36) of section 7701(a) (relating to income tax preparer) is amended—

(A) by striking ''income'' each place it appears in the heading and the text, and

(B) in subparagraph (A), by striking ''subtitle A'' each place it appears and inserting ''this title''.

(2) CONFORMING AMENDMENTS.—

*(A)(i) Section 6060 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.*

(ii) Section 6060(a) is amended—

(I) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(II) by striking ''each income tax return preparer'' and inserting ''each tax return preparer'', and

(III) by striking ''another income tax return preparer'' and inserting ''another tax return preparer''.

(iii) The item relating to section 6060 in the table of sections for subpart F of part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

*(iv) Subpart F of part III of subchapter A of chapter 61 is amended by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**''.*

(v) The item relating to subpart F in the table of subparts for part III of subchapter A of chapter 61 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(B) Section 6103(k)(5) is amended—

(i) by striking ''income tax return preparer'' each place it appears and inserting ''tax return preparer'', and

(ii) by striking ''income tax return preparers'' each place it appears and inserting ''tax return preparers''.

(C)(i) Section 6107 is amended—

*(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',*

(II) by striking ''an income tax return preparer'' each place it appears in subsections (a) and (b) and inserting ''a tax return preparer'',

(III) by striking ''INCOME TAX RETURN PREPARER'' in the heading for subsection (b) and inserting ''TAX RETURN PREPARER'', and

(IV) in subsection (c), by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(ii) The item relating to section 6107 in the table of sections for subchapter B of chapter 61 is amended by striking ''Income tax return preparer'' and inserting ''Tax return preparer''.

(D) Section 6109(a)(4) is amended—

(i) by striking ''an income tax return preparer'' and inserting ''a tax return preparer'', and

(ii) by striking ''INCOME RETURN PREPARER'' in the heading and inserting ''TAX RETURN PREPARER''.

(E) Section 6503(k)(4) is amended by striking ''Income tax return preparers'' and inserting ''Tax return preparers''.

(F)(i) Section 6694 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARER**'' in the heading and inserting ''**TAX RETURN PREPARER**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) in subsection (c)(2), by striking ''the income tax return preparer'' and inserting ''the tax return preparer'',

(IV) in subsection (e), by striking ''subtitle A'' and inserting ''this title'', and

(V) in subsection (f), by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(ii) The item relating to section 6694 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income tax return preparer'' and inserting ''tax return preparer''.

(G)(i) Section 6695 is amended—

(I) by striking ''**INCOME**'' in the heading, and

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer''.

(ii) Section 6695(f) is amended—

(I) by striking ''subtitle A'' and inserting ''this title'', and

(II) by striking ''the income tax return preparer'' and inserting ''the tax return preparer''.

(iii) The item relating to section 6695 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''income''.

(H) Section 6696(e) is amended by striking ''subtitle A'' each place it appears and inserting ''this title''.

(I)(i) Section 7407 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'',

(II) by striking ''an income tax return preparer'' each place it appears and inserting ''a tax return preparer'',

(III) by striking ''income tax preparer'' both places it appears in subsection (a) and inserting ''tax return preparer'', and

(IV) by striking ''income tax return'' in subsection (a) and inserting ''tax return''.

(ii) The item relating to section 7407 in the table of sections for subchapter A of chapter 76 is amended by striking ''income tax return preparers'' and inserting ''tax return preparers''.

(J)(i) Section 7427 is amended—

(I) by striking ''**INCOME TAX RETURN PREPARERS**'' in the heading and inserting ''**TAX RETURN PREPARERS**'', and

(II) by striking ''an income tax return preparer'' and inserting ''a tax return preparer''.

(ii) The item relating to section 7427 in the table of sections for subchapter B of chapter 76 is amended to read as follows:

''Sec. 7427. Tax return preparers.''.

(b) MODIFICATION OF PENALTY FOR UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.—Subsections (a) and (b) of section 6694 are amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $1,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—A position is described in this paragraph if—

''(A) the tax return preparer knew (or reasonably should have known) of the position,

''(B) there was not a reasonable belief that the position would more likely than not be sustained on its merits, and

''(C)(i) the position was not disclosed as provided in section 6662(d)(2)(B)(ii), or

''(ii) there was no reasonable basis for the position.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.

''(b) UNDERSTATEMENT DUE TO WILLFUL OR RECKLESS CONDUCT.—

''(1) IN GENERAL.—Any tax return preparer who prepares any return or claim for refund with respect to which any part of an understatement of liability is due to a conduct described in paragraph (2) shall pay a penalty with respect to each such return or claim in an amount equal to the greater of—

''(A) $5,000, or

''(B) 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) WILLFUL OR RECKLESS CONDUCT.—Conduct described in this paragraph is conduct by the tax return preparer which is—

''(A) a willful attempt in any manner to understate the liability for tax on the return or claim, or

''(B) a reckless or intentional disregard of rules or regulations.

''(3) REDUCTION IN PENALTY.—The amount of any penalty payable by any person by reason of this subsection for any return or claim for refund shall be reduced by the amount of the penalty paid by such person by reason of subsection (a).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns prepared after the date of the enactment of this Act.

SEC. 551. PENALTY FOR FILING ERRONEOUS REFUND CLAIMS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6675 the following new section:

''SEC. 6676. ERRONEOUS CLAIM FOR REFUND OR CREDIT.

''(a) CIVIL PENALTY.—If a claim for refund or credit with respect to income tax (other than a claim for a refund or credit relating to the earned income credit under section 32) is made for an excessive amount, unless it is shown that the claim for such excessive amount has a reasonable basis, the person making such claim shall be liable for a penalty in an amount equal to 20 percent of the excessive amount.

''(b) EXCESSIVE AMOUNT.—For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which the amount of the claim for refund or credit for any taxable year exceeds the amount of such claim allowable under this title for such taxable year.

''(c) COORDINATION WITH OTHER PENALTIES.—This section shall not apply to any portion of the excessive amount of a claim for refund or credit on which a penalty is imposed under part II of subchapter A of chapter 68.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6675 the following new item:

''Sec. 6676. Erroneous claim for refund or credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim—

(1) filed or submitted after the date of the enactment of this Act, or

(2) filed or submitted prior to such date but not withdrawn before the date which is 30 days after such date of enactment.

SEC. 552. SUSPENSION OF CERTAIN PENALTIES AND INTEREST.

(a) IN GENERAL.—Paragraphs (1)(A) and (3)(A) of section 6404(g) are each amended by striking ''18-month period'' and inserting ''36-month period''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to notices provided by the Secretary of the Treasury, or his delegate after the date which is 6 months after the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TAXPAYERS.—The amendments made by this section shall not apply to any taxpayer with respect to whom a suspension of any interest, penalty, addition to tax, or other amount is in effect on the date which is 6 months after the date of the enactment of this Act.

SEC. 553. ADDITIONAL REASONS FOR SECRETARY TO TERMINATE INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following new subparagraphs:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for paragraph (4) of section 6159(b) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

SEC. 554. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate, with his reasons therefor'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion, with the reasons therefor''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 555. AUTHORIZATION FOR FINANCIAL MANAGEMENT SERVICE RETENTION OF TRANSACTION FEES FROM LEVIED AMOUNTS.

(a) IN GENERAL.—Subsection (h) of section 6331 (relating to continuing levy on certain payments) is amended by adding at the end the following new paragraph:

''(4) IMPOSITION OF FINANCIAL MANAGEMENT SERVICES TRANSACTION FEES.—If the Secretary

approves a levy under this subsection, the Secretary may impose on the taxpayer a transaction fee sufficient to cover the full cost of implementing the levy under this subsection. Such fee—

''(A) shall be treated as an expense under section 6341,

''(B) may be collected through a levy under this subsection, and

''(C) shall be in addition to the amount of tax liability with respect to which such levy was approved.''.

(b) RETENTION OF FEES BY FINANCIAL MANAGEMENT SERVICE.—The Financial Management Service may retain the amount of any transaction fee imposed under section 6331(h)(4) of the Internal Revenue Code of 1986. Any amount retained by the Financial Management Service under that section shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts levied after the date of the enactment of this Act.

SEC. 556. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 557. INCREASE IN PENALTY EXCISE TAXES ON THE POLITICAL AND EXCESS LOBBYING ACTIVITIES OF SECTION 501(c)(3) ORGANIZATIONS.

(a) TAXES ON DISQUALIFYING LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.—

(1) IN GENERAL.—Section 4912(a) (relating to tax on organization) is amended by striking ''5 percent'' and inserting ''10 percent''.

(2) TAX ON MANAGEMENT.—Section 4912(b) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) TAXES ON POLITICAL EXPENDITURES OF SECTION 501(c)(3) ORGANIZATIONS.—

(1) IN GENERAL.—Section 4955(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4955(c)(2) is amended—

(A) by striking ''$5,000'' and inserting ''$10,000'', and

(B) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 558. INCREASED PENALTY FOR FAILURE TO FILE FOR EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 6652(c)(1) (relating to annual returns under section 6033(a)(1) or 6012(a)(6)) is amended by adding at the end the following new sentence: ''In the case of an organization having gross receipts exceeding $25,000,000 for any year, with respect to the return so required, the first sentence of this subparagraph shall be applied by substituting '$250' for '$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed $125,000.''.

(b) CONFORMING AMENDMENT.—The third sentence of section 6652(c)(1)(A) is amended by inserting ''but not exceeding $25,000,000'' after ''$1,000,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

SEC. 559. PENALTIES FOR FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

(a) IN GENERAL.—Part I of subchapter A of chapter 68 (relating to additions to the tax, additional amounts, and assessable penalties) is amended by inserting after section 6652 the following new section:

''SEC. 6652A. FAILURE TO FILE CERTAIN RETURNS ELECTRONICALLY.

''(a) IN GENERAL.—If a person fails to file a return described in section 6651 or 6652(c)(1) in electronic form as required under section 6011(e)—

''(1) such failure shall be treated as a failure to file such return (even if filed in a form other than electronic form), and

''(2) the penalty imposed under section 6651 or 6652(c), whichever is appropriate, shall be equal to the greater of—

''(A) the amount of the penalty under such section, determined without regard to this section, or

''(B) the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the penalty determined under this subsection is equal to $40 for each day during which a failure described under subsection (a) continues. The maximum penalty under this paragraph on failures with respect to any 1 return shall not exceed the lesser of $20,000 or 10 percent of the gross receipts of the taxpayer for the year.

''(2) INCREASED PENALTIES FOR TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $100,000,000.—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $1,000,000 AND $25,000,000.—In the case of a taxpayer having gross receipts exceeding $1,000,000 but not exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$200' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $100,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $25,000,000.—Except as provided in paragraph (3), in the case of a taxpayer having gross receipts exceeding $25,000,000 for any year—

''(i) the first sentence of paragraph (1) shall be applied by substituting '$500' for '$40', and

''(ii) in lieu of applying the second sentence of paragraph (1), the maximum penalty under paragraph (1) shall not exceed $250,000.

''(3) INCREASED PENALTIES FOR CERTAIN TAXPAYERS WITH GROSS RECEIPTS EXCEEDING $100,000,000.—In the case of a return described in section 6651—

''(A) TAXPAYERS WITH GROSS RECEIPTS BETWEEN $100,000,000 AND $250,000,000.—In the case of a taxpayer having gross receipts exceeding $100,000,000 but not exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $50,000, plus

''(II) $1,000 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $200,000.

''(B) TAXPAYERS WITH GROSS RECEIPTS OVER $250,000,000.—In the case of a taxpayer having gross receipts exceeding $250,000,000 for any year—

''(i) the amount of the penalty determined under this subsection shall equal the sum of—

''(I) $250,000, plus

''(II) $2,500 for each day during which such failure continues (twice such amount for each day such failure continues after the first such 60 days), and

''(ii) the maximum amount under clause (i)(II) on failures with respect to any 1 return shall not exceed $250,000.

''(C) EXCEPTION FOR CERTAIN RETURNS.—Subparagraphs (A) and (B) shall not apply to any return of tax imposed under section 511.''.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 68 is amended by inserting after the item relating to section 6652 the following new item:

''Sec. 6652A. Failure to file certain returns electronically.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed on or after January 1, 2008.

PART III—GENERAL PROVISIONS

SEC. 561. ENHANCED COMPLIANCE ASSISTANCE FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by striking subsection (a) and inserting the following:

''(a) COMPLIANCE GUIDE.—

''(1) IN GENERAL.—For each rule or group of related rules for which an agency is required to prepare a final regulatory flexibility analysis under section 605(b) of title 5, United States Code, the agency shall publish 1 or more guides to assist small entities in complying with the rule and shall entitle such publications 'small entity compliance guides'.

''(2) PUBLICATION OF GUIDES.—The publication of each guide under this subsection shall include—

''(A) the posting of the guide in an easily identified location on the website of the agency; and

''(B) distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule.

''(3) PUBLICATION DATE.—An agency shall publish each guide (including the posting and distribution of the guide as described under paragraph (2))—

''(A) on the same date as the date of publication of the final rule (or as soon as possible after that date); and

''(B) not later than the date on which the requirements of that rule become effective.

''(4) COMPLIANCE ACTIONS.—

''(A) IN GENERAL.—Each guide shall explain the actions a small entity is required to take to comply with a rule.

''(B) EXPLANATION.—The explanation under subparagraph (A)—

''(i) shall include a description of actions needed to meet the requirements of a rule, to enable a small entity to know when such requirements are met; and

''(ii) if determined appropriate by the agency, may include a description of possible procedures, such as conducting tests, that may assist a small entity in meeting such requirements, except that, compliance with any procedures described pursuant to this section does not establish compliance with the rule, or establish a presumption or inference of such compliance.

''(C) PROCEDURES.—Procedures described under subparagraph (B)(ii)—

''(i) shall be suggestions to assist small entities; and

''(ii) shall not be additional requirements, or diminish requirements, relating to the rule.

''(5) AGENCY PREPARATION OF GUIDES.—The agency shall, in its sole discretion, taking into account the subject matter of the rule and the language of relevant statutes, ensure that the guide is written using sufficiently plain language likely to be understood by affected small entities. Agencies may prepare separate guides covering groups or classes of similarly affected small entities and may cooperate with associations of small entities to develop and distribute such guides. An agency may prepare guides and apply this section with respect to a rule or a group of related rules.

''(6) REPORTING.—Not later than 1 year after the date of enactment of the Fair Minimum Wage Act of 2007, and annually thereafter, the head of each agency shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Small Business of the House of Representatives, and any other committee of relevant jurisdiction describing the status of the agency's compliance with paragraphs (1) through (5).''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 211(3) of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 601 note) is amended by inserting ''and entitled'' after ''designated''.

SEC. 562. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall establish a program to award grants to States, on a competitive basis, to assist States in providing funds to encourage the establishment and operation of employer-operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT AND PERIOD OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States receiving grants under this section. The Secretary shall make the grant for a period of 3 years.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses (or consortia formed in accordance with paragraph (3)) located in the State to enable the small businesses (or consortia) to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the startup costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school-aged children;

(F) the entering into of contracts with local resource and referral organizations or local health departments;

(G) assistance for care for children with disabilities;

(H) payment of expenses for renovation or operation of a child care facility; or

(I) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—In order for a small business or consortium to be eligible to receive assistance from a State under this section, the small business involved shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to an applicant that desires to form a consortium to provide child care in a geographic area within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities that shall include small businesses and that may include large businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATIONS.—With respect to grant funds received under this section, a State may not provide in excess of $500,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section, a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by a covered entity receiving assistance in carrying out activities under this section, the covered entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the covered entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the covered entity under the grant);

(2) for the second fiscal year in which the covered entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the covered entity under the grant); and

(3) for the third fiscal year in which the covered entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the covered entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section, a child care provider—

(1) who receives assistance from a State shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State; and

(2) who receives assistance from an Indian tribe or tribal organization shall comply with all applicable regulatory standards.

(g) STATE-LEVEL ACTIVITIES.—A State may not retain more than 3 percent of the amount described in subsection (c) for State administration and other State-level activities.

(h) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering a grant awarded for the State under this section and for monitoring covered entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each covered entity receiving assistance under the grant awarded under this section to conduct an annual audit with respect to the activities of the covered entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that a covered entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such a covered entity the repayment of an amount equal to the amount of any such misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(i) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of covered entities to meet the child care needs of communities within States;

(ii) the kinds of consortia that are being formed with respect to child care at the local level to carry out programs funded under this section; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first awards grants under this section, the Secretary shall conduct a study to determine the number of child care facilities that are funded through covered entities that received assistance through a grant awarded under this section and that remain in operation, and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date on which the Secretary first awards grants under this section, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(j) DEFINITIONS.—In this section:

(1) COVERED ENTITY.—The term ''covered entity'' means a small business or a consortium formed in accordance with subsection (d)(3).

(2) INDIAN COMMUNITY.—The term ''Indian community'' means a community served by an Indian tribe or tribal organization.

(3) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms ''Indian tribe'' and ''tribal organization'' have the meanings given the terms in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(4) SMALL BUSINESS.—The term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on the business days during the preceding calendar year.

(5) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(k) APPLICATION TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—In this section:

(1) IN GENERAL.—Except as provided in subsection (f)(1), and in paragraphs (2) and (3), the term ''State'' includes an Indian tribe or tribal organization.

(2) GEOGRAPHIC REFERENCES.—The term ''State'' includes an Indian community in subsections (c) (the second and third place the term appears), (d)(1) (the second place the term appears), (d)(3)(A) (the second place the term appears), and (i)(1)(A)(i).

(3) STATE-LEVEL ACTIVITIES.—The term ''State-level activities'' includes activities at the tribal level.

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section, $50,000,000 for the period of fiscal years 2008 through 2012.

(2) STUDIES AND ADMINISTRATION.—With respect to the total amount appropriated for such period in accordance with this subsection, not more than $2,500,000 of that amount may be used for expenditures related to conducting studies required under, and the administration of, this section.

(m) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2012.

SEC. 563. STUDY OF UNIVERSAL USE OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.

Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall report to Congress on a study of the benefits, costs, risks, and barriers to workers and to businesses (with a special emphasis on small businesses) if the advance earned income tax credit program (under section 3507 of the Internal Revenue Code of 1986) included all recipients of the earned income tax credit (under section 32 of such Code) and what steps would be necessary to implement such inclusion.

SEC. 564. SENSE OF THE SENATE CONCERNING PERSONAL SAVINGS.

(a) FINDINGS.—The Senate finds that—

(1) the personal saving rate in the United States is at its lowest point since the Great Depression, with the rate having fallen into negative territory;

(2) the United States ranks at the bottom of the Group of Twenty (G–20) nations in terms of net national saving rate;

(3) approximately half of all the working people of the United States work for an employer that does not offer any kind of retirement plan;

(4) existing savings policies enacted by Congress provide limited incentives to save for low- and moderate-income families; and

(5) the Social Security program was enacted to serve as the safest component of a retirement system that also includes employer-sponsored retirement plans and personal savings.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Congress should enact policies that promote savings vehicles for retirement that are simple, easily accessible and provide adequate financial security for all the people of the United States;

(2) it is important to begin retirement saving as early as possible to take full advantage of the power of compound interest; and

(3) regularly contributing money to a financially-sound investment account is one important method for helping to achieve one's retirement goals.

SEC. 565. RENEWAL GRANTS FOR WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(m) CONTINUED FUNDING FOR CENTERS.—

''(1) IN GENERAL.—A nonprofit organization described in paragraph (2) shall be eligible to receive, subject to paragraph (3), a 3-year grant under this subsection.

''(2) APPLICABILITY.—A nonprofit organization described in this paragraph is a nonprofit organization that has received funding under subsection (b) or (l).

''(3) APPLICATION AND APPROVAL CRITERIA.—

''(A) CRITERIA.—Subject to subparagraph (B), the Administrator shall develop and publish criteria for the consideration and approval of applications by nonprofit organizations under this subsection.

''(B) CONTENTS.—Except as otherwise provided in this subsection, the conditions for participation in the grant program under this subsection shall be the same as the conditions for participation in the program under subsection (l), as in effect on the date of enactment of this Act.

''(C) NOTIFICATION.—Not later than 60 days after the date of the deadline to submit applications for each fiscal year, the Administrator shall approve or deny any application under this subsection and notify the applicant for each such application.

''(4) AWARD OF GRANTS.—

''(A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall make a grant for the Federal share of the cost of activities described in the application to each applicant approved under this subsection.

''(B) AMOUNT.—A grant under this subsection shall be for not more than $150,000, for each year of that grant.

''(C) FEDERAL SHARE.—The Federal share under this subsection shall be not more than 50 percent.

''(D) PRIORITY.—In allocating funds made available for grants under this section, the Administrator shall give applications under this subsection or subsection (l) priority over first-time applications under subsection (b).

''(5) RENEWAL.—

''(A) IN GENERAL.—The Administrator may renew a grant under this subsection for additional 3-year periods, if the nonprofit organization submits an application for such renewal at such time, in such manner, and accompanied by such information as the Administrator may establish.

''(B) UNLIMITED RENEWALS.—There shall be no limitation on the number of times a grant may be renewed under subparagraph (A).

''(n) PRIVACY REQUIREMENTS.—

''(1) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(A) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(B) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a women's business center, but a disclosure under this subparagraph shall be limited to the information necessary for such audit.

''(2) ADMINISTRATION USE OF INFORMATION.—This subsection shall not—

''(A) restrict Administration access to program activity data; or

''(B) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(3) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under paragraph (1)(B).''.

(b) REPEAL.—Section 29(l) of the Small Business Act (15 U.S.C. 656(l)) is repealed effective October 1 of the first full fiscal year after the date of enactment of this Act.

(c) TRANSITIONAL RULE.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded under subsection (l) of section 29 of the Small Business Act (15 U.S.C. 656), on or before the day before the date described in subsection (b) of this section, shall remain in full force and effect under the terms, and for the duration, of such grant or agreement.

SEC. 566. REPORTS ON ACQUISITIONS OF ARTICLES, MATERIALS, AND SUPPLIES MANUFACTURED OUTSIDE THE UNITED STATES.

Section 2 of the Buy American Act (41 U.S.C. 10a) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(a) IN GENERAL.—Notwithstanding''; and

(2) by adding at the end the following:

''(b) REPORTS.—

''(1) IN GENERAL.—Not later than 180 days after the end of each of fiscal years 2007 through 2011, the head of each Federal agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Government Reform of the House of Representatives a report on the amount of the acquisitions made by the agency in that fiscal year of articles, materials, or supplies purchased from entities that manufacture the articles, materials, or supplies outside of the United States.

''(2) CONTENTS OF REPORT.—The report required by paragraph (1) shall separately include, for the fiscal year covered by such report—

''(A) the dollar value of any articles, materials, or supplies that were manufactured outside the United States;

''(B) an itemized list of all waivers granted with respect to such articles, materials, or supplies under this Act, and a citation to the treaty, international agreement, or other law under which each waiver was granted;

''(C) if any articles, materials, or supplies were acquired from entities that manufacture articles, materials, or supplies outside the United States, the specific exception under this section that was used to purchase such articles, materials, or supplies; and

''(D) a summary of—

''(i) the total procurement funds expended on articles, materials, and supplies manufactured inside the United States; and

''(ii) the total procurement funds expended on articles, materials, and supplies manufactured outside the United States.

''(3) PUBLIC AVAILABILITY.—The head of each Federal agency submitting a report under paragraph (1) shall make the report publicly available to the maximum extent practicable.

''(4) EXCEPTION FOR INTELLIGENCE COMMUNITY.—This subsection shall not apply to acquisitions made by an agency, or component thereof, that is an element of the intelligence community as specified in, or designated under, section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).''.

SEC. 567. SENSE OF THE SENATE REGARDING REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

It is the sense of the Senate that Congress should repeal the 1993 tax increase on Social Security benefits and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such repeal and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 568. SENSE OF THE SENATE REGARDING PERMANENT TAX INCENTIVES TO MAKE EDUCATION MORE AFFORDABLE AND MORE ACCESSIBLE FOR AMERICAN FAMILIES.

It is the sense of the Senate that Congress should make permanent the tax incentives to make education more affordable and more accessible for American families and eliminate wasteful spending, such as spending on unnecessary tax loopholes, in order to fully offset the cost of such incentives and avoid forcing taxpayers to pay substantially more interest to foreign creditors.

SEC. 569. RESPONSIBLE GOVERNMENT CONTRACTOR REQUIREMENTS.

Section 274A(e) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)) is amended by adding at the end the following new paragraph:

''(10) PROHIBITION ON AWARD OF GOVERNMENT CONTRACTS, GRANTS, AND AGREEMENTS.—

''(A) EMPLOYERS WITH NO CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subparagraph (C), if an employer who does not hold a Federal contract, grant, or cooperative agreement is determined to have violated this section, the employer shall be debarred from the receipt of a Federal contract, grant, or cooperative agreement for a period of 7 years.

''(ii) PLACEMENT ON EXCLUDED LIST.—The Secretary of Homeland Security or the Attorney General shall advise the Administrator of General Services of the debarment of an employer under clause (i) and the Administrator of General Services shall list the employer on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs for a period of 7 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—The Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of a debarment under clause (i) if such waiver or limitation is necessary to national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternative action under this clause shall not be judicially reviewed.

''(B) EMPLOYERS WITH CONTRACTS, GRANTS, OR AGREEMENTS.—

''(i) IN GENERAL.—Subject to clause (iii) and subclause (C), an employer who holds a Federal contract, grant, or cooperative agreement and is determined to have violated this section shall be debarred from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(ii) NOTICE TO AGENCIES.—Prior to debarring the employer under clause (i), the Secretary of Homeland Security, in cooperation with the Administrator of General Services, shall advise any agency or department holding a contract, grant, or cooperative agreement with the employer of

the Government's intention to debar the employer from the receipt of new Federal contracts, grants, or cooperative agreements for a period of 10 years.

''(iii) WAIVER.—

''(I) AUTHORITY.—After consideration of the views of any agency or department that holds a contract, grant, or cooperative agreement with the employer, the Administrator of General Services, in consultation with the Secretary of Homeland Security and the Attorney General, may waive operation of clause (i) or may limit the duration or scope of the debarment under clause (i) if such waiver or limitation is necessary to the national defense or in the interest of national security.

''(II) NOTIFICATION TO CONGRESS.—If the Administrator grants a waiver or limitation described in subclause (I), the Administrator shall submit to each member of the Committee on the Judiciary of the Senate and of the Committee on the Judiciary of the House of Representatives immediate notice of such waiver or limitation.

''(III) PROHIBITION ON JUDICIAL REVIEW.—The decision of whether to debar or take alternate action under this clause shall not be judicially reviewed.

''(C) EXEMPTION FROM PENALTY FOR EMPLOYERS PARTICIPATING IN THE BASIC PILOT PROGRAM.—In the case of imposition on an employer of a debarment from the receipt of a Federal contract, grant, or cooperative agreement under subparagraph (A) or (B), that penalty shall be waived if the employer establishes that the employer was voluntarily participating in the basic pilot program under section 403(a) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note) at the time of the violations of this section that resulted in the debarment.''.

SEC. 570. DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.

(a) IN GENERAL.—Section 6306 (relating to qualified tax collection contracts) is amended—

(1) by striking ''Nothing'' in subsection (a) and inserting ''Except as provided in subsection (c), nothing'',

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (f), and (g), respectively, and

(3) by inserting after subsection (b) the following new subsection:

''(c) DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION CONTRACTS.—

''(1) IN GENERAL.—The Secretary shall provide a qualifying disability preference to any program under which any qualified tax collection contract is awarded on or after the effective date of this subsection and shall ensure compliance with the requirements of paragraph (3).

''(2) QUALIFYING DISABILITY PREFERENCE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualifying disability preference' means a preference pursuant to which at least 10 percent (in both number and aggregate dollar amount) of the accounts covered by qualified tax collection contracts are awarded to persons satisfying the following criteria:

''(i) Such person employs within the United States at least 50 severely disabled individuals.

''(ii) Such person shall agree as an enforceable condition of its bid for a qualified tax collection contract that within 90 days after the date such contract is awarded, not less than 35 percent of the employees of such person employed in connection with providing services under such contract shall—

''(I) be hired after the date such contract is awarded, and

''(II) be severely disabled individuals.

''(B) DETERMINATION OF SATISFACTION OF CRITERIA.—Within 60 days after the end of the period specified in subparagraph (A)(ii), the Secretary shall determine whether such person has met the 35 percent requirement specified in such subparagraph, and if such requirement has not been met, shall terminate the contract for nonperformance. For purposes of determining whether such 35 percent requirement has been satisfied, severely disabled individuals providing services under such contract shall not include any severely disabled individuals who were counted toward satisfaction of the 50-employee requirement specified in subparagraph (A)(i), unless such person replaced such individuals by hiring additional severely disabled individuals who do not perform services under such contract.

''(3) PROGRAM-WIDE EMPLOYMENT OF SEVERELY DISABLED INDIVIDUALS.—Not less than 15 percent of all individuals hired by all persons to whom tax collection contracts are issued by the Secretary under this section, to perform work under such tax collection contracts, shall qualify as severely disabled individuals.

''(4) SEVERELY DISABLED INDIVIDUAL.—For purposes of this subsection, the term 'severely disabled individual' means any one of the following:

''(A) Any veteran of the United States Armed Forces with—

''(i) a disability determined by the Secretary of Veterans Affairs to be service-connected, or

''(ii) a disability deemed by statute to be service-connected.

''(B) Any individual who is a disabled beneficiary (as defined in section 1148(k)(2) of the Social Security Act (42 U.S.C. 1320b–19(k)(2)) or who would be considered to be such a disabled beneficiary but for having income or assets in excess of the income or asset eligibility limits established under title II or XVI of the Social Security Act, respectively.''.

(b) REPORT BY GOVERNMENT ACCOUNTABILITY OFFICE.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the effectiveness and efficiency of the use of private contractors for Internal Revenue Service debt collection. The study required by this paragraph shall be completed in time to be taken into account by Congress before any new contracting is carried out under section 6306 of the Internal Revenue Code of 1986 in years following 2008.

(2) STUDY OF COMPARABLE EFFORTS.—As part of the study required under paragraph (1), the Comptroller General shall—

(A) make every effort to determine the relative effectiveness and efficiency of debt collection contracting by Federal staff compared to private contractors, using a cost calculation for both Federal staff and private contractors which includes all benefits and overhead costs,

(B) compare the cost effectiveness of the contracting approach of the Department of the Treasury to that of the Department of Education's Office of Student Financial Assistance, and

(C) survey State tax debt collection experiences for lessons that may be applicable to the Internal Revenue Service collection efforts.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any tax collection contract awarded on or after the date of the enactment of this Act.

This Act may be cited as the ''U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007''.

Mrs. MURRAY. Mr. President, I move to reconsider the vote.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Mr. President, there will be no more votes today. I express my appreciation to the managers of the bill. Senator BYRD, because of his other responsibilities, couldn't be here. The Senator from Washington, Mrs. MURRAY, worked hard on this bill. She has done a wonderful job. We are all indebted to her. Senator THAD COCHRAN is always very good, thorough, direct, and to the point. We appreciate very much his being the person he is.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Mr. President, I ask unanimous consent that the Senate insist on its amendments, request a conference with the House on the disagreeing votes of the two Houses, and the Chair be authorized to appoint conferees with a ratio of 15 to 14.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Republican leader is recognized.

Mr. MCCONNELL. Mr. President, let me also congratulate Senator MURRAY for her work and particularly my good friend, the ranking member of the Appropriations Committee, Senator COCHRAN, for his usual flawless effort in moving legislation across the floor. This was a challenging bill with a lot of interesting issues that divide the Senate in many ways. I express my gratitude and appreciation for the fine work of Senator COCHRAN.

Mr. REID. Mr. President, on behalf of the majority, I know conferees will be all of the Democratic members of the Appropriations Committee.

Mr. MCCONNELL. Mr. President, I will also be sending a list of conferees to the Chair.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Alabama is recognized.

SUPPLEMENTAL APPROPRIATIONS

Mr. SHELBY. Mr. President, today, just a few minutes ago, we voted on the emergency supplemental appropriations bill. I voted against the bill.

From the beginning, I have tried to support our troops both morally and materially. It has always been my goal to ensure that our Armed Forces have a clearly defined mission, realistic military objectives, and the best equipment available. Yet, today, I believe we have reached a point where political infighting has led to bartering for bullets. We have tied vital military funding for our troops to an arbitrary date of withdrawal.

The Senate, with this vote today—passing this supplemental spending bill with a date of withdrawal—has named the date for defeat in Iraq, if it were to stand. We have taken a step backward. We have put an arbitrary deadline on our military. It is the wrong message at the wrong time. Surely, this will embolden the enemy and will not help our troops in any way. It is a big mistake.

I hope the President will veto this bill as soon as he gets it to his desk. I