S. 1557

At the request of Mr. DODD, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1557, a bill to amend part B of title IV of the Elementary and Secondary Education Act of 1965 to improve 21st Century Community Learning Centers.

S. CON. RES. 1

At the request of Mr. ALLARD, the names of the Senator from Florida (Mr. MARTINEZ), the Senator from Georgia (Mr. CHAMBLISS), the Senator from Tennessee (Mr. CORKER), the Senator from Alaska (Mr. STEVENS), the Senator from Idaho (Mr. CRAIG), the Senator from Oklahoma (Mr. INHOFE), the Senator from Georgia (Mr. ISAKSON), the Senator from Arizona (Mr. KYL), the Senator from Mississippi (Mr. COCHRAN), the Senator from Kentucky (Mr. MCCONNELL), the Senator from Minnesota (Mr. COLEMAN), the Senator from Texas (Mr. CORNYN), the Senator from Alabama (Mr. SESSIONS), the Senator from Louisiana (Mr. VITTER), the Senator from Utah (Mr. HATCH), the Senator from New Hampshire (Mr. GREGG), the Senator from Virginia (Mr. WARNER), the Senator from South Carolina (Mr. DEMINT), the Senator from Nevada (Mr. ENSIGN), the Senator from Mississippi (Mr. LOTT), the Senator from Iowa (Mr. GRASSLEY), the Senator from Kentucky (Mr. BUNNING), the Senator from New Mexico (Mr. DOMENICI), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. MCCAIN), the Senator from Idaho (Mr. CRAPO), the Senator from Kansas (Mr. ROBERTS) and the Senator from Wyoming (Mr. ENZI) were added as cosponsors of S. Con. Res. 1, a concurrent resolution expressing the sense of Congress that an artistic tribute to commemorate the speech given by President Ronald Reagan at the Brandenburg Gate on June 12, 1987, should be placed within the United States Capitol.

S. CON. RES. 26

At the request of Mrs. CLINTON, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. Con. Res. 26, a concurrent resolution recognizing the 75th anniversary of the Military Order of the Purple Heart and commending recipients of the Purple Heart for their courageous demonstrations of gallantry and heroism on behalf of the United States.

S. CON. RES. 27

At the request of Mrs. CLINTON, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. Con. Res. 27, a concurrent resolution supporting the goals and ideals of ''National Purple Heart Recognition Day''.

S. RES. 213

At the request of Mr. CRAPO, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. Res. 213, a resolution supporting National Men's Health Week.

S. RES. 224

At the request of Mrs. FEINSTEIN, the name of the Senator from Virginia (Mr. WEBB) was added as a cosponsor of S. Res. 224, a resolution expressing the sense of the Senate regarding the Israeli-Palestinian peace process.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH:

S. 1591. A bill to amend the Internal Revenue Code of 1986 to allow full expensing for the cost of qualified refinery property in the year in which the property is placed in service, and to classify petroleum refining property as 5-year property for purposes of depreciation; to the Committee on Finance.

Mr. HATCH. Mr. President, today I rise to reintroduce my legislation, the Refinery Investment Tax Assistance Act, aimed at increasing refining capacity in this Nation. No one doubts that U.S. consumers and businesses will face another long hot summer of too high gas prices. There is general consensus among experts that a major bottleneck in U.S. refining capacity is a big part of the reason prices are so high. My bill will help resolve that problem.

As my colleagues know, the Government does not explore for, extract, transport, or refine oil in this country. Our Nation relies wholly on private industry to feed a very large domestic energy appetite. Unfortunately, the Government often stands in the way of industry in these activities. While many refiners would like to expand their capacity to refine oil, they face extraordinary costs from bureaucratic regulations that limit the available funding for such expansion. Because of this and other unfriendly economic factors, not a single new refinery has been built in the United States since 1976. In fact, we have lost nearly 200 refineries over that time period and now we badly need that refining capacity.

I authored a key provision of the Energy Policy Act of 2005, which is currently providing some incentives for new refining capacity. However, due to budgetary constraints, the tax incentives in my proposal were cut in half during the conference between the House and the Senate. I am confident that if we had known 2 years ago just how much of a bottleneck the refinery shortage would present in today's market, the full measure of my incentive would have been enacted.

The Refinery Investment Tax Assistance Act would restore those provisions I originally introduced, but which were later removed for budget reasons. First, it would increase the short-term incentive for the industry to build new refineries or to expand existing ones. As with the 2005 bill, S. 1591 would provide immediate expensing of 100 percent of the cost of new or expanded refineries in certain circumstances. As I said earlier, cost constraints forced us to limit this incentive in 2005 to 50 percent of expensing for refiners that were able to commit to installing new refining equipment before 2008. Under this bill, any added capacity would have to be placed in service by 2012 in order to qualify to write off the full cost of the expanded capacity in the first year.

The second part of S. 1591 would address the 10-year depreciation schedule for refining assets under our current tax law. This 10-year schedule is longer than the write-off period for much of the equipment used in other manufacturing industries, including the petrochemical industry. My bill would eliminate this disparity by shortening the depreciation schedule for refining assets from 10 years to 5. This unfair and unwarranted treatment of our refining industry acts as a long-term obstacle to new investment in increased capacity. I call on my colleagues to help me level the playing field on depreciation for this critically important sector of our energy industry.

I should also point out that this legislation would allow refineries to change only the timing of the depreciation of their equipment, but not the amount. Meanwhile, it would increase the size of our tax base by encouraging industry to build new refineries and increase capacity.

Testifying before the Senate Energy and Natural Resources Committee in 2005, Mr. Bob Slaughter of the National Petrochemical & Refiners Association said that an important solution to the energy crisis would be to ''expand the refining tax incentive provision in the Energy Act [and] reduce the depreciation period for refining investments from 10 to . . . five years in order to remove a current disincentive for refining investment.''

These changes are incorporated in the legislation I am introducing today.

Mr. Slaughter gave this testimony in the aftermath of hurricane Katrina. Every American has felt the effects of the storms on our energy sector. Refineries have been pummeled and, at one point, an unprecedented 25 percent of our Nation's refining capacity was taken offline. The rising gas prices hurt families' budgets, businesses that pay high travel expenses, and even school districts that must fuel buses to transport students. Once again, forecasters are predicting a terrible storm season this summer with hurricanes comparable to those of 2005.

We have learned that when it comes to our Nation's energy security, refining is where we are the most vulnerable. This legislation will help us deal with the energy crisis and make our Nation more secure from the attacks of Mother Nature and terrorists. I hope my colleagues will join me in pursuing the secure and independent refining program that this country truly needs. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1591

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Refinery Investment Tax Assistance Act of 2007''.

SEC. 2. FULL EXPENSING FOR QUALIFIED REFINERY PROPERTY.

(a) IN GENERAL.—Subsection (a) of section 179C of the Internal Revenue Code of 1986 (relating to election to expense certain refineries) is amended by striking ''50 percent of''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 1323 of the Energy Policy Act of 2005.

SEC. 3. PETROLEUM REFINING PROPERTY TREATED AS 5-YEAR PROPERTY.

(a) IN GENERAL.—Subparagraph (B) of section 168(e)(3) of the Internal Revenue Code of 1986 (relating to 5-year property) is amended by striking ''and'' at the end of clause (v), by striking the period at the end of clause (vi)(III) and inserting '', and'', and by adding at the end the following new clause:

''(vii) any petroleum refining property.''.

(b) PETROLEUM REFINING PROPERTY.—Section 168(i) of such Code is amended by adding at the end the following new paragraph:

''(18) PETROLEUM REFINING PROPERTY.—

''(A) IN GENERAL.—The term 'petroleum refining property' means any asset for petroleum refining, including assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components.

''(B) ASSET MUST MEET ENVIRONMENTAL LAWS.—Such term shall not include any property which does not meet all applicable environmental laws in effect on the date such property was placed in service. For purposes of the preceding sentence, a waiver under the Clean Air Act shall not be taken into account in determining whether the applicable environmental laws have been met.

''(C) SPECIAL RULE FOR MERGERS AND ACQUISITIONS.—Such term shall not include any property with respect to which a deduction was taken under subsection (e)(3)(B) by any other taxpayer in any preceding year.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

(2) EXCEPTION.—The amendments made by this section shall not apply to any property with respect to which the taxpayer has entered into a binding contract for the construction thereof on or before the date of the enactment of this Act.

By Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. ROCKEFELLER, Mr. CONRAD, Mr. BINGAMAN, Ms. SNOWE, Mr. KERRY, Mrs. LINCOLN, Mr. SMITH, Mr. SCHUMER, Ms. STABENOW, Ms. CANTWELL, Mr. ROBERTS, and Mr. SALAZAR):

S. 1593. A bill to amend the Internal Revenue Code of 1986 to provide tax relief and protections to military personnel, and for other purposes; to the Committee on Finance.

Mr. BAUCUS. Mr. President, this week, we celebrate Flag Day, and in a few weeks we will celebrate the Fourth of July.

We ask a lot from our men and women in the armed services, and their sacrifices are essential to protecting our freedom here at home. One way to support them is to make the Tax Code a little friendlier to the troops.

That is why I am introducing the Defenders of Freedom Tax Relief Act of 2007. This bill would extend the tax rules favoring the military that expire in 2007 and 2008. It would also eliminate roadblocks in the current tax laws that present difficulties for veterans and servicemembers.

Our troops should fight against our Nation's enemies, not our Nation's Tax Code. Family members of fallen soldiers killed in the line of duty receive a death benefit of $100,000. But the Tax Code restricts the survivors from contributing this benefit into a tax-favored retirement account. My bill would exempt this benefit from the current restrictions on contribution amounts and income limitations. That way, the family members of fallen soldiers could take advantage of tax-favored Roth IRA accounts.

Lower ranking, lower income soldiers do most of the heavy lifting in combat situations. Under the current Tax Code, their income is not counted in computing the earned income tax credit, or EITC. The EITC is a beneficial tax provision available to working Americans. It makes no sense to deny it to our troops. My bill would count combat duty income for EITC purposes, and it would make this change to the Tax Code permanent.

My bill would also eliminate the confusion that surrounds State gifts to servicemembers. Military members should not be caught in the crossfire of competing Tax Code interpretations.

Another hazard facing our troops in the Tax Code is the statute of limitations for filing a tax refund. Most Veterans' Administration disability claims filed by veterans are quickly resolved. But thousands of disability awards are delayed due to lost paperwork or the appeals of rejected claims. Once a disabled veteran finally gets a favorable award, the good news is that the disability award is tax-free. But many of these disabled veterans get ambushed by a statute that bars them from filing a tax refund claim. My bill would give disabled veterans in this situation an extra year to claim their tax refunds.

Our men and women in uniform provide an invaluable service to our country. They, along with their families, make sacrifices and live a demanding lifestyle. The Tax Code should not add to their hardships as they move from assignment to assignment around the globe.

Protecting American interests around the world requires most of our troops to move a number of times during their career. Restricting favorable mortgage bond financing to only first-time homebuyers does not make much sense for them. Therefore, my bill would eliminate this restriction for veterans who served in the active military.

The bill would make permanent a provision that allows intelligence community employees to make use of the exclusion of gain on the sale of their home when they are assigned overseas or 50 miles away from their home.

A soldier's rucksack is heavy enough as it is without piling tax paperwork on top of it. My bill would help reduce paperwork.

My bill would treat differential pay as wages. This would make it easer for employers to contribute to a reservist's retirement plans. And it would eliminate the reservist's need to make estimated tax payments.

My bill would also make permanent certain taxpayer information reporting rules, so that the Social Security Administration and the Veterans' Administration could facilitate the administration of veteran needs-based pension and compensation programs.

A further roadblock for military service men and women is the 10-percent penalty triggered for early withdrawal from a qualified retirement plan. If reservists are called to active duty, the last thing that they should have to worry about is their 401(k) plan or IRA account. This provision would permit penalty-free early withdrawal. And it would give reservists 2 years from the time that they stop active duty to roll over their IRAs or 401(k) plans.

Small business employers are being asked to make sacrifices here at home. My bill would help.

Mobilization of Reserve personnel creates unexpected employee absences. This hits small businesses especially hard. Some employers voluntarily take on the added burden of eliminating any pay gap experienced by their reservist-employees. These employers pay the difference between the civilian salary and the military pay. In recognition of their patriotism, my bill would provide small businesses with fewer than 50 employees a tax credit of 20 percent of the differential pay, up to $20,000, for those small businesses that make differential payments to reservists called up to active duty.

This bill is fully paid for with a change in the Tax Code that makes sure that anyone relinquishing their U.S. citizenship is still on the hook to pay their fair share of U.S. taxes.

We owe the Americans fighting in our Armed Forces an enormous debt of gratitude. These important tax reforms are one small way of saluting them for all that they do. I urge my colleagues to join me in supporting this measure.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in

this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

Sec. 1. Short title.
Sec. 2. Extension of statute of limitations to file claims for refunds relating to disability determinations by Department of Veterans Affairs.
Sec. 3. Permanent extension of election to treat combat pay as earned income for purposes of earned income credit.
Sec. 4. Treatment of differential military pay as wages.
Sec. 5. Permanent extension of penalty-free withdrawals from retirement plans by individual called to active duty.
Sec. 6. State payments to service members treated as qualified military benefits.
Sec. 7. Permanent extension of disclosure authority to Department of Veterans Affairs.
Sec. 8. Three-year extension of qualified mortgage bond program rules for veterans.
Sec. 9. Permanent exclusion of gain from sale of a principal residence by certain employees of the intelligence community.
Sec. 10. Contributions of military death gratuities to Roth IRAs.
Sec. 11. Credit for employer differential wage payments to employees who are active duty members of the uniformed services.
Sec. 12. Revision of tax rules on expatriation of individuals.

SEC. 2. EXTENSION OF STATUTE OF LIMITATIONS TO FILE CLAIMS FOR REFUNDS RELATING TO DISABILITY DETERMINATIONS BY DEPARTMENT OF VETERANS AFFAIRS.

(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and on or before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before January 1, 2001, and

(2) shall be applied by substituting ''the date of the enactment of the Defenders of Freedom Tax Relief Act of 2007'' for ''the date of such determination'' in subparagraph (A) thereof.

SEC. 3. PERMANENT EXTENSION OF ELECTION TO TREAT COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.

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

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

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

SEC. 4. TREATMENT OF DIFFERENTIAL MILITARY PAY AS WAGES.

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

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

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

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

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

''(A) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days, and

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

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

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

(1) PENSION PLANS.—

(A) IN GENERAL.—Section 414(u) (relating to special rules relating to veterans' reemployment rights under USERRA) is amended by adding at the end the following new paragraph:

''(11) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS.—

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

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

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

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

''(B) SPECIAL RULE FOR DISTRIBUTIONS.—

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

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

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

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

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

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

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

(c) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(1) IN GENERAL.—If this subsection applies to any plan or annuity contract amendment—

(A) such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i), and

(B) except as provided by the Secretary of the Treasury, such plan shall not fail to meet the requirements of the Internal Revenue Code of 1986 or the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(2) AMENDMENTS TO WHICH SECTION APPLIES.—

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

(i) pursuant to any amendment made by this section, and

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

(B) CONDITIONS.—This subsection shall not apply to any plan or annuity contract amendment unless—

(i) during the period beginning on the date the amendment described in subparagraph (A)(i) takes effect and ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and

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

SEC. 5. PERMANENT EXTENSION OF PENALTY-FREE WITHDRAWALS FROM RETIREMENT PLANS BY INDIVIDUAL CALLED TO ACTIVE DUTY.

Clause (iv) of section 72(t)(2)(G) (relating to distributions from retirement plans to individuals called to active duty) is amended by striking all after ''September 11, 2001'' and inserting a period.

SEC. 6. STATE PAYMENTS TO SERVICE MEMBERS TREATED AS QUALIFIED MILITARY BENEFITS.

(a) IN GENERAL.—Section 134(b) (defining qualified military benefit) is amended by adding at the end the following new paragraph:

''(6) CERTAIN STATE PAYMENTS.—The term 'qualified military benefit' includes any bonus payment by a State or political subdivision thereof to any member or former member of the uniformed services of the United States or any dependent of such member only by reason of such member's service in an combat zone (as defined in section 112(c)(2), determined without regard to the parenthetical).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made before, on, or after the date of the enactment of this Act.

SEC. 7. PERMANENT EXTENSION OF DISCLOSURE AUTHORITY TO DEPARTMENT OF VETERANS AFFAIRS.

Section 6103(l)(7)(D) (relating to program to which rule applies) is amended by striking the last sentence.

SEC. 8. THREE-YEAR EXTENSION OF QUALIFIED MORTGAGE BOND PROGRAM RULES FOR VETERANS.

Section 143(d)(2)(D) (relating to exception) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2011''.

SEC. 9. PERMANENT EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.

(a) IN GENERAL.—Section 417(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by striking ''and before January 1, 2011''.

(b) DUTY STATION MAY BE OUTSIDE UNITED STATES.—

(1) IN GENERAL.—Section 121(d)(9)(C) (defining qualified official extended duty) is amended by striking clause (vi).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales or exchanges after the date of the enactment of this Act.

SEC. 10. CONTRIBUTIONS OF MILITARY DEATH GRATUITIES TO ROTH IRAS.

(a) PROVISION IN EFFECT BEFORE PENSION PROTECTION ACT.—Subsection (e) of section 408A (relating to qualified rollover contribution), as in effect before the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

''(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified rollover contribution' means a rollover contribution to a Roth IRA from another such account, or from an individual retirement plan, but only if such rollover contribution meets the requirements of section 408(d)(3). Such term includes a rollover contribution described in section 402A(c)(3)(A). For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.

''(2) MILITARY DEATH GRATUITY.—

''(A) IN GENERAL.—The term 'qualified rollover contribution' includes a contribution to a Roth IRA maintained for the benefit of an individual to the extent that such contribution does not exceed the amount received by such individual under section 1477 of title 10, United States Code, or under section 1967 of title 38 of such Code, if such contribution is made not later than 1 year after the day on which such individual receives such amount.

''(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).

''(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.''.

(b) PROVISION IN EFFECT AFTER PENSION PROTECTION ACT.—Subsection (e) of section 408A, as in effect after the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:

''(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified rollover contribution' means a rollover contribution—

''(A) to a Roth IRA from another such account,

''(B) from an eligible retirement plan, but only if—

''(i) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and

''(ii) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.

For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.

''(2) MILITARY DEATH GRATUITY.—

''(A) IN GENERAL.—The term 'qualified rollover contribution' includes a contribution to a Roth IRA maintained for the benefit of an individual to the extent that such contribution does not exceed the amount received by such individual under section 1477 of title 10, United States Code, or under section 1967 of title 38 of such Code, if such contribution is made not later than 1 year after the day on which such individual receives such amount.

''(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).

''(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraphs (2) and (3), the amendments made by this section shall apply with respect to deaths from injuries occurring on or after the date of the enactment of this Act.

(2) APPLICATION OF AMENDMENTS TO DEATHS FROM INJURIES OCCURRING ON OR AFTER OCTOBER 7, 2001, AND BEFORE ENACTMENT.—The amendments made by this section shall apply to any contribution made pursuant to section 408A(e)(2) of the Internal Revenue Code of 1986, as amended by this Act, with respect to amounts received under section 1477 of title 10, United States Code, or under section 1967 of title 38 of such Code, for deaths from injuries occurring on or after October 7, 2001, and before the date of the enactment of this Act if such contribution is made not later than 1 year after the date of the enactment of this Act.

(3) PENSION PROTECTION ACT CHANGES.—Section 408A(e)(1) of the Internal Revenue Code of 1986 (as in effect after the amendments made by subsection (b)) shall apply to taxable years beginning after December 31, 2007.

SEC. 11. CREDIT FOR EMPLOYER DIFFERENTIAL WAGE PAYMENTS TO EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business credits) is amended by adding at the end the following new section:

''SEC. 45O. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible small business employer, the differential wage payment credit for any taxable year is an amount equal to 20 percent of the sum of the eligible differential wage payments for each of the qualified employees of the taxpayer during such taxable year.

''(b) DEFINITIONS.—For purposes of this section—

''(1) ELIGIBLE DIFFERENTIAL WAGE PAYMENTS.—The term 'eligible differential wage payments' means, with respect to each qualified employee, so much of the differential wage payments (as defined in section 3401(h)(2)) paid to such employee for the taxable year as does not exceed $20,000.

''(2) QUALIFIED EMPLOYEE.—The term 'qualified employee' means a person who has been an employee of the taxpayer for the 91-day period immediately preceding the period for which any differential wage payment is made.

''(3) ELIGIBLE SMALL BUSINESS EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible small business employer' means, with respect to any taxable year, any employer which—

''(i) employed an average of less that 50 employees on business days during such taxable year, and

''(ii) under a written plan of the employer, provides eligible differential wage payments to every qualified employee of the employer.

''(B) CONTROLLED GROUPS.—For purposes of subparagraph (A), all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.

''(c) COORDINATION WITH OTHER CREDITS.—The amount of credit otherwise allowable under this chapter with respect to compensation paid to any employee shall be reduced by the credit determined under this section with respect to such employee.

''(d) DISALLOWANCE FOR FAILURE TO COMPLY WITH EMPLOYMENT OR REEMPLOYMENT RIGHTS OF MEMBERS OF THE RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—No credit shall be allowed under subsection (a) to a taxpayer for—

''(1) any taxable year, beginning after the date of the enactment of this section, in which the taxpayer is under a final order, judgment, or other process issued or required by a district court of the United States under section 4323 of title 38 of the United States Code with respect to a violation of chapter 43 of such title, and

''(2) the 2 succeeding taxable years.

''(e) CERTAIN RULES TO APPLY.—For purposes of this section, rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

''(f) TERMINATION.—This section shall not apply to any payments made after December 31, 2009.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to general business credit) is amended by striking ''plus'' at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting '', plus'', and by adding at the end of following new paragraph:

''(32) the differential wage payment credit determined under section 45O(a).''.

(c) NO DEDUCTION FOR COMPENSATION TAKEN INTO ACCOUNT FOR CREDIT.—Section 280C(a) (relating to rule for employment credits) is amended by inserting ''45O(a),'' after ''45A(a),''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45O. Employer wage credit for employees who are active duty members of the uniformed services.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid after the date of the enactment of this Act.

SEC. 12. 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—

''(i) the individual's citizenship is treated as relinquished under section 877A(e)(3), and

''(ii) the individual provides a statement in accordance with section 6039G (if such a statement is otherwise required).

''(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))''.

(6) Section 7701(n) is amended by adding at the end the following new paragraph:

''(3) APPLICATION.—This subsection shall not apply to any expatriate subject to section 877A.''.

(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.

Mr. KERRY. Mr. President, today Senators BAUCUS, GRASSLEY and I, along with other Finance Committee members, are introducing the Defenders of Freedom Tax Relief Act of 2007. Earlier in the year, Senator SMITH and I introduced the Active Duty Military Tax Relief Act of 2007, which would help those who are valiantly serving their country and the families that they leave behind.

The Defenders of Freedom on Tax Relief Act of 2007 includes several provisions from the Active Duty Military Tax Relief Act of 2007. It also includes additional provisions to help military families and veterans who often struggle financially.

The best definition of patriotism is keeping faith with those who wear the uniform of our country. That means giving our troops the resources they need to keep them safe while they are protecting us. And it means supporting our troops at home as well as abroad.

Currently, there are over 149,700 military personnel serving in Iraq. There are approximately 22,100 U.S. servicemembers in Afghanistan. Many of these men and women are reservists and have been called to active duty, frequently for multiple tours.

Most large businesses have the resources to provide supplemental income to reservist employees called up and to replace them with temporary employees. I applaud the businesses that have been able to pay supplemental income to their reservists, but

it is not easy for small businesses to do the same.

In January, the Committee on Small Business and Entrepreneurship held a hearing on veterans' small business issues. A majority of our veterans returning from Iraq and Afghanistan are Reserve and National Guard members—35 percent of whom are either self-employed or own or are employed by a small business.

We heard some disturbing statistics about the impact and unintended consequences the call up of reservists is having on small businesses. According to a January 2007 survey conducted by Workforce Management, 54 percent of the businesses surveyed responded that they would not hire a citizen soldier if they knew that they could be called up for an indeterminate amount of time. I am concerned that long call ups and redeployments have made it hard for small businesses to be supportive of civilian soldiers.

The Active Duty Military Tax Relief Act of 2007 provides a tax credit to small businesses to assist with the cost of paying the salary of their reservist employees when they are called to active duty. A similar provision is included in the Defenders of Freedom Tax Relief Act of 2007.

In addition to helping small businesses, the Active Duty Military Tax Relief Act of 2007 addresses concerns related to differential military pay, income tax withholding, and retirement plan participation. These provisions will make it easier for employers who would like to pay their employees supplemental income, above their military pay, and make pension contributions. Our legislation would make differential military pay subject to Federal income tax withholding. In addition, with respect to the retirement plan rules, the bill provides that a person receiving differential military pay would be treated as an employee of the employer making the payment, and allows the differential military pay to be treated as compensation. These provisions are included in the Defenders of Freedom Tax Relief Act of 2007.

The Active Duty Military Tax Relief Act of 2007 would make permanent the existing provision which allows taxpayer to include combat pay as earned income for purposes of the earned-income tax credit, EITC. Without this provision some military families would no longer be eligible to receive the EITC because combat pay is currently not taxable.

Last Congress, Senator SMITH and I introduced the Fallen Heroes Family Savings Act, which we have incorporated into the Active Duty Military Tax Relief Act. This provision provides tax relief for the death gratuity payment that is given to families who have lost a loved one in combat. This payment is currently $100,000.

Our current tax laws do not allow the recipients of this payment to use it to make contributions to tax-preferred saving accounts that help with saving for retirement. The Active Duty Military Tax Relief Act of 2007 would allow military death gratuities to be contributed to certain tax-preferred accounts. These contributions would be treated as qualified rollovers. A similar provision is included in the Defenders of Freedom Tax Relief Act of 2007.

Our service men and women need to know that we are honoring their valor by taking care of those they leave behind. Helping ease the tax burden on the death gratuity will enable military families to save more for retirement. These changes to our tax laws will help our military families with some of their financial burdens. It cannot repay the sacrifices they have made for us, but it is a small way we can support our troops and their families at home as well as abroad.

By Mr. LAUTENBERG (for himself, Mr. INOUYE, Mr. SMITH, and Mr. STEVENS):

S. 1594. A bill to amend title 46, United States Code, to improve safety and security for especially hazardous cargoes, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. LAUTENBERG. Mr. President, I rise today to introduce the Maritime Hazardous Cargo Security Act of 2007 along with my colleagues Senators INOUYE, STEVENS, and SMITH. As the bipartisan leaders of the Senate Committee on Commerce, Science, and Transportation and its Subcommittee on Surface Transportation and Merchant Marine Safety, Security, and Infrastructure, we have been working together over the course of this session to evaluate the risks posed by the transportation of especially hazardous cargo in the maritime sector. This bill is the result of exhaustive research and consultation with affected industries and the Department of Homeland Security. Ships bringing liquefied natural gas, LNG, from foreign ports as well as the facilities along America's shores that handle LNG must be better secured against terrorism.

With so much focus on hazardous cargo that is transported on our roads and railways, we must not neglect the much larger shipments of hazardous cargoes that are carried by vessel. Energy supply challenges in our country have led to the proposals for approximately 70 new shoreside facilities in the United States to receive liquefied natural gas via oceangoing tank vessel. Many of the safety and security risks of the transportation of this commodity are known and have been detailed by the Government Accountability Office. Furthermore, other chemicals and petrochemicals can present even greater security risks.

The shipping system for these commodities is international in scope, so our bill would require the administration to work with our international trading partners to develop standards of care to adequately protect those ships, facilities, employees and nearby communities and residents from attacks involving these and other hazardous cargoes. Our proposal would require significant steps to protect the safety and security of our regional and national economies, and the public health, from the potential hazards of high risk cargo transported by ship.

Specifically the Maritime Hazardous Cargo Act of 2007 would: Direct the Administration to work with international partners to develop standards and procedures for the safe and secure handling of especially hazardous cargoes, EHC, for all vessels and port facilities; require successful completion of U.S. Coast Guard Incident Command System, ICS, training for all personnel responsible for the safety and security of a vessel in port; require the Department of Homeland Security to develop regional response and recovery plans for the resumption of commerce after disruption by a security incident; authorize the U.S. Coast Guard to develop cost share plans for security costs associated with high-risk U.S. facilities; authorize assistance to foreign ports that handle and transport EHC's for the purpose of complying with or exceeding current International Ship and Port Facility Code, ISPFC, standards; authorize voluntary third party validation of international port facilities to certify they meet or exceed international safety standards; and require the U.S. Coast Guard to develop a resource allocation plan to show how its proposed budget will be used for EHC security operations and to report to Congress biannually.

In summary, the Maritime Hazardous Cargo Act of 2007 will require strengthening of Federal protections against terrorist attacks on facilities and vessels that transport, handle, and store especially hazardous cargoes, EHC's. The transportation of EHC's by ship can pose a significant risk to the public safety and the economic security of the Nation, particularly the transportation of chemicals and petrochemicals such as anhydrous ammonia, ammonium nitrate, chlorine, liquefied natural gas and liquefied petroleum gas. Currently, no international standards exist for the safe and secure handling of these chemicals/petrochemicals by ship and limited U.S. Coast Guard resources for EHC security poses a dangerous risk to our communities. Further, I intend to work with my cosponsors and other colleagues to ensure there are sufficient resources in the Federal budget to carry out the provisions of the bill.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1594

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Maritime Hazardous Cargo Security Act''.

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

Sec. 1. Short title; table of contents.
Sec. 2. International committee for the safe and secure transportation of especially hazardous cargo.
Sec. 3. Validation of compliance with ISPFC standards.
Sec. 4. Safety and security assistance for foreign ports.
Sec. 5. Coast Guard port assistance program.
Sec. 6. EHC facility risk-based cost sharing.
Sec. 7. Transportation security incident mitigation plan.
Sec. 8. Coast Guard national resource allocation plan.
Sec. 9. Incident command system training.
Sec. 10. Conveyance of certain National Defense Reserve Fleet Vessels.
Sec. 11. Pre-positioning interoperable communications equipment at interagency operational centers.
Sec. 12. Definitions.

SEC. 2. INTERNATIONAL COMMITTEE FOR THE SAFE AND SECURE TRANSPORTATION OF ESPECIALLY HAZARDOUS CARGO.

(a) IN GENERAL.—Chapter 701 of title 46, United States Code, is amended by inserting after section 70109 the following:

''§ 70109A. International committee for the safe and secure transportation of especially hazardous cargo

''(a) IN GENERAL.—The Secretary, in consultation with the Secretary of State and other appropriate entities, shall, in a manner consistent with international treaties, conventions, and agreements to which the United States is a party, establish a committee that includes representatives of United States trading partners that supply tank or break-bulk shipments of especially hazardous cargo to the United States.

''(b) SAFE AND SECURE LOADING, UNLOADING, AND TRANSPORTATION OF ESPECIALLY HAZARDOUS CARGOES.—In carrying out this section, the Secretary, in cooperation with the International Maritime Organization and in consultation with the International Standards Organization and shipping industry stakeholders, shall develop protocols, procedures, standards, and requirements for receiving, handling, loading, unloading, vessel crewing, and transportation of especially hazardous cargo to promote the safe and secure operation of ports, facilities, and vessels that transport especially hazardous cargo to the United States.

''(c) DEADLINES.—The Secretary shall—

''(1) initiate the development of the committee within 180 days after the date of enactment of the Maritime Hazardous Cargo Security Act; and

''(2) endeavor to have the protocols, procedures, standards, and requirements developed by the committee take effect within 3 years after the date of enactment of that Act.

''(d) REPORTS.—The Secretary shall report annually to the Senate Committee on Commerce, Science, and Transportation, the House of Representatives Committee on Transportation and Infrastructure, and the House of Representatives Committee on Homeland Security on the development, implementation, and administration of the protocols, procedures, standards, and requirements developed by the committee established under subsection (a).''.

(b) CONFORMING AMENDMENT.—The chapter analysis for chapter 701 of title 46, United States Code, is amended by inserting after the item relating the section 70109 the following:

''70109A. International committee for the safe and secure transportation of especially hazardous cargo''.

SEC. 3. VALIDATION OF COMPLIANCE WITH ISPFC STANDARDS.

(a) IN GENERAL.—Chapter 701 of title 46, United States Code, is amended by inserting after section 70110 the following:

''70110A. Port safety and security validations

''(a) IN GENERAL.—The Secretary, in consultation with the Secretary of State, shall, in a manner consistent with international treaties, conventions, and agreements to which the United States is a party, develop and implement a voluntary program under which foreign ports and facilities can certify their compliance with applicable International Ship and Port Facility Code standards.

''(b) THIRD-PARTY VALIDATION.—

''(1) IN GENERAL.—In carrying out this section, the Secretary, in cooperation with the International Maritime Organization and the International Standards Organization, shall develop and implement a program under which independent, third-party entities are certified to validate a foreign port's or facility's compliance under the program developed under subsection (a).

''(2) PROGRAM COMPONENTS.—The international program shall include—

''(A) international inspection protocols and procedures;

''(B) minimum validation standards to ensure a port or facility meets the applicable International Ship and Port Facility Code standards;

''(C) recognition for foreign ports or facilities that exceed the minimum standards;

''(D) uniform performance metrics by which inspection validations are to be conducted;

''(E) a process for notifying a port or facility, and its host nation, of areas of concern about the port's or facility's failure to comply with International Ship and Port Facility Code standards;

''(F) provisional or probationary validations;

''(G) conditions under which routine monitoring is to occur if a port or facility receives a provisional or probationary validation;

''(H) a process by which failed validations can be appealed; and

''(I) an appropriate cycle for re-inspection and validation.

''(c) CERTIFICATION OF THIRD PARTY ENTITIES.—The Secretary may not certify a third party entity to validate ports or facilities under subsection (b) unless—

''(1) the entity demonstrates to the satisfaction of the Secretary the ability to perform validations in accordance with the standards, protocols, procedures, and requirements established by the program implemented under subsection (a); and

''(2) the entity has no beneficial interest in or any direct control over the port and facilities being inspected and validated.

''(d) MONITORING—The Secretary shall regularly monitor and audit the operations of each third party entity conducting validations under this section to ensure that it is meeting the minimum standards, operating protocols, procedures, and requirements established by international agreement.

''(e) REVOCATION.—The Secretary shall revoke the certification of any entity determined by the Secretary not to meet the minimum standards, operating protocol, procedures, and requirements established by international agreement for third party entity validations.

''(f) PROTECTION OF SECURITY AND PROPRIETARY INFORMATION.—In carrying out this section, the Secretary shall take appropriate actions to protect from disclosure information that—

''(1) is security sensitive, proprietary, or business sensitive; or

''(2) is otherwise not appropriately in the public domain.

''(g) DEADLINES.—The Secretary shall—

''(1) initiate procedures to carry out this section within 180 days after the date of enactment of the Maritime Hazardous Cargo Security Act; and

''(2) develop standards under subsection (b) for third party validation within 2 years after the date of enactment of that Act.

''(h) REPORTS.—The Secretary shall report annually to the Senate Committee on Commerce, Science, and Transportation, the House of Representatives Committee on Transportation and Infrastructure, and the House of Representatives Committee on Homeland Security on activities conducted pursuant to this section.''.

(c) CONFORMING AMENDMENT.—The chapter analysis for chapter 701 of title 46, United States Code, is amended by inserting after the item relating to section 70110 the following:

''70110A. Port safety and security validations''.

SEC. 4. SAFETY AND SECURITY ASSISTANCE FOR FOREIGN PORTS.

(a) IN GENERAL.—Section 70110(e)(1) of title 46, United States Code, is amended by striking the second sentence and inserting the following: ''The Secretary shall establish a strategic plan to utilize those assistance programs to assist ports and facilities that are found by the Secretary under subsection (a) not to maintain effective antiterrorism measures in the implementation of port security antiterrorism measures.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 70110 of title 46, United States Code, is amended—

(A) by inserting ''**or facilities**'' after ''**ports**'' in the section heading;

(B) by inserting ''or facility'' after ''port'' each place it appears; and

(C) by striking ''PORTS'' in the heading for subsection (e) and inserting ''PORTS, FACILITIES,''.

(2) The chapter analysis for chapter 701 of title 46, United States Code, is amended by striking the item relating to section 70110 and inserting the following:

''70110. Actions and assistance for foreign ports or facilities and United States territories''.

SEC. 5. COAST GUARD PORT ASSISTANCE PROGRAM.

Section 70110 of title 46, United States Code, is amended by adding at the end thereof the following:

''(f) COAST GUARD LEND-LEASE ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may lend, lease, or otherwise provide equipment, and provide technical training and support, to the owner or operator of a foreign port or facility—

''(A) to assist in bringing the port or facility into compliance with applicable International Ship and Port Facility Code standards;

''(B) to assist the port or facility in meeting standards established under section 70109A of this chapter; and

''(C) to assist the port or facility in exceeding the standards described in subparagraph (A) and (B).

''(2) CONDITIONS.—The Secretary—

''(A) shall provide such assistance based upon an assessment of the risks to the security of the United States and the inability of the owner or operator of the port or facility otherwise to bring the port or facility into compliance with those standards and to maintain compliance with them; but

''(B) may not provide such assistance unless the facility or port has been subjected to a comprehensive port security assessment by

the Coast Guard or a third party entity certified by the Secretary under section 70110A(b) to validate foreign port or facility compliance with International Ship and Port Facility Code standards.

''(3) DEADLINE.—The Secretary shall identify ports and facilities that qualify for assistance under this subsection within 180 days after the date of enactment of the Maritime Hazardous Cargo Security Act.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subsection.''.

SEC. 6. EHC FACILITY RISK-BASED COST SHARING.

The Commandant shall identify facilities sited or constructed on or adjacent to the navigable waters of the United States that receive, handle, load, or unload especially hazardous cargos that pose a risk greater than an acceptable risk threshhold, as determined by the Secretary under a uniform risk assessment methodology. The Secretary may establish a security cost-share plan to assist the Coast Guard in providing security for the transportation of especially hazardous cargo to such facilities.

SEC. 7. TRANSPORTATION SECURITY INCIDENT MITIGATION PLAN.

Section 70103(b)(2) of title 46, United States Code, is amended—

(1) by redesignating subparagraphs (E) through (G) as subparagraphs (F) through (H), respectively; and

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

''(E) establish regional response and recovery protocols to prepare for, respond to, mitigate against, and recover from a transportation security incident consistent with section 202 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C. 942) and section 70103(a) of title 46, United States Code;''.

SEC. 8. COAST GUARD NATIONAL RESOURCE ALLOCATION PLAN.

The Commandant shall develop a national resource allocation plan for Coast Guard assets and resources necessary to meet safety and security requirements associated with receiving, handling, and loading especially hazardous cargo at United States ports and facilities, taking into account the Coast Guard assets and resources necessary to execute other Coast Guard missions. The Secretary shall submit the plan to the Congress at the same time as the President submits the Budget of the United States for fiscal year 2009, together with an estimate of the operational and capital costs required to assure an acceptable level of safety and security under the plan.

SEC. 9. INCIDENT COMMAND SYSTEM TRAINING.

The Secretary shall ensure that Federal, State, and local personnel responsible for the safety and security of vessels in port carrying especially hazardous cargo have successfully completed training in the Coast Guard's incident command system.

SEC. 10. CONVEYANCE OF CERTAIN NATIONAL DEFENSE RESERVE FLEET VESSELS.

Section 57102 of title 46, United States Code, is amended—

(1) by striking ''vessel or sell the vessel for cash.'' in subsection (a) and inserting ''vessel, sell the vessel for cash, or convey the vessel under subsection (c) to the owner or operator of a port.''; and

(2) by adding at the end thereof the following:

''(c) CONVEYANCE TO PORT AUTHORITY.—The Secretary, after consultation with the Maritime Administration, may convey a vessel described in subsection (a) to the owner or operator of a United States or foreign port—

''(1) for use in safety or security operations at that port;

''(2) with or without compensation; and

''(3) subject to such limitations on its use and further disposition as the Secretary determines to be appropriate.''.

SEC. 11. PRE-POSITIONING INTEROPERABLE COMMUNICATIONS EQUIPMENT AT INTERAGENCY OPERATIONAL CENTERS.

Section 70107A of title 46, United States Code, is amended—

(1) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

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

''(e) DEPLOYMENT OF INTEROPERABLE COMMUNICATIONS EQUIPMENT AT INTERAGENCY OPERATIONAL CENTERS.—

''(1) IN GENERAL.—The Secretary shall ensure that interoperable communications technology is deployed at all interagency operational centers established under subsection (a).

''(2) CONSIDERATIONS.—In carrying out paragraph (1), the Secretary shall consider the continuing technological evolution of communications technologies and devices, with its implicit risk of obsolescence, and shall ensure, to the maximum extent feasible, that a substantial part of the technology deployed involves prenegotiated contracts and other arrangements for rapid deployment of equipment, supplies, and systems rather than the warehousing or storage of equipment and supplies currently available at the time the technology is deployed.

''(3) REQUIREMENTS AND CHARACTERISTICS.—The interoperable communications technology deployed under paragraph (1) shall—

''(A) be capable of re-establishing communications when existing infrastructure is damaged or destroyed in an emergency or a major disaster;

''(B) include appropriate current, widely-used equipment, such as Land Mobile Radio Systems, cellular telephones and satellite equipment, Cells-On-Wheels, Cells-On-Light-Trucks, or other self-contained mobile cell sites that can be towed, backup batteries, generators, fuel, and computers;

''(C) include contracts (including prenegotiated contracts) for rapid delivery of the most current technology available from commercial sources;

''(D) include arrangements for training to ensure that personnel are familiar with the operation of the equipment and devices to be delivered pursuant to such contracts; and

''(E) be utilized as appropriate during live area exercises conducted by the United States Coast Guard.

''(4) ADDITIONAL CHARACTERISTICS.—Portions of the communications technology deployed under paragraph (1) may be virtual and may include items donated on an in-kind contribution basis.

''(5) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed or interpreted to preclude the use of funds under this section by the Secretary for interim or long-term Internet Protocol-based interoperable solutions, notwithstanding compliance with the Project 25 standard.''.

SEC. 12. DEFINITIONS.

In this Act:

(1) COMMANDANT.—The term ''Commandant'' means the Commandant of the Coast Guard.

(2) ESPECIALLY HAZARDOUS CARGO.—The term ''especially hazardous cargo'' means anhydrous ammonia, ammonium nitrate, chlorine, liquefied natural gas, liquefied petroleum gas, and any other substance identified by the Secretary of the department in which the Coast Guard is operating as especially hazardous cargo.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the department in which the Coast Guard is operating.

Mr. SMITH (for himself and Mr. WYDEN):

S. 1595. A bill to amend title XVIII of the Social Security Act to provide flexibility in the manner in which beds are counted for purposes of determining whether a hospital may be designated as a critical access hospital under the Medicare program; to the Committee on Finance.

Mr. SMITH. Mr. President, I am pleased to be joined today by my colleague Senator WYDEN, to introduce this important piece of legislation for America's rural hospitals. Our legislation will work to ensure that hospitals in under-served areas, including those in our home State of Oregon, have the flexibility they need to provide care to their communities.

The Critical Access Hospital program, CAH, is an important safety net that ensures that communities have access to health care services in rural areas such as my hometown of Pendleton, OR. Hundreds of hospitals across the United States operate under a CAH designation, 25 of which are in Oregon. In order to obtain this designation, certain requirements, such as being located more than 35 miles from any other hospital, or receiving certification by the state to be a ''necessary provider.'' CAH's also must provide 24-hour emergency care services 7 days a week.

One requirement, however, the 25-patient bed limit, has proven to be too constricting for facilities during times of unexpected, increased need, such as during an influenza outbreak or an influx of tourism to the community.

Leadership for Oregon hospitals have expressed to me that these rules could lead to severe patient safety issues. As hospitals reach their 25-bed capacity, they could be forced to divert those in need of care to a hospital much farther from their home and families. Alternatively, should these small hospitals take the patient in they put themselves at risk of losing their important CAH status. Loss of such status could cause the closing of the facility altogether.

Access to health care remains an issue in our Nation and this bill is one small way in which we can work to ensure that rural hospital doors remain open for millions of Americans living in communities who depend on CAH's for their medical care. This bill will provide the flexibility necessary for a CAH to choose to meet either the 25-bed-per day limit or a limit of 20-beds-per-day averaged throughout the year. Therefore, during a time of surge, they can care for more patients in need even if the hospital would exceed the use of 25 beds, which they could not do under current law. However, our bill ensures that during times of non-surge these hospitals are meeting the requirements under law that make them a CAH. This new yearly average is set lower than the daily limit to ensure that we are not expanding this program.

We believe that this simple tweak in the current law is critically important

to keeping our rural hospitals open and their communities' health care needs served. I hope my colleagues will join me in support of this bill, and I look forward to working with Chairman BAUCUS and other members of the Finance Committee to secure passage of this important bill.

By Mr. VITTER:

S. 1597. A bill to preserve open competition and Federal Government neutrality towards the labor relations of Federal Government contractors on Federal and federally funded construction projects; to the Committee on Homeland Security and Governmental Affairs.

Mr. VITTER. Mr. President, I am pleased to introduce today a bill that would go a long way toward ensuring that Federal contracting remains a process of equal opportunity and open competition. Specifically, my legislation would prohibit the practice of attaching restrictive union-only project labor agreements, or PLAs, to Federal contracts.

In short, any contractor or subcontractor who is bidding on a construction project that includes a union-only PLA must agree to recognize unions as the representatives of the employees on that job; use the union hiring hall to obtain workers and apprentices; pay union wages and benefits; and follow the union's restrictive rules, job classifications, and arbitration procedures.

These restrictions would apply at the expense of a contractor's or subcontractor's usual team of workers. They would apply in States that may have low numbers of unionized construction workers, even if it meant denying jobs to local, in-State workers and required bringing in employees from out of State. Finally, the restrictions in a union-only PLA would apply even though only 13 percent of our private construction workforce belongs to a construction labor union, and therefore effectively locking out almost nine of every 10 able, qualified workers.

In my home State of Louisiana, just 7.4 percent of private construction workers belong to a construction labor union. Yet, for example, if union-only PLAs are attached to the Federal construction projects helping rebuild Louisiana after the devastation of Hurricanes Katrina and Rita, Louisianans will be locked out of this important rebuilding process, making it difficult to find work and earn a decent wage; the same jobs and wages that would enable Louisiana families to return to the hurricane-affected areas and rebuild their lives in these communities. Yet, instead of enabling local folks and businesses to come together and participate in their community's renewal, PLAs will ensure that these valuable jobs will go to just a select few, mostly out-of-State union workers. It is inexcusable that local Louisiana firms and their workers would be barred from freely bidding on construction projects in their own town or parish. And this is just one example of the harmful consequences associated with PLAs.

In sum, the Federal Government should not be in the business of taking taxpayers' money to fund projects that exclude more than four out of five workers, making these projects discriminatory, anticompetitive, and unnecessarily expensive. At the very least, taxpayers should be able to bid and work on projects that they are funding with their own hard-earned dollars. Construction workers should have the opportunity to work on projects that benefit their own communities regardless of their union affiliation. The Federal Government should maintain a neutral position and encourage full and open competition in the Federal contracting process.

Contracts should be awarded based on sound, commonsense criteria, such as quality of work, experience, and cost. Union affiliation has no place within the criteria for considering a contract bid. The best bid, by the most qualified contractor or subcontractor, should always be the winning bid.

I urge my colleagues to support this important legislation and to oppose attempts to attach union-only project labor agreements to Federal projects.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1597

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Government Neutrality in Contracting Act''.

SEC. 2. PURPOSES.

It is the purpose of this Act to—

(1) promote and ensure open competition on Federal and federally funded or assisted construction projects;

(2) maintain Federal Government neutrality towards the labor relations of Federal Government contractors on Federal and federally funded or assisted construction projects;

(3) reduce construction costs to the Federal Government and to the taxpayers;

(4) expand job opportunities, especially for small and disadvantaged businesses; and

(5) prevent discrimination against Federal Government contractors or their employees based upon labor affiliation or the lack thereof, thereby promoting the economical, nondiscriminatory, and efficient administration and completion of Federal and federally funded or assisted construction projects.

SEC. 3. PRESERVATION OF OPEN COMPETITION AND FEDERAL GOVERNMENT NEUTRALITY.

(a) PROHIBITION.—

(1) GENERAL RULE.—The head of each executive agency that awards any construction contract after the date of enactment of this Act, or that obligates funds pursuant to such a contract, shall ensure that the agency, and any construction manager acting on behalf of the Federal Government with respect to such contract, in its bid specifications, project agreements, or other controlling documents does not—

(A) require or prohibit a bidder, offeror, contractor, or subcontractor from entering into, or adhering to, agreements with 1 or more labor organization, with respect to that construction project or another related construction project; or

(B) otherwise discriminate against a bidder, offeror, contractor, or subcontractor because such bidder, offeror, contractor, or subcontractor—

(i) became a signatory, or otherwise adhered to, an agreement with 1 or more labor organization with respect to that construction project or another related construction project; or

(ii) refused to become a signatory, or otherwise adhere to, an agreement with 1 or more labor organization with respect to that construction project or another related construction project.

(2) APPLICATION OF PROHIBITION.—The provisions of this section shall not apply to contracts awarded prior to the date of enactment of this Act, and subcontracts awarded pursuant to such contracts regardless of the date of such subcontracts.

(3) RULE OF CONSTRUCTION.—Nothing in paragraph (1) shall be construed to prohibit a contractor or subcontractor from voluntarily entering into an agreement described in such paragraph.

(b) RECIPIENTS OF GRANTS AND OTHER ASSISTANCE.—The head of each executive agency that awards grants, provides financial assistance, or enters into cooperative agreements for construction projects after the date of enactment of this Act, shall ensure that—

(1) the bid specifications, project agreements, or other controlling documents for such construction projects of a recipient of a grant or financial assistance, or by the parties to a cooperative agreement, do not contain any of the requirements or prohibitions described in subparagraph (A) or (B) of subsection (a)(1); or

(2) the bid specifications, project agreements, or other controlling documents for such construction projects of a construction manager acting on behalf of a recipient or party described in paragraph (1), do not contain any of the requirements or prohibitions described in subparagraph (A) or (B) of subsection (a)(1).

(c) FAILURE TO COMPLY.—If an executive agency, a recipient of a grant or financial assistance from an executive agency, a party to a cooperative agreement with an executive agency, or a construction manager acting on behalf of such an agency, recipient or party, fails to comply with subsection (a) or (b), the head of the executive agency awarding the contract, grant, or assistance, or entering into the agreement, involved shall take such action, consistent with law, as the head of the agency determines to be appropriate.

(d) EXEMPTIONS.—

(1) IN GENERAL.—The head of an executive agency may exempt a particular project, contract, subcontract, grant, or cooperative agreement from the requirements of 1 or more of the provisions of subsections (a) and (b) if the head of such agency determines that special circumstances exist that require an exemption in order to avert an imminent threat to public health or safety or to serve the national security.

(2) SPECIAL CIRCUMSTANCES.—For purposes of paragraph (1), a finding of ''special circumstances'' may not be based on the possibility or existence of a labor dispute concerning contractors or subcontractors that are nonsignatories to, or that otherwise do not adhere to, agreements with 1 or more labor organization, or labor disputes concerning employees on the project who are not members of, or affiliated with, a labor organization.

(3) ADDITIONAL EXEMPTION FOR CERTAIN PROJECTS.—The head of an executive agency, upon application of an awarding authority, a recipient of grants or financial assistance, a party to a cooperative agreement, or a construction manager acting on behalf of any of such entities, may exempt a particular project from the requirements of any or all of the provisions of subsections (a) or (c), if the agency head finds—

(A) that the awarding authority, recipient of grants or financial assistance, party to a cooperative agreement, or construction manager acting on behalf of any of such entities had issued or was a party to, as of the date of the enactment of this Act, bid specifications, project agreements, agreements with one or more labor organizations, or other controlling documents with respect to that particular project, which contained any of the requirements or prohibitions set forth in subsection (a)(1); and

(B) that one or more construction contracts subject to such requirements or prohibitions had been awarded as of the date of the enactment of this Act.

(e) FEDERAL ACQUISITION REGULATORY COUNCIL.—With respect to Federal contracts to which this section applies, not later than 60 days after the date of enactment of this Act, the Federal Acquisition Regulatory Council shall take appropriate action to amend the Federal Acquisition Regulation to implement the provisions of this section.

(f) DEFINITIONS.—In this section:

(1) CONSTRUCTION CONTRACT.—The term ''construction contract'' means any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.

(2) EXECUTIVE AGENCY.—The term ''executive agency'' has the meaning given such term in section 105 of title 5, United States Code, except that such term shall not include the Government Accountability Office.

(3) LABOR ORGANIZATION.—The term ''labor organization'' has the meaning given such term in section 701(d) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(d)).

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 231—RECOGNIZING THE HISTORICAL SIGNIFICANCE OF JUNETEENTH INDEPENDENCE DAY AND EXPRESSING THE SENSE OF THE SENATE THAT HISTORY SHOULD BE REGARDED AS A MEANS FOR UNDERSTANDING THE PAST AND SOLVING THE CHALLENGES OF THE FUTURE

Mr. DURBIN (for himself, Mr. LEVIN, Mr. REID, Mr. OBAMA, Ms. STABENOW, and Mr. BROWNBACK) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 231

Whereas news of the end of slavery did not reach frontier areas of the United States, and in particular the Southwestern States, for more than 2 years after President Lincoln's Emancipation Proclamation of January 1, 1863, and months after the conclusion of the Civil War;

Whereas, on June 19, 1865, Union soldiers led by Major General Gordon Granger arrived in Galveston, Texas, with news that the Civil War had ended and that the enslaved were free;

Whereas African Americans who had been slaves in the Southwest celebrated June 19, commonly known as ''Juneteenth Independence Day'', as the anniversary of their emancipation;

Whereas African Americans from the Southwest continue the tradition of celebrating Juneteenth Independence Day as inspiration and encouragement for future generations;

Whereas, for more than 140 years, Juneteenth Independence Day celebrations have been held to honor African American freedom while encouraging self-development and respect for all cultures;

Whereas, although Juneteenth Independence Day is beginning to be recognized as a national, and even global, event, the history behind the celebration should not be forgotten; and

Whereas the faith and strength of character demonstrated by former slaves remains an example for all people of the United States, regardless of background, religion, or race: Now, therefore, be it

Resolved, That—

(1) the Senate—

(A) recognizes the historical significance of Juneteenth Independence Day to the Nation;

(B) supports the continued celebration of Juneteenth Independence Day to provide an opportunity for the people of the United States to learn more about the past and to understand better the experiences that have shaped the Nation; and

(C) encourages the people of the United States to observe Juneteenth Independence Day with appropriate ceremonies, activities, and programs; and

(2) it is the sense of the Senate that—

(A) history should be regarded as a means for understanding the past and solving the challenges of the future; and

(B) the celebration of the end of slavery is an important and enriching part of the history and heritage of the United States.

Mr. DURBIN. Mr. President, today Senator LEVIN and I are introducing a resolution recognizing the historic Juneteenth Independence Day. June 19 is an ordinary day for many Americans but is a significant day for those who know its history. Juneteenth Independence Day celebrates June 19, 1865, when Union soldiers, led by Major General Gordon Granger, arrived in Galveston, Texas, with news that the Civil War had ended and that the enslaved were free.

Americans across the United States continue the tradition of celebrating Juneteenth Independence Day as an inspiration and encouragement for future generations. This legislation recognizes the historical significance of Juneteenth Independence Day and supports its continued celebration as an opportunity for the people of the United States to learn more about the past and to understand more fully the experiences that have shaped our nation.

As Americans, we must remember the lessons learned from slavery. Juneteenth is a day that all Americans, of all races, creeds and ethnic backgrounds, can celebrate freedom and the end of slavery in the United States. Therefore, I encourage my colleagues to recognize historic Juneteenth Independence Day and support this important resolution.

SENATE RESOLUTION 232—CONGRATULATING THE UNIVERSITY OF COLORADO AT BOULDER MEN'S CROSS COUNTRY TEAM FOR WINNING THE 2006 NATIONAL COLLEGIATE ATHLETIC ASSOCIATION DIVISION I MEN'S CROSS COUNTRY CHAMPIONSHIP

Mr. ALLARD (for himself and Mr. SALAZAR) submitted the following resolution; which was considered and agreed to:

S. RES. 232

Whereas, on November 20, 2006, the University of Colorado at Boulder men's cross country team (referred to in this preamble as the ''Colorado Buffaloes'') won the 2006 National Collegiate Athletic Association (NCAA) Division I Men's Cross Country National Championship in Terre Haute, Indiana;

Whereas the Colorado Buffaloes team of junior Brent Vaughn, junior Stephen Pifer, senior Erik Heinonen, junior James Strang, and senior Billy Nelson won the NCAA Cross Country Championships with a score of 94, which was 48 points ahead of their nearest opponent;

Whereas this championship is the Colorado Buffaloes men's cross country team's 3rd national championship and also their 3rd championship in 6 years;

Whereas the Colorado Buffaloes won the Big 12 Conference Championship for the 11th consecutive year and the NCAA Mountain Region Championship for the 4th consecutive year in 2006;

Whereas senior Erik Heinonen and junior Brent Vaughn were named to the United States Track and Field and Cross Country Coaches Association (USTFCCCA) All-Academic Men's Team;

Whereas Colorado Buffaloes Head Coach Mark Wetmore was named USTFCCCA Men's Cross Country Coach of the Year for 2006;

Whereas Colorado Buffaloes Head Coach Mark Wetmore has successfully coached the University of Colorado men's and women's cross country teams to top 10 finishes in all of his 12 years as head coach; and

Whereas this championship marks the 23rd national title in the University of Colorado's athletic history and the 2nd championship of 2006: Now, therefore, be it

Resolved, That the Senate—

(1) Congratulates the University of Colorado men's cross country team, the Colorado Buffaloes, for winning the 2006 NCAA Division I Men's Cross Country Championship;

(2) Recognizes the achievements of all the players, coaches, students, and support staff whose dedication was instrumental in helping the Colorado Buffaloes win the 2006 NCAA Division I Men's Cross Country Championship; and

(3) Respectfully requests the Secretary of the Senate to transmit copies of this resolution to the following for appropriate display—

(A) The University of Colorado at Boulder;

(B) The President of the University of Colorado, Hank Brown;

(C) The Chancellor of the University of Colorado at Boulder, Dr. G.P. ''Bud'' Peterson;

(D) The Athletic Director of the University of Colorado at Boulder, Mike Bohn; and

(E) The Head Coach of The University of Colorado at Boulder men's cross country team, Mark Wetmore.