amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1697. Mr. WEBB submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1698. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1699. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1700. Ms. COLLINS submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1701. Mrs. DOLE submitted an amendment intended to be proposed by her to the bill S. 1639, to provide for comprehensive immigration reform and for other purposes; which was ordered to lie on the table.

SA 1702. Ms. SNOWE (for herself and Mr. KERRY) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table.

SA 1703. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1704. Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. BINGAMAN, Ms. CANTWELL, Mr. WYDEN, Mr. SCHUMER, Mr. SALAZAR, and Ms. SNOWE) proposed an amendment to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra.

SA 1705. Mr. KERRY (for himself, Ms. CANTWELL, and Mr. TESTER) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1706. Mr. KERRY (for himself and Ms. SNOWE) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1707. Mr. KERRY submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1708. Mr. TESTER (for himself and Mr. COLEMAN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1709. Mr. ENZI proposed an amendment to the bill S. 277, to modify the boundaries of Grand Teton National Park to include certain land within the GT Park Subdivision, and for other purposes.

SA 1710. Mr. FEINGOLD (for himself, Mr. SANDERS, and Mr. MENENDEZ) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table.

SA 1711. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1712. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1713. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 1714. Mr. SCHUMER (for Mr. KENNEDY) proposed an amendment to the bill H.R. 1429, to reauthorize the Head Start Act, to improve program quality, to expand access, and for other purposes.

SA 1715. Mr. CRAIG submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 1655. Mr. NELSON of Florida (for himself and Mr. SANDERS) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 241, line 5, strike ''35'' and insert ''40''.

SA 1656. Mr. SCHUMER submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle F of title II, add the following:

SEC. 2___. ENERGY EFFICIENCY RESOURCE STANDARD FOR RETAIL ELECTRICITY AND NATURAL GAS DISTRIBUTORS.

Title VI of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended by adding at the end the following:

''SEC. 610. ENERGY EFFICIENCY RESOURCE STANDARD FOR RETAIL ELECTRICITY AND NATURAL GAS DISTRIBUTORS.

''(a) DEFINITIONS.—In this section:

''(1) BASE QUANTITY.—The term 'base quantity', with respect to a retail electricity or natural gas distributor, means the total quantity of electric energy or natural gas delivered by the retail electricity or natural gas distributor to retail customers (other than to an electricity distributor for purposes of electric generation) during the most recent calendar year for which information is available.

''(2) CHP SAVINGS.—

''(A) IN GENERAL.—The term 'CHP savings' means the increment of electric output of a new combined heat and power system that is attributable to the higher efficiency of the combined system (as compared to the efficiency of separate production of the electric and thermal outputs), as determined in accordance with such regulations as the Secretary may promulgate.

''(B) RELATED DEFINITION.—For purposes of subparagraph (A), the term 'new combined heat and power system' means a system that uses the same energy source for the generation of electrical or mechanical power and the production of steam or another form of useful thermal energy, if—

''(i) the facility at which the system is used meets such requirements relating to efficiency and other operating characteristics as the Secretary may promulgate by regulation;

''(ii) the net wholesale sales of electricity by the facility will not exceed 50 percent of total annual electric generation by the facility; and

''(iii) the facility commences operation after June 30, 2007.

''(3) CUSTOMER FACILITY SAVINGS.—The term 'customer facility savings' means a reduction in end-use electricity or natural gas consumption (including recycled energy savings) at a facility of an end-use consumer of electricity or natural gas served by a retail electricity or natural gas distributor, as compared to—

''(A) consumption at that facility during a base year;

''(B) in the case of new equipment, regardless of whether the new equipment replaces existing equipment at the end of the useful life of the existing equipment, consumption by new equipment of average efficiency; or

''(C) in the case of a new facility, consumption at a reference facility.

''(4) ELECTRICITY SAVINGS.—The term 'electricity savings' means, as determined in accordance with such regulations as the Secretary may promulgate—

''(A) customer facility savings of electricity consumption, adjusted to reflect any associated increase in fuel consumption at the facility;

''(B) reductions in distribution system losses of electricity achieved by a retail electricity distributor, as compared to losses attributable to new or replacement distribution system equipment of average efficiency (as defined in regulations to be promulgated by the Secretary); and

''(C) CHP savings.

''(5) NATURAL GAS SAVINGS.—The term 'natural gas savings' means, as determined in accordance with such regulations as the Secretary may promulgate—

''(A) customer facility savings of natural gas, adjusted to reflect any associated increase in electricity consumption at the facility; and

''(B) reductions in leakage, operational losses, and gas fuel consumption in the operation of a gas distribution system achieved by a retail gas distributor, as compared to similar losses during a base year.

''(6) RECYCLED ENERGY SAVINGS.—The term 'recycled energy savings' means a reduction in electricity or natural gas consumption that is attributable to electrical or mechanical power (or both), or thermal energy, produced by modifying an industrial or commercial system that was in operation before July 1, 2007, in order to recapture energy that would otherwise be wasted.

''(7) RETAIL ELECTRICITY OR NATURAL GAS DISTRIBUTOR.—The term 'retail electricity or natural gas distributor' means a person or Federal or State agency that—

''(A) owns or operates an electric or natural gas distribution facility; and

''(B) using the facility, delivers to consumers of the energy that are not affiliated with, and that are not lessees or tenants of, the person or agency, during the most recent calendar year for which data are available—

''(i) more than 800,000 megawatt hours of electricity; or

''(ii) more than 1,000,000,000 cubic feet of natural gas.

''(8) VERIFIED ELECTRICITY OR NATURAL GAS SAVINGS.—The term 'verified electricity or natural gas savings' means electricity savings or natural gas savings that meet the requirements of subsection (c).

''(b) PERFORMANCE STANDARD.—

''(1) IN GENERAL.—For calendar year 2010, and each calendar year thereafter, each retail electricity or natural gas distributor shall submit to the Secretary, by not later than March 31 of the calendar year after the applicable calendar year, a number of credits issued under subsection (d) equal to the following percentages of the base quantity of the retail electricity or natural gas distributor applicable to the calendar year:

Year	Electricity Credits (%)	Natural Gas Credits (%)
2010	0.5	0.3
2011	1.25	0.6
2012	2.0	1.0
2013	3.0	1.5
2014	4.0	2.0
2015	5.0	2.5
2016	6.0	3.0
2017	7.0	3.5
2018	8.0	4.0
2019	9.0	4.5
2020	10.0	5.0

''(2) SUBSEQUENT CALENDAR YEARS.—For calendar year 2021 and each calendar year thereafter, each retail electricity or natural gas distributor shall submit to the Secretary, by not later than March 31 of the calendar year after the applicable calendar year, a number of credits issued under subsection (d) equal to such a percentage of the base quantity of the retail electricity or natural gas distributor as the Secretary may determine, by regulation, but in no case less than the applicable percentage for calendar year 2020.

''(c) MEASUREMENT AND VERIFICATION OF SAVINGS.—Not later than June 30, 2009, the Secretary shall promulgate regulations regarding measurement and verification of electricity and natural gas savings under this section, including—

''(1) procedures and standards for defining and measuring electricity savings and natural gas savings that will be eligible to receive credits under subsection (d)(2), which shall—

''(A) specify the types of energy efficiency and energy conservation measures that will be eligible for the credits;

''(B) require that energy consumption estimates for customer facilities or portions of facilities in the applicable base and current years be adjusted, as appropriate, to account for changes in weather, level of production, and building area;

''(C) account for the useful life of electricity savings measures;

''(D) include deemed savings values for specific, commonly-used efficiency measures;

''(E) specify the extent to which electricity savings and natural gas savings attributable to measures carried out before July 1, 2007, are eligible to receive credits under this section; and

''(F) exclude savings that—

''(i) are not properly attributable to measures carried out by the entity seeking the credit (or a designated agent of the entity); or

''(ii) have already been credited under this section to another entity; and

''(2) procedures and standards for third-party verification of reported electricity savings or natural gas savings.

''(d) CREDIT AND TRADING SYSTEM.—

''(1) CREDIT REGULATIONS.—

''(A) IN GENERAL.—Not later than June 30, 2009, the Secretary shall promulgate regulations regarding—

''(i) the issuance of credits under this section;

''(ii) a national credit trading system; and

''(iii) a system for independent monitoring of the market for the credits.

''(B) LIMITATIONS.—In promulgating regulations under subparagraph (A), the Secretary may establish such limitations as the Secretary determines to be appropriate with respect to the extent to which a retail electricity or natural gas distributor may achieve compliance with subsection (b) by submitting credits issued for electricity or natural gas savings that are not customer facility savings at a facility served by the retail electricity or natural gas distributor.

''(C) REQUIREMENT.—In promulgating regulations under subparagraph (A), the Secretary shall provide for the issuance of appropriate credits for the mechanical output of new combined heat and power systems.

''(2) ISSUANCE OF CREDITS.—In accordance with the regulations promulgated under paragraph (1), the Secretary shall issue credits for—

''(A) verified electricity and natural gas savings achieved by a retail electricity or natural gas distributor in a certain calendar year; and

''(B) verified electricity and natural gas savings achieved by other entities (including State agencies), if—

''(i)(I) no retail electricity or natural gas distributor paid a substantial portion of the cost of achieving the savings; or

''(II) if a retail electricity or natural gas distributor paid a substantial portion of the cost of achieving the savings, the retail electricity or natural gas distributor has waived any entitlement to the credit; and

''(ii) the measures used to achieve the verified electricity and natural gas savings were installed or placed in operation by the entity seeking certification (or a designated agent of the entity).

''(3) VALUE OF CREDITS.—A credit issued by the Secretary under this subsection shall have a value of—

''(A) 1,000 kilowatt-hours, in the case of an electricity savings credit; or

''(B) 10 therms, in the case of a natural gas savings credit.

''(4) FEE.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall charge the recipient of a credit under this section a fee in an amount equal to, as determined by the Secretary, the administrative costs of issuing, recording, monitoring the sale or exchange of, and receiving the credit.

''(B) MAXIMUM AMOUNT.—Notwithstanding subparagraph (A), the amount of a fee under this paragraph shall be not more than, as applicable—

''(i) $1 for a electric credit; or

''(ii) $0.10 for a natural gas credit.

''(C) USE OF FUNDS.—The Secretary shall use fees received under this paragraph for the administrative costs of carrying out this subsection.

''(5) CREDIT SALE AND USE.—In accordance with regulations promulgated under paragraph (1), any entity that receives a credit under this section may—

''(A) sell or transfer the credit to any other entity; or

''(B) use the credit to achieve compliance with the performance standard under subsection (b).

''(e) BUYOUT OPTION.—In lieu of submitting credits to achieve compliance with an applicable performance standard under subsection (b) for a calendar year, a retail electricity or natural gas distributor may pay to the Secretary, by not later than March 31 of the following calendar year, a buyout fee in an amount equal to, as adjusted for inflation in accordance with such regulations as the Secretary may promulgate—

''(1) $20 for each electricity savings credit otherwise required to be submitted by the retail electricity or natural gas distributor; or

''(2) $2 for each natural gas savings credit otherwise required to be submitted by the retail electricity or natural gas distributor.

''(f) STATE ADMINISTRATION.—On receipt of an application from the Governor of a State, the Secretary may authorize the State to administer and enforce an energy efficiency program in the State in lieu of the program under this section, if the Secretary determines that the State program will achieve electricity savings and natural gas savings at least equivalent to the electricity savings and natural gas savings that would be required to be achieved by electricity and natural gas distributors in the State under this section.

''(g) INFORMATION AND REPORTS.—In accordance with section 13 of the Federal Energy Administration Act of 1974 (15 U.S.C. 774), the Secretary may require any retail electricity or natural gas distributor or other entity that receives a credit under this section, and any other entity as the Secretary determines to be necessary, to provide such information and reports, and access to any records or facility of the entity, as the Secretary determines to be appropriate to carry out this section.

''(h) ENFORCEMENT.—

''(1) FAILURE TO SUBMIT CREDITS.—Except in a case in which a State program is carried out in lieu of the program under this section under subsection (f), if a retail electricity or natural gas distributor fails to submit to the Secretary any credit required for compliance with the applicable performance standard under subsection (b), or to pay to the Secretary an applicable buyout payment under subsection (e), the Secretary shall assess against the retail electricity or natural gas distributor a civil penalty for each such failure in an amount equal to, as adjusted for inflation in accordance with such regulations as the Secretary may promulgate—

''(A) $100 for each electricity savings credit or buyout payment failed to be made by the retail electricity or natural gas distributor; or

''(B) $10 for each natural gas savings credit or buyout payment failed to be made by the retail electricity or natural gas distributor.

''(2) PROCEDURE.—The procedures under section 31(c) of the Federal Power Act (16 U.S.C. 823b(c)) shall apply to a civil penalty assessed under paragraph (1).

''(i) STATE LAW.—Nothing in this section supersedes or otherwise affects any State or local law (including regulations) relating to electricity savings or natural gas savings, to the extent that the State or local law requires equal or greater electricity savings or natural gas saving than the savings required by this section.''.

SA 1657. Mr. ISAKSON submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 251, line 14, strike ''(e)'' and insert the following:

(e) ALTERNATIVE FUEL ECONOMY STANDARDS FOR LOW VOLUME MANUFACTURERS AND NEW ENTRANTS.—Section 32902(d) of title 49, United States Code, is amended to read as follows:

''(d) ALTERNATIVE AVERAGE FUEL ECONOMY STANDARD.—

''(1) IN GENERAL.—Upon the application of an eligible manufacturer, the Secretary of Transportation may prescribe an alternative average fuel economy standard for automobiles manufactured by that manufacturer if the Secretary determines that—

''(A) the applicable standard prescribed under subsection (a), (b), or (c) is more stringent than the maximum feasible average fuel economy level that manufacturer can achieve; and

''(B) the alternative average fuel economy standard prescribed under this subsection is the maximum feasible average fuel economy level that manufacturer can achieve.

''(2) APPLICATION OF ALTERNATIVE STANDARD.—The Secretary may provide for the application of an alternative average fuel economy standard prescribed under paragraph (1) to—

''(A) the manufacturer that applied for the alternative average fuel economy standard;

''(B) all automobiles to which this subsection applies; or

''(C) classes of automobiles manufactured by eligible manufacturers.

''(3) IMPORTERS.—Notwithstanding paragraph (1), an importer registered under section 30141(c) may not be exempted as a manufacturer under paragraph (1) for an automobile that the importer—

''(A) imports; or

''(B) brings into compliance with applicable motor vehicle safety standards prescribed under chapter 301 for an individual described in section 30142.

''(4) APPLICATION.—The Secretary of Transportation may prescribe the contents of an application for an alternative average fuel economy standard.

''(5) ELIGIBLE MANUFACTURER DEFINED.—In this section, the term 'eligible manufacturer' means a manufacturer that—

''(A) is not owned in part or in whole by another manufacturer that sold greater than 0.5 percent of the number of automobiles sold in the United States in the model year prior to the model year to which the application relates.

''(B) sold in the United States fewer than 0.5 percent of the number of automobiles sold in the United States in the model year that is 2 years before the model year to which the application relates; and

''(C) will sell in the United States fewer than 0.5 percent of the automobiles sold in the United States for the model year for which the alternative average fuel economy standard will apply.''.

(f)

SA 1658. Mr. VITTER submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. USE OF COASTAL IMPACT ASSISTANCE TO IMPROVE HURRICANE OR FLOOD PROTECTION IN RESPONSE TO HURRICANE KATRINA OR RITA.

Section 31(d)(3) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(d)(3)) is amended—

(1) by striking ''Not'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), no''; and

(2) by adding at the end the following:

''(B) USE FOR HURRICANE OR FLOOD PROTECTION IN RESPONSE TO CERTAIN HURRICANES.—Subparagraph (A) shall not apply to the extent that the 1 or more purposes are designed to improve the level of hurricane or flood protection in an area declared to be a major disaster in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) in response to Hurricane Katrina or Rita during calendar year 2005.''.

SA 1659. Mr. SUNUNU submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SECTION __. CREDIT FOR BIOMASS FUEL PROPERTY EXPENDITURES.

(a) ALLOWANCE OF CREDIT.—Subsection (a) of section 25D (relating to allowance of credit), as amended by this Act, is amended—

(1) by striking ''and'' at the end of paragraph (3),

(2) by striking the period at the end of paragraph (4) and inserting '', and'', and

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

''(5) 30 percent of the qualified biomass fuel property expenditures made by the taxpayer during such year.''.

(b) MAXIMUM CREDIT.—Paragraph (1) of section 25D(b) (relating to maximum credit), as amended by this Act, is amended—

(1) by striking ''and'' at the end of subparagraph (C),

(2) by striking the period at the end of subparagraph (D) and inserting '', and'', and

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

''(E) $4,000 with respect to any qualified biomass fuel property expenditures.''.

(c) MAXIMUM EXPENDITURES.—Subparagraph (A) of section 25D(e)(4) (relating to maximum expenditures in case of joint occupancy) is amended—

(1) by striking ''and'' at the end of clause (ii),

(2) by striking the period at the end of clause (iii) and inserting '', and'', and

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

''(iv) $13,334 in the case of any qualified biomass fuel property expenditures.''.

(d) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURES.—Subsection (d) of section 25D (relating to definitions), as amended by this Act, is amended by adding at the end the following new paragraph:

''(5) QUALIFIED BIOMASS FUEL PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified biomass fuel property expenditure' means an expenditure for property—

''(i) which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and

''(ii) which has a thermal efficiency rating of at least 75 percent.

''(B) BIOMASS FUEL.—For purposes of this section, the term 'biomass fuel' means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.''.

(e) EFFECTIVE DATE.—The amendments made by this subsection shall apply to expenditures paid or incurred in taxable years beginning after December 31, 2007.

SA 1660. Mr. INHOFE (for himself and Mrs. CLINTON) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

Strike sections 402 through 404 and insert the following:

SEC. 402. COST-EFFECTIVE AND GEOTHERMAL HEAT PUMP TECHNOLOGY ACCELERATION PROGRAM.

(a) DEFINITION OF ADMINISTRATOR.—In this section, the term ''Administrator'' means the Administrator of General Services.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—The Administrator shall establish a program to accelerate the use of more cost-effective technologies and practices and geothermal heat pumps at GSA facilities.

(2) REQUIREMENTS.—The program established under this subsection shall—

(A) ensure centralized responsibility for the coordination of cost reduction-related and geothermal heat pump-related recommendations, practices, and activities of all relevant Federal agencies;

(B) provide technical assistance and operational guidance to applicable tenants to achieve the goal identified in subsection (c)(2)(B)(ii); and

(C) establish methods to track the success of Federal departments and agencies with respect to that goal.

(c) ACCELERATED USE OF TECHNOLOGIES.—

(1) REVIEW.—

(A) IN GENERAL.—As part of the program under this section, not later than 90 days after the date of enactment of this Act, the Administrator shall conduct a review of—

(i) current use of cost-effective lighting technologies and geothermal heat pumps in GSA facilities; and

(ii) the availability to managers of GSA facilities of cost-effective lighting technologies and geothermal heat pumps.

(B) REQUIREMENTS.—The review under subparagraph (A) shall—

(i) examine the use of cost-effective lighting technologies, geothermal heat pumps, and other cost-effective technologies and practices by Federal agencies in GSA facilities; and

(ii) as prepared in consultation with the Administrator of the Environmental Protection Agency, identify cost-effective lighting technology and geothermal heat pump technology standards that could be used for all types of GSA facilities.

(2) REPLACEMENT.—

(A) IN GENERAL.—As part of the program under this section, not later than 180 days after the date of enactment of this Act, the Administrator shall establish, using available appropriations, a cost-effective lighting technology and geothermal heat pump technology acceleration program to achieve maximum feasible replacement of existing lighting, heating, cooling technologies with cost-effective lighting technologies and geothermal heat pump technologies in each GSA facility.

(B) ACCELERATION PLAN TIMETABLE.—

(i) IN GENERAL.—To implement the program established under subparagraph (A), not later than 1 year after the date of enactment of this Act, the Administrator shall establish a timetable, including milestones for specific activities needed to replace existing lighting, heating, cooling technologies with cost-effective lighting technologies and geothermal heat pump technologies, to the maximum extent feasible (including at the maximum rate feasible), at each GSA facility.

(ii) GOAL.—The goal of the timetable under clause (i) shall be to complete, using available appropriations, maximum feasible replacement of existing lighting, heating, and cooling technologies with cost-effective lighting technologies and geothermal heat pump technologies by not later than the date that is 5 years after the date of enactment of this Act.

(d) GSA FACILITY TECHNOLOGIES AND PRACTICES.—Not later than 180 days after the date of enactment of this Act, and annually thereafter, the Administrator shall—

(1) ensure that a manager responsible for accelerating the use of cost-effective technologies and practices and geothermal heat pump technologies is designated for each GSA facility; and

(2) submit to Congress a plan, to be implemented to the maximum extent feasible (including at the maximum rate feasible) using available appropriations, by not later than the date that is 5 years after the date of enactment of this Act, that—

(A) with respect to cost-effective technologies and practices—

(i) identifies the specific activities needed to achieve a 20-percent reduction in operational costs through the application of cost-effective technologies and practices from 2003 levels at GSA facilities by not later than 5 years after the date of enactment of this Act; and

(ii) describes activities required and carried out to estimate the funds necessary to achieve the reduction described in clause (i);

(B) includes an estimate of the funds necessary to carry out this section;

(C) describes the status of the implementation of cost-effective technologies and practices and geothermal heat pump technologies and practices at GSA facilities, including—

(i) the extent to which programs, including the program established under subsection (b), are being carried out in accordance with this subtitle; and

(ii) the status of funding requests and appropriations for those programs;

(D) identifies within the planning, budgeting, and construction processes, all types of GSA facility-related procedures that inhibit new and existing GSA facilities from implementing cost-effective technologies or geothermal heat pump technologies;

(E) recommends language for uniform standards for use by Federal agencies in implementing cost-effective technologies and practices and geothermal heat pump technologies and practices;

(F) in coordination with the Office of Management and Budget, reviews the budget process for capital programs with respect to alternatives for—

(i) permitting Federal agencies to retain all identified savings accrued as a result of the use of cost-effective technologies and geothermal heat pump technologies; and

(ii) identifying short- and long-term cost savings that accrue from the use of cost-effective technologies and practices and geothermal heat pump technologies and practices;

(G)(i) with respect to geothermal heat pump technologies, achieves substantial operational cost savings through the application of the technologies; and

(ii) with respect to cost-effective technologies and practices, achieves cost savings through the application of cost-effective technologies and practices sufficient to pay the incremental additional costs of installing the cost-effective technologies and practices by not later than the date that is 5 years after the date of installation; and

(H) includes recommendations to address each of the matters, and a plan for implementation of each recommendation, described in subparagraphs (A) through (G).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section, to remain available until expended.

SEC. 403. ENVIRONMENTAL PROTECTION AGENCY DEMONSTRATION GRANT PROGRAM FOR LOCAL GOVERNMENTS.

(a) GRANT PROGRAM.—

(1) IN GENERAL.—The Administrator of the Environmental Protection Agency (referred to in this section as the ''Administrator'') shall establish a demonstration program under which the Administrator shall provide competitive grants to assist local governments (such as municipalities and counties), with respect to local government buildings—

(A) to deploy cost-effective technologies and practices; and

(B) to achieve operational cost savings, through the application of cost-effective technologies and practices, as verified by the Administrator.

(2) COST SHARING.—

(A) IN GENERAL.—The Federal share of the cost of an activity carried out using a grant provided under this section shall be 40 percent.

(B) WAIVER OF NON-FEDERAL SHARE.—The Administrator may waive up to 100 percent of the local share of the cost of any grant under this section should the Administrator determine that the community is economically distressed, pursuant to objective economic criteria established by the Administrator in published guidelines.

(3) MAXIMUM AMOUNT.—The amount of a grant provided under this subsection shall not exceed $1,000,000.

(b) GUIDELINES.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Administrator shall issue guidelines to implement the grant program established under subsection (a).

(2) REQUIREMENTS.—The guidelines under paragraph (1) shall establish—

(A) standards for monitoring and verification of operational cost savings

through the application of cost-effective technologies and practices reported by grantees under this section;

(B) standards for grantees to implement training programs, and to provide technical assistance and education, relating to the retrofit of buildings using cost-effective technologies and practices; and

(C) a requirement that each local government that receives a grant under this section shall achieve facility-wide cost savings, through renovation of existing local government buildings using cost-effective technologies and practices, of at least 40 percent as compared to the baseline operational costs of the buildings before the renovation (as calculated assuming a 3-year, weather-normalized average).

(c) COMPLIANCE WITH STATE AND LOCAL LAW.—Nothing in this section or any program carried out using a grant provided under this section supersedes or otherwise affects any State or local law, to the extent that the State or local law contains a requirement that is more stringent than the relevant requirement of this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2007 through 2012.

(e) REPORTS.—

(1) IN GENERAL.—The Administrator shall provide annual reports to Congress on cost savings achieved and actions taken and recommendations made under this section, and any recommendations for further action.

(2) FINAL REPORT.—The Administrator shall issue a final report at the conclusion of the program, including findings, a summary of total cost savings achieved, and recommendations for further action.

(f) TERMINATION.—The program under this section shall terminate on September 30, 2012.

SEC. 404. DEFINITIONS.

In this subtitle:

(1) COST-EFFECTIVE LIGHTING TECHNOLOGY.—

(A) IN GENERAL.—The term ''cost-effective lighting technology'' means a lighting technology that—

(i) will result in substantial operational cost savings by ensuring an installed consumption of not more than 1 watt per square foot; or

(ii) is contained in a list under—

(I) section 553 of Public Law 95–619 (42 U.S.C. 8259b); and

(II) Federal acquisition regulation 23–203.

(B) INCLUSIONS.—The term ''cost-effective lighting technology'' includes—

(i) lamps;

(ii) ballasts;

(iii) luminaires;

(iv) lighting controls;

(v) daylighting; and

(vi) early use of other highly cost-effective lighting technologies.

(2) COST-EFFECTIVE TECHNOLOGIES AND PRACTICES.—The term ''cost-effective technologies and practices'' means a technology or practice that—

(A) will result in substantial operational cost savings by reducing utility costs; and

(B) complies with the provisions of section 553 of Public Law 95–619 (42 U.S.C. 8259b) and Federal acquisition regulation 23–203.

(3) OPERATIONAL COST SAVINGS.—

(A) IN GENERAL.—The term ''operational cost savings'' means a reduction in end-use operational costs through the application of cost-effective technologies and practices or geothermal heat pumps, including a reduction in electricity consumption relative to consumption by the same customer or at the same facility in a given year, as defined in guidelines promulgated by the Administrator pursuant to section 403(b), that achieves cost savings sufficient to pay the incremental additional costs of using cost-effective technologies and practices or geothermal heat pumps by not later than—

(i) for cost-effective technologies and practices, the date that is 5 years after the date of installation; and

(ii) for geothermal heat pumps, as soon as practical after the date of installation of the applicable geothermal heat pump.

(B) INCLUSIONS.—The term ''operational cost savings'' includes savings achieved at a facility as a result of—

(i) the installation or use of cost-effective technologies and practices; or

(ii) the planting of vegetation that shades the facility and reduces the heating, cooling, or lighting needs of the facility.

(C) EXCLUSION.—The term ''operational cost savings'' does not include savings from measures that would likely be adopted in the absence of cost-effective technology and practices programs, as determined by the Administrator.

(4) GEOTHERMAL HEAT PUMP.—The term ''geothermal heat pump'' means any heating or air conditioning technology that—

(A) uses the ground or ground water as a thermal energy source to heat, or as a thermal energy sink to cool, a building; and

(B) meets the requirements of the Energy Star program of the Environmental Protection Agency applicable to geothermal heat pumps on the date of purchase of the technology.

(5) GSA FACILITY.—

(A) IN GENERAL.—The term ''GSA facility'' means any building, structure, or facility, in whole or in part (including the associated support systems of the building, structure, or facility) that—

(i) is constructed (including facilities constructed for lease), renovated, or purchased, in whole or in part, by the Administrator for use by the Federal Government; or

(ii) is leased, in whole or in part, by the Administrator for use by the Federal Government—

(I) except as provided in subclause (II), for a term of not less than 5 years; or

(II) for a term of less than 5 years, if the Administrator determines that use of cost-effective technologies and practices would result in the payback of expenses.

(B) INCLUSION.—The term ''GSA facility'' includes any group of buildings, structures, or facilities described in subparagraph (A) (including the associated energy-consuming support systems of the buildings, structures, and facilities).

(C) EXEMPTION.—The Administrator may exempt from the definition of ''GSA facility'' under this paragraph a building, structure, or facility that meets the requirements of section 543(c) of Public Law 95–619 (42 U.S.C. 8253(c)).

SA 1661. Mr. CARPER submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. MODIFICATION OF EMISSION STANDARD FOR NEW QUALIFIED ADVANCED LEAN BURN MOTOR VEHICLE CREDIT.

Subclause (I) of section 30B(c)(3)(A)(iv) of the Internal Revenue Code of 1986 is amended by inserting ''(the Bin 8 Tier II emission standard so established in the case of a 2009 model vehicle)'' after ''model year vehicle''.

SA 1662. Ms. KLOBUCHAR (for herself, Mr. BOND, Mr. NELSON of Nebraska, Mr. VOINOVICH, Mr. KERRY, and Mr. HAGEL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title I, add the following:

SEC. 131. RENEWABLE FUELS INFRASTRUCTURE DEVELOPMENT.

(a) DEFINITION OF RENEWABLE FUEL.—In this section, the term ''renewable fuel'' means—

(1) any fuel at least 85 percent of the volume of which consists of ethanol; and

(2) any mixture of biodiesel (as defined in section 40A(d)(1) of the Internal Revenue Code of 1986) and diesel fuel (as defined in section 4083(a)(3) of that Code), determined without regard to any use of kerosene, that contains at least 20 percent biodiesel.

(b) INFRASTRUCTURE DEVELOPMENT GRANT PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a program under which the Secretary shall provide grants to retail and wholesale motor fuel dealers and other entities for the installation, replacement, or conversion of motor fuel storage and dispensing infrastructure that will be used exclusively to store and dispense renewable fuel, including equipment used in the blending, distribution, and transport of those fuels.

(2) APPLICATION.—

(A) IN GENERAL.—To be eligible to receive a grant under this subsection, an entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(B) COMBINED APPLICATIONS.—

(i) IN GENERAL.—A local government entity or a nonprofit entity may submit to the Secretary an application to receive a grant under this subsection—

(I) on behalf of a group of retailers within a certain geographical area; or

(II) to carry out a regional or multistate deployment project.

(ii) INCLUSIONS.—An application under clause (i) shall include—

(I) a description of the proposed project of the local government entity or a nonprofit entity;

(II) a certification of the ability of the local government entity or nonprofit entity to provide the non-Federal share of the cost of the proposed project, as required under subsection (e); and

(III) a list containing the name and location of each retailer that will receive the funds.

(c) RETAIL TECHNICAL AND MARKETING ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall offer to enter into contracts with entities with

demonstrated experience in assisting retail fueling stations in installing refueling systems and marketing renewable fuels nationally, for the provision of technical and marketing assistance to recipients of grants under this section.

(2) INCLUSIONS.—Assistance provided under paragraph (1) shall include—

(A) technical advice relating to compliance with applicable Federal and State environmental requirements;

(B) help in identifying supply sources and securing long-term contracts; and

(C) the provision of public outreach, education, and labeling materials.

(3) ALLOCATION.—Of amounts made available to carry out the grant program under subsection (b), the Secretary shall reserve not less than 15 percent for the provision of technical and marketing assistance under this subsection.

(d) SELECTION CRITERIA.—Not later than 1 year after the date of enactment of this Act, the Secretary shall establish criteria for evaluating applications for grants under this section in a manner that will maximize the availability and use of renewable fuels, including criteria that provide for priority consideration for applications that, as determined by the Secretary—

(1) are most likely to maximize displacement of petroleum consumption, measured as a total quantity and a percentage;

(2) are best able to incorporate existing infrastructure while maximizing, to the extent practicable, the use of renewable fuels; and

(3) demonstrate—

(A) the greatest commitment on the part of the applicant to ensure funding for the proposed project; and

(B) the greatest likelihood that the project will be maintained or expanded after the assistance provided under this section is expended.

(e) LIMITATION.—The amount of assistance provided to an entity under this section shall not exceed, as applicable—

(1) an amount equal to 20 percent of the estimated cost of the installation, replacement, or conversion of motor fuel storage and dispensing infrastructure; or

(2) $100,000 for a combination of equipment at any retail outlet location.

(f) REGULATIONS.—The Secretary shall promulgate such regulations as the Secretary determines to be necessary to carry out this section, including regulations requiring entities that receive assistance under this section—

(1) to provide to the public renewable fuel;

(2) to establish a marketing plan that informs consumers of the price and availability of the renewable fuel;

(3) to clearly label renewable fuel dispensers and related equipment; and

(4) to submit to the Secretary periodic reports on the status of—

(A) the renewable fuel sales of the entity;

(B) the type and quantity of renewable fuel dispensed at each location of the entity; and

(C) the average price of the renewable fuel.

(g) NOTIFICATION REQUIREMENTS.—

(1) IN GENERAL.—On or before the date on which an renewable fuel station for which assistance is provided under this section opens to offer renewable fuel to the public, the owner or operator of the station shall submit to the Secretary a notice of the opening.

(2) ACTION BY SECRETARY.—On receipt of a notice under paragraph (1), the Secretary shall include the name and location of the applicable renewable fuel station on a list to be published and maintained on the website of the Secretary.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $25,000,000, to remain available until expended.

SA 1663. Mr. MARTINEZ submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 27, after line 23, add the following:

SEC. 1___. SUBSTANTIALLY SIMILAR FUELS.

(a) TREATMENT OF CERTAIN GASOLINE.—Section 211(f)(1) of the Clean Air Act (42 U.S.C. 7545(f)(1) is amended by adding at the end the following:

''(C) TREATMENT OF CERTAIN GASOLINE.—

''(i) IN GENERAL.—For the purpose of this subsection, gasoline described in clause (ii) shall be considered to be substantially similar to any fuel or fuel additive used in the certification of any model year 1975 vehicle or engine.

''(ii) DESCRIPTION OF GASOLINE.—Gasoline referred to in clause (i) is gasoline that contains—

''(I) not more than 3.7 percent oxygen, by weight, such that the oxygen weight of gasoline is not greater than the equivalent oxygen weight in E–10 gasoline: or

''(II) a greater quantity of oxygen, as the Administrator may determine by regulation.''.

(b) RULEMAKING.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall conduct a rulemaking to revise regulations under section 80.27 of title 40, Code of Federal Regulations (as in effect on the date of enactment of this Act), promulgated under section 211(h) of the Clean Air Act (42 U.S.C. 7545(h)), to clarify the maximum allowable quantity of ethanol, in fuels that are considered to be substantially similar and permitted to be introduced into commerce under section 211(f) of that Act (42 U.S.C. 7545(f)), that may be replaced by biobutanol and other higher-molecular-weight alcohol cosolvents.

(2) EFFECT OF SECTION.—Except with respect to the rulemaking required under paragraph (1), nothing in this section or the amendment made by subsection (a) affects section 211(h) of the Clean Air Act (42 U.S.C. 7545(h)).

SA 1664. Ms. KLOBUCHAR (for herself and Ms. CANTWELL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 47, after line 23, add the following:

SEC. 131. RIGHT TO RETAIL RENEWABLE FUEL.

(a) PROHIBITION ON RESTRICTION OF INSTALLATION OF ALTERNATIVE FUEL PUMPS.—Title I of the Petroleum Marketing Practices Act (15 U.S.C. 2801 et seq.) is amended by adding at the end the following:

''SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLATION OF ALTERNATIVE FUEL PUMPS.

''(a) DEFINITIONS.—In this section—

''(1) the term 'alternative fuel' means any fuel—

''(A) at least 85 percent of the volume (or any other percentage, but not less than 70 percent, as determined by the Secretary, by rule, to provide for requirements relating to cold start, safety, or vehicle functions) of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or any combination of such fuels; or

''(B) that consists of any mixture of biodiesel (as defined in section 40A(d)(1) of the Internal Revenue Code of 1986) and diesel fuel (as defined in section 4083(a)(3) of the Internal Revenue Code of 1986), determined without regard to any use of kerosene and containing at least 20 percent biodiesel; and

''(2) the term 'franchise-related document' means—

''(A) a franchise under this Act; and

''(B) any other contract or directive of a franchisor related to terms or conditions of the sale of fuel by a franchisee.

''(b) PROHIBITIONS.—(1) Notwithstanding any provision of a franchise-related document in effect on the date of the enactment of this section, a franchisee or affiliate of a franchisee may not be restricted from—

''(A) installing on the marketing premises of the franchisee an alternative fuel pump;

''(B) converting an existing tank and pump on the marketing premises of the franchisee for alternative fuel use;

''(C) advertising (including through the use of signage or logos) the sale of any alternative fuel; or

''(D) selling alternative fuel in any specified area on the marketing premises of the franchisee (including any area in which a name or logo of a franchisor or any other entity appears).

''(2)(A) Any restriction described in paragraph (1) that is contained in a franchise-related document and in effect on the date of enactment of this section—

''(i) shall be considered to be null and void as of that date; and

''(ii) may not be enforced under section 105.

''(B)(i) It shall be an unfair or deceptive act or practice in or affecting commerce (within the meaning of subsections (a)(1) and (n) of section 5 of the Federal Trade Commission Act (15 U.S.C. 45)) for any person to violate the requirements of this section. For purposes of the Federal Trade Commission Act (15 U.S.C. 41 et seq.), including any remedy or penalty applicable to any violation of such Act, such a violation shall be treated as a violation of a rule under such Act respecting unfair or deceptive acts or practices.

''(ii) The Federal Trade Commission shall enforce the requirements of this section. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person subject to the jurisdiction of the Commission with the requirements imposed under this section.

''(c) EXCEPTION TO 3-GRADE REQUIREMENT.—A franchise-related document that requires that 3 grades of gasoline be sold by the applicable franchisee shall not prevent the franchisee from selling an alternative fuel instead of 1 grade of gasoline.''.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 101(13)(C) of the Petroleum Marketing Practices Act (15 U.S.C. 2801(13)(C)) is amended by striking ''(C)'' and all that follows through ''failure'' and inserting the following:

''(C) any failure''.

(2) TABLE OF CONTENTS.—The table of contents for such Act (15 U.S.C. 2801 note) is

amended by inserting after the item relating to section 106 the following:

''Sec. 107. Prohibition on restriction of installation of alternative fuel pumps.''.

SA 1665. Mr. SALAZAR (for himself and Mr. BROWN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 117, strike line 21 and all that follows through page 118, line 7, and insert the following:

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall establish a research and development program to determine ways in which—

(1) the weight of vehicles may be reduced to improve fuel efficiency without compromising passenger safety;

(2) new materials (including cast metal composite materials) with a higher strength to weight ratio may be developed;

(3) the cost of lightweight materials (such as steel alloys, fiberglass, and metal and carbon composites) required for the construction of lighter-weight vehicles may be reduced; and

(4) the efficiency of automated manufacturing processes to produce materials with a higher strength to weight ratio may be improved.

SA 1666. Mr. INHOFE (for himself, Mr. BURR, and Mrs. DOLE) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle A of title I, add the following:

SEC. 113. AGRICULTURE EQUITY.

(a) ASSESSMENT OF FOOD AND FEED AVAILABILITY.—

(1) IN GENERAL.—The Administrator of the Environmental Protection Agency (referred to in this section as the ''Administrator'') shall conduct an assessment of the availability of corn for food and feed uses by not later than July 31 and November 30 of each calendar year after the date of enactment of this Act.

(2) REGIONAL WEATHER CONDITIONS.—

(A) IN GENERAL.—Not later than August 1, 2007, and annually thereafter, the Administrator, in consultation with the Secretary of Agriculture, the Secretary of Commerce, and the Association of American Feed Control Officials, shall submit to Congress, and publish in the Federal Register, an assessment of the Administrator regarding—

(i) regional weather conditions during the current crop year; and

(ii) the impact of the conditions on projected local corn supplies.

(B) FACTORS FOR CONSIDERATION.—In conducting the assessment under subparagraph (A), the Administrator shall take into consideration, as applicable—

(i) the impacts of drought, including reduced precipitation;

(ii) the impacts of flooding, including increased precipitation; and

(iii) projected local demand for corn during the following crop year.

(3) ESTIMATES.—

(A) IN GENERAL.—Not later than December 1, 2007, and annually thereafter, the Administrator shall conduct an assessment of the most current estimates of the ratio that, with respect to the marketing year beginning in September of the calendar year in which the assessment is conducted—

(i) United States domestic ending stocks of corn; bears to

(ii) total use of corn.

(B) FACTORS FOR CONSIDERATION.—In conducting the assessment under subparagraph (A), the Administrator shall take into consideration, and rely on, the data published by the Secretary of Agriculture in the monthly report entitled ''World Agricultural Supply and Demand Estimates'' (or similar public and authoritative estimates provided by the Secretary of Agriculture).

(b) POTENTIAL ECONOMIC AND CONSUMER HARM ASSESSMENT.—

(1) REGIONAL WEATHER CONDITIONS.—If the Administrator determines that an assessment of the Administrator under subsection (a)(2) indicates that there is a reasonable likelihood that the ratio described in subsection (a)(3)(A) will be equal to or less than 0.10, the Administrator shall publish the determination in the Federal Register by not later than 14 days after the date on which the determination is made.

(2) ESTIMATES.—If the Administrator determines that an assessment of the Administrator under subsection (a)(3) indicates that there is a reasonable likelihood that the ratio described in subsection (a)(3)(A) will be equal to or less than 0.10, the Administrator, in consultation with the Secretary and the Secretary of Agriculture, shall publish, by not later than 14 days after the date on which the determination is made, the intention of the Administrator to request the President to modify a portion of the requirement described in section 111(a)(2).

(3) REGIONAL DISRUPTION.—If the Administrator determines that an assessment of the Administrator under subsection (a)(2) indicates that a regional disruption to the availability of feed corn with respect to livestock producers will occur, the Administrator, in consultation with the Secretary of Agriculture, shall develop and implement a plan to ensure that regional food and feed supplies are maintained, to the maximum extent practicable, including through adjustments to the applicable renewable fuels standard under section 111(a) in the affected region.

(c) ACTIONS TO PREVENT ECONOMIC AND CONSUMER HARM.—

(1) IN GENERAL.—Subject to paragraph (2), the Administrator may submit to the President a petition to request a modification of a requirement under the renewable fuels standard under section 111(a) in a quantity of gallons sufficient to ensure, to the maximum extent practicable, that the ratio described in subsection (a)(3)(A) will be at least 0.10.

(2) LIMITATION.—A requirement under the renewable fuels standard under section 111(a) shall not be reduced by more than 15 percent during any calendar year.

(3) EFFECTIVE PERIOD.—A modification under paragraph (1) shall be effective during the 1-year period beginning on the effective date of the modification.

(d) PUBLIC PARTICIPATION.—

(1) IN GENERAL.—The Administrator shall—

(A) make each assessment conducted, and each modification provided, pursuant to this section available to the public; and

(B) provide an opportunity for public comment relating to each assessment and modification for a period of not more than 30 days.

(2) MODIFICATIONS.—Not later than 14 days after the end of the comment period described in paragraph (1)(B), the President shall promulgate the modification that is the subject to the comment period, unless the President, in consultation with the Administrator, determines that clear and compelling evidence demonstrates that the modification would not have a material effect on the quantity of corn available for food and feed use.

SA 1667. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 23, between lines 22 and 23, insert the following:

(iii) TREATMENT OF CERTAIN REFINERS AND REFINERIES.—

(I) IN GENERAL.—A refiner shall be eligible for an extension of an exemption under clause (ii) as a small business refiner after December 31, 2007, if the refiner makes an election under section 179C of the Internal Revenue Code of 1986.

(II) SMALL REFINERIES.—A small refinery owned by a refiner described in subclause (I) shall be eligible for an extension of an exemption under clause (ii) as a small refinery after December 31, 2007, if the refinery makes an election under section 179C of the Internal Revenue Code of 1986.

(III) MERGERS AND ACQUISITIONS.—An entity that is the result of a merger or acquisition by 1 or more refiners shall not be eligible for an extension under subclause (I) unless the merger or acquisition involves only refineries of small business refiners described in that subclause.

SA 1668. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle C of title I, add the following:

SEC. 151. STUDY OF INCREASED CONSUMPTION OF ETHANOL-BLENDED GASOLINE WITH HIGHER LEVELS OF ETHANOL.

(a) IN GENERAL.—The Administrator of the Environmental Protection Agency, in cooperation with the Secretary, the Secretary

of Agriculture, and the Secretary of Transportation, and after providing notice and an opportunity for public comment, shall conduct a study of the feasibility of increasing consumption in the United States of ethanol-blended gasoline with levels of ethanol of not less than 10 percent and not more than 40 percent.

(b) STUDY.—The study under subsection (a) shall include—

(1) a review of production and infrastructure constraints on increasing the consumption of ethanol;

(2) an evaluation of the economic, market, and energy impacts of State and regional differences in ethanol blends;

(3) an evaluation of the economic, market, and energy impacts on gasoline retailers and consumers of separate and distinctly-labeled fuel storage facilities and dispensers;

(4) an evaluation on the environmental impacts of mid-level ethanol blends on evaporative and exhaust emissions from on-road, off-road and marine engines, recreational boats, vehicles, and equipment;

(5) an evaluation of the impacts of mid-level ethanol blends on the operation, durability and performance of onroad, off-road, and marine engines, recreational boats, vehicles, and equipment; and

(6) an evaluation of the safety impacts of mid-level ethanol blends on consumers that own and operate off-road and marine engines, recreational boats, vehicles, or equipment.

(c) REPORT.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to Congress a report describing the results of the study conducted under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator to carry out the study under this section $1,000,000.

(e) TECHNICAL AMENDMENT.—Section 211(f)(4) of the Clean Air Act (42 U.S.C. 7545(f)(4)) is amended by striking the last sentence and inserting the following: ''The Administrator, after providing notice and an opportunity for public comment, shall approve or deny an application submitted under this paragraph by not later than 270 days after the date of receipt of the application.''.

SA 1669. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. EMERGENCY SERVICE ROUTE.

Section 1948 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (Public Law 109–59; 119 Stat. 1514) is repealed.

SA 1670. Ms. MURKOWSKI (for herself and Mr. STEVENS) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE VIII—COASTAL PLAIN STRATEGIC PETROLEUM READY RESERVE

SEC. 801. SHORT TITLE.

This title may be cited as the ''Coastal Plain Strategic Petroleum Ready Reserve Act of 2007''.

SEC. 802. FINDINGS; PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) domestic production of crude oil is in sharp decline;

(2) more than 60 percent of the oil consumed in the United States is imported;

(3) traditional sources of foreign oil supply, including the Middle East, are facing terrorism, armed conflicts, instability, and political uncertainty, which increase the vulnerability and threaten the security of the oil imports on which the United States has become so dependent;

(4) crude oil production in Alaska, a major source of domestic oil for the United States has decreased from approximately 2,000,000 barrels a day in 1991 to approximately 800,000 barrels a day in 2007;

(5) the approximately 1,500,000–acre Coastal Plain area of the 19,000,000–acre Arctic National Wildlife Refuge is projected to contain—

(A) a median of 10,400,000,000 barrels of oil; and

(B) very large reserves of natural gas;

(6) there are legislative measures pending in Congress to designate all or a portion of the Coastal Plain as a wilderness, which would prevent the large crude oil and natural gas reserves of the Coastal Plain from being used as a strategic petroleum reserve; and

(7) the proposed designation of the Coastal Plain as wilderness is contrary to the critically important interests of the security and energy policy of the United States.

(b) PURPOSES.—The purposes of this title are—

(1) to designate the public land of the Coastal Plain area of the Arctic National Wildlife Refuge as a strategic petroleum reserve;

(2) to ensure that the reserves of crude oil and natural gas in the Coastal Plain are ready, but not actually made available until authorized by Act of Congress, for commercial production; and

(3) in recognition of the long lead times in Alaska associated with the transition from expressions of industry interest in leasing, exploration, and development of crude oil and natural gas to the actual leasing, exploration, and development, to authorize seismic and exploration activities in the Coastal Plain so that production of crude oil and natural gas can proceed in the Coastal Plain if Congress determines, after the date of enactment of this Act, that production of oil and natural gas in the Coastal Plain is necessary based on—

(A) the need for domestic oil; and

(B) political uncertainties and instability in major producing regions of the world.

SEC. 803. DEFINITIONS.

In this title:

(1) COASTAL PLAIN.—The term ''Coastal Plain'' means—

(A) the approximately 1,500,000 acres of land described in Appendix I to part 37 of subchapter C of chapter 1 of title 50, Code of Federal Regulations; and

(B) land within the exterior boundaries of the Refuge that is north of the area described in subparagraph (A).

(2) EXPLORATORY ACTIVITY.—The term ''exploratory activity'' means an activity described in subparagraph (A), (B), or (C) of section 804(c)(1).

(3) FINAL STATEMENT.—The term ''Final Statement'' means the final legislative environmental impact statement on the Coastal Plain, dated April 1987, and prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)).

(4) REFUGE.—The term ''Refuge'' means the Arctic National Wildlife Refuge in the State.

(5) RESERVE.—The term ''Reserve'' means the Coastal Plain Strategic Petroleum Ready Reserve designated by section 804(a).

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) STATE.—The term ''State'' means the State of Alaska.

(8) WINTER.—The term ''winter'' means the applicable period of time defined for the winter season by the State Department of Natural Resources.

SEC. 804. COASTAL PLAIN STRATEGIC PETROLEUM READY RESERVE.

(a) IN GENERAL.—The public land in the Coastal Plain is designated as the Coastal Plain Strategic Petroleum Ready Reserve.

(b) ADMINISTRATION.—The public land in the Reserve shall be administered by the Secretary in accordance with—

(1) any law applicable to the Coastal Plain; and

(2) this title.

(c) AUTHORIZED EXPLORATORY ACTIVITIES.—

(1) IN GENERAL.—To enable the Secretary to expeditiously open the Coastal Plain to oil and natural gas production if Congress authorizes such production in the Reserve in accordance with section 807, beginning not later than winter 2008, the Secretary shall conduct, or shall enter into 1 or more contracts with other Federal agencies or private entities for the conduct of the following activities on public land in the Reserve and private land of the Kaktovik Inupiat Corporation or the Arctic Slope Regional Corporation in the Coastal Plain:

(A) Seismic exploration activities.

(B) Exploratory drilling to delineate the locations and provide firm estimates of the quantities of oil and natural gas holdings.

(C) The provision of any infrastructure necessary for the exploratory activities.

(2) CONTRACT TERMS AND CONDITIONS.—A contract for the conduct of exploratory activity entered into by the Secretary under paragraph (1) shall—

(A) provide that the Secretary may close, on a seasonal basis, such portions of the Coastal Plain to exploratory drilling activities as are necessary to protect caribou calving areas and other species of fish and wildlife;

(B) provide that the Federal Government shall be fully responsible and liable for the reclamation of land within the Coastal Plain and any other Federal land that is adversely affected in connection with exploratory activities within the Coastal Plain conducted under this title;

(C) contain terms and conditions relating to protection of fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment as required under paragraph (3); and

(D) contain such other provisions as the Secretary determines to be necessary to ensure compliance with this title and regulations issued under this title.

(3) LIMITATION.—Any exploratory activity authorized under paragraph (1) shall be conducted only during the winter unless the President authorizes the exploratory activity to be conducted during additional periods based on a finding by the President that there is a national oil shortage.

(4) APPLICABLE LAW.—The Secretary shall conduct any exploratory activity authorized under paragraph (1) in accordance with applicable land use and environmental laws, including any regulations promulgated by the Secretary to carry out this title.

(d) PRIVATE LAND PROTECTIONS.—

(1) IN GENERAL.—The designation of the Reserve under subsection (a) does not affect property rights or title to private land located within the Coastal Plain that is owned by—

(A) the Kaktovik Inupiat Corporation; or

(B) the Arctic Slope Regional Corporation.

(2) ACCESS.—Access to and across the Reserve, including right-of-way access by Kaktovik Inupiat Corporation, Arctic Slope Regional Corporation, and shareholders of the Corporations, shall be permitted—

(A) for—

(i) subsistence, customary, and traditional uses; and

(ii) reasonable commercial purposes; and

(B) for access in accordance with sections 1110 and 1111 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3170, 3171).

(3) LIMITATION ON LEASING AND COMMERCIAL PRODUCTION ACTIVITIES.—

(A) IN GENERAL.—The Secretary shall not conduct any oil or natural gas production activity in the Reserve unless—

(i) the maximum quantity of surface acreage covered by production and support facilities (including airstrips and any area covered by gravel berms or piers for support of pipelines) does not exceed 2,000 acres on the Coastal Plain;

(ii) the President submits to Congress—

(I) a finding that oil or natural gas production in the Reserve is necessary for the economic or national security of the United States; and

(II) a plan for the production and storage of oil or natural gas produced from the Reserve; and

(iii) the oil or natural gas production is specifically authorized by an Act of Congress in accordance with section 807.

(B) COSTS.—The costs of any natural gas leasing or commercial production activity authorized under subparagraph (A) shall be paid by the United States.

(C) USE.—Any oil or natural gas produced in accordance with subparagraph (A) shall be made available for sale only in accordance with section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241).

(D) ROYALTIES.—Any royalties or revenues from the sale of oil or natural gas under subparagraph (C) shall be allocated in accordance with applicable law.

(4) INFRASTRUCTURE.—The Secretary may construct any infrastructure authorized under subsection (c)(1)(C) on private land in the Reserve only with the consent of the owner of the private land.

SEC. 805. COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN LAWS.

(a) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.)—

(1) the exploratory activities authorized in the Reserve under this title shall be considered to be compatible with the purposes for which the Refuge was established; and

(2) no further findings or decisions shall be required to implement the exploratory activities.

(b) ADEQUACY OF FINAL STATEMENT.—The Final Statement shall be considered to satisfy the requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) that apply with respect to pre-seismic and pre-exploration drilling activities, including actions authorized to be taken by the Secretary to develop and promulgate the regulations for the conduct of exploratory activities authorized by this title before the conduct of the activities.

(c) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—

(1) IN GENERAL.—Before conducting exploratory activities under this title, the Secretary shall prepare an environmental impact statement in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the actions authorized by this title that are not referred to in paragraph (2).

(2) IDENTIFICATION AND ANALYSIS.—Notwithstanding any other provision of law, in carrying out this subsection, the Secretary shall not be required—

(A) to identify nonexploratory alternative courses of action; or

(B) to analyze the environmental effects of those courses of action.

(3) IDENTIFICATION OF PREFERRED ACTION.—Not later than 18 months after the date of enactment of this Act, the Secretary shall—

(A) identify only a preferred action and a single alternative for exploratory activities; and

(B) analyze the environmental effects and potential mitigation measures for those 2 alternatives.

(4) PUBLIC COMMENTS.—In carrying out this subsection, the Secretary shall consider only public comments that are filed not later than 20 days after the date of publication of an environmental analysis.

(5) EFFECT OF COMPLIANCE.—Notwithstanding any other provision of law, compliance with this subsection shall be considered to satisfy all requirements for the analysis and consideration of the environmental effects of proposed exploratory activities under this title.

SEC. 806. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall administer this title through regulations, terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure, to the maximum extent practicable, that exploratory activities will result in no significant adverse effect on fish and wildlife, fish and wildlife habitat, and the environment of the Coastal Plain; and

(2) require the application of the best commercially available technology for oil and gas exploration operations.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall require, with respect to any proposed exploratory drilling activities on the Coastal Plain, that—

(1) a site-specific environmental analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, fish and wildlife habitat, subsistence resources, subsistence uses, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the maximum extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan occur after consultation with each agency having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before conducting any exploratory activities authorized by this title, the Secretary shall prepare and issue regulations, terms, conditions, restrictions, prohibitions, stipulations, and other measures designed to ensure, to the maximum extent practicable, that the exploratory activities carried out on the Coastal Plain under this title are conducted in a manner consistent with the purposes and environmental requirements of this title.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, terms, conditions, restrictions, prohibitions, and stipulations for carrying out this title shall require—

(1) compliance with all applicable provisions of Federal and State environmental law (including regulations);

(2) implementation of and compliance with—

(A) standards that are at least as effective as the safety and environmental mitigation measures, as described in items 1 through 29 on pages 167 through 169 of the Final Statement, on the Coastal Plain;

(B) seasonal limitations on exploratory activities, as necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration;

(C) appropriate prohibitions or restrictions on—

(i) access by all modes of transportation;

(ii) sand and gravel extraction; and

(iii) use of explosives;

(D) reasonable stipulations for protection of cultural and archaeological resources;

(E) measures to protect groundwater and surface water, including—

(i) avoidance, to the maximum extent practicable, of springs, streams, and river systems;

(ii) the protection of natural surface drainage patterns, wetland, and riparian habitats; and

(iii) the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling; and

(F) research, monitoring, and reporting requirements;

(3) that exploratory activities (except surface geological studies) be limited to the period between approximately November 1 and May 1 of each year and be supported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods (except that those exploration activities may be permitted at other times if the Secretary determines that the exploratory activities will have no significant adverse effect on fish and wildlife, fish and wildlife habitat, and the environment of the Coastal Plain);

(4) avoidance or reduction of air traffic-related disturbance to fish and wildlife;

(5) treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including, in accordance with applicable Federal and State environmental laws (including regulations)—

(A) preparation of an annual waste management report;

(B) development and implementation of a hazardous materials tracking system; and

(C) prohibition on the use of chlorinated solvents;

(6) fuel storage and oil spill contingency planning;

(7) conduct of periodic field crew environmental briefings;

(8) avoidance of significant adverse effects on subsistence hunting, fishing, and trapping;

(9) compliance with applicable air and water quality standards;

(10) appropriate seasonal and safety zone designations around well sites, within which

subsistence hunting and trapping shall be limited; and

(11) development and implementation of such other protective environmental requirements, restrictions, terms, and conditions as the Secretary determines to be necessary.

(e) CONSIDERATIONS.—In preparing and issuing regulations, terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall take into consideration—

(1) the stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement;

(2) the environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 through 37.33 of title 50, Code of Federal Regulations (or successor regulations); and

(3) the land use stipulations for exploratory drilling on the KIC–ASRC private land described in Appendix 2 of the agreement between Arctic Slope Regional Corporation and the United States dated August 9, 1983.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—After providing for public notice and comment, the Secretary shall prepare and periodically update a plan to govern, guide, and direct the siting and construction of facilities for the exploration of oil and gas resources from the Coastal Plain.

(2) OBJECTIVES.—The objectives of the plan shall be—

(A) the avoidance of unnecessary duplication of facilities and activities;

(B) the encouragement of consolidation of common facilities and activities;

(C) the location or confinement of facilities and activities to areas that will minimize impact on fish and wildlife, fish and wildlife habitat, and the environment;

(D) the use of existing facilities, to the maximum extent practicable; and

(E) the enhancement of compatibility between wildlife values and development activities.

SEC. 807. EXPEDITED PROCEDURE.

(a) DEFINITION OF BILL.—In this section, the term ''bill'' means only a bill to amend section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) to authorize oil or natural gas production in the Reserve.

(b) MANDATORY INTRODUCTION.—Not later than 30 days after the date of receipt from the President of a bill described in subsection (a), the Chairperson of the Committee on Energy and Natural Resources of the Senate and the Chairperson of the Committee on Natural Resources of the House of Representatives shall introduce the bill, by request.

(c) REFERRAL TO COMMITTEE.—

(1) HOUSE OF REPRESENTATIVES.—A bill described in subsection (a) introduced in the House of Representatives shall be referred to the Committee on Natural Resources of the House of Representatives.

(2) SENATE.—A bill described in subsection (a) introduced in the Senate shall be referred to the Committee on Energy and Natural Resources of the Senate.

(3) TIMING.—A bill described in subsection (a) shall be reported not earlier than 60 days after the date of introduction of the bill.

(d) DISCHARGE OF COMMITTEE.—The committee to which a bill described in subsection (a) is referred shall be considered to have discharged the bill from further consideration, and the bill shall be placed on the appropriate calendar of the appropriate House, if the committee fails to report the bill by the earlier of—

(1) the date that is 90 calendar days after the date of introduction of the bill; and

(2) the end of the first day after there is reported to the applicable House a bill described in subsection (a).

(e) FLOOR CONSIDERATION.—

(1) IN GENERAL.—On the date on which the committee to which a bill is referred has reported, or is considered to be discharged from further consideration under subsection (d)—

(A) it shall be in order at any time (even if a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the bill; and

(B) all points of order against the bill (and against consideration of the bill) are waived.

(2) TREATMENT OF MOTION.—

(A) IN GENERAL.—A motion under paragraph (1)(A) shall be considered to be—

(i) highly privileged in the House of Representatives;

(ii) privileged in the Senate; and

(iii) not debatable.

(B) AMENDMENTS AND OTHER MOTIONS NOT ALLOWED.—The motion shall not be subject to—

(i) an amendment;

(ii) a motion to postpone; or

(iii) a motion to proceed to the consideration of other business.

(C) MOTIONS TO RECONSIDER.—A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(D) AGREEMENT TO MOTION TO PROCEED.—If a motion to proceed to the consideration of the bill is agreed to, the bill shall remain the unfinished business of the respective House until the bill is disposed of.

(3) DEBATE.—

(A) IN GENERAL.—Debate on the bill (including all debatable motions and appeals in connection with the bill) shall be limited to not more than 50 hours, which shall be divided equally between those favoring and those opposing the bill.

(B) MOTIONS TO FURTHER LIMIT DEBATE.—A motion to limit further debate on the bill is in order and not debatable.

(C) AMENDMENTS AND OTHER MOTIONS NOT ALLOWED.—The bill shall not be subject to—

(i) an amendment;

(ii) a motion to postpone;

(iii) a motion to proceed to the consideration of other business; or

(iv) a motion to recommit.

(D) MOTIONS TO RECONSIDER.—A motion to reconsider the vote by which the bill is agreed to or disagreed to is not in order.

(4) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on a bill described in subsection (a), and a single quorum call at the conclusion of the debate, if requested in accordance with the rules of the appropriate House, the vote on final passage of the bill shall occur.

(5) RULINGS OF THE CHAIR ON PROCEDURE.—An appeal from a decision of the Chairperson relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a bill described in subsection (a) shall be decided without debate.

(f) COORDINATION WITH ACTION BY OTHER HOUSE.—If, before the passage by 1 House of a bill of that House described in subsection (a), the House receives from the other House a bill described in subsection (a)—

(1) the bill of the other House shall not be referred to a committee; and

(2) with respect to a bill described in subsection (a) of the House receiving the bill—

(A) the procedure in that House shall be the same as if no bill had been received from the other House; but

(B) the vote on final passage shall be on the bill of the other House.

(g) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such—

(A) this section is deemed to be—

(i) a part of the rules of each House, respectively; but

(ii) applicable only with respect to the procedure to be followed in that House in the case of a bill described in subsection (a); and

(B) this section supersedes other rules only to the extent that this section is inconsistent with those rules; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

SEC. 808. STRATEGIC PETROLEUM RESERVE.

(a) ESTABLISHMENT.—

(1) POLICY.—Section 151(b) of the Energy Policy and Conservation Act (42 U.S.C. 6231(b)) is amended by striking ''1 billion'' and inserting ''1,500,000,000''.

(2) LEVEL.—Section 154(a) of the Energy Policy and Conservation Act (42 U.S.C. 6234(a)) is amended by striking ''1 billion'' and inserting ''1,500,000,000''.

(b) FILLING STRATEGIC PETROLEUM RESERVE TO CAPACITY.—Section 301(e) of the Energy Policy Act of 2005 (42 U.S.C. 6240 note; Public Law 109–58) is amended by striking ''1,000,000,000-barrel'' and inserting ''1,500,000,000-barrel''.

SEC. 809. ANNUAL REPORT.

Not later than June 30, 2008, and each June 30 thereafter, the Secretary and the Secretary of Energy shall jointly submit to the appropriate committees of Congress a report that describes—

(1) the volume of crude oil produced during the previous year in—

(A) the State; and

(B) the United States;

(2) the volume of crude oil imported into the United States during the previous year by—

(A) the country of origin; and

(B) the average price paid per barrel;

(3) the volume of petroleum products imported during the previous year by—

(A) the country of origin; and

(B) the average price paid per barrel;

(4) the average daily throughput of crude oil for the previous year by the trans-Alaska pipeline;

(5) updated projections of the potential and known reserves of crude oil and natural gas located in the Reserve; and

(6) the status of the activities authorized under section 804(c)(1).

SEC. 810. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this title.

SA 1671. Ms. LANDRIEU submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 277, strike beginning with line 10 through page 288, line 2, and insert the following:

SEC. 602. DEFINITIONS.

In this title:

(1) AFFECTED AREA.—The term ''affected area'' means an area covered by a Presidential declaration of energy emergency as provided in section 606.

(2) SUPPLIER.—The term ''supplier'' means any person engaged in the trade or business of selling or reselling, at retail or wholesale, or distributing road transportation fuels or domestic home heating oil.

(3) PRICE GOUGING.—The term ''price gouging'' means the charging of an unconscionably excessive price by a supplier in an affected area while a Presidential declaration of energy emergency is in effect.

(4) UNCONSCIONABLY EXCESSIVE PRICE.—The term ''unconscionably excessive price'' means an average price charged in an affected area for road transportation fuels or domestic home heating oil that—

(A)(i)(I) represents a gross disparity between the price at which it was offered for sale in the usual course of the supplier's business during the 30 days prior to the President's declaration of an energy emergency; and

(II) grossly exceeds the price at which the same or similar road transportation fuels or domestic home heating oil were readily obtainable by purchasers from other suppliers in the in the same relevant geographic market within the affected area; or

(ii) represents an exercise of unfair leverage or unconscionable means on the part of the supplier, during a period of declared energy emergency; and

(B) is not attributable to the justifiable price increases set forth in section 603(c).

(5) COMMISSION.—The term ''Commission'' means the Federal Trade Commission.

(6) WHOLESALE.—The term ''wholesale'' refers to a sale that occurs at a petroleum terminal rack or any sale thereafter, other than a retail sale to a consumer.

SEC. 603. PROHIBITION ON PRICE GOUGING DURING ENERGY EMERGENCIES.

(a) IN GENERAL.—During any energy emergency declared by the President under section 606, it is unlawful for any supplier to sell, or offer to sell, road transportation fuels or domestic home heating oil in, or for use in, the area to which that declaration applies at an unconscionably excessive price.

(b) FACTORS CONSIDERED.—In determining whether a violation of subsection (a) has occurred, there shall be taken into account, among other factors, whether—

(1) the price charged was a price that would reasonably exist in a competitive and freely functioning market; and

(2) the price at which the road transportation fuel or domestic home heating oil was sold reasonably reflects additional costs or risks, not within the control of the seller, that were paid or incurred by the seller.

(c) JUSTIFIABLE PRICE INCREASES.—The prohibition in subsection (a) does not apply to the extent that the increase in the price of the road transportation fuel or domestic home heating oil is substantially attributable to—

(1) an increase in the wholesale cost of road transportation fuel or domestic home heating oil to a retail seller or reseller;

(2) an increase in the replacement costs for road transportation fuel or domestic home heating oil sold;

(3) an increase in operational costs; or

(4) local, regional, national, or international market conditions.

SEC. 604. PROHIBITION ON MARKET MANIPULATION.

It is unlawful for any person, directly or indirectly, to use or employ, in connection with the purchase or sale of road transportation fuels or domestic home heating oil at wholesale, any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of United States citizens.

SEC. 605. PROHIBITION ON FALSE INFORMATION.

It is unlawful for any person to report information related to the wholesale price of road transportation fuels or domestic home heating oil distillates to a Federal department or agency if—

(1) that person knew, or reasonably should have known, the information to be false or misleading;

(2) the information was required by law to be reported; and

(3) the person intended the false or misleading data to affect data compiled by the Commission for statistical or analytical purposes with respect to the market for road transportation fuels or domestic home heating oil.

SEC. 606. PRESIDENTIAL DECLARATION OF ENERGY EMERGENCY.

(a) IN GENERAL.—If the President finds that the health, safety, welfare, or economic well-being of the citizens of the United States is at risk because of a shortage or imminent shortage of adequate supplies of road transportation fuels or domestic home heating oil due to a disruption in the national distribution system for road transportation fuels or domestic home heating oil (including such a shortage related to a major disaster (as defined in section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2))), the President may declare that a Federal energy emergency exists.

(b) SCOPE AND DURATION.—The emergency declaration shall specify—

(1) the period, not to exceed 30 days, for which the declaration applies;

(2) the circumstance or condition necessitating the declaration; and

(3) the area or region to which it applies, which, for the 48 contiguous states may not be limited to a single State.

(c) EXTENSIONS.—The President may—

(1) extend a declaration under subsection (a) for a period of not more than 30 days; and

(2) extend such a declaration not more than twice.

SEC. 607. ENFORCEMENT BY THE FEDERAL TRADE COMMISSION.

(a) ENFORCEMENT.—This title shall be enforced by the Federal Trade Commission in the same manner, by the same means, and with the same jurisdiction as though all applicable terms of the Federal Trade Commission Act were incorporated into and made part of this title.

(b) VIOLATION IS UNFAIR OR DECEPTIVE ACT OR PRACTICE.—The violation of any provision of this title shall be treated as an unfair or deceptive act or practice proscribed under a rule issued under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

(c) COMMISSION ACTIONS.—Following the declaration of an energy emergency by the President under section 606, the Commission shall—

(1) maintain within the Commission—

(A) a toll-free hotline that a consumer may call to report an incident of price gouging in the affected area; and

(B) a program to develop and distribute to the public informational materials to assist residents of the affected area in detecting and avoiding price gouging;

(2) consult with the Attorney General, the United States Attorney for the districts in which a disaster occurred (if the declaration is related to a major disaster), and State and local law enforcement officials to determine whether any supplier in the affected area is charging or has charged an unconscionably excessive price for road transportation fuels or domestic home heating oil in the affected area; and

(3) conduct an investigation to determine whether any supplier in the affected area has violated section 603, and upon such finding, take any action the Commission determines to be appropriate to remedy the violation.

(d) LIMITED PREEMPTION.—This title shall preempt State laws only with respect to affected areas and only for the period of time that a declaration of energy emergency issued under section 606 is in effect. Nothing contained in this section shall otherwise prohibit an authorized State official from proceeding in State court to enforce a civil or criminal statute of that State.

SEC. 608. ENFORCEMENT BY STATE ATTORNEYS GENERAL.

(a) IN GENERAL.—A State, as parens partriae, may, on behalf of its residents, petition the Commission to enforce the provisions of section 603, or to impose the civil penalties authorized by section 609 for violations of section 603, whenever the Attorney General of the State has reason to believe that the interests of the residents of the State have been or are being threatened or adversely affected by a supplier engaged in the sale or resale, at retail or wholesale, or distribution of road transportation fuel or domestic home heating oil in violation of section 603.

(b) NOTICE.—The State shall petition the Commission to enforce the provisions of section 607 by filing with the Commission a written notice of probable violation which sets forth the State's reasons for believing section 603 has been violated.

(c) REQUIRED INVESTIGATION.—Upon receiving the notice required by subsection (b), the Commission shall commence or continue an investigation in accordance with section 607(c)(3), taking into account the claims set forth in the State's notice of probable violation.

(d) LIMITATION ON STATE ACTION WHILE FEDERAL ACTION IS PENDING.—If the Commission has instituted a civil action or an administrative action for violation of this title, a State attorney general, or official or agency of a State, may not bring an action during the pendency of that action against any defendant named in the complaint of the Commission or the other agency for any violation of this title alleged in the Commission's civil or administrative action.

(e) LIMITED PREEMPTION.—This title shall preempt State laws only with respect to affected areas and only for the period of time that a declaration of energy emergency under section 606 is in effect. Nothing contained in this section shall otherwise prohibit an authorized State official from proceeding in State court to enforce a civil or criminal statute of that State.

SEC. 609. EFFECT ON OTHER LAWS.

(a) OTHER AUTHORITY OF THE COMMISSION.—Nothing in this title shall be construed to limit or affect in any way the Commission's authority to bring enforcement actions or take any other measure under the Federal Trade Commission Act (15 U.S.C. 41 et seq.) or any other provision of law.

(b) STATE LAW.—Nothing in this title preempts any State law.

SA 1672. Mr. SCHUMER (for himself and Mr. KENNEDY) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting

new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. __. COMMUTER BENEFIT EQUITY.

(a) UNIFORM DOLLAR LIMITATION FOR ALL TYPES OF TRANSPORTATION FRINGE BENEFITS.—

(1) IN GENERAL.—Section 132(f)(2) of the Internal Revenue Code of 1986 (relating to limitation on exclusion) is amended—

(A) by striking ''$100'' in subparagraph (A) and inserting ''$200'', and

(B) by striking ''$175'' in subparagraph (B) and inserting ''$200''.

(2) INFLATION ADJUSTMENT CONFORMING AMENDMENTS.—Subparagraph (A) of section 132(f)(6) of the Internal Revenue Code of 1986 (relating to inflation adjustment) is amended—

(A) by striking the last sentence,

(B) by striking ''1999'' and inserting ''2008'', and

(C) by striking ''1998'' and inserting ''2007''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2006.

(b) CLARIFICATION OF FEDERAL EMPLOYEE BENEFITS.—Section 7905 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (2)(C) by inserting ''and'' after the semicolon;

(B) in paragraph (3) by striking ''; and'' and inserting a period; and

(C) by striking paragraph (4); and

(2) in subsection (b)(2)(A) by amending subparagraph (A) to read as follows:

''(A) a qualified transportation fringe as defined in section 132(f)(1) of the Internal Revenue Code of 1986;''.

SA 1673. Mr. BINGAMAN (for himself, Mr. DODD, Mr. ALLARD, Mr. REED, Mr. CRAPO, Mr. SCHUMER, Mr. MARTINEZ, Mr. CASEY, and Mr. BAYH) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 157, line 5, strike ''and if'' and insert the following: ''the Secretary of Housing and Urban Development or the Secretary of Agriculture make a determination that the revised codes do not negatively affect the availability or affordability of new construction of assisted housing and single family and multifamily residential housing (other than manufactured homes) subject to mortgages insured under the National Housing Act (12 U.S.C. 1701 et seq.) or insured, guaranteed, or made by the Secretary of Agriculture under title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), respectively, and''.

SA 1674. Mr. FEINGOLD submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 163, strike lines 8 and 9 and insert the following:

(b) PROTECTION FOR SMALL BUSINESS.—Section 111(c)(3) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(c)(3)) is amended by striking ''subsection (d)(7) or (8)'' and inserting ''paragraph (7), (8), (16), or (17) of subsection (d)''.

(c) NATURAL GAS UTILITIES.—Section 303(b) of the Public Utility Regulatory Policies Act of 1978 (15 U.S.C. * * *

On page 164, between lines 20 and 21, insert the following:

(d) SMALL BUSINESS IMPACTS.—Section 303(d) of the Public Utility Regulatory Policies Act of 1978 (15 U.S.C. 3203(d)) is amended by striking ''subsection (b)(3) or (4)'' and inserting ''any of paragraphs (3) through (6) of subsection (b)''.

SA 1675. Mr. MENENDEZ submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE VIII—MISCELLANEOUS

SEC. 801. STUDY OF THE EFFECT OF PRIVATE WIRE LAWS ON THE DEVELOPMENT OF COMBINED HEAT AND POWER FACILITIES.

(a) STUDY.—

(1) IN GENERAL.—The Secretary, in consultation with the States and other appropriate entities, shall conduct a study of the laws (including regulations) affecting the siting of privately owned electric distribution wires on and across public rights-of-way.

(2) REQUIREMENTS.—The study under paragraph (1) shall include—

(A) an evaluation of—

(i) the purposes of the laws; and

(ii) the effect the laws have on the development of combined heat and power facilities;

(B) a determination of whether a change in the laws would have any operating, reliability, cost, or other impacts on electric utilities and the customers of the electric utilities; and

(C) an assessment of—

(i) whether privately owned electric distribution wires would result in duplicative facilities; and

(ii) whether duplicative facilities are necessary or desirable.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study conducted under subsection (a).

SA 1676. Mr. BROWN submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 161, between lines 2 and 3, insert the following:

SEC. 26__. RENEWABLE ENERGY INNOVATION MANUFACTURING PARTNERSHIP.

(a) ESTABLISHMENT.—The Secretary shall carry out a program, to be known as the Renewable Energy Innovation Manufacturing Partnership Program (referred to in this section as the ''Program''), to make assistance awards to eligible entities for use in carrying out research, development, and demonstration relating to the manufacturing of renewable energy technologies.

(b) SOLICITATION.—To carry out the Program, the Secretary shall annually conduct a competitive solicitation for assistance awards for an eligible project described in subsection (e).

(c) PROGRAM PURPOSES.—The purposes of the Program are—

(1) to develop, or aid in the development of, advanced manufacturing processes, materials, and infrastructure;

(2) to increase the domestic production of renewable energy technology and components; and

(3) to better coordinate Federal, State, and private resources to meet regional and national renewable energy goals through advanced manufacturing partnerships.

(d) ELIGIBLE ENTITIES.—An entity shall be eligible to receive an assistance award under the Program to carry out an eligible project described in subsection (e) if the entity is composed of—

(1) 1 or more public or private nonprofit institutions or national laboratories engaged in research, development, demonstration, or technology transfer, that would participate substantially in the project; and

(2) 1 or more private entities engaged in the manufacturing or development of renewable energy system components (including solar energy, wind energy, biomass, geothermal energy, energy storage, or fuel cells).

(e) ELIGIBLE PROJECTS.—An eligible entity may use an assistance award provided under this section to carry out a project relating to—

(1) the conduct of studies of market opportunities for component manufacturing of renewable energy systems;

(2) the conduct of multiyear applied research, development, demonstration, and deployment projects for advanced manufacturing processes, materials, and infrastructure for renewable energy systems; and

(3) other similar ventures, as approved by the Secretary, that promote advanced manufacturing of renewable technologies.

(f) CRITERIA AND GUIDELINES.—The Secretary shall establish criteria and guidelines for the submission, evaluation, and funding of proposed projects under the Program.

(g) COST SHARING.—Section 988 of the Energy Policy Act of 2005 (42 U.S.C. 16352) shall apply to a project carried out under this section.

(h) DISCLOSURE.—Section 623 of the Energy Policy Act of 1992 (42 U.S.C. 13293) shall apply to a project carried out under this subsection.

(i) SENSE OF THE SENATE.—It is the sense of the Senate that the Secretary should ensure

that small businesses engaged in renewable manufacturing be considered for loan guarantees authorized under title XVII of the Energy Policy Act of 2005 (42 U.S.C. 16511 et seq.).

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2008 through 2013, to remain available until expended.

SA 1677. Mr. BINGAMAN submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 7, line 11, insert ''(including landfill gas and sewage waste treatment gas)'' after ''biogas''.

On page 7, strike lines 13 through 16 and insert the following:

biomass;

(vi) butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and

(vii) other fuel derived from cellulosic biomass.

On page 9, line 13, strike '', boiler fuel,''.

On page 9, line 20, strike '', boiler,''.

On page 10, lines 17 and 18, strike ''motor vehicle fuel, home heating oil, and boiler fuel'' and insert ''motor vehicle fuel and home heating oil''.

On page 11, line 11, strike ''built'' and insert ''that commence operations''.

On page 44, lines 4 and 5, strike ''local biorefineries'' and insert ''local biorefineries, including by portable processing equipment''.

On page 44, lines 13 and 14, strike ''local biorefineries'' and insert ''local biorefineries, including by portable processing equipment''.

On page 47, strike lines 9 through 15 and insert the following:

(1) QUALITY REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the President shall promulgate regulations to ensure that each diesel-equivalent fuel derived from renewable biomass and introduced into interstate commerce is tested and certified to comply with applicable standards of the American Society for Testing and Materials.

SA 1678. Mrs. HUTCHISON (for herself and Mr. CORNYN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 21, strike line 12 and insert the following:

(2) PETITIONS FOR WAIVER.—

(A) IN GENERAL.—The President,

On page 21, between lines 19 and 20, insert the following:

(B) IMMEDIATE RELIEF.—During the 90-day period described in subparagraph (A), the President may authorize the Administrator of the Environmental Protection Agency to adjust the requirements described in subsection (a) as the Administrator of the Environmental Protection Agency determines to be necessary to provide immediate relief until the date on which the President, in consultation with the Secretary of Energy, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, approves or disapproves a State petition for a waiver under subparagraph (A).

SA 1679. Mrs. HUTCHISON (for herself and Mr. CORNYN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 26, strike lines 19 through 21 and insert the following:

(j) STUDY OF IMPACT OF RENEWABLE FUEL STANDARD.—

(1) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the Academy shall conduct a study to assess the impact of the requirements described in subsection (a)(2) on each industry relating to the production of feed grains, livestock, food, and energy.

(2) PARTICIPATION.—In conducting the study under paragraph (1), the National Academy of Sciences shall seek the participation, and consider the input, of—

(A) producers of feed grains;

(B) producers of livestock, poultry, and pork products;

(C) producers of food and food products;

(D) producers of energy;

(E) individuals and entities interested in issues relating to conservation, the environment, and nutrition; and

(F) users of renewable fuels.

(3) CONSIDERATIONS.—In conducting the study, the National Academy of Sciences shall consider—

(A) the likely impact on domestic animal agriculture feedstocks that, in any crop year, are significantly below current projections; and

(B) policy options to alleviate the impact on domestic animal agriculture feedstocks that are significantly below current projections.

(4) COMPONENTS.—The study shall include—

(A) a description of the conditions under which the requirements described in subsection (a)(2) should be suspended or reduced to prevent adverse impacts to domestic animal agriculture feedstocks described in paragraph (3)(B); and

(B) recommendations for the means by which the Federal Government could prevent or minimize adverse economic hardships and impacts.

(5) DEADLINE FOR COMPLETION OF STUDY.—Not later than 270 days after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study.

(6) PERIODIC REVIEWS.—

(A) IN GENERAL.—To allow for the appropriate adjustment of the requirements described in subsection (a)(2), the Secretary shall conduct periodic reviews of—

(i) existing technologies;

(ii) the feasibility of achieving compliance with the requirements; and

(iii) the impacts of the requirements described in subsection (a)(2) on each individual and entity described in paragraph (2).

(B) ADJUSTMENT OF REQUIREMENTS.—If, on completion of a periodic review under subparagraph (A), or on the date on which the Secretary submits to Congress the report under paragraph (5), the Secretary concludes that there will be a shortfall in the supply of domestic feed grain-based feedstocks or renewable fuels for the period covered by the review, as soon as practicable after the date on which the Secretary submits to Congress the report under that paragraph, the Administrator of the Environmental Protection Agency, in consultation with the Secretary, shall, after an opportunity for public notice and comment, promulgate regulations to establish a downward adjustment of the requirements described in subsection (a)(2) necessary to alleviate the shortfall, as determined by the Secretary.

(k) EFFECTIVE DATE.—Except as otherwise specifically provided in this section, this section takes effect on the date on which the National Academies of Science completes the study under subsection (j).

SA 1690. Mr. HAGEL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle D of title II, add the following:

SEC. 255. ENERGY-RELATED RESEARCH AND DEVELOPMENT.

(a) FINDINGS.—Congress finds that—

(1) information and opinions provided by individuals and entities of the academic and industrial sectors should be an important consideration with respect to energy-related research and development activities carried out by the Federal Government;

(2) in carrying out energy-related research and development activities, the Federal Government should regularly seek input from multiple sources, including the industrial sector, academia, and other relevant sectors;

(3) research is better focused around well-defined problems that need to be resolved;

(4) a number of potential problems to be resolved are likely to require input from a diverse selection of technologies and contributing sectors;

(5) sharing of information relating to energy research and development is important to the development and innovation of energy technologies;

(6) necessary intellectual property protection can lead to delays in sharing valuable information that could aid in resolving major energy-related problems;

(7) the Federal Government should facilitate the sharing of information from a diverse array of industries by ensuring the protection of intellectual property while simultaneously creating an environment of openness and cooperation; and

(8) the Federal Government should revise the methods of the Federal Government regarding energy-related research and development to encourage faster development and implementation of energy technologies.

(b) DEFINITIONS.—In this section:

(1) NETWORK.—The term ''network'' means the Energy Technologies Innovation Network established by subsection (d)(1).

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(3) SURVEY.—The term ''survey'' means a survey conducted pursuant to subsection (c).

(c) ENERGY-RELATED RESEARCH AND DEVELOPMENT PRIORITIES.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, and on the dates that are 5 years and 10 years after that date, the Secretary shall conduct a survey in accordance with this subsection to determine the 10 highest-priority energy-related problems to resolve to ensure the goals of—

(A) maximizing the energy security of the United States;

(B) maximizing improvements in energy efficiency within the United States; and

(C) minimizing damage to the economy and the environment of the United States.

(2) SURVEY.—

(A) IN GENERAL.—Each survey shall contain a request that the respondent shall list, in descending order of priority, the 10 highest-priority energy-related problems that, in the opinion of the respondent, require resolution as quickly as practicable to ensure the goals described in paragraph (1).

(B) ANNOUNCEMENT.—The Secretary shall announce the existence of each survey by—

(i) publishing an announcement in the Federal Register; and

(ii) placing an announcement in a prominent position on the homepage of the website of the Department of the Energy.

(C) AVAILABILITY.—The Secretary shall ensure that each survey is made available—

(i) in an electronic format only through a link on the Department of Energy website;

(ii) for a period of not less than 21 days and not more than 30 days; and

(iii) to any individual or entity that elects to participate.

(D) ADDITIONAL INFORMATION GATHERING.—Each survey—

(i) shall require each respondent to provide information regarding—

(I) the age of the respondent;

(II) the occupational category of the respondent;

(III) the period of time during which the respondent has held the current occupation of the respondent; and

(IV) the State and country in which the respondent resides; and

(ii) may request, but shall not require—

(I) the name of the respondent;

(II) an identification of the employer of the respondent;

(III) the electronic mail address of the respondent; and

(IV) such other information as the Secretary determines to be appropriate.

(E) RESPONDENTS.—The Secretary shall seek responses to a survey from appropriate representatives of—

(i) the energy, transportation, manufacturing, construction, mining, and electronic industries;

(ii) academia;

(iii) research facilities;

(iv) nongovernmental organizations;

(v) the Federal Government; and

(vi) units of State and local government.

(F) NONPOLITICAL REQUIREMENT.—The Secretary shall ensure that each survey is conducted, to the maximum extent practicable—

(i) in a transparent, nonpolitical, and scientific manner; and

(ii) without any political bias.

(G) REPORT.—Not later than 180 days after the date on which a survey under this subsection is no longer available under subparagraph (C)(ii), the Secretary shall submit to Congress and make available to the public (including through publication in the Federal Register and on the website of the Department of Energy) a report that—

(i) describes the results of the survey; and

(ii) includes a list of the 10 highest-priority energy-related problems based on all responses to the survey.

(d) ENERGY TECHNOLOGIES INNOVATION NETWORK.—

(1) ESTABLISHMENT.—There is established an information and collaboration network, to be known as the ''Energy Technologies Innovation Network''.

(2) PURPOSE.—The purpose of the network shall be to provide a forum through which interested parties (including scientists and entrepreneurs) can present, discuss, and collaborate with respect to information and ideas relating to energy technologies.

(3) OPERATION OF NETWORK.—

(A) IN GENERAL.—The Secretary shall operate the network.

(B) USE OF THIRD-PARTY DATABASES.—In operating the network pursuant to subparagraph (A), the Secretary may use any relevant database of a third party that, as determined by the Secretary—

(i) has experience with respect to the establishment and maintenance of a comprehensive database of Federal research and development projects that—

(I) is easily searchable;

(II) is open to the public;

(III) is capable of expansion; and

(IV) requires only limited interaction with any database manager beyond the initial interaction necessary to register with the database;

(ii) provides a secure electronic forum to enable collaboration among users of the network; and

(iii) agrees to collaborate with the Secretary to protect the intellectual property rights of individual users and governmental agencies participating in the network in accordance with paragraph (6).

(4) REQUIRED CONTRIBUTORS.—Each research laboratory or other facility that receives Federal funding shall provide to the network the results of the research conducted using that funding, regardless of whether the research relates to energy, subject to the condition that revelation of the research will not adversely effect national security.

(5) OTHER CONTRIBUTORS.—Other entities, including entities in the academic and industrial sectors and individuals, may participate in the network to actively contribute to resolving—

(A) the energy-related problems included on the list of the report under subsection (c)(2)(G)(ii); or

(B) any other energy-related problem that the contributor determines would advance the goals described in subsection (c)(1).

(6) PROTECTION OF INFORMATION AND IDEAS.—In operating the network under paragraph (3), the Secretary shall employ such individuals and entities with experience relating to—

(A) intellectual property as the Secretary determines to be necessary to ensure that—

(i) information and ideas presented, and discussed in the network are—

(I) monitored with respect to the intellectual property owners and components of the information or ideas; and

(II) protected in accordance with applicable Federal intellectual property law (including regulations);

(ii) information and ideas developed within the network are—

(I) monitored with respect to the intellectual property components of the developers of the information or ideas; and

(II) protected in accordance with applicable Federal intellectual property law (including regulations); and

(iii) contributors to the network are provided adequate assurances that intellectual property rights of the contributors will be protected with respect to participation in the network;

(B) setting up, maintaining, and operating a network that ensures security and reliability.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SA 1681. Mr. HAGEL (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle E of title II, add the following:

SEC. 2____. REESTABLISHMENT OF OFFICE OF TECHNOLOGICAL ASSESSMENT.

(a) OFFICE OF TECHNOLOGY ASSESSMENT.—

(1) IN GENERAL.—Sections 113 and 114 of the Legislative Branch Appropriations Act, 1996 (Public Law 104–52; 109 Stat. 526), are repealed.

(2) APPLICATION.—The Technology Assessment Act of 1972 (Public Law 92–484; 86 Stat. 797) shall be applied and administered as if sections 113 and 114 of the Legislative Branch Appropriations Act, 1996 (Public Law 104–52; 109 Stat. 526) had not been enacted.

(b) AMENDMENT TO SHORT TITLE.—

(1) IN GENERAL.—The first section of the Technology Assessment Act of 1972 (Public Law 92–484; 86 Stat. 797) is amended by striking ''Technology Assessment Act of 1972'' and inserting ''Office of Technology Assessment Reestablishment Act of 2007''.

(2) CROSS-REFERENCES.—Any reference in a law, regulation, or other document of the United States to the ''Technology Assessment Act of 1972'' shall be considered to be a reference to the ''Office of Technology Assessment Reestablishment Act of 2007''.

(c) ESTABLISHMENT OF OFFICE.—Section 3(c) of the Office of Technology Assessment Reestablishment Act of 2007 (Public Law 92–484; 86 Stat. 797) is amended—

(1) by redesignating paragraphs (1) through (8) as paragraphs (6) through (13), respectively;

(2) in paragraph (12) (as redesignated by paragraph (1)), by striking ''paragraphs (1) through (5)'' and inserting ''paragraphs (6) through (10)''; and

(3) by inserting before paragraph (6) (as redesignated by paragraph (1)), the following:

''(1) provide Congress with timely, impartial analyses of scientific and technological information;

''(2) make assessments relating to the uses and application of technology toward achieving national policy goals;

''(3) assess and analyze technologies that could contribute to solving energy security related issues;

''(4) assess and analyze foreign sciences and technologies that could contribute to achieving national policy goals;

''(5) assess the impact of existing or probable policies on scientific and technological advances;''.

(d) PRIORITY OF ASSESSMENTS; REQUIREMENTS.—Section 3 of the Office of Technology Assessment Reestablishment Act of 2007 (Public Law 92–484; 86 Stat. 798) is amended by adding at the end the following:

''(f) PRIORITY OF ASSESSMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), requests for the conduct of assessment activities under subsection (d)(1) shall be addressed by the Office in the following order:

''(A) Requests with bipartisan and bicameral support.

''(B) Requests with bipartisan support.

''(C) Requests from individual members of Congress.

''(2) EXCEPT.—Notwithstanding paragraph (1), the Director of the Office, with the approval of the Board, may determine the final priority for requests within and among the categories described in subparagraphs (A) through (C) of paragraph (1).

''(g) DEADLINE.—In conducting assessments requested under subsection (d)(1), the Director and the person or entity submitting the request shall agree on a timeline for the delivery of the results of the assessment, including briefings, findings, draft reports, final reports, or any other appropriate information.

''(h) PEER REVIEW.—Each assessment report requested under subsection (d) shall be subject to peer review, which shall consist of rigorous vetting, checking, criticism, and recommendations for improvement by independent, qualified experts in the various aspects of the matters being assessed.

''(i) AVAILABILITY OF ASSESSMENTS.—The Office shall maintain an electronic resource that makes available to the public—

''(1) assessments produced by the Office; and

''(2) any other information determined to be appropriate by the Director.''.

(e) USE OF THE CONGRESSIONAL BUDGET OFFICE.—The Office of Technology Assessment Reestablishment Act of 2007 (Public Law 92–484; 86 Stat. 797) is amended—

(1) by redesignating sections 10, 11, and 12, as sections 11, 13, and 14, respectively; and

(2) by inserting after section 9 the following:

''SEC. 10. USE OF CONGRESSIONAL BUDGET OFFICE.

''(a) IN GENERAL.—The Director of the Congressional Budget Office may make available to the Office any services and assistance that may be appropriate to carry out the objectives of this Act, including all of the services and assistance which the Congressional Budget Office is otherwise authorized to provide to the Congress.

''(b) REIMBURSEMENT.—Services and assistance made available to the Office by the Director of the Congressional Budget Office under this section may be provided with or without reimbursement by the Office, as agreed upon by the Board and the Director of the Congressional Budget Office.

''(c) EFFECT.—Nothing in this section alters or modifies any services or responsibilities (other than services performed for, and responsibilities relating to, the Office) that the Director of the Congressional Budget Office performs for or on behalf of the Congress under any law.''.

(f) COORDINATION WITH NATIONAL ACADEMIES.—The Office of Technology Assessment Reestablishment Act of 2007 (Public Law 92–484; 86 Stat. 797) is amended by inserting after section 11 (as redesignated by subsection (e)(1)) the following:

''SEC. 12. COORDINATION WITH NATIONAL ACADEMIES.

''The Office shall maintain a continuing liaison with the National Academies of Science with respect to—

''(1) grants and contracts formulated or activated by the National Academies of Science for purposes of technology assessment;

''(2) the promotion of coordination in areas of technology assessment; and

''(3) the avoidance of unnecessary duplication or overlapping of research activities in the development of technology assessment techniques and programs.''.

(g) AUTHORIZATION OF APPROPRIATIONS.—The Office of Technology Assessment Reestablishment Act of 2007 (Public Law 92–484; 86 Stat. 797) is amended by striking section 14 (as redesignated by subsection (e)(1)) and inserting the following:

''SEC. 14. AUTHORIZATION OF APPROPRIATIONS.

''Of amounts in the Treasury not otherwise appropriated, there is authorized to be appropriated to the Office to carry out the duties of the Office pursuant to this Act $15,000,000 for each of fiscal years 2008 through 2013.''.

SA 1682. Mr. HAGEL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. APPLIANCE EFFICIENCY STANDARDS COMMISSION.

(a) APPLIANCE EFFICIENCY STANDARDS COMMISSION.—Section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) is amended by adding at the end the following:

''(hh) APPLIANCE EFFICIENCY STANDARDS COMMISSION.—

''(1) ESTABLISHMENT.—

''(A) ESTABLISHMENT.—There is established a commission to be known as the 'Appliance Efficiency Standards Commission' (referred to in this subsection as the 'Commission').

''(B) MEMBERSHIP.—

''(i) COMPOSITION.—The Commission shall be composed of 14 members appointed by the President, of whom—

''(I) 5 members shall be appointed to represent energy and manufacturing industries;

''(II) 3 members shall be appointed to represent consumer organizations;

''(III) 2 members shall be appointed from nongovernmental organizations that specialize in energy efficiency, environmental protection, or consumer advocacy; and

''(IV) 1 member shall be appointed from each of—

''(aa) the Department of Commerce;

''(bb) the National Academy of Sciences;

''(cc) the Department of Energy; and

''(dd) the Environmental Protection Agency.

''(ii) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 90 days after the date of enactment of this subsection.

''(C) TERM; VACANCIES.—

''(i) TERM.—Subject to clause (ii), the term of office of a member of the Commission shall be 3 years.

''(ii) STAGGERED INITIAL TERMS.—Of the initial members of the Commission appointed under clause (i), the term of office of—

''(I) 5 members shall be 3 years;

''(II) 5 members shall be 2 years; and

''(III) 4 members shall be 1 year.

''(iii) VACANCIES.—A vacancy on the Commission—

''(I) shall not affect the powers of the Commission; and

''(II) shall be filled in the same manner as the original appointment was made.

''(D) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

''(E) MEETINGS.—The Commission shall meet at the call of the Chairperson.

''(F) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

''(G) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a Chairperson and Vice Chairperson from among the members of the Commission.

''(2) DUTIES.—The Commission shall—

''(A) conduct ongoing studies of the establishment or improvement of energy conservation standards and test protocols for consumer goods and appliances that will reduce the use of electricity use of consumer products and improve the competitiveness of the United States; and

''(B) based on the studies, make recommendations to the Secretary for the establishment or improvement of energy conservation standards and test protocols through expedited rulemaking under subsection (ii).

''(3) POWERS.—

''(A) HEARINGS.—The Commission may hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this subsection.

''(B) INFORMATION FROM FEDERAL AGENCIES.—

''(i) IN GENERAL.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this subsection.

''(ii) PROVISION OF INFORMATION.—On request of the Chairperson of the Commission, the head of the agency shall provide the information to the Commission.

''(C) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government.

''(D) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

''(4) COMMISSION PERSONNEL MATTERS.—

''(A) COMPENSATION OF MEMBERS.—

''(i) NON-FEDERAL EMPLOYEES.—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

''(ii) FEDERAL EMPLOYEES.—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

''(B) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

''(C) STAFF.—

''(i) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate an executive director and such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

''(ii) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director shall be subject to confirmation by the Commission.

''(iii) COMPENSATION.—

''(I) IN GENERAL.—Except as provided in subclause (I), the Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

''(II) MAXIMUM RATE OF PAY.—The rate of pay for the executive director and other personnel shall not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

''(D) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

''(i) IN GENERAL.—An employee of the Federal Government may be detailed to the Commission without reimbursement.

''(ii) CIVIL SERVICE STATUS.—The detail of the employee shall be without interruption or loss of civil service status or privilege.

''(E) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of that title.

''(5) ADMINISTRATION.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission.

''(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection, to remain available until expended.''.

(b) EXPEDITED RULEMAKINGS.—Section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) (as amended by subsection (a)) is amended by adding at the end the following:

''(ii) EXPEDITED RULEMAKING FOR STANDARDS RECOMMENDED BY APPLIANCE EFFICIENCY STANDARDS COMMISSION.—

''(1) IN GENERAL.—The Secretary shall conduct an expedited rulemaking based on each energy conservation standard or test procedure recommended by the Appliance Efficiency Standards Commission established under subsection (hh).

''(2) PROCEDURE.—

''(A) IN GENERAL.—Notwithstanding subsection (p) or section 336(a), if the Secretary receives a recommendation of the Appliance Efficiency Standards Commission, the Secretary shall conduct an expedited rulemaking with respect to the standard or test procedure proposed in the recommendation in accordance with this paragraph.

''(B) ADVANCED NOTICE OF PROPOSED RULEMAKING.—If no advanced notice of proposed rulemaking has been issued under subsection (p)(1) with respect to the rulemaking covered by the recommendation, the requirements of subsection (p) with respect to the issuance of an advanced notice of proposed rulemaking shall not apply.

''(C) PROPOSED RULE.—

''(i) PUBLICATION.—Not later than 30 days after the receipt of a recommendation described in paragraph (1), the Secretary shall publish a proposed rule proposing the standard or test procedure covered by the recommendation.

''(ii) PUBLIC COMMENT PERIOD.—Notwithstanding paragraphs (2) and (3) of subsection (p), the public comment period for the proposed rule shall be the 30-day period beginning on the date of publication of the proposed rule in the Federal Register.

''(iii) PUBLIC HEARING.—Notwithstanding section 336(a), the Secretary may waive the holding of a public hearing with respect to the proposed rule.

''(D) FINAL RULE.—Notwithstanding subsection (p)(4), the Secretary—

''(i) may publish a final rule at any time after the 60-day period beginning on the date of publication of the proposed rule in the Federal Register; and

''(ii) shall publish a final rule not later than 120 days after the date of publication of the proposed rule in the Federal Register.''.

SA 1683. Mr. VOINOVICH (for himself, Mr. CARPER, and Mr. INHOFE) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title VII, add the following:

SEC. 7___. CONVENTION ON SUPPLEMENTARY COMPENSATION FOR NUCLEAR DAMAGE CONTINGENT COST ALLOCATION.

(a) FINDINGS AND PURPOSE.—

(1) FINDINGS.—Congress finds that—

(A) section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) (commonly known as the ''Price-Anderson Act'')—

(i) provides a predictable legal framework necessary for nuclear projects; and

(ii) ensures prompt and equitable compensation in the event of a nuclear incident in the United States;

(B) section 170 of that Act, in effect, provides operators of nuclear powerplants with insurance for damage arising out of a nuclear incident and funds the insurance primarily through the assessment of a retrospective premium from each operator after the occurrence of a nuclear incident;

(C) the Convention on Supplementary Compensation for Nuclear Damage, done at Vienna on September 12, 1997, will establish a global system—

(i) to provide a predictable legal framework necessary for nuclear energy projects; and

(ii) to ensure prompt and equitable compensation in the event of a nuclear incident;

(D) the Convention benefits United States nuclear suppliers that face potentially unlimited liability for a nuclear incidents outside the coverage of section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) by replacing a potentially open-ended liability with a predictable liability regime that, in effect, provides nuclear suppliers with insurance for damage arising out of such an incident;

(E) the Convention also benefits United States nuclear facility operators that may be publicly liable for a Price-Anderson incident by providing an additional early source for a Price-Anderson incident by providing an additional early source of funds to compensate damage arising out of the Price-Anderson incident;

(F) the combined operation of the Convention, section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210), and this section will augment the quantity of assured funds available for victims in a wider variety of nuclear incidents while reducing the potential liability of United States suppliers without increasing potential costs to United States operators;

(G) the cost of those benefits is the obligation of the United States to contribute to the supplementary compensation fund established by the Convention;

(H) any such contribution should be funded in a manner that neither upsets settled expectations based on the liability regime established under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) nor shifts to Federal taxpayers liability risks for nuclear incidents at foreign installations;

(I) with respect to a Price-Anderson incident, funds already available under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) should be used; and

(J) with respect to a nuclear incident outside the United States not covered by section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210), a retrospective premium should be prorated among nuclear suppliers relieved from potential liability for which insurance is not available.

(2) PURPOSE.—The purpose of this section is to allocate the contingent costs associated with participation by the United States in the international nuclear liability compensation system established by the Convention on Supplementary Compensation for Nuclear Damage, done at Vienna on September 12, 1997—

(A) with respect to a Price-Anderson incident, by using funds made available under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) to cover the contingent costs in a manner that neither increases the burdens nor decreases the benefits under section 170 of that Act; and

(B) with respect to a covered incident outside the United States that is not a Price-Anderson incident, by allocating the contingent costs equitably, on the basis of risk, among the class of nuclear suppliers relieved by the Convention from the risk of potential liability resulting from any covered incident outside the United States.

(b) DEFINITIONS.—In this section:

(1) COMMISSION.—The term ''Commission'' means the Nuclear Regulatory Commission.

(2) CONTINGENT COST.—The term ''contingent cost'' means the cost to the United States in the event of a covered incident the amount of which is equal to the amount of funds the United States is obligated to make available under paragraph 1(b) of Article III of the Convention.

(3) CONVENTION.—The term ''Convention'' means the Convention on Supplementary Compensation for Nuclear Damage, done at Vienna on September 12, 1997.

(4) COVERED INCIDENT.—The term ''covered incident'' means a nuclear incident the occurrence of which results in a request for funds pursuant to Article VII of the Convention.

(5) COVERED INSTALLATION.—The term ''covered installation'' means a nuclear installation at which the occurrence of a nuclear incident could result in a request for funds under Article VII of the Convention.

(6) COVERED PERSON.—

(A) IN GENERAL.—The term ''covered person'' means—

(i) a United States person; and

(ii) an individual or entity (including an agency or instrumentality of a foreign country) that—

(I) is located in the United States; or

(II) carries out an activity in the United States.

(B) EXCLUSIONS.—The term ''covered person'' does not include—

(i) the United States; or

(ii) any agency or instrumentality of the United States.

(7) NUCLEAR SUPPLIER.—The term ''nuclear supplier'' means a covered person (or a successor in interest of a covered person) that—

(A) supplies facilities, equipment, fuel, services, or technology pertaining to the design, construction, operation, or decommissioning of a covered installation; or

(B) transports nuclear materials that could result in a covered incident.

(8) PRICE-ANDERSON INCIDENT.—The term ''Price-Anderson incident'' means a covered incident for which section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) would make funds available to compensate for public liability (as defined in section 11 of that Act (42 U.S.C. 2014)).

(9) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(10) UNITED STATES.—

(A) IN GENERAL.—The term ''United States'' has the meaning given the term in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014).

(B) INCLUSIONS.—The term ''United States'' includes—

(i) the Commonwealth of Puerto Rico;

(ii) any other territory or possession of the United States;

(iii) the Canal Zone; and

(iv) the waters of the United States territorial sea under Presidential Proclamation Number 5928, dated December 27, 1988 (43 U.S.C. 1331 note).

(11) UNITED STATES PERSON.—The term ''United States person'' means—

(A) any individual who is a resident, national, or citizen of the United States (other than an individual residing outside of the United States and employed by a person who is not a United States person); and

(B) any corporation, partnership, association, joint stock company, business trust, unincorporated organization, or sole proprietorship that is organized under the laws of the United States.

(c) USE OF PRICE-ANDERSON FUNDS.—

(1) IN GENERAL.—Funds made available under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) shall be used to cover the contingent cost resulting from any Price-Anderson incident.

(2) EFFECT.—The use of funds pursuant to paragraph (1) shall not reduce the limitation on public liability established under section 170 e. of the Atomic Energy Act of 1954 (42 U.S.C. 2210(e)).

(d) EFFECT ON AMOUNT OF PUBLIC LIABILITY.—

(1) IN GENERAL.—Funds made available to the United States under Article VII of the Convention with respect to a Price-Anderson incident shall be used to satisfy public liability resulting from the Price-Anderson incident.

(2) AMOUNT.—The amount of public liability allowable under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) relating to a Price-Anderson incident under paragraph (1) shall be increased by an amount equal to the difference between—

(A) the amount of funds made available for the Price-Anderson incident under Article VII of the Convention; and

(B) the amount of funds used under subsection (c) to cover the contingent cost resulting from the Price-Anderson incident.

(e) RETROSPECTIVE RISK POOLING PROGRAM.—

(1) IN GENERAL.—Except as provided in paragraph (2), each nuclear supplier shall participate in a retrospective risk pooling program in accordance with this section to cover the contingent cost resulting from a covered incident outside the United States that is not a Price-Anderson incident.

(2) DEFERRED PAYMENT.—

(A) IN GENERAL.—The obligation of a nuclear supplier to participate in the retrospective risk pooling program shall be deferred until the United States is called on to provide funds pursuant to Article VII of the Convention with respect to a covered incident that is not a Price-Anderson incident.

(B) AMOUNT OF DEFERRED PAYMENT.—The amount of a deferred payment of a nuclear supplier under subparagraph (A) shall be based on the risk-informed assessment formula determined under subparagraph (C).

(C) RISK-INFORMED ASSESSMENT FORMULA.—

(i) IN GENERAL.—Not later than 3 years after the date of enactment of this Act, and every 5 years thereafter, the Secretary shall, by regulation, determine the risk-informed assessment formula for the allocation among nuclear suppliers of the contingent cost resulting from a covered incident that is not a Price-Anderson incident, taking into account risk factors such as—

(I) the nature and intended purpose of the goods and services supplied by each nuclear supplier to each covered installation outside the United States;

(II) the quantity of the goods and services supplied by each nuclear supplier to each covered installation outside the United States;

(III) the hazards associated with the supplied goods and services if the goods and services fail to achieve the intended purposes;

(IV) the hazards associated with the covered installation outside the United States to which the goods and services are supplied;

(V) the legal, regulatory, and financial infrastructure associated with the covered installation outside the United States to which the goods and services are supplied; and

(VI) the hazards associated with particular forms of transportation.

(ii) FACTORS FOR CONSIDERATION.—In determining the formula, the Secretary may—

(I) exclude—

(aa) goods and services with negligible risk;

(bb) classes of goods and services not intended specifically for use in a nuclear installation;

(cc) a nuclear supplier with a de minimis share of the contingent cost; and

(dd) a nuclear supplier no longer in existence for which there is no identifiable successor; and

(II) establish the period on which the risk assessment is based.

(iii) APPLICATION.—In applying the formula, the Secretary shall not consider any covered installation or transportation for which funds would be available under section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210).

(iv) REPORT.—Not later than 5 years after the date of enactment of this Act and every 5 years thereafter, the Secretary shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Energy and Commerce of the House of Representatives a report on whether there is a need for continuation or amendment of this section, taking into account the effects of the implementation of the Convention on the United States nuclear industry and suppliers.

(f) REPORTING.—

(1) COLLECTION OF INFORMATION.—

(A) IN GENERAL.—The Secretary may collect information necessary for developing and implementing the formula for calculating the deferred payment of a nuclear supplier under subsection (e)(2).

(B) PROVISION OF INFORMATION.—Each nuclear supplier and other appropriate persons shall make available to the Secretary such information, reports, records, documents, and other data as the Secretary determines, by regulation, to be necessary or appropriate to develop and implement the formula under subsection (e)(2)(C).

(2) PRIVATE INSURANCE.—The Secretary shall make available to nuclear suppliers, and insurers of nuclear suppliers, information to support the voluntary establishment and maintenance of private insurance against any risk for which nuclear suppliers may be required to pay deferred payments under this section.

(g) EFFECT ON LIABILITY.—Nothing in any other law (including regulations) limits liability for a covered incident to an amount equal to less than the amount prescribed in paragraph 1(a) of Article IV of the Convention, unless the law—

(1) specifically refers to this section; and

(2) explicitly repeals, alters, amends, modifies, impairs, displaces, or supersedes the effect of this subsection.

(h) PAYMENTS TO AND BY THE UNITED STATES.—

(1) ACTION BY NUCLEAR SUPPLIERS.—

(A) NOTIFICATION.—In the case of a request for funds under Article VII of the Convention resulting from a covered incident that is not a Price-Anderson incident, the Secretary shall notify each nuclear supplier of the amount of the deferred payment required to be made by the nuclear supplier.

(B) PAYMENTS.—

(i) IN GENERAL.—Except as provided in clause (ii), not later than 60 days after receipt of a notification under subparagraph (A), a nuclear supplier shall pay to the general fund of the Treasury the deferred payment of the nuclear supplier required under subparagraph (A).

(ii) ANNUAL PAYMENTS.—A nuclear supplier may elect to prorate payment of the deferred payment required under subparagraph (A) in 5 equal annual payments (including interest on the unpaid balance at the prime rate prevailing at the time the first payment is due).

(C) VOUCHERS.—A nuclear supplier shall submit payment certification vouchers to the Secretary of the Treasury in accordance with section 3325 of title 31, United States Code.

(2) USE OF FUNDS.—

(A) IN GENERAL.—Amounts paid into the Treasury under paragraph (1) shall be available to the Secretary of the Treasury, without further appropriation and without fiscal year limitation, for the purpose of making the contributions of public funds required to be made by the United States under the Convention.

(B) ACTION BY SECRETARY OF TREASURY.—The Secretary of the Treasury shall pay the contribution required under the Convention to the court of competent jurisdiction under Article XIII of the Convention with respect to the applicable covered incident.

(3) FAILURE TO PAY.—If a nuclear supplier fails to make a payment required under this subsection, the Secretary may take appropriate action to recover from the nuclear supplier—

(A) the amount of the payment due from the nuclear supplier;

(B) any applicable interest on the payment; and

(C) a penalty of not more than twice the amount of the deferred payment due from the nuclear supplier.

(i) LIMITATION ON JUDICIAL REVIEW; CAUSE OF ACTION.—

(1) LIMITATION ON JUDICIAL REVIEW.—

(A) IN GENERAL.—In any civil action arising under the Convention over which Article XIII of the Convention grants jurisdiction to the courts of the United States, any appeal or review by writ of mandamus or otherwise with respect to a nuclear incident that is not a Price-Anderson incident shall be in accordance with chapter 83 of title 28, United States Code, except that the appeal or review shall occur in the United States Court of Appeals for the District of Columbia Circuit.

(B) SUPREME COURT JURISDICTION.—Nothing in this paragraph affects the jurisdiction of the Supreme Court of the United States under chapter 81 of title 28, United States Code.

(2) CAUSE OF ACTION.—

(A) IN GENERAL.—Subject to subparagraph (B), in any civil action arising under the Convention over which Article XIII of the Convention grants jurisdiction to the courts of the United States, in addition to any other cause of action that may exist, an individual or entity shall have a cause of action against the operator to recover for nuclear damage suffered by the individual or entity.

(B) REQUIREMENT.—Subparagraph (A) shall apply only if the individual or entity seeks a remedy for nuclear damage (as defined in Article I of the Convention) that was caused by a nuclear incident (as defined in Article I of the Convention) that is not a Price-Anderson incident.

(C) EFFECT OF PARAGRAPH.—Nothing in this paragraph limits, modifies, extinguishes, or otherwise affects any cause of action that would have existed in the absence of enactment of this paragraph.

(j) RIGHT OF RECOURSE.—This section does not provide to an operator of a covered installation any right of recourse under the Convention.

(k) PROTECTION OF SENSITIVE UNITED STATES INFORMATION.—Nothing in the Convention or this section requires the disclosure of—

(1) any data that, at any time, was Restricted Data (as defined in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014));

(2) information relating to intelligence sources or methods protected by section 102A(i) of the National Security Act of 1947 (50 U.S.C. 403–1(i)); or

(3) national security information classified under Executive Order 12958 (50 U.S.C. 435 note; relating to classified national security information) (or a successor regulation).

(l) REGULATIONS.—

(1) IN GENERAL.—The Secretary or the Commission, as appropriate, may prescribe regulations to carry out section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) and this section.

(2) REQUIREMENT.—Rules prescribed under this subsection shall ensure, to the maximum extent practicable, that—

(A) the implementation of section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) and this section is consistent and equitable; and

(B) the financial and operational burden on a Commission licensee in complying with section 170 of that Act is not greater as a result of the enactment of this section.

(3) APPLICABILITY OF PROVISION.—Section 553 of title 5, United States Code, shall apply with respect to the promulgation of regulations under this subsection.

(4) EFFECT OF SUBSECTION.—The authority provided under this subsection is in addition to, and does not impair or otherwise affect, any other authority of the Secretary or the Commission to prescribe regulations.

(m) EFFECTIVE DATE.—This section takes effect on the date of enactment of this Act.

SA 1684. Mrs. HUTCHISON (for herself and Mr. CORNYN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 21, strike lines 4 through 6 and insert the following:

(A) implementation of the requirement would significantly harm—

(i) the economy or environment of a State, region, or the United States; or

(ii) any industry located in a State, region, or the United States, particularly with respect to—

(I) producers of livestock, poultry, and pork products; and

(II) processors of food and food products;

SA 1685. Mr. HAGEL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title II, add the following:

SEC. 2___. ADVANCED COAL GENERATION DEPLOYMENT OF ADVANCED COAL GENERATION UNITS.

(a) DEFINITIONS.—In this section:

(1) AIR SEPARATION UNIT.—The term ''air separation unit'' means a technology capable of using ambient air to separate and concentrate a gas with 95 percent oxygen concentration for use in oxy fuel technology.

(2) CAPTURE-READY.—The term ''capture ready'' means the design of a new coal-fired unit that reduces the cost of and facilitates the addition of carbon dioxide separation and capture technologies after the unit has been placed into service.

(3) OXY FUEL.—The term ''oxy fuel'' means a coal-fired boiler that burns coal in an environment with a 95 percent oxygen concentration.

(4) SUBCRITICAL PULVERIZED COAL UNIT.—The term ''subcritical pulverized coal unit'' means a coal-fired boiler that operates—

(A) at a pressure below 3,200 pounds per square inch; and

(B) below a temperature of 1,025 degrees Fahrenheit.

(5) SUPERCRITICAL PULVERIZED COAL UNIT.—The term ''supercritical pulverized coal unit'' means a coal-fired boiler that—

(A) reaches an electricity generating efficiency of from 37 percent to 40 percent (High Heating Value); and

(B) operates at a minimum pressure of 3,500 pounds per square inch and a minimum temperature of 1,050 degrees Fahrenheit.

(6) ULTRASUPERCRITICAL PULVERIZED COAL UNIT.—The term ''ultrasupercritical pulverized coal unit'' means a coal-fired boiler that—

(A) reaches an electricity generating efficiency of more than 43 percent (High Heating Value); and

(B) operates at a minimum pressure of 4,600 pounds per square inch and a minimum temperature of 1,110 degrees Fahrenheit.

(b) EXEMPTION FROM NEW SOURCE REVIEW.—Effective beginning on the date of enactment of this Act, any subcritical pulverized coal unit in existence on the date of enactment of this Act that is rebuilt with a supercritical pulverized coal unit, or an ultrasupercritical pulverized coal unit, that includes post-combustion carbon dioxide capture technology or an oxy fuel pulverized coal unit shall be exempt from new source review requirements under the Clean Air Act (42 U.S.C. 7401 et seq.) if—

(1) there is no appreciable increase in the rate of regulated emissions calculated by quantity of pollutants removed per ton of coal used; and

(2) the new unit does not—

(A) cause the area in which the unit is located to deteriorate from an attainment to a nonattainment area; or

(B) alter the progress of the State in achieving attainment under the applicable State implementation plan.

(c) LOAN GUARANTEES FOR OXY FUEL AIR SEPARATION UNITS AND AIR-BLOWN ULTRASUPERCRITICAL PULVERIZED COAL UNITS THAT ARE CAPTURE-READY.—Section 1703(b) of the Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is amended by adding at the end the following:

''(11) Air separation units and air-blown ultrasupercritical pulverized coal units that are capture ready (as the terms are defined in section 2___(a) of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007).''.

SA 1686. Mr. ALLARD submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. __. EXTENSION OF QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECT BONDS.

(a) Subsection (l) of section 142 (relating to qualified green building and sustainable design projects) is amended—

(1) by striking ''2009'' in paragraph (8) and inserting ''2012'', and

(2) by striking ''2009'' in paragraph (9) and inserting ''2012''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SA 1687. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting

new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 292, strike line 7 and all that follows through page 293, line 6, and insert the following:

(4) the Department of Energy should be designated as the lead United States Government agency in charge of formulating and coordinating the national energy security policy of the United States, and in furtherance of these goals, there should be established within the Department of Energy an Assistant Secretary of Energy for Energy Security whose responsibilities should include—

(A) directing the development of the national energy security strategy of the United States;

(B) coordinating the national energy security policy of the United States with the Department of Defense, the Department of State, and the National Security Council, as appropriate, to address the impact of, and integrate national security and foreign policy on, the national energy security policy of the United States;

(C) monitoring international and domestic energy developments to gauge their impact on the national energy security policy of the United States and implementing changes in such policy as necessary to maintain the national security and energy security of the United States;

(D) identifying foreign sources of energy critical to the national energy security of the United States and developing strategies for ensuring United States access to critical foreign energy resources;

(E) developing strategies for reducing United States dependence on foreign sources of energy, including demand reduction, efficiency improvement, and development of alternative and new sources of domestic energy; and

(F) developing strategies in conjunction with the Department of State for working with major international producers and consumers, including China, Russia, the European Union, and Africa, to minimize politicization of global energy resources while ensuring access through global energy markets.

SA 1688. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 313, strike lines 20 and 21 and insert the following:

SEC. 707. ANNUAL NATIONAL ENERGY SECURITY STRATEGY REPORT.

(a) REPORTS.—

(1) IN GENERAL.—Subject to paragraph (2), on the date on which the President submits to Congress the budget for the following fiscal year under section 1105 of title 31, United States Code, the President shall submit to Congress a comprehensive report on the national energy security of the United States.

(2) NEW PRESIDENTS.—In addition to the reports required under paragraph (1), the President shall submit a comprehensive report on the national energy security of the United States by not later than 150 days after the date on which the President assumes the office of President after a presidential election.

(b) CONTENTS.—Each report under this section shall describe the national energy security strategy of the United States, including a comprehensive description of—

(1) the worldwide interests, goals, and objectives of the United States that are vital to the national energy security of the United States;

(2) the foreign policy, worldwide commitments, and national defense capabilities of the United States necessary—

(A) to deter political manipulation of world energy resources; and

(B) to implement the national energy security strategy of the United States;

(3) the proposed short-term and long-term uses of the political, economic, military, and other authorities of the United States—

(A) to protect or promote energy security; and

(B) to achieve the goals and objectives described in paragraph (1);

(4) the adequacy of the capabilities of the United States to protect the national energy security of the United States, including an evaluation of the balance among the capabilities of all elements of the national authority of the United States to support the implementation of the national energy security strategy; and

(5) such other information as the President determines to be necessary to inform Congress on matters relating to the national energy security of the United States.

(c) CLASSIFIED AND UNCLASSIFIED FORM.—Each national energy security strategy report shall be submitted to Congress in—

(1) a classified form; and

(2) an unclassified form.

SEC. 708. APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.

SA 1689. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

After section 706, insert the following:

SEC. 707. NATIONAL SECURITY COUNCIL REORGANIZATION.

Section 101(a) of the National Security Act of 1947 (50 U.S.C. 402(a)) is amended—

(1) by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively; and

(2) by inserting after paragraph (4) the following:

''(5) the Secretary of Energy;''.

SA 1690. Mr. MENENDEZ (for himself and Mr. SANDERS) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE VIII—SOLAR ENERGY

SEC. 801. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) solar energy is the most abundant energy source in the United States;

(2) solar energy can play a significant role in the economy of the United States;

(3) photovoltaic products are produced by domestic and foreign manufacturers and are purchased by thousands of people throughout the United States and foreign countries;

(4) photovoltaic products should be readily available and marketed efficiently to ensure that the people of the United States have adequate access to clean and renewable, domestically-produced energy;

(5) the maintenance and expansion of existing markets for solar energy are vital to the welfare of photovoltaic producers and those concerned with marketing, using, and producing photovoltaic products, as well as to the general economy of the United States; and

(6) photovoltaic products move in interstate and foreign commerce, and photovoltaic products that do not move in interstate or foreign commerce directly burden or affect interstate commerce of photovoltaic products.

(b) PURPOSES.—The purposes of this title are—

(1) to provide for the establishment of an orderly procedure for financing (through assessments on all photovoltaic products manufactured and shipped in the United States and on photovoltaic products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the position of the solar energy industry in the marketplace; and

(2) to maintain and expand domestic and foreign markets and uses for solar energy and solar energy products.

SEC. 802. DEFINITIONS.

In this title:

(1) ASSESSMENT.—The term ''assessment'' means a fee required to be paid for a photovoltaic product in accordance with an order at a rate equal to $.02 per watt, based on the nameplate capacity of the photovoltaic product (or an equivalent capacity of the photovoltaic product for balance-of-system components, as determined by the Secretary).

(2) BOARD.—The term ''Board'' means the Solar Energy Promotion and Research Board established under an order and described in section 803(b).

(3) CONSUMER INFORMATION.—The term ''consumer information'' means technology specifications, environmental data, and other information that would assist consumers and other persons in making evaluations and decisions regarding the purchase and use of solar energy products.

(4) DEPARTMENT.—The term ''Department'' means the Department of Energy.

(5) FOUNDATION.—The term ''Foundation'' means the Solar Energy Research and Education Foundation.

(6) IMPORTER.—The term ''importer'' means any person that imports a photovoltaic product into the United States.

(7) INDUSTRY INFORMATION.—The term ''industry information'' means information and programs that are designed to lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the solar energy industry.

(8) ORDER.—The term ''order'' means a final solar energy promotion and research order promulgated under section 803(b).

(9) PERSON.—The term ''person'' means any—

(A) individual;

(B) group of individuals;

(C) partnership;

(D) corporation;

(E) association;

(F) cooperative; or

(G) other entity.

(10) PHOTOVOLTAIC PRODUCT.—The term ''photovoltaic product'' means—

(A) any photovoltaic cell, module, or other solar electric product with a nameplate capacity that exceeds 1 watt; and

(B) any balance-of-system component (such as an inverter) used in a solar electric system.

(11) PRODUCER.—The term ''producer'' means any person that manufacturers photovoltaic products.

(12) PROMOTION.—The term ''promotion'' means any action (including paid advertising) to advance the image and desirability of solar energy products to improve the competitive position and stimulate the sales of solar energy products in the marketplace.

(13) RESEARCH.—The term ''research'' means—

(A) studies testing the effectiveness of market development and promotion efforts;

(B) studies relating to technological advancement or environmental benefit; and

(C) other related solar energy research and new product development.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(15) STATE.—The term ''State'' means—

(A) a State; and

(B) the District of Columbia.

(16) UNITED STATES.—The term ''United States'' means the all of the States.

SEC. 803. ORDERS.

(a) PROPOSED ORDER.—Not later than January 1, 2008, the Secretary shall—

(1) publish in the Federal Register a proposed solar energy promotion and research order; and

(2) provide notice and opportunity for public comment on the proposed order.

(b) FINAL ORDER.—Not later than 120 days after the date of publication of a proposed order in accordance with subsection (a), the Secretary shall promulgate a final order, which shall take effect as of that date of promulgation.

(c) REQUIREMENTS.—A final order promulgated under subsection (b) shall—

(1) provide for the establishment and selection of a Solar Energy Promotion and Research Board, to be composed of members who are producers or importers appointed by the Secretary from nominations submitted by the Solar Energy Industries Association;

(2) define the powers and duties of the Board, which shall—

(A) hold at least an annual meeting; and

(B) include only the powers—

(i) to administer the order issued under this section, in accordance with the terms and conditions of the order;

(ii) to recommend to the Secretary rules to carry out the order;

(iii) to approve or disapprove budgets submitted by the Foundation;

(iv) to receive, investigate, and report to the Secretary complaints of violations of the order;

(v) to collect and use assessments in accordance with this subsection; and

(vi) to recommend to the Secretary amendments to the order;

(3) specify the circumstances under which special meetings of the Board may be held;

(4) provide that—

(A)(i) except as provided in clauses (ii) through (iv)—

(I) the term of a member appointed to the Board shall be 3 years; and

(II) no member appointed to the Board may serve more than 2 consecutive terms;

(ii) with respect to the initial appointments to the Board, members shall be appointed in staggered 1-, 2-, and 3-year terms, as determined by the Secretary;

(iii) the Secretary shall have a permanent appointment to the Board; and

(iv) the President of the Solar Energy Industries Association shall have a permanent appointment to the Board;

(B) Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in carrying out the duties of the Board;

(C) the total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 percent of the projected total assessments to be collected by the Board for the fiscal year; and

(D) the Board shall use, to the maximum extent practicable, the resources, staff, and facilities of industry organizations to carry out the duties of the Board;

(5) provide that the Board shall oversee the disbursement of assessment funds to the Foundation for the promotion of solar energy;

(6) provide that the Foundation—

(A) shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, to be funded by assessments collected by the Board;

(B) shall, in developing those plans or projects, to the maximum extent practicable, take into account similarities and differences between different solar technologies;

(C) to ensure coordination and efficient use of funds, shall enter into contracts or agreements with established nonprofit organizations to implement programs of promotion and advertising, research, consumer information, and industry information, on the condition that any such contract or agreement provides that—

(i) the person entering the contract or agreement shall develop and submit to the Foundation a proposal for a plan or project, together with 1 or more budgets that describe the estimated costs to be incurred for the plan or project;

(ii) the plan or project shall become effective on the approval of the Secretary; and

(iii) the person entering the contract or agreement shall, with respect to the plan or project—

(I) keep accurate records of all transactions;

(II) account for funds received and expended;

(III) submit to the Foundation periodic reports on activities conducted; and

(IV) submit such other reports as the Secretary, Board, or Foundation may require; and

(D) may use the resources, staff, and facilities of the Board and industry organizations to carry out the duties of the Foundation;

(7) provide that an employee of an industry organization—

(A) may not receive compensation for work performed for the Foundation; but

(B) shall be reimbursed from assessments collected by the Board for reasonable expenses incurred in performing that work;

(8) require the Board and the Foundation—

(A) to maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

(B) to prepare and submit to the Secretary, from time to time, such reports as the Secretary may require; and

(C) to account for the receipt and disbursement of all funds received by the Board and Foundation;

(9) provide that—

(A) each producer shall, for each photovoltaic product produced by the producer, collect an assessment and remit the assessment to the Board in a manner prescribed by the order;

(B) each importer shall, for each photovoltaic product imported by the importer, pay to the Board an assessment in the manner prescribed by the order; and

(C) the Board shall use assessments received under this paragraph—

(i) to provide funds to the Foundation for use in carrying out solar energy projects;

(ii) to pay the costs of plans and projects carried out by the Board;

(iii) to reimburse employees as described in paragraph (7)(B);

(iv) to pay the administrative expenses incurred by the Board in carrying out the duties of the Board, and by the Secretary, after promulgation of the order (including administrative expenses incurred in carrying out a referendum under section 804); and

(v) to establish a reasonable reserve;

(10) permit the Board, with the approval of the Secretary, to invest funds collected through assessments, pending disbursement, only in—

(A) obligations of the United States (or any agency of the United States);

(B) general obligations of any State (or any political subdivision of a State);

(C) any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(11) prohibit any funds received by the Board under the order from being used to pay the salary of any Federal employee, other than for recommending amendments to the order;

(12) require that each producer and importer—

(A) maintain and make available for inspection such books and records as may be required by the order, including records of persons from which the producer or importer received payment for photovoltaic products produced or imported by the producer or importer;

(B) submit reports at such time, in such manner, and having such content as is prescribed by the order; and

(C) make information described in subparagraphs (A) and (B) available to the Secretary, upon request, for use in administering and enforcing the order or this title; and

(13) contain such other terms and conditions as are consistent with this title and necessary to carry out the order.

(d) AVAILABILITY OF INFORMATION.—

(1) IN GENERAL.—Subject to paragraph (2), information made available to the Secretary in accordance with subsection (c)(12) shall be—

(A) kept confidential by all officers and employees of the Department; and

(B) disclosed only—

(i) in the course of a civil action or administrative proceeding involving the order—

(I) that is brought or initiated at the request of the Secretary; or

(II) to which the Secretary or any other officer of the United States is a party; and

(ii) to the extent that the Secretary or a court of law determines the information to be relevant.

(2) NO PROHIBITION ON ISSUANCE OR PUBLICATION OF CERTAIN INFORMATION.—Nothing in this paragraph prohibits—

(A) the issuance of any general statement, based on any report submitted to the Secretary under subsection (c)(12)(B), of the number of persons subject to the order or statistical data collected by those persons, on the condition that the statement does not identify the information provided by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

(3) PROHIBITED DISCLOSURE.—

(A) IN GENERAL.—Except as otherwise provided in this subsection, no information obtained under this title or the order may be made available to any agency or officer of the United States for any purpose other than the implementation of this title and the order (including the conduct of any investigation or enforcement action necessary to implement this title or the order).

(B) PENALTY FOR VIOLATION.—A person that violates subparagraph (A) shall be—

(i) fined not more than $1,000, imprisoned for not more than 1 year, or both; and

(ii) if the person is an officer or employee of the Board or the Department, removed from office.

SEC. 804. REFERENDUM.

(a) CONTINUATION OR TERMINATION OF ORDER.—

(1) INITIAL REFERENDUM.—Not later than 4 years after the date of promulgation of the order or such earlier date as may be recommended by the Board, the Secretary shall conduct an initial referendum among persons who have been producers or importers during a representative period, as determined by the Secretary, to determine whether the producers and importers favor the termination of the order.

(2) SECOND REFERENDUM.—After conducting the initial referendum under paragraph (1), on the request of a representative group comprising 25 percent or more of the producers and importers that voted in the initial referendum, the Secretary may conduct a second referendum to determine whether producers and importers described in paragraph (1) favor the termination of the order.

(3) CONTINUATION OF ORDER.—The order shall remain in effect only if the Secretary determines that the order was approved by not less than—

(A) a majority of the producers and importers voting in the initial referendum under paragraph (1); or

(B) in the case of a second referendum conducted under paragraph (2), a majority of the producers and importers voting in that second referendum.

(4) FAILURE TO APPROVE CONTINUATION.—If the Secretary determines that continuation of the order is not approved by a majority of the persons voting in the initial referendum under paragraph (1) or a second referendum under paragraph (2), the Secretary shall—

(A) terminate the collection of assessments under the order by not later than 180 days after the date on which the Secretary makes that determination; and

(B) terminate the order, in an orderly manner, as soon as practicable after that date.

(b) ADMINISTRATIVE MATTERS.—

(1) REIMBURSEMENT.—Subject to section 803(c)(11)(A), the Department shall be reimbursed for expenditures relating to the conduct of a referendum under this section from assessments received by the Board in accordance with the order.

(2) TIME AND PLACE OF REFERENDUM; CERTIFICATION.—Subject to paragraph (3)—

(A) a referendum conducted under this section shall be conducted at local offices on a date and as determined by the Secretary; and

(B) at such a referendum, a producer or importer—

(i) shall certify that the producer or importer was engaged in the production of photovoltaic products during a representative period determined by the Secretary; and

(ii) on the same day, shall be provided an opportunity to vote in the referendum.

(3) ABSENTEE MAIL BALLOT.—The Secretary shall—

(A) provide for a producer or importer to receive an absentee mail ballot for use in voting in a referendum on request; and

(B) establish rules by which a producer or importer may use such an absentee mail ballot to vote in a referendum.

SEC. 805. ENFORCEMENT.

(a) RESTRAINING ORDER; CIVIL FINE.—If the Secretary determines that the administration and enforcement of this title or the order would be adequately served by the issuance of an administrative order or assessment of a civil penalty, following an opportunity for an administrative hearing on the record, the Secretary may—

(1) issue an administrative order to restrain or prevent a person from violating the order; and

(2) assess a civil fine of not more than $25,000 for each violation of the order.

(b) JURISDICTION OF DISTRICT COURT.—The United States district courts shall have exclusive jurisdiction over any civil action brought to enforce, or to prevent or restrain a person from violating, the order or this title.

(c) CIVIL ACTION TO BE REFERRED TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

SEC. 806. INVESTIGATORY POWERS AND PROCEDURES.

(a) INVESTIGATIONS.—The Secretary may conduct such investigations as the Secretary determines to be necessary—

(1) for the effective administration of this title; or

(2) to determine whether any person subject to this title has engaged or is about to engage in any act that constitutes or will constitute a violation of the order or this title.

(b) POWERS.—

(1) IN GENERAL.—In conducting an investigation described in paragraph (1), the Secretary may administer such oaths and affirmations, subpoena and compel the attendance of such witnesses, receive such evidence, and require the production of such records as are relevant to the investigation.

(2) GEOGRAPHICAL BOUNDARY.—The attendance of witnesses and the production of records under paragraph (1) may be required from any place in the United States.

(3) JUDICIAL ACTION.—In a case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or in which the person resides or carries on business, to issue, and such a court may issue, an order requiring the attendance and testimony of the person and the production of any requested records.

(4) CONTEMPT.—Any failure to obey an order of a court issued under paragraph (3) may be punished by the court as a contempt of the court.

(5) SERVICE OF PROCESS.—Process in any case described in this subsection may be served—

(A) in the judicial district in which a person is an inhabitant; or

(B) wherever the person may be found.

SEC. 807. EFFECT ON OTHER AUTHORITY.

Nothing in this title preempts, supercedes, or otherwise affects any other Federal or State program relating to solar energy promotion.

SEC. 808. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out the consumer education activities authorized by the order and this title.

SA 1691. Mr. WYDEN (for himself and Mr. SUNUNU) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. REMOVAL OF ROYALTY RELIEF AUTHORITY.

Sections 344 and 345 of the Energy Policy Act of 2005 (42 U.S.C. 15904, 15905) are repealed.

SA 1692. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. LICENSING OF LAKE DIANA HYDROELECTRIC PROJECT.

(a) IN GENERAL.—Notwithstanding any other provision of law, the license to construct the project described in the Federal Energy Regulatory Commission preliminary permit application numbered 12716–000 is approved.

(b) PROJECT CONSTRUCTION REQUIREMENTS.—The project referred to in subsection (a) shall be carried out in accordance with the notice of intent dated March 29, 2007, as determined by the Federal Energy Regulatory Commission under subsection (c).

(c) APPROVAL.—The Federal Energy Regulatory Commission shall approve the project only if the Commission determines that the project—

(1) will be carried out in accordance with the notice of intent referred to in subsection (b); and

(2) will best develop the affected water resources, in accordance with section 10(a) of the Federal Power Act (16 U.S.C. 803(a)).

(d) LICENSE CONDITIONS.—The license for the project referred to in subsection (a) shall include conditions identical to the license conditions relating to the use of affected water determined to be necessary and appropriate by the Federal Energy Regulatory

Commission under section 10(a) of that Act (16 U.S.C. 803(a)).

SA 1693. Mr. BINGAMAN (for himself, Mrs. BOXER, and Mr. REID) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 59, after line 21, insert the following:

Subtitle D—Environmental Safeguards

SEC. 161. GRANTS FOR PRODUCTION OF ADVANCED BIOFUELS.

(a) IN GENERAL.—The Secretary shall establish a grant program to encourage the production of advanced biofuels.

(b) REQUIREMENTS AND PRIORITY.—In making grants under this section, the Secretary—

(1) shall make awards to the proposals for advanced biofuels with the greatest reduction in lifecycle greenhouse gas emissions compared to the comparable motor vehicle fuel lifecycle emissions during calendar year 2007; and

(2) shall not make an award to a project that does not achieve at least a 50-percent reduction in such lifecycle greenhouse gas emissions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000,000 for the period of fiscal years 2008 through 2015.

SEC. 162. STUDIES OF EFFECTS OF RENEWABLE FUEL USE.

Section 211 of the Clean Air Act (42 U.S.C. 7545) is amended by adding at the end the following:

''(t) STUDIES OF EFFECTS OF RENEWABLE FUEL USE.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Administrator shall offer to enter into appropriate arrangements with the National Academy of Sciences and any other independent research institute determined to be appropriate by the Administrator, in consultation with appropriate Federal agencies, to conduct 2 studies on the effects of increased domestic use of renewable fuels under the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

''(2) MATTERS TO BE STUDIED.—

''(A) IN GENERAL.—The studies under this subsection shall assess, quantify, and recommend analytical methodologies in relation to environmental changes associated with the increased domestic use of renewable fuels under the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, including production, handling, transportation, and use of the fuels.

''(B) SPECIFIC MATTERS.—The studies shall include an assessment and quantification, to the maximum extent practicable, of significant changes—

''(i) in air and water quality and the quality of other natural resources;

''(ii) in land use patterns;

''(iii) in the rate of deforestation in the United States and globally;

''(iv) to greenhouse gas emissions;

''(v) to significant geographic areas and habitats with high biodiversity values (including species richness, the presence of species that are exclusively native to a place, or the presence of endangered species); or

''(vi) in the long-term capacity of the United States to produce biomass feedstocks.

''(C) BASELINE COMPARISON.—In making an assessment or quantifying effects of increased use of renewable fuels, the studies shall use an appropriate baseline involving increased use of the conventional transportation fuels, if displacement by use of renewable fuels had not occurred.

''(3) REPORTS TO CONGRESS.—The Administrator shall submit to Congress a report summarizing the assessments and findings of—

''(A) the first study, along with any recommendations by the Administrator to mitigate adverse effects identified by the study, not later than 3 years after the date of enactment of this subsection; and

''(B) the second study, along with any recommendations by the Administrator to mitigate adverse effects identified by the study, not later December 31, 2015.''.

SEC. 163. INTEGRATED CONSIDERATION OF WATER QUALITY IN DETERMINATIONS ON FUELS AND FUEL ADDITIVES.

Section 211(c)(1) of the Clean Air Act (42 U.S.C. 7545(c)(1)) is amended—

(1) by striking ''nonroad vehicle (A) if in the judgment of the Administrator'' and inserting ''nonroad vehicle—

''(A) if, in the judgment of the Administrator, any fuel or fuel additive or'';

(2) in subparagraph (A), by striking ''air pollution which'' and inserting ''air pollution or water pollution (including any degradation in the quality of groundwater) that''; and

(3) by striking '', or (B) if'' and inserting the following: ''; or

''(B) if''.

SEC. 164. ANTI-BACKSLIDING.

Section 211 of the Clean Air Act (42 U.S.C. 7545) (as amended by section 162) is amended by adding at the end the following:

''(u) PREVENTION OF AIR QUALITY DETERIORATION.—

''(1) STUDY.—

''(A) IN GENERAL.—Not later than 18 months after the date of enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, the Administrator shall complete a study to determine whether the renewable fuel volumes required by that Act will adversely impact air quality as a result of changes in vehicle and engine emissions of air pollutants regulated under this Act.

''(B) CONSIDERATIONS.—The study shall include consideration of—

''(i) different blend levels, types of renewable fuels, and available vehicle technologies; and

''(ii) appropriate national, regional, and local air quality control measures.

''(2) REGULATIONS.—Not later than 3 years after the date of enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, the Administrator shall—

''(A) promulgate regulations to implement appropriate measures to mitigate, to the greatest extent achievable, considering the results of the study under paragraph (1), any adverse impacts on air quality, as the result of the renewable volumes required by that Act; or

''(B) make a determination that no such measures are necessary.

''(3) OTHER REQUIREMENTS.—Nothing in title I of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007 supercedes or otherwise affects any Federal or State requirement under any other provision of law that is more stringent than any requirement of this title.''.

SA 1694. Mr. BINGAMAN (for himself, Mrs. BOXER, and Mr. REID) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of the amendment, add the following:

SEC. 165. LIFECYCLE GREENHOUSE GAS EMISSIONS FOR ADVANCED BIOFUELS.

(a) 50-PERCENT REDUCTION.—In addition to or as part of the regulations promulgated under section 111(a)(1), the President shall promulgate regulations to ensure that advanced biofuels achieve at least a 50-percent reduction in lifecycle greenhouse gas emissions compared to the comparable transportation fuel.

(b) FAILURE TO ACHIEVE.—Notwithstanding paragraphs (1) and (3) of section 102 and section 111(a)—

(1) an advanced biofuel that achieves a reduction of at least 20 percent, but less than 50 percent, in lifecycle greenhouse gas emissions compared to gasoline shall be considered a conventional biofuel under section 111(a); and

(2) an advanced biofuel that achieves a reduction of less than 20 percent in lifecycle greenhouse gas emissions compared to gasoline shall not be considered to be a renewable fuel under section 111(a).

SA 1695. Mr. BINGAMAN (for himself, Mrs. BOXER, and Mr. REID) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 7, between lines 23 and 24, insert the following:

(4) LIFECYCLE GREENHOUSE GAS EMISSIONS.—The term ''lifecycle greenhouse gas emissions'' means the aggregate quantity of greenhouse gases attributable to the production, transportation, and use of renewable fuel, including the production, extraction, cultivation, distribution, marketing, and transportation of feedstocks, as modified by deducting, as determined by the Administrator of the Environmental Protection Agency—

(A) any greenhouse gases captured at the facility and sequestered; and

(B) the carbon content, expressed in units of carbon dioxide equivalent, of any feedstock that is renewable biomass.

On page 7, line 24, strike ''(4)'' and insert ''(5)''.

On page 9, line 11, strike ''(5)'' and insert ''(6)''.

On page 10, line 1, strike ''(6)'' and insert ''(7)''.

On page 10, line 3, strike ''(7)'' and insert ''(8)''.

SA 1696. Mr. NELSON of Nebraska (for himself, Mr. CRAIG, Mr. CRAPO, Mr. KOHL, Mr. ALLARD, and Mr. THUNE) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. 2. CREDIT FOR PRODUCTION OF BIOGAS FROM CERTAIN RENEWABLE FEEDSTOCKS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 40A the following new section:

''SEC. 40B. BIOGAS PRODUCED FROM CERTAIN RENEWABLE FEEDSTOCKS.

''(a) GENERAL RULE.—For purposes of section 38, the qualified biogas production credit for any taxable year is an amount equal to the product of—

''(1) $4.27, and

''(2) each million British thermal units (mmBtu) of biogas—

''(A) produced by the taxpayer—

''(i) from qualified energy feedstock, and

''(ii) at a qualified facility, and

''(B) either—

''(i) sold by the taxpayer to an unrelated person during the taxable year, or

''(ii) used by the taxpayer during the taxable year.

''(b) DEFINITIONS.—

''(1) BIOGAS.—The term 'biogas' means a gas that—

''(A) is derived by processing qualified energy feedstock through anaerobic digestion, gasification, or other similar processes, and

''(B) is an energy or fuel alternative to fossil fuels such as coal, natural gas or petroleum-based products.''

''(2) QUALIFIED ENERGY FEEDSTOCK.—

''(A) IN GENERAL.—The term 'qualified energy feedstock' means—

''(i) manure of agricultural livestock, including litter, wood shavings, straw, rice hulls, bedding material, and other materials incidentally collected with the manure,

''(ii) any nonhazardous, cellulosic, or other organic agricultural or food industry byproduct or waste material that is derived from—

''(I) harvesting residues,

''(II) wastes or byproducts from fermentation processes, ethanol production, biodiesel production, slaughter of agricultural livestock, food production, food processing, or food service, or

''(III) other organic wastes, byproducts, or sources, or

''(iii) solid wood waste materials, including waste pallets, crates, dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings.

''(B) EXCLUSIONS.—The term 'qualified energy feedstock' does not include—

''(i) pressure-treated, chemically-treated, or painted wood wastes,

''(ii) municipal solid waste,

''(iii) landfills, or

''(iv) paper that is commonly recycled.

''(C) AGRICULTURAL LIVESTOCK.—The term 'agricultural livestock' means poultry, cattle, sheep, swine, goats, horses, mules, and other equines.

''(3) QUALIFIED FACILITY.—The term 'qualified facility' means a facility that—

''(A) uses anaerobic digestion technology, gasification technology, or other similar technologies to process qualified energy feedstock into biogas,

''(B) is owned by the taxpayer,

''(C) is located in the United States,

''(D) is originally placed in service before January 1, 2018, and

''(E) the biogas output of which is—

''(i) marketed through interconnection with a gas distribution or transmission pipeline, or

''(ii) used on-site or off-site in a quantity that is sufficient to offset the consumption of at least 50,000 mmBtu annually of commercially–marketed fuel derived from coal, crude oil, natural gas, propane, or other fossil fuel.

''(c) SPECIAL RULES.—For purposes of this section—

''(1) PRODUCTION ATTRIBUTABLE TO THE TAXPAYER.—In the case of a facility in which more than 1 person has an ownership interest, except to the extent provided in regulations prescribed by the Secretary, production from the qualified facility shall be allocated among such persons in proportion to their respective ownership interests in the gross sales from such qualified facility.

''(2) RELATED PERSONS.—Persons shall be treated as related to each other if such persons would be treated as a single employer under the regulations prescribed under section 52(b). In the case of a corporation which is a member of an affiliated group of corporations filing a consolidated return, such corporation shall be treated as selling biogas to an unrelated person if such biogas is sold to such a person by another member of such group.

''(3) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(4) COORDINATION WITH CREDIT FROM PRODUCING FUEL FROM A NONCONVENTIONAL SOURCE.—The amount of biogas produced and sold or used by the taxpayer during any taxable year which is taken into account under this section shall be reduced by the amount of biogas produced and sold by the taxpayer in such taxable year which is taken into account under section 45K.

''(5) CREDIT ELIGIBILITY IN THE CASE OF GOVERNMENT-OWNED FACILITIES USING POULTRY WASTE.—In the case of a facility using poultry waste to produce biogas and owned by a governmental unit, subparagraph (B) of subsection (b)(3) shall be applied by substituting 'is leased or operated by the taxpayer' for 'is owned by the taxpayer'.

''(d) TRANSFERABILITY OF CREDIT.—

''(1) IN GENERAL.—A taxpayer may transfer the credit under this section through an assignment to any person. Such transfer may be revoked only with the consent of the Secretary.

''(2) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to ensure that any credit transferred under paragraph (1) is claimed once and not reassigned by such other person.

''(e) ADJUSTMENT BASED ON INFLATION.—

''(1) IN GENERAL.—The $4.27 amount under subsection (b)(1) shall be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount shall be rounded to the nearest multiple of 0.1 cent.

''(2) COMPUTATION OF INFLATION ADJUSTMENT FACTOR.—

''(A) IN GENERAL.—The Secretary shall, not later than April 1 of each calendar year, determine and publish in the Federal Register the inflation adjustment factor in accordance with this paragraph.

''(B) INFLATION ADJUSTMENT FACTOR.—The term 'inflation adjustment factor' means, with respect to a calendar year, a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for calendar year 2007. The term 'GDP implicit price deflator' means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

''(f) APPLICATION OF SECTION.—This section shall apply with respect to biogas produced and sold—

''(1) after the date of the enactment of this section, and

''(2) before the date on which the Secretary of Energy certifies that 100,000,000 British thermal units of biogas have been produced at qualified facilities after such date.''.

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 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 the following new paragraph:

''(32) the qualified biogas production credit under section 40B(a).''.

(c) CREDIT ALLOWED AGAINST AMT.—Section 38(c)(4)(B) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii)(II) and inserting '', and'', and by adding at the end the following new clause:

''(iii) the credit determined under section 40B.''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 40A the following new item:

''Sec. 40B. Biogas produced from certain renewable feedstocks.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to biogas produced and sold or used in taxable years beginning after the date of the enactment of this Act.

SA 1697. Mr. WEBB submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 283, after line 20, insert the following:

(d) MAJOR ENERGY PRODUCER RECORDS.—

(1) IN GENERAL.—Following the declaration of an energy emergency by the President under section 606, a major energy producer (as defined by section 702) shall maintain and shall make available to the Federal Trade Commission, such books, accounts, memoranda, and other records as the Commission determines are relevant to determine whether the producer is in violation of this title.

(2) RETENTION.—A major energy producer subject to paragraph (1) shall retain records

required by paragraph (1) for a period of 1 year after the expiration of the declaration of an energy emergency.

SA 1698. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

In section 102(4), strike subparagraph (A) and insert the following:

(A) nonmerchantable materials or precommercial thinnings that—

(i) are byproducts of preventive treatments, such as trees, wood, brush, thinnings, chips, and slash, that are removed—

(I) to reduce hazardous fuels;

(II) to reduce or contain disease or insect infestation; or

(III) to restore forest health;

(ii) would not otherwise be used for higher-value products; and

(iii) are harvested from National Forest System land or public land (as defined in section 103 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702))—

(I) where permitted by law; and

(II) in accordance with—

(aa) applicable land management plans; and

(bb) the requirements for old-growth maintenance, restoration, and management direction of paragraphs (2), (3), and (4) of subsection (e) and the requirements for large-tree retention of subsection (f) of section 102 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512); or

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SA 1699. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 117, strike line 21 and all that follows through page 118, line 10, and insert the following:

SEC. 241. LIGHTWEIGHT MATERIALS RESEARCH AND DEVELOPMENT.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall establish a research and development program to determine ways in which—

(1) the weight of motor vehicle structures may be reduced to improve fuel efficiency without compromising passenger safety;

(2) the cost of primary lightweight materials (such as high-strength steel alloys, aluminum, magnesium, and carbon fiber for reinforced polymer composites) with the properties required for the construction of lighter-weight vehicles may be reduced; and

(3) the cost of processing, joining, and recycling lightweight materials for high-volume applications may be reduced.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to the appropriated to carry out this section $90,000,000 for each of fiscal years 2007 through 2012.

SA 1700. Ms. COLLINS submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end of subtitle B of title I, add the following:

SEC. 13__. RESEARCH AND DEVELOPMENT IN SUPPORT OF LOW-CARBON FUELS.

(a) DECLARATION OF POLICY.—Congress declares that, in order to achieve maximum reductions in greenhouse gas emissions, enhance national security, and ensure the protection of wildlife habitat, biodiversity, water quality, air quality, and rural and regional economies throughout the lifecycle of each low-carbon fuel, it is necessary and desirable to undertake a combination of basic and applied research, as well as technology development and demonstration, involving the colleges and universities of the United States, in partnership with the Federal Government, State governments, and the private sector.

(b) PURPOSE.—The purpose of this section is to provide for research support to facilitate the development of sustainable markets and technologies to produce and use woody biomass and other low-carbon fuels for the production of thermal and electric energy, biofuels, and bioproducts.

(c) DEFINITION OF FUEL EMISSION BASELINE.—In this section, the term ''fuel emission baseline'' means the average lifecycle greenhouse gas emissions per unit of energy of the fossil fuel component of conventional transportation fuels in commerce in the United States in calendar year 2008, as determined by the President.

(d) GRANT PROGRAM.—The President shall establish a program to provide to eligible entities (as identified by the President) grants for use in—

(1) providing financial support for not more than 4 nor less than 6 demonstration facilities that—

(A) use woody biomass to deploy advanced technologies for production of thermal and electric energy, biofuels, and bioproducts; and

(B) are targeted at regional feedstocks and markets;

(2) conducting targeted research for the development of cellulosic ethanol and other liquid fuels from woody or other biomass that may be used in transportation or stationary applications, such as industrial processes or industrial, commercial, and residential heating;

(3) conducting research into the best scientifically-based and periodically-updated methods of assessing and certifying the impacts of each low-carbon fuel with respect to—

(A) the reduction in lifecycle greenhouse gas emissions of each fuel as compared to—

(i) the fuel emission baseline; and

(ii) the greenhouse gas emissions of other sectors, such as the agricultural, industrial, and manufacturing sectors;

(B) the contribution of the fuel toward enhancing the energy security of the United States by displacing imported petroleum and petroleum products;

(C) any impacts of the fuel on wildlife habitat, biodiversity, water quality, and air quality; and

(D) any effect of the fuel with respect to rural and regional economies;

(4) conducting research to determine to what extent the use of low-carbon fuels in the transportation sector would impact greenhouse gas emissions in other sectors, such as the agricultural, industrial, and manufacturing sectors;

(5) conducting research for the development of the supply infrastructure that may provide renewable biomass feedstocks in a consistent, predictable, and environmentally-sustainable manner;

(6) conducting research for the development of supply infrastructure that may provide renewable low-carbon fuels in a consistent, predictable, and environmentally-sustainable manner; and

(7) conducting policy research on the global movement of low-carbon fuels in a consistent, predictable, and environmentally-sustainable manner.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $45,000,000 for fiscal year 2009;

(2) $50,000,000 for fiscal year 2010;

(3) $55,000,000 for fiscal year 2011;

(4) $60,000,000 for fiscal year 2012; and

(5) $65,000,000 for fiscal year 2013.

SA 1701. Mrs. DOLE submitted an amendment to be proposed by her to the bill S. 1639, to provide for comprehensive immigration reform and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

(s) DEFINITION OF AGGRAVATED FELONY AND ADDITIONAL GROUNDS FOR INELIGIBILITY FOR Z NONIMMIGRANT STATUS.—

(1) AGGRAVATED FELONY.—Section 101(a)(43) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(43)) is amended—

(A) by striking ''and'' at the end of subparagraph (T);

(B) by striking the period at the end of subparagraph (U) and inserting ''; and'' and

(C) by adding at the end the following:

''(V) a second conviction for drunk driving, regardless of the State in which the conviction occurred or whether the offense is classified as a misdemeanor or a felony under State law.''.

(2) GROUNDS FOR INELIGIBILITY.—In addition to the grounds of ineligibility described in subsection (d)(1)(F), an alien shall be ineligible for Z nonimmigrant status if the alien has been convicted of drunk driving, regardless of the State in which the conviction occurred or whether the offense is classified as a misdemeanor or a felony under State law.

SA 1702. Ms. SNOWE (for herself and Mr. KERRY) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 161, between lines 2 and 3, insert the following:

SEC. 269. EXPRESS LOANS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY.

Section 7(a)(31) of the Small Business Act (15 U.S.C. 636(a)(31)) is amended by adding at the end the following:

''(F) EXPRESS LOANS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY.—

''(i) DEFINITIONS.—In this subparagraph—

''(I) the term 'biomass'—

''(aa) means any organic material that is available on a renewable or recurring basis, including—

''(AA) agricultural crops;

''(BB) trees grown for energy production;

''(CC) wood waste and wood residues;

''(DD) plants (including aquatic plants and grasses);

''(EE) residues;

''(FF) fibers;

''(GG) animal wastes and other waste materials; and

''(HH) fats, oils, and greases (including recycled fats, oils, and greases); and

''(bb) does not include—

''(AA) paper that is commonly recycled; or

''(BB) unsegregated solid waste;

''(II) the term 'energy efficiency project' means the installation or upgrading of equipment that results in a significant reduction in energy usage; and

''(III) the term 'renewable energy system' means a system of energy derived from—

''(aa) a wind, solar, biomass (including biodiesel), or geothermal source; or

''(bb) hydrogen derived from biomass or water using an energy source described in item (aa).

''(ii) LOANS.—Loans may be made under the 'Express Loan Program' for the purpose of—

''(I) purchasing a renewable energy system; or

''(II) an energy efficiency project for an existing business.''.

SA 1703. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ____. TAX TREATMENT OF INCOME RECEIVED IN CONNECTION WITH THE EXXON VALDEZ LITIGATION.

(a) INCOME AVERAGING OF AMOUNTS RECEIVED FROM THE EXXON VALDEZ LITIGATION.—For purposes of section 1301 of the Internal Revenue Code of 1986—

(1) any qualified taxpayer who receives any qualified settlement income in any taxable year shall be treated as engaged in a fishing business (determined without regard to the commercial nature of the business), and

(2) such qualified settlement income shall be treated as income attributable to such a fishing business for such taxable year.

(b) QUALIFIED SETTLEMENT INCOME NOT INCLUDED IN SECA.—For purposes of chapter 2 of the Internal Revenue Code of 1986 and section 211 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as self-employment income.

(c) QUALIFIED TAXPAYER.—For purposes of this section, the term ''qualified taxpayer'' means—

(1) any plaintiff in the civil action *In re Exxon Valdez*, No. 89–095–CV (HRH) (Consolidated) (D. Alaska); or

(2) any beneficiary of the estate of such a plaintiff who—

(A) acquired the right to receive qualified settlement income from that plaintiff; and

(B) was the spouse or an immediate relative of that plaintiff.

(d) QUALIFIED SETTLEMENT INCOME.—For purposes of this section, the term ''qualified settlement income'' means income, including interest and any punitive damage award, received (whether as lump sums or periodic payments) in connection with the civil action *In re Exxon Valdez*, No. 89–095–CV (HRH) (Consolidated) (D. Alaska) (whether pre- or post judgment and whether related to a settlement or judgment).

SA 1704. Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. BINGAMAN, Ms. CANTWELL, Mr. WYDEN, Mr. SCHUMER, Mr. SALAZAR, and Ms. SNOWE) proposed an amendment to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE VIII—ENERGY TAX PROVISIONS

SEC. 800. SHORT TITLE; ETC.

(a) SHORT TITLE.—This title may be cited as the ''Energy Advancement and Investment Act of 2007''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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 title is as follows:

Subtitle A—Energy Advancement and Investment

PART I—ADVANCED ELECTRICITY INFRASTRUCTURE

SEC. 801. EXTENSION AND MODIFICATION OF RENEWABLE ELECTRICITY, REFINED COAL, AND INDIAN COAL PRODUCTION CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 45(d) (relating to qualified facilities) is amended—

(A) by striking ''January 1, 2009'' each place it appears in paragraphs (1), (2), (3), (4), (5), (6), (7), (8), and (9) and inserting ''January 1, 2014'', and

(B) by striking ''7-year period'' both places it appears in paragraph (10)(A) and inserting ''8-year period''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) CREDIT RATE FOR ELECTRICITY MAINTAINED AT 2007 LEVEL.—

(1) IN GENERAL.—Section 45(a)(1) (relating to general rule) is amended by striking ''1.5 cents'' and inserting ''2 cents''.

(2) NO INFLATION ADJUSTMENT.—Section 45(b)(2) (relating to credit and phaseout adjustment based on inflation) is amended by striking ''1.5 cent amount in subsection (a), the''.

(3) CONFORMING AMENDMENTS.—Section 45(b)(4)(A) is amended—

(A) by striking ''2003'' and inserting ''2006'', and

(B) by striking ''the amount in effect'' and all that follows and inserting ''subsection (a)(1) shall be applied by substituting '0.9 cent' for '2 cents'.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to electricity produced and sold after December 31, 2006.

(c) MODIFICATION OF REFINED COAL AS A QUALIFIED ENERGY RESOURCE.—

(1) ELIMINATION OF INCREASED MARKET VALUE TEST.—Section 45(c)(7)(A) (defining refined coal) is amended—

(A) by striking clause (iv),

(B) by adding ''and'' at the end of clause (ii), and

(C) by striking '', and'' at the end of clause (iii) and inserting a period.

(2) INCREASE IN REQUIRED EMISSION REDUCTION.—Section 45(c)(7)(B) (defining qualified emission reduction) is amended by inserting ''at least 40 percent of the emissions of'' after ''nitrogen oxide and''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to coal produced and sold after December 31, 2007.

(d) CREDIT ALLOWED FOR ON-SITE USE OF ELECTRICITY PRODUCED FROM BIOMASS.—

(1) ON-SITE USE.—Section 45(e) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(12) CREDIT ALLOWED FOR ON-SITE USE OF ELECTRICITY PRODUCED FROM BIOMASS.—In the case of electricity produced after December 31, 2007, at any facility described in paragraph (2) or (3) which is equipped with net metering to determine electricity consumption or sale (such consumption or sale to be verified by a third party as determined by the Secretary), subsection (a)(2) shall be applied without regard to subparagraph (B) thereof.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the date of the enactment of this Act.

(e) EXPANSION OF RESOURCES TO WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.—

(1) IN GENERAL.—Section 45(c)(1) (defining qualified energy resources) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) wave, current, tidal, and ocean thermal energy.''.

(2) DEFINITION OF RESOURCES.—Section 45(c) is amended by adding at the end the following new paragraph:

''(10) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.—The term 'wave, current, tidal, and ocean thermal energy' means electricity produced from any of the following:

''(A) Free flowing ocean water derived from tidal currents, ocean currents, waves, or estuary currents.

''(B) Ocean thermal energy.''.

(3) FACILITIES.—Section 45(d) is amended by adding at the end the following new paragraph:

''(11) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL FACILITY.—In the case of a facility using resources described in subparagraph (A), (B), or (C) of subsection (c)(10) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2014, but such term shall not include a facility which includes impoundment structures or a small irrigation power facility.''.

(4) CREDIT RATE.—Section 45(b)(4)(A) (relating to credit rate), as amended by this section, is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(f) TRASH FACILITY CLARIFICATION.—

(1) IN GENERAL.—Paragraph (7) of section 45(d) is amended—

(A) by striking ''facility which burns'' and inserting ''facility (other than a facility described in paragraph (6)) which uses'', and

(B) by striking ''COMBUSTION''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to electricity produced and sold before, on, or after December 31, 2007.

SEC. 802. EXTENSION AND MODIFICATION OF CREDIT FOR CLEAN RENEWABLE ENERGY BONDS.

(a) INCREASE IN AMOUNT OF BONDS DESIGNATED; 4-YEAR EXTENSION.—

(1) IN GENERAL.—Section 54(f) (relating to limitation on amount of bonds designated) is amended by adding at the end the following new paragraph:

''(3) NATIONAL ANNUAL LIMITATION.—

''(A) IN GENERAL.—There is a national clean renewable energy bond annual limitation for each calendar year. Such limitation is $900,000,000 for 2008, 2009, 2010, and 2011, and, except as provided in subparagraph (C), zero thereafter.

''(B) ALLOCATION BY SECRETARY.—The national clean renewable energy bond limitation for a calendar year shall be allocated by the Secretary among qualified projects in such manner as the Secretary determines appropriate, except that the Secretary may not allocate more than $563,000,000 of such limitation for each calendar year to finance qualified projects of qualified borrowers which are governmental bodies, of which not less than one-half of such amount shall be allocated with respect to qualified projects equaling or exceeding $10,000,000 in capital expenditures per project.

''(C) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year, the national clean renewable energy bond annual limitation for such year exceeds the amount of bonds allocated during such year, such limitation for the following calendar year shall be increased by the amount of such excess. Any carryforward of a limitation may be carried only to the first year following the unused limitation year. For purposes of the preceding sentence, a limitation shall be treated as used on a first-in first-out basis.''.

(2) CONFORMING AMENDMENT.—Section 54 is amended by striking subsection (m).

(b) LIMITATION ON TIME FOR ISSUANCE.—Section 54(d)(1)(A) (defining clean renewable energy bond) is amended by inserting '', or is issued by the qualified issuer pursuant to an allocation by the Secretary to such issuer of a portion of the national clean renewable energy bond annual limitation under subsection (f)(3) by not later than the end of the calendar year following the year of such allocation'' after ''subsection (f)(2)''.

(c) MODIFICATION OF RATABLE PRINCIPAL AMORTIZATION REQUIREMENT.—

(1) IN GENERAL.—Paragraph (5) of section 54(l) is amended to read as follows:

''(5) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a clean renewable energy bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each 12-month period that the issue is outstanding (other than the first 12-month period in the case of bonds issued pursuant to an allocation under subsection (f)(3)).''.

(2) CONFORMING AMENDMENT.—The third sentence of section 54(e)(2) is amended by striking ''subsection (l)(6)'' and inserting ''subsection (l)(5)''.

(d) QUALIFIED PROJECT INCLUDES CERTAIN TRANSMISSION LINES.—Section 54(d)(2)(A) (defining qualified project) is amended by inserting ''and any electric transmission property capital expenditures (as defined in section 172(b)(1)(I)(v)(I)) related to such facility'' after ''qualified borrower''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 803. CLEAN COAL ENERGY BONDS.

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

''SEC. 54A. CREDIT TO HOLDERS OF CLEAN COAL ENERGY BONDS.

''(a) ALLOWANCE OF CREDIT.—If a taxpayer holds a clean coal energy bond on 1 or more credit allowance dates of the bond occurring during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a clean coal energy bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any clean coal energy bond is the product of—

''(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

''(B) the outstanding face amount of the bond.

''(3) DETERMINATION.—For purposes of paragraph (2), with respect to any clean coal energy bond, the Secretary shall determine daily or cause to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of clean coal energy bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

''(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

''Such term also includes the last day on which the bond is outstanding.

''(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(2) the sum of the credits allowable under this part (other than subpart C, section 1400N(l), and this section).

''(d) CLEAN COAL ENERGY BOND.—For purposes of this section—

''(1) IN GENERAL.—The term 'clean coal energy bond' means any bond issued as part of an issue if—

''(A) the bond is issued by a qualified issuer pursuant to an allocation by the Secretary to such issuer of a portion of the national clean coal energy bond limitation under subsection (f)(2),

''(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred by qualified borrowers for 1 or more qualified projects,

''(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and

''(D) the issue meets the requirements of subsection (h).

''(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

''(A) IN GENERAL.—The term 'qualified project' means a qualifying advanced coal project (as defined in section 48A(c)(1)) placed in service by a qualified borrower.

''(B) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a clean coal energy bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by a qualified borrower after the date of the enactment of this section.

''(C) REIMBURSEMENT.—For purposes of paragraph (1)(B), a clean coal energy bond may be issued to reimburse a qualified borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

''(i) prior to the payment of the original expenditure, the qualified borrower declared its intent to reimburse such expenditure with the proceeds of a clean coal energy bond,

''(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(D) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a qualified borrower takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a clean coal energy bond.

''(e) MATURITY LIMITATIONS.—

''(1) DURATION OF TERM.—A bond shall not be treated as a clean coal energy bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

''(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of subsection (l)(5) and using as a discount rate the average annual interest rate of tax of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national clean coal energy bond limitation of $3,000,000,000.

''(2) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate, except that the Secretary may not allocate more than $1,875,000,000 of the national clean coal energy bond limitation to finance qualified projects of qualified borrowers which are governmental bodies.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the clean coal energy bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the clean coal energy bond or, in the case of a clean coal energy bond the proceeds of which are to be loaned to 2 or more qualified borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a qualified borrower, and

''(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue

shall not be treated as a clean coal energy bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(j) COOPERATIVE ELECTRIC COMPANY; CLEAN COAL ENERGY BOND LENDER; GOVERNMENTAL BODY; QUALIFIED BORROWER.—For purposes of this section—

''(1) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C), or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.

''(2) CLEAN COAL ENERGY BOND LENDER.—The term 'clean coal energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(3) GOVERNMENTAL BODY.—The term 'governmental body' means any State, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

''(4) QUALIFIED ISSUER.—The term 'qualified issuer' means—

''(A) a clean coal energy bond lender,

''(B) a cooperative electric company, or

''(C) a governmental body.

''(5) QUALIFIED BORROWER.—The term 'qualified borrower' means—

''(A) a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or

''(B) a governmental body.

''(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to any loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

''(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) POOLED FINANCING BOND.—The term 'pooled financing bond' shall have the meaning given such term by section 149(f)(4)(A).

''(3) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

''(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(B) NO BASIS ADJUSTMENT.—Rules similar to the rules under section 1397E(l) shall apply.

''(4) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any clean coal energy bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(5) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a clean coal energy bond unless it is part of an issue which provides for an equal amount principal to be paid by the qualified issuer during each 12-month period that the issue is outstanding (other than the first 12-month period).

''(6) REPORTING.—Issuers of clean coal energy bonds shall submit reports similar to the reports required under section 149(e).

''(m) TERMINATION.—This section shall not apply with respect to any bond issued after December 31, 2012.''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON CLEAN COAL ENERGY BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A(g) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENT.—Section 54(c)(2) is amended by inserting ''section 54A,'' after ''subpart C,''.

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

''Sec. 54A. Credit to holders of clean coal energy bonds.''.

(e) ISSUANCE OF REGULATIONS.—The Secretary of the Treasury shall issues regulations required under section 54A of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

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

SEC. 804. EXTENSION AND MODIFICATION OF ENERGY CREDIT.

(a) EXTENSION.—

(1) QUALIFIED FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(2) QUALIFIED MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(3) SOLAR PROPERTY.—Paragraphs (2)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2017''.

(b) REPEAL OF PUBLIC UTILITY PROPERTY EXCLUSION.—

(1) IN GENERAL.—Paragraph (3) of section 48(a), as amended by subsection (a)(3), is amended by striking the first sentence which follows subparagraph (D).

(2) CONFORMING AMENDMENTS.—

(A) Section 48(c)(1), as amended by subsection (a)(1), is amended by striking subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D).

(B) Section 48(c)(2), as amended by subsection (a)(2), is amended by striking subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D).

(c) REPEAL OF DOLLAR PER KILOWATT LIMITATION FOR FUEL CELL PROPERTY.—

(1) IN GENERAL.—Section 48(c)(1), as amended by subsection (b)(2)(A), is amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(2) CONFORMING AMENDMENT.—Section 48(a)(1) is amended by striking ''paragraphs (1)(B) and (2)(B) of subsection (c)'' and inserting ''subsection (c)(2)(B)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(2) EXTENSIONS.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 805. ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A) (defining energy property) is amended by striking ''or'' at the end of clause (iii), by inserting ''or'' at the end of clause (iv), and by adding at the end the following new clause:

''(v) combined heat and power system property,''.

(b) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48 (relating to energy credit; reforestation credit) is amended by adding at the end the following new subsection:

''(d) COMBINED HEAT AND POWER SYSTEM PROPERTY.—For purposes of subsection (a)(3)(A)(v)—

''(1) COMBINED HEAT AND POWER SYSTEM PROPERTY.—The term 'combined heat and power system property' means property comprising a system—

''(A) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

''(B) which has an electrical capacity of not more than 15 megawatts or a mechanical energy capacity of not more than 2,000 horsepower or an equivalent combination of electrical and mechanical energy capacities,

''(C) which produces—

''(i) at least 20 percent of its total useful energy in the form of thermal energy which is not used to produce electrical or mechanical power (or combination thereof), and

''(ii) at least 20 percent of its total useful energy in the form of electrical or mechanical power (or combination thereof),

''(D) the energy efficiency percentage of which exceeds 60 percent, and

''(E) which is placed in service before January 1, 2017.

''(2) SPECIAL RULES.—

''(A) ENERGY EFFICIENCY PERCENTAGE.—For purposes of this subsection, the energy efficiency percentage of a system is the fraction—

''(i) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and expected to be consumed in its normal application, and

''(ii) the denominator of which is the lower heating value of the fuel sources for the system.

''(B) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under paragraph (1)(C) shall be determined on a Btu basis.

''(C) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term 'combined heat and power system property' does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

''(3) SYSTEMS USING BIOMASS.—If a system is designed to use biomass (within the meaning of paragraphs (2) and (3) of section 45(c) without regard to the last sentence of paragraph (3)(A)) for at least 90 percent of the energy source—

''(A) paragraph (1)(D) shall not apply, but

''(B) the amount of credit determined under subsection (a) with respect to such system shall not exceed the amount which bears the same ratio to such amount of credit (determined without regard to this paragraph) as the energy efficiency percentage of such system bears to 60 percent.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 806. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN ELECTRIC TRANSMISSION PROPERTY.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following:

''(m) SPECIAL ALLOWANCE FOR CERTAIN ELECTRIC TRANSMISSION PROPERTY.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any specified electric transmission property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of such property, and

''(B) the adjusted basis of such property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) SPECIFIED ELECTRIC TRANSMISSION PROPERTY.—The term 'specified electric transmission property' means property of a character subject to the allowance for depreciation—

''(A) which is used in the United States as a generator tie to solely transmit electricity from any qualified facility described in section 45(d) (without regard to any placed in service date or the last sentence of paragraph (4) thereof) to the grid,

''(B) the original use of which commences with the taxpayer after the date of the enactment of this subsection,

''(C) which is acquired by the taxpayer by purchase (as defined in section 179(d)) after the date of the enactment of this subsection, but only if no written binding contract for the acquisition was in effect on or before the date of the enactment of this subsection, and

''(D) which is placed in service by the taxpayer before January 1, 2014.

''(3) EXCEPTIONS.—

''(A) ALTERNATIVE DEPRECIATION PROPERTY.—Such term shall not include any property described in section 168(k)(2)(D)(i).

''(B) ELECTION OUT.—If a taxpayer makes an election under this subparagraph with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(4) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of subparagraph (E) of section 168(k)(2) shall apply, except that such subparagraph shall be applied—

''(A) by substituting 'the date of the enactment of subsection (l)' for 'September 10, 2001' each place it appears therein,

''(B) by substituting 'January 1, 2014' for 'January 1, 2005' in clause (i) thereof, and

''(C) by substituting 'specified electric transmission property' for 'qualified property' in clause (iv) thereof.

''(5) RECAPTURE.—For purposes of this subsection, rules similar to the rules under section 179(d)(10) shall apply with respect to any specified electric transmission property which ceases to be specified electric transmission property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after the date of the enactment of this Act in taxable years ending after such date.

SEC. 807. EXTENSION OF SPECIAL RULE TO IMPLEMENT FERC RESTRUCTURING POLICY.

(a) QUALIFYING ELECTRIC TRANSMISSION TRANSACTION.—

(1) IN GENERAL.—Section 451(i)(3) (defining qualifying electric transmission transaction) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

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

(b) INDEPENDENT TRANSMISSION COMPANY.—

(1) IN GENERAL.—Section 451(i)(4)(B)(ii) (defining independent transmission company) is amended by striking ''December 31, 2007'' and inserting ''the date which is 2 years after the date of such transaction''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the amendments made by section 909 of the American Jobs Creation Act of 2004.

SEC. 808. EXTENSION AND MODIFICATION OF CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROPERTY.—

(1) IN GENERAL.—Section 25D(b)(1)(A) (relating to maximum credit) is amended by striking ''$2,000'' and inserting ''$4,000''.

(2) CONFORMING AMENDMENT.—Section 25D(e)(4)(A)(i) is amended by striking ''$6,667'' and inserting ''$13,334''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures made after December 31, 2007.

SEC. 809. CREDIT FOR RESIDENTIAL WIND PROPERTY.

(a) IN GENERAL.—Section 25D(a) (relating to allowance of credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified small wind energy property expenditures made by the taxpayer during such year.''.

(b) LIMITATION.—Section 25D(b)(1) (relating to maximum credit) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (A) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $500 with respect to each half kilowatt of capacity (not to exceed $4,000) of wind turbines for which qualified small wind energy property expenditures are made.''.

(c) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(1) IN GENERAL.—Section 25D(d) (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified small wind energy property expenditure' means an expenditure for property which uses a wind turbine to generate electricity for use in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.''.

(2) NO DOUBLE BENEFIT.—Section 45(d)(1) (relating to wind facility) is amended by adding at the end the following new sentence: ''Such term shall not include any facility with respect to which any qualified small wind energy property expenditure (as defined in subsection (d)(4) of section 25D) is taken into account in determining the credit under such section.''.

(d) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) (relating to maximum expenditures) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) $1,667 in the case of each half kilowatt of capacity of wind turbines for which qualified small wind energy property expenditures are made.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures after December 31, 2007.

SEC. 810. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) CREDIT RATE PARITY AMONG PROJECTS.—Section 48A(a) (relating to qualifying advanced coal project credit) is amended by striking ''equal to'' and all that follows and inserting ''equal to30 percent of the qualified investment for such taxable year.''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) (relating to aggregate credits) is amended by striking ''$1,300,000,000'' and inserting ''$3,800,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

(1) IN GENERAL.—Subparagraph (B) of section 48A(d)(3) (relating to aggregate credits) is amended to read as follows:

''(B) PARTICULAR PROJECTS.—Of the dollar amount in subparagraph (A), the Secretary is authorized to certify—

''(i) $800,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(i),

''(ii) $500,000,000 for projects which use other advanced coal-based generation technologies the application for which is submitted during the period described in paragraph (2)(A)(i),

''(iii) $1,500,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(ii), and

''(iv) $1,000,000,000 for other advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).''.

(2) APPLICATION PERIOD FOR ADDITIONAL PROJECTS.—Subparagraph (A) of section 48A(d)(2) (relating to certification) is amended to read as follows:

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

''(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(A) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

''(ii) for an allocation from the dollar amount specified in clause (iii) or (iv) of paragraph (3)(A) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.''.

(3) CAPTURE AND SEQUESTRATION OF CARBON DIOXIDE EMISSIONS REQUIREMENT.—Section 48A(e)(1) (relating to requirements) is amended by striking ''and'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting '', and'', and by adding at the end the following new subparagraph:

''(G) in the case of any project the application for which is submitted during the period described in paragraph (2)(A)(ii), the project includes equipment to separate and sequester 65 percent of such project's total carbon dioxide emissions.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 811. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

(a) CREDIT RATE.—Section 48B(a) (relating to qualifying gasification project credit) is amended by striking ''20 percent'' and inserting ''30 percent''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48B(d)(1) (relating to qualifying gasification project program) is amended by striking ''$350,000,000'' and inserting ''$1,850,000,000 (of which $1,500,000,000 shall be allocated for qualifying gasification projects that include equipment to separate and sequester 75 percent of such a project's total carbon dioxide emissions)''.

(c) ELIGIBLE PROJECTS INCLUDE FISCHER-TROPSCH PROCESS.—Section 48B(c)(7) (defining eligible entity) is amended by striking ''and'' at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting '', and'', and by adding at the end the following new subparagraph:

''(H) transportation grade liquid fuels.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 812. SEVEN-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(C) (defining 7-year property) is amended by striking ''and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause:

''(v) any qualified energy management device, and''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is placed in service before January 1, 2011, by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any two-way communications network and associated equipment, including equipment installed on the premises of a consumer, which is used by the taxpayer—

''(i) to measure and record electricity usage data on a time-differentiated basis of at least 60 minutes, and

''(ii) to provide such data on demand to both consumers and the taxpayer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 813. LANDOWNER INCENTIVE TO ENCOURAGE ELECTRIC TRANSMISSION BUILD-OUT.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new section:

''SEC. 139B. ELECTRIC TRANSMISSION EASEMENT PAYMENTS.

''(a) IN GENERAL.—Gross income shall not include any qualified electric transmission easement payment.

''(b) QUALIFIED ELECTRIC TRANSMISSION EASEMENT PAYMENT.—For purposes of this section, the term 'qualified electric transmission payment' means any payment by an electric utility or electric transmission entity pursuant to an easement or other agreement granted by the payee (or any predecessor of such payee) for the right of such entity (or any successors of such entity) to locate on such payee's property transmission lines and equipment used to transmit electricity at 230 or more kilovolts primarily from qualified facilities described in section 45(d) (without regard to any placed in service date or the last sentence of paragraph (4) thereof) or energy property (as defined in section 48(a)(3)) placed in service after the date of the enactment of this section.

''(c) NO INCREASE IN BASIS.—Notwithstanding any other provision of this subtitle, no increase in the basis or adjusted basis of any property shall result from any amount excluded under this subsection with respect to such property.

''(d) DENIAL OF DOUBLE BENEFIT.—Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed (to the person for whose benefit a qualified electric transmission easement payment is made) for, or by reason of, any expenditure to the extent of the amount excluded under this section with respect to such expenditure.''.

(b) CLERICAL AMENDMENT.—The table of sections for such part III is amended by inserting after the item relating to section 139A the following new item:

''Sec. 139B. Electric transmission easement payments.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments received after the date of the enactment of this Act.

PART II—CARBON DIOXIDE SEQUESTRATION

SEC. 815. TAX CREDIT FOR CARBON DIOXIDE SEQUESTRATION.

(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. CREDIT FOR CARBON DIOXIDE SEQUESTRATION.

''(a) GENERAL RULE.—For purposes of section 38, the carbon dioxide sequestration credit for any taxable year is an amount equal to the sum of—

''(1) $20 per metric ton of qualified carbon dioxide which is—

''(A) captured by the taxpayer at a qualified facility, and

''(B) disposed of by the taxpayer in secure geological storage, and

''(2) $10 per metric ton of qualified carbon dioxide which is—

''(A) captured by the taxpayer at a qualified facility, and

''(B) used by the taxpayer as a tertiary injectant in a qualified enhanced oil or natural gas recovery project.

''(b) QUALIFIED CARBON DIOXIDE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified carbon dioxide' means carbon dioxide captured from an industrial source which—

''(A) would otherwise be released into the atmosphere as industrial emission of greenhouse gas, and

''(B) is measured at the source of capture and verified at the point of disposal or injection.

''(2) RECYCLED CARBON DIOXIDE.—The term 'qualified carbon dioxide' includes the initial deposit of captured carbon dioxide used as a tertiary injectant. Such term does not include carbon dioxide that is re-captured, recycled, and re-injected as part of the enhanced oil and natural gas recovery process.

''(c) QUALIFIED FACILITY.—For purposes of this section, the term 'qualified facility' means any industrial facility—

''(1) which is owned by the taxpayer,

''(2) at which carbon capture equipment is placed in service, and

''(3) which captures not less than 500,000 metric tons of carbon dioxide during the taxable year.

''(d) SPECIAL RULES AND OTHER DEFINITIONS.—For purposes of this section—

''(1) ONLY CARBON DIOXIDE CAPTURED WITHIN THE UNITED STATES TAKEN INTO ACCOUNT.—The credit under this section shall apply only with respect to qualified carbon dioxide the capture of which is within—

''(A) the United States (within the meaning of section 638(1)), or

''(B) a possession of the United States (within the meaning of section 638(2)).

''(2) SECURE GEOLOGICAL STORAGE.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish regulations for determining adequate security measures for the geological storage of carbon dioxide under subsection (a)(1)(B) such that the carbon dioxide does not escape into the atmosphere. Such term shall include storage at deep saline formations and unminable coal seems under such conditions as the Secretary may determine under such regulations.

''(3) TERTIARY INJECTANT.—The term 'tertiary injectant' has the same meaning as when used within section 193(b)(1).

''(4) QUALIFIED ENHANCED OIL OR NATURAL GAS RECOVERY PROJECT.—The term 'qualified enhanced oil or natural gas recovery project' has the meaning given the term 'qualified enhanced oil recovery project' by section 43(c)(2), by substituting 'crude oil or natural gas' for 'crude oil' in subparagraph (A)(i) thereof.

''(5) CREDIT ATTRIBUTABLE TO TAXPAYER.—Any credit under this section shall be attributable to the person that captures and physically or contractually ensures the disposal of or the use as a tertiary injectant of the qualified carbon dioxide, except to the extent provided in regulations prescribed by the Secretary.

''(6) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any qualified carbon dioxide which ceases to be captured, disposed of, or used as a tertiary injectant in a manner consistent with the requirements of this section.

''(7) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2008, there shall be substituted for each dollar amount contained in subsection (a) an amount equal to the product of—

''(A) such dollar amount, multiplied by

''(B) the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting '2007' for '1990'.

''(e) APPLICATION OF SECTION.—The credit under this section shall apply with respect to qualified carbon dioxide before the end of the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that 75,000,000 metric tons of qualified carbon dioxide have been captured and disposed of or used as a tertiary injectant.''.

(b) CONFORMING AMENDMENT.—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 carbon dioxide sequestration credit determined under section 45O(a).''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''Sec. 45O. Credit for carbon dioxide sequestration.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply carbon dioxide captured after the date of the enactment of this Act.

SEC. 816. SEVEN-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED CARBON DIOXIDE PIPELINE PROPERTY.

(a) IN GENERAL.—Section 168(e)(3)(C) (defining 7-year property), as amended by this Act, is amended by striking ''and'' at the end of clause (v), by redesignating clause (vi) as clause (vii), and by inserting after clause (iv) the following new clause:

''(vi) any qualified carbon dioxide pipeline property—

''(I) the original use of which commences with the taxpayer after the date of the enactment of this clause,

''(II) the original purpose of which is to transport carbon dioxide, and

''(III) which is placed in service before January 1, 2014.''.

(b) DEFINITION OF QUALIFIED CARBON DIOXIDE PIPELINE PROPERTY.—Section 168(e) (relating to classification of property) is amended by inserting at the end the following new paragraph:

''(8) QUALIFIED CARBON DIOXIDE PIPELINE PROPERTY.—The term 'qualified carbon dioxide pipeline property' means property which is used in the United States solely to transmit qualified carbon dioxide (as defined in section 45O(b)) from the point of capture to the point of disposal (as described in section 45O(a)(1)(B)) or the point at which such qualified carbon dioxide is used as a tertiary injectant (as described in section 45O(a)(2)(B)).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 817. CERTAIN INCOME AND GAINS RELATING TO INDUSTRIAL SOURCE CARBON DIOXIDE TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.

(a) IN GENERAL.—Subparagraph (E) of section 7704(d)(1) (defining qualifying income) is amended by inserting ''or industrial source carbon dioxide'' after ''timber)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

PART III—DOMESTIC FUEL SECURITY

SEC. 821. CREDIT FOR PRODUCTION OF CELLULOSIC BIOMASS ALCOHOL.

(a) IN GENERAL.—Subsection (a) of section 40 (relating to alcohol used as fuel) is amended by striking ''plus'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', plus'', and by adding at the end the following new paragraph:

''(4) the small cellulosic alcohol producer credit.''.

(b) SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 40 is amended by adding at the end the following new paragraph:

''(6) SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—

''(A) IN GENERAL.—In addition to any other credit allowed under this section, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount for each gallon of qualified cellulosic alcohol production.

''(B) APPLICABLE AMOUNT.—For purposes of subparagraph (A), the applicable amount means the excess of—

''(i) $1.11, over

''(ii) the sum of—

''(I) the amount of the credit allowable for alcohol which is ethanol under subsection (b)(1) (without regard to subsection (b)(3)) at the time of the qualified cellulosic alcohol production, plus

''(II) the amount of the credit allowable under subsection (b)(4) at the time of such production.

''(C) QUALIFIED CELLULOSIC ALCOHOL PRODUCTION.—For purposes of this section, the term 'qualified cellulosic alcohol production' means any cellulosic biomass alcohol which is produced by an eligible small cellulosic alcohol producer and which during the taxable year—

''(i) is sold by the taxpayer to another person—

''(I) for use by such other person in the production of a qualified alcohol mixture in such other person's trade or business (other than casual off-farm production),

''(II) for use by such other person as a fuel in a trade or business, or

''(III) who sells such cellulosic biomass alcohol at retail to another person and places such cellulosic biomass alcohol in the fuel tank of such other person, or

''(ii) is used or sold by the taxpayer for any purpose described in clause (i).

''(D) ADDITIONAL DISTILLATION EXCLUDED.—The qualified cellulosic alcohol production of any taxpayer for any taxable year shall not include any alcohol which is purchased by the taxpayer and with respect to which such producer increases the proof of the alcohol by additional distillation.

''(E) APPLICATION OF PARAGRAPH.—This paragraph shall apply with respect to qualified cellulosic alcohol production—

''(i) after December 31, 2007, and

''(ii) before the end of the later of—

''(I) December 31, 2012, or

''(II) the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that 1,000,000,000 gallons of cellulosic biomass alcohol (as so defined) have been produced in or imported into the United States after such date.''.

(2) TERMINATION DATE NOT TO APPLY.—Subsection (e) of section 40 (relating to termination) is amended by adding at the end the following new paragraph:

''(3) EXCEPTION FOR SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—Paragraph (1) shall not apply to the portion of the credit allowed under this section by reason of subsection (a)(4).''.

(c) ELIGIBLE SMALL CELLULOSIC ALCOHOL PRODUCER.—Section 40 is amended by adding at the end the following new subsection:

''(i) DEFINITIONS AND SPECIAL RULES FOR SMALL CELLULOSIC ALCOHOL PRODUCER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible small cellulosic alcohol producer' means a person, who at all times during the taxable year, has a productive capacity for cellulosic biomass alcohol not in excess of 60,000,000 gallons.

''(2) CELLULOSIC BIOMASS ALCOHOL.—

''(A) IN GENERAL.—The term 'cellulosic biomass alcohol' has the meaning given such term under section 168(l)(3), but does not include any alcohol with a proof of less than 150.

''(B) DETERMINATION OF PROOF.—The determination of the proof of any alcohol shall be made without regard to any added denaturants.

''(3) AGGREGATION RULE.—For purposes of the 60,000,000 gallon limitation under paragraph (1), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

''(4) PARTNERSHIP, S CORPORATIONS, AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, the limitation contained in paragraph (1) shall be applied at the entity level and at the partner or similar level.

''(5) ALLOCATION.—For purposes of this subsection, in the case of a facility in which more than 1 person has an interest, productive capacity shall be allocated among such persons in such manner as the Secretary may prescribe.

''(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to prevent the credit provided for in subsection (a)(4) from directly or indirectly benefitting any person with a direct or indirect productive capacity of more than 60,000,000 gallons of cellulosic biomass alcohol during the taxable year.

''(7) ALLOCATION OF SMALL CELLULOSIC PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—Rules similar to the rules under subsection (g)(6) shall apply for purposes of this subsection.''.

(d) ALCOHOL NOT USED AS A FUEL, ETC.—

(1) IN GENERAL.—Paragraph (3) of section 40(d) is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

''(D) SMALL CELLULOSIC ALCOHOL PRODUCER CREDIT.—If—

''(i) any credit is allowed under subsection (a)(4), and

''(ii) any person does not use such fuel for a purpose described in subsection (b)(6)(C),

then there is hereby imposed on such person a tax equal to the applicable amount for each gallon of such cellulosic biomass alcohol.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 40(d)(3) is amended by striking ''PRODUCER'' in the heading and inserting ''SMALL ETHANOL PRODUCER''.

(B) Subparagraph (E) of section 40(d)(3), as redesignated by paragraph (1), is amended by striking ''or (C)'' and inserting ''(C), or (D)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2007.

SEC. 822. EXPANSION OF SPECIAL ALLOWANCE TO CELLULOSIC BIOMASS ALCOHOL FUEL PLANT PROPERTY.

(a) IN GENERAL.—Paragraph (3) of section 168(l) (relating to special allowance for cellulosic biomass ethanol plant property) is amended to read as follows:

''(3) CELLULOSIC BIOMASS ALCOHOL.—For purposes of this subsection, the term 'cellulosic biomass alcohol' means any alcohol produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (l) of section 168 is amended by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biomass alcohol''.

(2) The heading of section 168(l) is amended by striking ''CELLULOSIC BIOMASS ETHANOL'' and inserting ''CELLULOSIC BIOMASS ALCOHOL''.

(3) The heading of paragraph (2) of section 168(l) is amended by striking ''CELLULOSIC BIOMASS ETHANOL'' and inserting ''CELLULOSIC BIOMASS ALCOHOL''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 823. EXTENSION OF SMALL ETHANOL PRODUCER CREDIT.

Paragraph (1) of section 40(e) (relating to termination) is amended—

(1) in subparagraph (A), by inserting ''(December 31, 2012, in the case of the credit allowed by reason of subsection (a)(3))'' after ''December 31, 2010'', and

(2) in subparagraph (B), by inserting ''(January 1, 2013, in the case of the credit allowed by reason of subsection (a)(3))'' after ''January 1, 2011''.

SEC. 824. CREDIT FOR PRODUCERS OF FOSSIL FREE ALCOHOL.

(a) IN GENERAL.—Subsection (a) of section 40 (relating to alcohol used as fuel), as amended by section 821, is amended by striking ''plus'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', plus'', and by adding at the end the following new paragraph:

''(5) the small fossil free alcohol producer credit.''.

(b) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 40, as amended by section 821, is amended by adding at the end the following new paragraph:

''(7) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—

''(A) IN GENERAL.—In addition to any other credit allowed under this section, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 25 cents for each gallon of qualified fossil free alcohol production.

''(B) QUALIFIED FOSSIL FREE ALCOHOL PRODUCTION.—For purposes of this section, the term 'qualified fossil free alcohol production' means alcohol which is produced by an eligible small fossil free alcohol producer at a fossil free alcohol production facility and which during the taxable year—

''(i) is sold by the taxpayer to another person—

''(I) for use by such other person in the production of a qualified alcohol mixture in such other person's trade or business (other than casual off-farm production),

''(II) for use by such other person as a fuel in a trade or business, or

''(III) who sells such alcohol at retail to another person and places such alcohol in the fuel tank of such other person, or

''(ii) is used or sold by the taxpayer for any purpose described in clause (i).

''(C) ADDITIONAL DISTILLATION EXCLUDED.—The qualified fossil free alcohol production of any taxpayer for any taxable year shall not include any alcohol which is purchased by the taxpayer and with respect to which such producer increases the proof of the alcohol by additional distillation.''.

(c) ELIGIBLE SMALL FOSSIL FREE ALCOHOL PRODUCER.—Section 40, as amended by section 821, is amended by adding at the end the following new subsection:

''(j) DEFINITIONS AND SPECIAL RULES FOR SMALL FOSSIL FREE ALCOHOL PRODUCER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible small fossil free alcohol producer' means a person, who at all times during the taxable year, has a productive capacity for alcohol from all fossil free alcohol production facilities of the taxpayer which is not in excess of 60,000,000 gallons.

''(2) FOSSIL FREE ALCOHOL PRODUCTION FACILITY.—The term 'fossil free alcohol production facility' means any facility at which 90 percent of the fuel used in the production of alcohol is from biomass (as defined in section 45K(c)(3)).

''(3) AGGREGATION RULE.—For purposes of the 60,000,000 gallon limitation under paragraph (1), all members of the same controlled group of corporations (within the meaning of section 267(f)) and all persons under common control (within the meaning of section 52(b) but determined by treating an interest of more than 50 percent as a controlling interest) shall be treated as 1 person.

''(4) PARTNERSHIP, S CORPORATIONS, AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, the limitation contained in paragraph (1) shall be applied at the entity level and at the partner or similar level.

''(5) ALLOCATION.—For purposes of this subsection, in the case of a facility in which more than 1 person has an interest, productive capacity shall be allocated among such persons in such manner as the Secretary may prescribe.

''(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to prevent the credit provided for in subsection (a)(5) from directly or indirectly benefitting any person with a direct or indirect productive capacity of more than 60,000,000 gallons of alcohol from fossil free alcohol production facilities during the taxable year.

''(7) ALLOCATION OF SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—Rules similar to the rules under subsection (g)(6) shall apply for purposes of this subsection.''.

(d) ALCOHOL NOT USED AS A FUEL, ETC.—

(1) IN GENERAL.—Paragraph (3) of section 40(d), as amended by section 821, is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

''(E) SMALL FOSSIL FREE ALCOHOL PRODUCER CREDIT.—If—

''(i) any credit is allowed under subsection (a)(5), and

''(ii) any person does not use such fuel for a purpose described in subsection (b)(7)(B),

then there is hereby imposed on such person a tax equal to 25 cents for each gallon of such alcohol.''.

(2) CONFORMING AMENDMENT.—Subparagraph (E) of section 40(d)(3), as redesignated by paragraph (1) and amended by section 821, is amended by striking ''or (D)'' and inserting ''(C), or (E)''.

(e) TERMINATION.—Paragraph (1) of section 40(e), as amended by section 823, is amended—

(1) in subparagraph (A), by striking ''(December 31, 2012, in the case of the credit allowed by reason of subsection (a)(3))'' and inserting ''(December 31, 2012, in the case of the credits allowed by reason of paragraphs (3) and (5) of subsection (a))'', and

(2) in subparagraph (B), by striking ''(January 1, 2013, in the case of the credit allowed by reason of subsection (a)(3))'' and inserting ''(January 1, 2013, in the case of the credits allowed by reason of paragraphs (3) and (5) of subsection (a))''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced after December 31, 2007.

SEC. 825. MODIFICATION OF ALCOHOL CREDIT.

(a) INCOME TAX CREDIT.—Subsection (h) of section 40 (relating to reduced credit for ethanol blenders) is amended by adding at the end the following new paragraph:

''(3) REDUCED AMOUNT AFTER SALE OF 7,500,000,000 GALLONS.—

''(A) IN GENERAL.—In the case of any calendar year beginning after the date described in subparagraph (B), the last row in the table in paragraph (2) shall be applied by substituting '46 cents' for '51 cents'.

''(B) DATE DESCRIBED.—The date described in this subparagraph is the first date on which 7,500,000,000 gallons of ethanol (including cellulosic ethanol) have been produced in or imported into the United States after the date of the enactment of this paragraph, as certified by the Secretary, in consultation with the Administrator of the Environmental Protection Agency.''.

(b) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 6426(b) (relating to alcohol fuel mixture credit) is amended by adding at the end the following new subparagraph:

''(C) REDUCED AMOUNT AFTER SALE OF 7,500,000,000 GALLONS.—In the case of any alcohol fuel mixture produced in a calendar year beginning after the date described in section 40(h)(3)(B), subparagraph (A) shall be applied by substituting '46 cents' for '51 cents'.''.

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 6426(b)(2) is amended by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 826. EXTENSION AND MODIFICATION OF CREDIT FOR BIODIESEL USED AS FUEL .

(a) EXTENSION.—

(1) INCOME TAX CREDITS FOR BIODIESEL AND RENEWABLE DIESEL AND SMALL AGRI-BIODIESEL PRODUCER CREDIT.—Section 40A(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2010 (December 31, 2012, in the case of the credit allowed by reason of subsection (a)(3))''.

(2) EXCISE TAX CREDIT.—Section 6426(c)(6) (relating to termination) is amended by striking ''2008'' and inserting ''2010''.

(3) FUELS NOT USED FOR TAXABLE PURPOSES.—Section 6427(e)(5)(B) (relating to termination) is amended by striking ''2008'' and inserting ''2010''.

(b) MODIFICATION OF CREDIT FOR RENEWABLE DIESEL.—

(1) IN GENERAL.—Section 40A(f) (relating to renewable diesel) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR CO-PROCESSED RENEWABLE DIESEL.—In the case of a taxpayer which produces renewable diesel through the co-processing of biomass and petroleum at any facility, this subsection shall not apply to so much of the renewable diesel produced at such facility and sold or used during the taxable year in a qualified biodiesel mixture as exceeds 60,000,000 gallons.''.

(c) MODIFICATION RELATING TO DEFINITION OF AGRI-BIODIESEL.—Paragraph (2) of section 40A(d) (relating to agri-biodiesel) is amended by striking ''and mustard seeds'' and inserting ''mustard seeds, and camelina''.

(d) EFFECTIVE DATES.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

SEC. 827. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL CREDIT.

(a) EXTENSION.—

(1) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2012''.

(2) ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (3) of section 6426(e) (relating to alternative fuel mixture credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2012''.

(3) PAYMENTS.—Subparagraph (C) of section 6427(e)(5) (relating to termination) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2012''.

(b) MODIFICATIONS.—

(1) ALTERNATIVE FUEL TO INCLUDE COMPRESSED OR LIQUIFIED BIOMASS GAS.—Paragraph (2) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''and'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) compressed or liquified biomass gas, and''.

(2) CREDIT ALLOWED FOR AVIATION USE OF FUEL.—Paragraph (1) of section 6426(d) is amended by inserting ''sold by the taxpayer for use as a fuel in aviation,'' after ''motorboat,''.

(c) CARBON CAPTURE REQUIREMENT FOR CERTAIN FUELS.—

(1) IN GENERAL.—Subsection (d) of section 6426, as amended by subsection (a), is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) CARBON CAPTURE REQUIREMENT.—The requirements of this paragraph are met if the fuel is certified, under such procedures as required by the Secretary, as having been produced at a facility which is primarily a liquid coal facility which separates and sequesters not less than 75 percent of such facility's total carbon dioxide emissions.''.

(2) CONFORMING AMENDMENT.—Subparagraph (E) of section 6426(d)(2) is amended by inserting ''which meets the requirements of paragraph (4) and which is'' after ''any liquid fuel''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

(2) CARBON CAPTURE REQUIREMENTS.—The amendments made by subsection (c) shall apply to fuel sold or used after December 31, 2007.

SEC. 828. EXTENSION OF ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

Paragraph (2) of section 30C(g) (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2012''.

SEC. 829. EXTENSION OF SUSPENSION OF TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

Subparagraph (H) of section 613A(c)(6) (relating to oil and gas produced from marginal properties) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

SEC. 830. EXTENSION AND MODIFICATION OF ELECTION TO EXPENSE CERTAIN REFINERIES.

(a) EXTENSION.—Paragraph (1) of section 179C(c) (relating to qualified refinery property) is amended—

(1) by striking ''January 1, 2012'' in subparagraph (B) and inserting ''January 1, 2014'', and

(2) by striking ''January 1, 2008'' each place it appears in subparagraph (F) and inserting ''January 1, 2010''.

(b) INCLUSION OF FUEL DERIVED FROM SHALE AND TAR SANDS.—

(1) IN GENERAL.—Subsection (d) of section 179C is amended by inserting '', or directly from shale or tar sands'' after ''(as defined in section 45K(c))''.

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 179C(e) is amended by inserting ''shale, tar sands, or'' before ''qualified fuels''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 831. ETHANOL TARIFF EXTENSION.

Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States are each amended in the effective period column by striking ''1/1/2009'' and inserting ''1/1/2011''.

SEC. 832. ELIMINATION AND REDUCTIONS OF DUTY DRAWBACK ON CERTAIN IMPORTED ETHANOL.

(a) IN GENERAL.—Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by striking ''or'' and inserting the following: ''other than an article that contains either—

''(aa) imported ethyl alcohol (provided for in subheading 2207.10.60 or 2207.20.00 of such Schedule), or

''(bb) any imported mixture (provided for in heading 2710 or 3824 of such Schedule) that contains ethyl alcohol, or''.

(b) LIMITATIONS ON, AND REDUCTIONS OF, DRAWBACKS.—Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) is amended by adding at the end the following new subsection:

''(z) LIMITATIONS ON, AND REDUCTIONS OF, DRAWBACKS.—

''(1) LIMITATIONS.—

''(A) IN GENERAL.—Ethyl alcohol or mixture containing ethyl alcohol described in subparagraph (B) may be treated as being of the same kind and quality under subsection (b) of this section or may be treated as being commercially interchangeable with any other ethyl alcohol or mixture containing ethyl alcohol under subsection (j)(2) of this section, only if the other ethyl alcohol or mixture—

''(i) if imported, is subject to the additional duty under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States; or

''(ii) if domestic, is subject to Federal excise tax under section 4041 or 4081 of the Internal Revenue Code of 1986 in an amount equal to or greater than the amount of drawback claimed.

''(B) ETHYL ALCOHOL OR MIXTURE CONTAINING ETHYL ALCOHOL DESCRIBED.—Ethyl alcohol or mixture containing ethyl alcohol described in this subparagraph means—

''(i) ethyl alcohol classifiable under subheading 2207.10.60 or 2207.20.00 of the Harmonized Tariff Schedule of the United States, or

''(ii) a mixture containing ethyl alcohol classifiable under heading 2710 or 3824 of the Harmonized Tariff Schedule of the United States,

which, if imported would be subject to additional duty under subheading 9901.00.50 of such Schedule.

''(2) REDUCTION OF DRAWBACK.—For purposes of subsections (b), (j)(2), and (p) of this section, the amount of the refund as drawback under this section shall be reduced by an amount equal to any Federal tax credit or refund of any Federal tax paid on the merchandise with respect to which the drawback is claimed.''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to articles exported on or after the date that is 15 days after the date of the enactment of this Act.

SEC. 833. CERTAIN INCOME AND GAINS RELATING TO ALCOHOL FUEL MIXTURES, BIODIESEL FUEL MIXTURES, AND ALTERNATIVE FUEL TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.

(a) IN GENERAL.—Subparagraph (E) of section 7704(d)(1) (defining qualifying income), as amended by this Act, is amended by inserting '', or the transportation or storage of any fuel described in subsection (b), (c), or (d) of section 6426'' after ''carbon dioxide)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

SEC. 834. TECHNICAL AMENDMENTS.

(a) AMENDMENTS RELATED TO SECTION 11113 OF THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS.—

(1) Paragraph (3) of section 6427(i) is amended—

(A) by inserting ''or under subsection (e)(2) by any person with respect to an alternative fuel (as defined in section 6426(d)(2))'' after ''section 6426'' in subparagraph (A),

(B) by inserting ''or (e)(2)'' after ''subsection (e)(1)'' in subparagraphs (A)(i) and (B), and

(C) by inserting ''AND ALTERNATIVE FUEL CREDIT'' after ''MIXTURE CREDIT'' in the heading thereof.

(2)(A) Subparagraph (G) of section 6426(d)(2), as redesignated by section 827, is amended by striking ''hydrocarbons'' and inserting ''fuel''.

(B) Section 6426 is amended by adding at the end the following new subsection:

''(h) DENIAL OF DOUBLE BENEFIT.—No credit shall be determined under subsection (d) or (e) with respect to any fuel which is described in subsection (b) or (c) or section 40 or 40A.''.

(3) The amendments made by this subsection shall take effect as if included in section 11113 of the SAFETEA–LU.

(b) AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.—

(1) AMENDMENT RELATED TO SECTION 1342 OF THE ACT.—

(A) So much of subsection (b) of section 30C as precedes paragraph (1) thereof is amended to read as follows:

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to all alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed—''.

(B) Subsection (c) of section 30C is amended to read as follows:

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.——For purposes of this section, the term 'qualified alternative fuel vehicle refueling property' has the same meaning as the term 'qualified clean-fuel vehicle refueling property' would have under section 179A if—

''(1) paragraph (1) of section 179A(d) did not apply to property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, and

''(2) only the following were treated as clean burning fuels for purposes of section 179A(d):

''(A) Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquified natural gas, liquefied petroleum gas, or hydrogen.

''(B) Biodiesel (as defined in section 40A(d)(1)).

''(C) Any mixture—

''(i) which consists of two or more of the following: biodiesel (as so defined), diesel fuel (as defined in section 4083(a)(3)), or kerosene, and

''(ii) at least 20 percent of the volume of which consists of biodiesel (as so defined) determined without regard to any kerosene in such mixture.''.

(2) AMENDMENTS RELATED TO SECTION 1362 OF THE ACT.—

(A)(i) Paragraph (1) of section 4041(d) is amended by adding at the end the following new sentence: ''No tax shall be imposed under the preceding sentence on the sale or use of any liquid if tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.''.

(ii) Paragraph (3) of section 4042(b) is amended to read as follows:

''(3) EXCEPTION FOR FUEL ON WHICH LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE SEPARATELY IMPOSED.—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply to the use of any fuel if tax was imposed with respect to such fuel under section 4041(d) or 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.''.

(iii) Notwithstanding section 6430 of the Internal Revenue Code of 1986, a refund, credit, or payment may be made under subchapter B of chapter 65 of such Code for taxes imposed with respect to any liquid after September 30, 2005, and before the date of the enactment of this Act under section 4041(d)(1) or 4042 of such Code at the Leaking Underground Storage Tank Trust Fund financing rate to the extent that tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

(B)(i) Paragraph (5) of section 4041(d) is amended—

(I) by striking ''(other than with respect to any sale for export under paragraph (3) thereof)'', and

(II) by adding at the end the following new sentence: ''The preceding sentence shall not apply with respect to subsection (g)(3) and so much of subsection (g)(1) as relates to vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.''

(ii) Section 4082 is amended—

(I) by striking ''(other than such tax at the Leaking Underground Storage Tank Trust Fund financing rate imposed in all cases other than for export)'' in subsection (a), and

(II) by redesignating subsections (f) and (g) as subsections (g) and (h) and by inserting after subsection (e) the following new subsection:

''(f) EXCEPTION FOR LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—

''(1) IN GENERAL.—Subsection (a) shall not apply to the tax imposed under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

''(2) EXCEPTION FOR EXPORT, ETC.—Paragraph (1) shall not apply with respect to any fuel if the Secretary determines that such fuel is destined for export or for use by the purchaser as supplies for vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.''.

(iii) Subsection (e) of section 4082 is amended—

(I) by striking ''an aircraft, the rate of tax under section 4081(a)(2)(A)(iii) shall be zero.'' and inserting ''an aircraft—

''(1) the rate of tax under section 4081(a)(2)(A)(iii) shall be zero, and

''(2) if such aircraft is employed in foreign trade or trade between the United States and any of its possessions, the increase in such rate under section 4081(a)(2)(B) shall be zero.''; and

(II) by moving the last sentence flush with the margin of such subsection (following the paragraph (2) added by clause (i)).

(iv) Section 6430 is amended to read as follows:

''SEC. 6430. TREATMENT OF TAX IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.

''No refunds, credits, or payments shall be made under this subchapter for any tax imposed at the Leaking Underground Storage Tank Trust Fund financing rate, except in the case of fuels—

''(1) which are exempt from tax under section 4081(a) by reason of section 4081(f)(2),

''(2) which are exempt from tax under section 4041(d) by reason of the last sentence of paragraph (5) thereof, or

''(3) with respect to which the rate increase under section 4081(a)(2)(B) is zero by reason of section 4082(e)(2).''.

(C) Paragraph (5) of section 4041(d) is amended by inserting ''(b)(1)(A)'' after ''subsections''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.

(B) NONAPPLICATION OF EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—The amendment made by paragraph (2)(C) shall apply to fuel sold for use or used after the date of the enactment of this Act.

(C) AMENDMENT MADE BY THE SAFETEA–LU.—The amendment made by paragraph (2)(B)(iii)(II) shall take effect as if included in section 11161 of the SAFETEA–LU.

(c) AMENDMENTS RELATED TO SECTION 339 OF THE AMERICAN JOBS CREATION ACT OF 2004.—

(1)(A) Section 45H is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(B) Subsection (d) of section 280C is amended to read as follows:

''(d) CREDIT FOR LOW SULFUR DIESEL FUEL PRODUCTION.—The deductions otherwise allowed under this chapter for the taxable year shall be reduced by the amount of the credit determined for the taxable year under section 45H(a).''.

(C) Subsection (a) of section 1016 is amended by striking paragraph (31) and by redesignating paragraphs (32) through (37) as paragraphs (31) through (36), respectively.

(2)(A) Section 45H, as amended by paragraph (1), is amended by adding at the end the following new subsection:

''(g) ELECTION TO NOT TAKE CREDIT.—No credit shall be determined under subsection (a) for the taxable year if the taxpayer elects not to have subsection (a) apply to such taxable year.''.

(B) Subsection (m) of section 6501 is amended by inserting ''45H(g),'' after ''45C(d)(4),''.

(3)(A) Subsections (b)(1)(A), (c)(2), (e)(1), and (e)(2) of section 45H (as amended by paragraph (1)) and section 179B(a) are each amended by striking ''qualified capital costs'' and inserting ''qualified costs''.

(B) The heading of paragraph (2) of section 45H(c) is amended by striking ''CAPITAL''.

(C) Subsection (a) of section 179B is amended by inserting ''and which are properly chargeable to capital account'' before the period at the end.

(4) The amendments made by this subsection shall take effect as if included in section 339 of the American Jobs Creation Act of 2004.

PART IV—ADVANCED TECHNOLOGY VEHICLES

SEC. 841. EXPANSION AND MODIFICATION OF CREDIT FOR ALTERNATIVE FUEL MOTOR VEHICLES.

(a) EXTENSION.—Section 30B(j) (relating to termination) is amended—

(1) by striking ''December 31, 2014'' in paragraph (1) and inserting ''December 31, 2016'',

(2) by striking ''December 31, 2010'' in paragraph (2) and inserting ''December 31, 2012'',

(3) by striking ''December 31, 2009'' in paragraph (3) and inserting ''December 31, 2012'', and

(4) by striking ''December 31, 2010'' in paragraph (4) and inserting ''December 31, 2012''.

(b) MODIFICATION RELATING TO NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—The last sentence of section 30B(e)(2) is amended to read as follows: ''A new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating shall be deemed to satisfy the preceding sentence if it is certified as exceeding the most stringent standard applicable to the model year in which such motor vehicle was produced.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 842. CREDIT FOR PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE CREDIT.—

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

''SEC. 30D. PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE CREDIT.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount is sum of—

''(A) $2,500, plus

''(B) $400 for each kilowatt hour of traction battery capacity of at least 5 kilowatt hours, plus

''(C) $400 for each kilowatt hour of traction battery capacity in excess of 5 kilowatt hours.

''(b) LIMITATIONS.—

''(1) LIMITATION BASED ON WEIGHT.—The amount of the credit allowed under subsection (a) by reason of subsection (a)(2)(A) shall not exceed—

''(A) $7,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of not more than 10,000 pounds,

''(B) $10,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 10,000 pounds but not more than 14,000 pounds,

''(C) $12,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $15,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 26,000 pounds.

''(2) LIMITATION ON NUMBER OF PASSENGER VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CREDIT.—No credit shall be allowed under subsection (a) for any new qualified plug-in electric drive motor vehicle which is a passenger vehicle or light truck in any calendar year following the calendar year which includes the first date on which the total number of such new qualified plug-in electric drive motor vehicles sold for use in the United States after December 31, 2007, is at least 250,000.

''(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—For purposes of this section, the term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle—

''(1) which draws propulsion using a traction battery with at least 4 kilowatt hours of capacity,

''(2) which uses an offboard source of energy to recharge such battery,

''(3) which, in the case of a passenger vehicle or light truck which has a gross vehicle weight rating of not more than 8,500 pounds, has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(A) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less,

the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(B) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established,

''(4) the original use of which commences with the taxpayer,

''(5) which is acquired for use or lease by the taxpayer and not for resale, and

''(6) which is made by a manufacturer.

''(d) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) (after the application of paragraph (1)) for any taxable year shall not exceed the excess (if any) of—

''(A) the regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C, over

''(B) the tentative minimum tax for the taxable year.

''(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) TRACTION BATTERY CAPACITY.—Traction battery capacity shall be measured in kilowatt hours from a 100 percent state of charge to a zero percent state of charge.

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (b)(2)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects not to have this section apply to such vehicle.

''(10) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(f) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(g) TERMINATION.—This section shall not apply to property purchased after December 31, 2014.''.

(2) COORDINATION WITH OTHER MOTOR VEHICLE CREDITS.—

(A) NEW QUALIFIED FUEL CELL MOTOR VEHICLES.—Paragraph (3) of section 30B(b) is amended by adding at the end the following new flush sentence:

''Such term shall not include any motor vehicle which is a new qualified plug-in electric drive motor vehicle (as defined by section 30D(c)).''.

(B) NEW QUALIFIED HYBRID MOTOR VEHICLES.—Paragraph (3) of section 30B(d) is amended by adding at the end the following new flush sentence:

''Such term shall not include any motor vehicle which is a new qualified plug-in electric drive motor vehicle (as defined by section 30D(c)).''.

(3) CONFORMING AMENDMENTS.—

(A) Section 38(b), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting ''plus'', and by adding at the end the following new paragraph:

''(33) the portion of the new qualified plug-in electric drive motor vehicle credit to which section 30D(d)(1) applies.''.

(B) Section 55(c)(3) is amended by inserting ''30D(d)(2),'' after ''30C(d)(2),''.

(C) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30D(e)(4).''.

(D) Section 6501(m) is amended by inserting ''30D(e)(9)'' after ''30C(e)(5)''.

(E) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30D. Plug-in electric drive motor vehicle credit.''.

(b) CONVERSION KITS.—

(1) IN GENERAL.—Section 30B (relating to alternative motor vehicle credit) is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

''(i) PLUG-IN CONVERSION CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the plug-in conversion credit determined under this subsection with respect to any motor vehicle which is converted to a qualified plug-in electric drive motor vehicle is an amount equal to 10 percent of the cost of the plug-in traction battery module installed in such vehicle as part of such conversion.

''(2) LIMITATIONS.—The amount of the credit allowed under this subsection shall not exceed $2,500 with respect to the conversion of any motor vehicle.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—The term 'qualified plug-in electric drive motor vehicle' means any new qualified plug-in electric drive motor vehicle (as defined in section 30D(c), determined without regard to paragraphs (4) and (6) thereof).

''(B) PLUG-IN TRACTION BATTERY MODULE.—The term 'plug-in traction battery module' means an electro-chemical energy storage device which—

''(i) has a traction battery capacity of not less than 2.5 kilowatt hours,

''(ii) is equipped with an electrical plug by means of which it can be energized and recharged when plugged into an external source of electric power,

''(iii) consists of a standardized configuration and is mass produced,

''(iv) has been tested and approved by the National Highway Transportation Safety Administration as compliant with applicable motor vehicle and motor vehicle equipment safety standards when installed by a mechanic with standardized training in protocols established by the battery manufacturer as part of a nationwide distribution program, and

''(v) is certified by a battery manufacturer as meeting the requirements of clauses (i) through (iv).

''(C) CREDIT ALLOWED TO LESSOR OF BATTERY MODULE.—In the case of a plug-in traction battery module which is leased to the taxpayer, the credit allowed under this subsection shall be allowed to the lessor of the plug-in traction battery module.

''(D) CREDIT ALLOWED IN ADDITION TO OTHER CREDITS.—The credit allowed under this subsection shall be allowed with respect to a motor vehicle notwithstanding whether a credit has been allowed with respect to such motor vehicle under this section (other than this subsection) in any preceding taxable year.

''(4) TERMINATION.—This subsection shall not apply to conversions made after December 31, 2009.''.

(2) CREDIT TREATED AS PART OF ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(a) is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) the plug-in conversion credit determined under subsection (i).''.

(3) NO RECAPTURE FOR VEHICLES CONVERTED TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.—Paragraph (8) of section 30B(h) is amended by adding at the end the following: '', except that no benefit shall be recaptured if such property ceases to be eligible for such

credit by reason of conversion to a qualified plug-in electric drive motor vehicle.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007, in taxable years beginning after such date.

SEC. 843. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING REDUCTION UNITS AND ADVANCED INSULATION ADDED AFTER PURCHASE.

(a) IN GENERAL.—Section 4053 (relating to exemptions) is amended by adding at the end the following new paragraphs:

''(7) IDLING REDUCTION DEVICE.—Any device or system of devices which—

''(A) is designed to provide to a vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary using either—

''(i) an all electric unit, such as a battery powered unit or from grid-supplied electricity, or

''(ii) a dual fuel unit powered by diesel or other fuels, and capable of providing such services from grid-supplied electricity or on-truck batteries alone, and

''(B) is certified by the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and the Secretary of Transportation, to reduce long-duration idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.

For purposes of subparagraph (B), the term 'long-duration idling' means the operation of a main drive engine, for a period greater than 15 consecutive minutes, where the main drive engine is not engaged in gear. Such term does not apply to routine stoppages associated with traffic movement or congestion.

''(8) ADVANCED INSULATION.—Any insulation that has an R value of not less than R35 per inch.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or installations after December 31, 2007.

PART V—CONSERVATION AND ENERGY EFFICIENCY

SEC. 851. EXTENSION AND MODIFICATION OF NONBUSINESS ENERGY PROPERTY CREDIT.

(a) EXTENSION OF CREDIT.—Section 25C(g) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) NATURAL GAS FIRED HEAT PUMPS.—Section 25C(d)(3) (relating to energy-efficient building property) is amended—

(1) by striking ''and'' at the end of subparagraph (D),

(2) by striking the period at the end of subparagraph (E) and inserting '', and'', and

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

''(F) a natural gas fired heat pump with a heating coefficient of performance (COP) of at least 1.1.''.

(c) MODIFICATIONS OF STANDARDS FOR ENERGY-EFFICIENT BUILDING PROPERTY.—

(1) INCREASED LIMITATION FOR OIL FURNACES AND NATURAL GAS, PROPANE, AND OIL HOT WATER BOILERS.—

(A) IN GENERAL.—Subparagraphs (B) and (C) of section 25C(b)(3) are amended to read as follows:

''(B) $150 for any qualified natural gas furnace or qualified propane furnace, and

''(C) $300 for—

''(i) any item of energy-efficient building property, and

''(ii) any qualified oil furnace, qualified natural gas hot water boiler, qualified propane hot water boiler, or qualified oil hot water boiler.''.

(B) CONFORMING AMENDMENT.—Clause (ii) of section 25C(d)(2)(A) is amended to read as follows:

''(ii) any qualified natural gas furnace, qualified propane furnace, qualified oil furnace, qualified natural gas hot water boiler, qualified propane hot water boiler, or qualified oil hot water boiler, or''.

(2) ELECTRIC HEAT PUMPS.—Subparagraph (B) of section 25C(d)(3) is amended to read as follows:

''(B) an electric heat pump which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2008.''.

(3) WATER HEATERS.—Subparagraph (E) of section 25C(d)(3) is amended to read as follows:

''(E) a natural gas, propane, or oil water heater which has either an energy factor of at least 0.80 or a thermal efficiency of at least 90 percent.''.

(4) OIL FURNACES AND HOT WATER BOILERS.—Paragraph (4) of section 25C(d) is amended to read as follows:

''(4) QUALIFIED NATURAL GAS, PROPANE, AND OIL FURNACES AND HOT WATER BOILERS.—

''(A) QUALIFIED NATURAL GAS FURNACE.—The term 'qualified natural gas furnace' means any natural gas furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(B) QUALIFIED NATURAL GAS HOT WATER BOILER.—The term 'qualified natural gas hot water boiler' means any natural gas hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(C) QUALIFIED PROPANE FURNACE.—The term 'qualified propane furnace' means any propane furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(D) QUALIFIED PROPANE HOT WATER BOILER.—The term 'qualified propane hot water boiler' means any propane hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(E) QUALIFIED OIL FURNACES.—The term 'qualified oil furnace' means any oil furnace which achieves an annual fuel utilization efficiency rate of not less than 90.

''(F) QUALIFIED OIL HOT WATER BOILER.—The term 'qualified oil hot water boiler' means any oil hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.''.

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

SEC. 852. EXTENSION AND MODIFICATION OF NEW ENERGY EFFICIENT HOME CREDIT.

(a) EXTENSION OF CREDIT.—Subsection (g) of section 45L (relating to termination), as amended by section 205 of division A of the Tax Relief and Health Care Act of 2006, is amended by striking ''December 31, 2008'' and inserting ''December 31, 2011''.

(b) MODIFICATION.—

(1) IN GENERAL.—Subparagraph (B) of section 45L(a)(1) is amended to read as follows:

''(B)(i) acquired by a person from such eligible contractor and used by any person as a residence during the taxable year, or

''(ii) used by such eligible contractor as a residence during the taxable year.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to homes purchased after December 31, 2008.

SEC. 853. EXTENSION AND MODIFICATION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

(a) EXTENSION.—Section 179D(h) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

(b) ADJUSTMENT OF MAXIMUM DEDUCTION AMOUNT.—

(1) IN GENERAL.—Subparagraph (A) of section 179D(b)(1) (relating to maximum amount of deduction) is amended by striking ''$1.80'' and inserting ''$2.25''.

(2) PARTIAL ALLOWANCE.—Paragraph (1) of section 179D(d) is amended—

(A) by striking ''$.60'' and inserting ''$0.75'', and

(B) by striking ''$1.80'' and inserting ''$2.25''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 854. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Section 45M of the Internal Revenue Code of 1986 is amended to read as follows:

''SEC. 45M. ENERGY EFFICIENT APPLIANCE CREDIT.

''(a) GENERAL RULE.—

''(1) IN GENERAL.—For purposes of section 38, the energy efficient appliance credit determined under this section for any taxable year is an amount equal to the sum of the credit amounts determined under paragraph (2) for each type of qualified energy efficient appliance produced by the taxpayer during the calendar year ending with or within the taxable year.

''(2) CREDIT AMOUNTS.—The credit amount determined for any type of qualified energy efficient appliance is—

''(A) the applicable amount determined under subsection (b) with respect to such type, multiplied by

''(B) the eligible production for such type.

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is $75 in the case of a residential model dishwasher which—

''(A) is manufactured in calendar year 2008, 2009, or 2010, and

''(B) uses not more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $125 in the case of a residential model top-loading clothes washer which—

''(i) is manufactured in calendar year 2008 or 2009, and

''(ii) meets or exceeds a 1.8 MEF and does not exceed a 7.5 water consumption factor,

''(B) $150 in the case of a residential or commercial model clothes washer which—

''(i) is manufactured in calendar year 2008, 2009, or 2010, and

''(ii) meets or exceeds a 2.0 MEF and does not exceed a 6.0 water consumption factor, and

''(C) $250 in the case of a residential or commercial model clothes washer which—

''(i) is manufactured in calendar year 2008, 2009, or 2010, and

''(ii) meets or exceeds a 2.2 MEF and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

''(A) $75 in the case of a residential model refrigerator which—

''(i) is manufactured in calendar year 2008 or 2009, and

''(ii) consumes at least 23 percent, but not more than 24.9 percent, fewer kilowatt hours per year than the 2001 energy conservation standards,

''(B) $100 in the case of a residential model refrigerator which—

''(i) is manufactured in calendar year 2008, 2009, or 2010, and

''(ii) consumes at least 25 percent, but not more than 29.9 percent, fewer kilowatt hours

per year than the 2001 energy conservation standards, and

''(C) $200 in the case of a residential model refrigerator which—

''(i) is manufactured in calendar year 2008, 2009, or 2010, and

''(ii) consumes at least 30 percent fewer kilowatt hours per year than the 2001 energy conservation standards.

''(c) ELIGIBLE PRODUCTION.—The eligible production in a calendar year with respect to each type of qualified energy efficient appliance is the excess of—

''(1) the number of appliances of such type which are produced in the United States by the taxpayer during such calendar year, over

''(2) the average number of appliances of such type which were produced in the United States by the taxpayer (or any predecessor) during the preceding 2-calendar year period.

''(d) TYPES OF QUALIFIED ENERGY EFFICIENT APPLIANCES.—For purposes of this section, the types of qualified energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2), and

''(3) refrigerators described in subsection (b)(3).

''(e) LIMITATIONS.—

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—Except as provided in paragraph (2), the aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.

''(2) LIMITATION BASED ON GROSS RECEIPTS.—The credit allowed under subsection (a) with respect to a taxpayer for the taxable year shall not exceed an amount equal to 2 percent of the average annual gross receipts of the taxpayer for the 3 taxable years preceding the taxable year in which the credit is determined beginning after December 31, 2007.

''(3) GROSS RECEIPTS.—For purposes of this subsection, the rules of paragraphs (2) and (3) of section 448(c) shall apply.

''(f) DEFINITIONS.—For purposes of this section:

''(1) DISHWASHER.—The term 'dishwasher' means a dishwasher subject to the energy conservation standards established by the Department of Energy.

''(2) CLOTHES WASHER.—The term 'clothes washer' includes a clothes washer subject to the energy conservation standards established by the Department of Energy.

''(3) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a clothes washer with the clothes container compartment access located on the top of the machine.

''(4) REFRIGERATOR.—The term 'refrigerator' means an automatic defrost refrigerator-freezer which has an internal volume of at least 16.5 cubic feet.

''(5) GALLONS PER CYCLE.—The term 'gallons per cycle' means the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(6) MEF.—The term 'MEF' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.

''(7) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means the quotient of the total weighted per-cycle water consumption divided by the cubic foot capacity of the clothes washer.

''(8) 2001 ENERGY CONSERVATION STANDARD.—The term '2001 energy conservation standard' means the energy conservation standards promulgated by the Department of Energy and effective July 1, 2001.

''(g) SPECIAL RULES.—For purposes of this section:

''(1) IN GENERAL.—Rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

''(2) CONTROLLED GROUP.—

''(A) IN GENERAL.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single producer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(3) VERIFICATION.—No amount shall be allowed as a credit under subsection (a) with respect to which the taxpayer has not submitted such information or certification as the Secretary, in consultation with the Secretary of Energy, determines necessary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

PART VI—ACCOUNTABILITY STUDIES

SEC. 861. COST-BENEFIT ANALYSIS OF POLLUTION REDUCTION AND SAVING IN IMPORTED OIL PER DOLLAR OF TAX BENEFIT.

(a) COST-BENEFIT ANALYSIS.—The Secretary of the Treasury shall undertake a cost-benefit analysis of those provisions of this Act that use tax incentives to reduce the use of imported oil and to reduce the emissions of carbon dioxide and harmful air pollutants.

(b) REPORT.—Not later than December 31 of the 2nd calendar year after the date of the enactment of this Act, the Secretary of the Treasury shall prepare and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the cost-benefit analysis conducted pursuant to subsection (a).

SEC. 862. EFFECT OF ENERGY RELATED TAX BENEFITS ON PRICES FOR CONSUMER GOODS.

(a) STUDY.—The Secretary of the Treasury shall undertake a study of the estimated effects on the price of consumer goods that may result from the enactment of the amendments to the Internal Revenue Code of 1986 made by this Act, including the effect on the price of foodstuffs, soaps, automobiles, motor fuels, and any other product for which the amendments made by this Act may be expected to significantly alter the supply and demand conditions of a consumer goods market.

(b) REPORT.—Not later than December 31 of the 2nd calendar year after the date of the enactment of this Act, the Secretary of the Treasury shall prepare and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the study conducted pursuant to subsection (a).

SEC. 863. STUDY ON TAX-CREDIT BONDS.

(a) STUDY.—The Secretary of the Treasury shall undertake a study of the use of tax-credit bonds as a means of subsidizing the borrowing costs of the beneficiaries of such financing. In addition to providing a general examination of the effectiveness of the tax-credit bonds described in paragraph (2) and of the Federal subsidy provided by tax-credit bonds relative to the subsidy provided by tax-exempt bonds, the study shall—

(1) examine the extent to which projects eligible for tax-credit bonds also receive other Federal tax benefits under present law,

(2) examine any market or administrative issues associated with present-law tax-credit bonds under sections 54 and 1397E of the Internal Revenue Code of 1986 and sections 54A and 54B of such Code, as added by this Act, including—

(A) the effect of the Department of the Treasury setting the credit rate,

(B) the Department's selection of projects eligible for financing,

(C) the potential for arbitrage earnings and the extent to which this may affect the level of subsidy,

(D) the lack of uniform rules for tax-credit bonds, and

(E) the direct issuance of tax-credit bonds by private parties, and

(3) discuss the changes to present-law that would be necessary to provide a tax-credit bond that delivers a subsidy comparable to that provided by tax-exempt bonds and reduces the market and administrative issues associated with present-law tax-credit bonds.

(b) REPORT.—Not later than December 31 of the 2nd calendar year after the date of the enactment of this Act, the Secretary of the Treasury shall prepare and submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the results of the study conducted pursuant to subsection (a).

PART VII—OTHER PROVISIONS

Subpart A—Timber Provisions

SEC. 871. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income in an amount equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—

''(1) In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10)) other than a real estate investment trust, the election under this section shall be made separately by each taxpayer subject to tax on such gain.

''(2) In the case of any qualified timber gain of a real estate investment trust, the election under this section shall be made by the real estate investment trust.

''(d) TERMINATION.—

''(1) IN GENERAL.—This section shall not apply to any taxable year beginning after the date that is 1 year after the date of the enactment of this section.

''(2) TAXABLE YEARS WHICH INCLUDE DATE OF TERMINATION.—In the case of any taxable year which includes the date of the termination described in paragraph (1), for purposes of this section, the taxpayer's qualified timber gain shall not exceed the excess that would be described in subsection (b) if only dispositions of timber before such date were taken into account.''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting before the last sentence the following new paragraph:

''(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) TREATMENT OF QUALIFIED TIMBER GAIN OF REAL ESTATE INVESTMENT TRUSTS.—Paragraph (3) of section 857(b) is amended by inserting after subparagraph (F) the following new subparagraph:

''(G) TREATMENT OF QUALIFIED TIMBER GAIN.—For purposes of this part, in the case of a real estate investment trust with respect to which an election is in effect under section 1203—

''(i) REDUCTION OF NET CAPITAL GAIN.—The net capital gain of the real estate investment trust for any taxable year shall be reduced (but not below zero) by the real estate investment trust's qualified timber gain (as defined in section 1203(b)).

''(ii) ADJUSTMENT TO SHAREHOLDER'S BASIS ATTRIBUTABLE TO DEDUCTION FOR QUALIFIED TIMBER GAINS.—

''(I) IN GENERAL.—The adjusted basis of shares in the hands of the shareholder shall be increased by the amount of the deduction allowable under section 1203(a) as provided in subclauses (II) and (III).

''(II) ALLOCATION OF BASIS INCREASE FOR DISTRIBUTIONS MADE DURING TAXABLE YEAR.—For any taxable year of a real estate investment trust for which an election is in effect under section 1203, in the case of a distribution made with respect to shares during such taxable year of amounts attributable to the deduction allowable under section 1203(a), the adjusted basis of such shares shall be increased by the amount of such distributions.

''(III) ALLOCATION OF EXCESS.—If the deduction allowable under section 1203(a) for a taxable year exceeds the amount of distributions described in subclause (II), the excess shall be allocated to every shareholder of the real estate investment trust at the close of the trust's taxable year in the same manner as if a distribution of such excess were made with respect to such shares.

''(IV) DESIGNATIONS.—To the extent provided in regulations, a real estate investment trust shall designate the amounts described in subclauses (II) and (III) in a manner similar to the designations provided with respect to capital gains described in subparagraphs (C) and (D).

''(V) DEFINITIONS.—As used in this subparagraph, the terms 'share' and 'shareholder' shall include beneficial interests and holders of beneficial interests, respectively.

''(iii) EARNINGS AND PROFITS DEDUCTION FOR QUALIFIED TIMBER GAINS.—The deduction allowable under section 1203(a) for a taxable year shall be allowed as a deduction in computing the earnings and profits of the real estate investment trust for such taxable year. The earnings and profits of any such shareholder which is a corporation shall be appropriately adjusted in accordance with regulations prescribed by the Secretary.''.

(g) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT FOR DEDUCTION FOR QUALIFIED TIMBER GAIN OF REAL ESTATE INVESTMENT TRUSTS.—

(1) Section 857(b)(8) is amended by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting after subparagraph (A) the following new subparagraph:

''(B) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT FOR DEDUCTION FOR QUALIFIED TIMBER GAIN.—If—

''(i) a shareholder of a real estate investment trust receives a basis adjustment provided under subsection (b)(3)(G)(ii), and

''(ii) the taxpayer has held such share or interest for 6 months or less,

then any loss on the sale or exchange of such share or interest shall, to the extent of the amount described in clause (i), be disallowed.''.

(2) Subparagraph (D) of section 857(b)(8), as redesignated by paragraph (1), is amended by striking ''subparagraph (A)'' and inserting ''subparagraphs (A) and (B)''.

(h) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202, and the deduction under section 1203, shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by inserting ''or 1203,'' after ''1202,''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(i) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SEC. 872. EXCISE TAX NOT APPLICABLE TO SECTION 1203 DEDUCTION OF REAL ESTATE INVESTMENT TRUSTS.

(a) IN GENERAL.—Subparagraph (B) of section 4981(b)(1) is amended to read as follows:

''(B) 95 percent of the real estate investment trust's capital gain net income, without regard to any reduction that would be applied for purposes of section 857(b)(3)(G)(i).''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this Act, if only dispositions of timber after such date were taken into account.

SEC. 873. TIMBER REIT MODERNIZATION.

(a) IN GENERAL.—Section 856(c)(5) is amended by adding after subparagraph (G) the following new subparagraph:

''(H) TREATMENT OF TIMBER GAINS.—

''(i) IN GENERAL.—Gain from the sale of real property described in paragraph (2)(D) and (3)(C) shall include gain which is—

''(I) recognized by an election under section 631(a) from timber owned by the real estate investment trust, the cutting of which is provided by a taxable REIT subsidiary of the real estate investment trust;

''(II) recognized under section 631(b); or

''(III) income which would constitute gain under subclause (I) or (II) but for the failure to meet the 1-year holding period requirement.

''(ii) SPECIAL RULES.—

''(I) For purposes of this subtitle, cut timber, the gain of which is recognized by a real estate investment trust pursuant to an election under section 631(a) described in clause (i)(I) or so much of clause (i)(III) as relates to clause (i)(I), shall be deemed to be sold to the taxable REIT subsidiary of the real estate investment trust on the first day of the taxable year.

''(II) For purposes of this subtitle, income described in this subparagraph shall not be treated as gain from the sale of property described in section 1221(a)(1).

''(iii) TERMINATION.—

''(I) IN GENERAL.—This subparagraph shall not apply to dispositions on or after the termination date.

''(II) TERMINATION DATE.—For purposes of this subsection, the termination date is the date that is 1 year after the date of the enactment of this subparagraph.''.

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

SEC. 874. MINERAL ROYALTY INCOME QUALIFYING INCOME FOR TIMBER REITS.

(a) IN GENERAL.—Section 856(c)(2) is amended by striking ''and'' at the end of subparagraph (G), by inserting ''and'' at the end of subparagraph (H), and by adding after subparagraph (H) the following new subparagraph:

''(I) mineral royalty income earned before the termination date, from real property owned by a timber real estate investment trust held, or once held, in connection with the trade or business of producing timber by such real estate investment trust;''.

(b) TIMBER REAL ESTATE INVESTMENT TRUST.—Section 856(c)(5), as amended by this Act, is amended by adding after subparagraph (H) the following new subparagraph:

''(I) TIMBER REAL ESTATE INVESTMENT TRUST.—The term 'timber real estate investment trust' means a real estate investment trust in which more than 50 percent in value of its total assets consists of real property held in connection with the trade or business of producing timber.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to income earned after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 875. MODIFICATION OF TAXABLE REIT SUBSIDIARY ASSET TEST FOR TIMBER REITS.

(a) IN GENERAL.—Section 856(c)(4)(B)(ii) is amended by inserting ''(in the case of a quarter which closes before the termination date, 25 percent in the case of a timber real estate investment trust)'' after ''not more than 20 percent of the value of its total assets is represented by securities of one or more taxable REIT subsidiaries''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to quarters closing after the date of the enactment of this Act.

SEC. 876. SAFE HARBOR FOR TIMBER PROPERTY.

(a) IN GENERAL.—Section 857(b)(6) (relating to income from prohibited transactions) is amended by adding at the end the following new subparagraph:

''(G) SPECIAL RULES FOR SALES TO QUALIFIED ORGANIZATIONS.—

''(i) IN GENERAL.—In the case of sale of a real estate asset (as defined in section 856(c)(5)(B)) to a qualified organization (as defined in section 170(h)(3)) exclusively for conservation purposes (within the meaning of section 170(h)(1)(C)), subparagraph (D) shall be applied—

''(I) by substituting '2 years' for '4 years' in clause (i), and

''(II) by substituting '2-year period' for '4-year period' in clauses (ii) and (iii).

''(ii) TERMINATION.—This subparagraph shall not apply to sales on or after the termination date.''.

(b) PROHIBITED TRANSACTIONS.—Section 857(b)(6)(D)(v) is amended by inserting ''or, in the case of a sale before the termination date, a taxable REIT subsidiary'' after ''independent contractor (as defined in section 856(d)(3)) from whom the trust itself does not derive or receive any income''.

(c) SALES THAT ARE NOT PROHIBITED TRANSACTIONS.—Section 857(b)(6), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

''(H) SALES OF PROPERTY THAT ARE NOT A PROHIBITED TRANSACTION.—In the case of a sale before the termination date, the sale of property which is not a prohibited transaction through application of subparagraph (D) shall be considered property held for investment or for use in a trade or business and not property described in section 1221(a)(1) for all purposes of this subtitle.''.

(d) TERMINATION DATE.—Section 857(b)(6), as amended by subsections (a) and (c), is amended by adding at the end the following new subparagraph:

''(I) TERMINATION DATE.—For purposes of this paragraph, the termination date is the date that is 1 year after the date of the enactment of this subparagraph.''.

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

Subpart B—Miscellaneous

SEC. 877. SPECIAL RULES FOR REFUND OF THE COAL EXCISE TAX TO CERTAIN COAL PRODUCERS AND EXPORTERS.

(a) REFUND.—

(1) COAL PRODUCERS.—

(A) IN GENERAL.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, if—

(i) a coal producer establishes that such coal producer, or a party related to such coal producer, exported coal produced by such coal producer to a foreign country or shipped coal produced by such coal producer to a possession of the United States, the export or shipment of which was other than through an exporter who has filed a claim for a refund under paragraph (2),

(ii) such coal producer filed a return on or after October 1, 1990, and on or before the date of the enactment of this Act, and

(iii) such coal producer files a claim for refund not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary of the Treasury shall pay to such coal producer an amount equal to the tax paid under section 4121 of such Code on such coal exported by the coal producer or a party related to such coal producer.

(B) SPECIAL RULES FOR CERTAIN TAXPAYERS.—For purposes of this section—

(i) ESTABLISHMENT OF EXPORT.—If a coal producer or a party related to a coal producer has received a judgment described in clause (iii), such coal producer shall be deemed to have established the export of coal to a foreign country or shipment of coal to a possession of the United States under subparagraph (A)(i).

(ii) AMOUNT OF PAYMENT.—If a taxpayer described in clause (i) is entitled to a payment under subparagraph (A), the amount of such payment shall be reduced by any amount awarded under the judgment described in clause (iii).

(iii) JUDGMENT DESCRIBED.—A judgment is described in this subparagraph if such judgment—

(I) is made by a court of competent jurisdiction within the United States,

(II) relates to the constitutionality of any tax paid on exported coal under section 4121 of the Internal Revenue Code of 1986, and

(III) is in favor of the coal producer or the party related to the coal producer.

(iv) RECAPTURE.—In the case any judgment described in clause (iii) is overturned, the coal producer shall pay to the Secretary the amount of any payment received under subparagraph (A) unless the coal producer establishes the export of the coal to a foreign country or shipment of coal to a possession of the United States.

(2) EXPORTERS.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, and a judgment described in paragraph (1)(B)(iii) of this subsection, if—

(A) an exporter establishes that such exporter exported coal to a foreign country or shipped coal to a possession of the United States, or caused such coal to be so exported or shipped,

(B) such exporter filed a return on or after October 1, 1990, and on or before the date of the enactment of this Act, and

(C) such exporter files a claim for refund not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary of the Treasury shall pay to such exporter an amount equal to $0.825 per ton of such coal exported by the exporter or caused to be exported by the exporter.

(b) LIMITATIONS.—Subsection (a) shall not apply with respect to exported coal if a credit or refund of tax imposed by section 4121 of such Code on such coal has been allowed or made to, or if a settlement with the Federal Government has been made with and accepted by, the coal producer, a party related to such coal producer, or the exporter, of such coal, as of the date that the claim is filed under this section with respect to such exported coal. For purposes of this subsection, the term ''settlement with the Federal Government'' shall not include any settlement or stipulation entered into as of the date of the enactment of this Act, the terms of which contemplate a judgment concerning which any party has reserved the right to file an appeal, or has filed an appeal.

(c) SUBSEQUENT REFUND PROHIBITED.—No refund shall be made under this section to the extent that a credit or refund of such tax on such exported coal has been paid to any person.

(d) DEFINITIONS.—For purposes of this section—

(1) COAL PRODUCER.—The term ''coal producer'' means the person in whom is vested ownership of the coal immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt waste product which results from the wet washing (or similar processing) of coal.

(2) EXPORTER.—The term ''exporter'' means a person, other than a coal producer, who does not have a contract, fee arrangement, or any other agreement with a producer or seller of such coal to sell or export such coal to a third party on behalf of the producer or seller of such coal and—

(A) is indicated in the shipper's export declaration or other documentation as the exporter of record, or

(B) actually exported such coal to a foreign country or shipped such coal to a possession of the United States, or caused such coal to be so exported or shipped.

(3) RELATED PARTY.—The term ''a party related to such coal producer'' means a person who—

(A) is related to such coal producer through any degree of common management, stock ownership, or voting control,

(B) is related (within the meaning of section 144(a)(3) of such Code) to such coal producer, or

(C) has a contract, fee arrangement, or any other agreement with such coal producer to sell such coal to a third party on behalf of such coal producer.

(e) TIMING OF REFUND.—With respect to any claim for refund filed pursuant to this section, the Secretary of the Treasury shall determine whether the requirements of this section are met not later than 180 days after such claim is filed. If the Secretary determines that the requirements of this section are met, the claim for refund shall be paid not later than 180 days after the Secretary makes such determination.

(f) INTEREST.—Any refund paid pursuant to this section shall be paid by the Secretary of

the Treasury with interest from the date of overpayment determined by using the overpayment rate and method under section 6621 of such Code.

(g) DENIAL OF DOUBLE BENEFIT.—The payment under subsection (a) with respect to any coal shall not exceed—

(1) in the case of a payment to a coal producer, the amount of tax paid under section 4121 of the Internal Revenue Code of 1986 with respect to such coal by such coal producer or a party related to such coal producer, and

(2) in the case of a payment to an exporter, an amount equal to $0.825 per ton with respect to such coal exported by the exporter or caused to be exported by the exporter.

(h) APPLICATION OF SECTION.—This section applies only to claims on coal exported on or after October 1, 1990, through the date of the enactment of this Act.

(i) STANDING NOT CONFERRED.—

(1) EXPORTERS.—With respect to exporters, this section shall not confer standing upon an exporter to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by a coal producer of any Federal or State tax, fee, or royalty paid by the coal producer.

(2) COAL PRODUCERS.—With respect to coal producers, this section shall not confer standing upon a coal producer to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by an exporter of any Federal or State tax, fee, or royalty paid by the producer and alleged to have been passed on to an exporter.

SEC. 878. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax), as amended by this Act, is amended by adding at the end the following new section:

"SEC. 54B. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on 1 or more credit allowance dates of the bond occurring during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural renaissance bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

''(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

''(B) the outstanding face amount of the bond.

''(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

''(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term also includes the last day on which the bond is outstanding.

''(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(2) the sum of the credits allowable under this part (other than subpart C, section 1400N(l), and this section).

''(d) RURAL RENAISSANCE BOND.—For purposes of this section—

''(1) IN GENERAL.—The term 'rural renaissance bond' means any bond issued as part of an issue if—

''(A) the bond is issued by a qualified issuer pursuant to an allocation by the Secretary to such issuer of a portion of the national rural renaissance bond limitation under subsection (f)(2),

''(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred by qualified borrowers for 1 or more qualified projects,

''(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form,

''(D) the issue meets the requirements of subsection (h), and

''(E) such bond is not a federally guaranteed bond (within the meaning of section 149(b)(2)).

''(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

''(A) IN GENERAL.—The term 'qualified project' means 1 or more projects described in subparagraph (B) located in a rural area.

''(B) PROJECTS DESCRIBED.—A project described in this subparagraph is a project eligible for assistance under—

''(i) the utilities programs described in section 381E(d)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(2)),

''(ii) the distance learning or telemedicine programs authorized pursuant to chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.),

''(iii) the rural electric programs authorized pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.),

''(iv) the rural telephone programs authorized pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.),

''(v) the broadband access programs authorized pursuant to title VI of the Rural Electrification Act of 1936 (7 U.S.C. 950bb et seq.), and

''(vi) the rural community facility programs as described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d(d)(1)).

''(C) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by a qualified borrower after the date of the enactment of this section.

''(D) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a qualified borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

''(i) prior to the payment of the original expenditure, the qualified borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

''(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(E) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a qualified borrower or qualified issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

''(F) TREATMENT OF OTHER SUBSIDIES.—For purposes of subparagraph (B), a qualified project does not include any portion of a project financed by grants or subsidized financing provided (directly or indirectly) under a Federal program, including any State or local obligation used to provide financing for such portion the interest on which is exempt from tax under section 103.

''(e) MATURITY LIMITATIONS.—

''(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

''(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of paragraph (3) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

''(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national rural renaissance bond limitation of $400,000,000.

''(2) ALLOCATION BY SECRETARY.—

''(A) IN GENERAL.—In accordance with subparagraph (B), the Secretary shall allocate the amount described in paragraph (1) among at least 20 qualified projects, or such lesser number of qualified projects with proper applications filed after 12 months after the adoption of the selection process under subparagraph (B).

''(B) SELECTION PROCESS.—In consultation with the Secretary of Agriculture, the Secretary shall adopt a process to select projects described in subparagraph (A). Under such process, the Secretary shall not allocate more than 15 percent of the allocation under subparagraph (A) to qualified projects within a single State.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond the proceeds of which are to be loaned to 2 or more qualified borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a qualified borrower, and

''(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(j) DEFINITIONS AND SPECIAL RULES RELATING TO ISSUERS AND BORROWERS.—For purposes of this section—

''(1) QUALIFIED ISSUER.—The term 'qualified issuer' means—

''(A) a rural renaissance bond lender,

''(B) a cooperative electric company, or

''(C) a governmental body.

''(2) QUALIFIED BORROWER.—The term 'qualified borrower' means—

''(A) a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or

''(B) a governmental body.

''(3) RURAL RENAISSANCE BOND LENDER.—The term 'rural renaissance bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(4) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C), or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.

''(5) GOVERNMENTAL BODY.—The term 'governmental body' means any State, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

''(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

''(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) POOLED FINANCING BOND.—The term 'pooled financing bond' shall have the meaning given such term by section 149(f)(4)(A).

''(3) RURAL AREA.—The term 'rural area' shall have the meaning given such term by section 1393(a)(2).

''(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

''(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(i) shall apply.

''(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).

''(7) TERMINATION.—This section shall not apply with respect to any bond issued after December 31, 2008.''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest), as amended by this Act, is amended by adding at the end the following new paragraph:

''(10) REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54B(g) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54B(b)(4)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart H of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 54B. Credit to holders of rural renaissance bonds.''.

(2) Section 54(c)(2), as amended by this Act, is amended by inserting ''section 54B,'' after ''section 54A,''.

(3) Section 54A(c)(2), as added by this Act, is amended by inserting ''section 54B,'' after ''subpart C,''.

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54B of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

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

Subtitle B—Revenue Raising Provisions

SEC. 881. DENIAL OF DEDUCTION FOR MAJOR INTEGRATED OIL COMPANIES FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.

(a) IN GENERAL.—Subparagraph (B) of section 199(c)(4) of the Internal Revenue Code of 1986 (relating to exceptions) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by inserting after clause (iii) the following new clause:

''(iv) in the case of any major integrated oil company (as defined in section 167(h)(5)(B)), the production, refining, processing, transportation, or distribution of oil, natural gas, or any primary product thereof during any taxable year described in section 167(h)(5)(B).''.

(b) PRIMARY PRODUCT.—Section 199(c)(4)(B) of such Code is amended by adding at the end the following flush sentence:

''For purposes of clause (iv), the term 'primary product' has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.''.

(c) CONFORMING AMENDMENTS.—Section 199(c)(4) of such Code is amended—

(1) in subparagraph (A)(i)(III) by striking ''electricity, natural gas,'' and inserting ''electricity'', and

(2) in subparagraph (B)(ii) by striking ''electricity, natural gas,'' and inserting ''electricity''.

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

SEC. 882. ELIMINATION OF THE DIFFERENT TREATMENT OF FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME FOR PURPOSES OF THE FOREIGN TAX CREDIT.

(a) IN GENERAL.—Subsections (a) and (b) of section 907 (relating to special rules in case of foreign oil and gas income) are amended to read as follows:

''(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any foreign oil and gas taxes paid or accrued (or deemed to have been paid) during the taxable year which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

''(1) the amount of the combined foreign oil and gas income for the taxable year,

''(2) multiplied by—

''(A) in the case of a corporation, the percentage which is equal to the highest rate of tax specified under section 11(b), or

''(B) in the case of an individual, a fraction the numerator of which is the tax against which the credit under section 901(a) is taken and the denominator of which is the taxpayer's entire taxable income.

''(b) COMBINED FOREIGN OIL AND GAS INCOME; FOREIGN OIL AND GAS TAXES.—For purposes of this section—

''(1) COMBINED FOREIGN OIL AND GAS INCOME.—The term 'combined foreign oil and gas income' means, with respect to any taxable year, the sum of—

''(A) foreign oil and gas extraction income, and

''(B) foreign oil related income.

''(2) FOREIGN OIL AND GAS TAXES.—The term 'foreign oil and gas taxes' means, with respect to any taxable year, the sum of—

''(A) oil and gas extraction taxes, and

''(B) any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid or accrued under section 902 or 960) during the taxable year with respect to foreign oil related income (determined without regard to subsection (c)(4)) or loss which would be taken into account for purposes of section 901 without regard to this section.''.

(b) RECAPTURE OF FOREIGN OIL AND GAS LOSSES.—Paragraph (4) of section 907(c) (relating to recapture of foreign oil and gas extraction losses by recharacterizing later extraction income) is amended to read as follows:

''(4) RECAPTURE OF FOREIGN OIL AND GAS LOSSES BY RECHARACTERIZING LATER COMBINED FOREIGN OIL AND GAS INCOME.—

''(A) IN GENERAL.—The combined foreign oil and gas income of a taxpayer for a taxable year (determined without regard to this paragraph) shall be reduced—

''(i) first by the amount determined under subparagraph (B), and

''(ii) then by the amount determined under subparagraph (C).

The aggregate amount of such reductions shall be treated as income (from sources without the United States) which is not combined foreign oil and gas income.

''(B) REDUCTION FOR PRE-2008 FOREIGN OIL EXTRACTION LOSSES.—The reduction under this paragraph shall be equal to the lesser of—

''(i) the foreign oil and gas extraction income of the taxpayer for the taxable year (determined without regard to this paragraph), or

''(ii) the excess of—

''(I) the aggregate amount of foreign oil extraction losses for preceding taxable years beginning after December 31, 1982, and before January 1, 2008, over

''(II) so much of such aggregate amount as was recharacterized under this paragraph (as in effect before and after the date of the enactment of the Energy Advancement and Investment Act of 2007) for preceding taxable years beginning after December 31, 1982.

''(C) REDUCTION FOR POST-2007 FOREIGN OIL AND GAS LOSSES.—The reduction under this paragraph shall be equal to the lesser of—

''(i) the combined foreign oil and gas income of the taxpayer for the taxable year (determined without regard to this paragraph), reduced by an amount equal to the reduction under subparagraph (A) for the taxable year, or

''(ii) the excess of—

''(I) the aggregate amount of foreign oil and gas losses for preceding taxable years beginning after December 31, 2007, over

''(II) so much of such aggregate amount as was recharacterized under this paragraph for preceding taxable years beginning after December 31, 2007.

''(D) FOREIGN OIL AND GAS LOSS DEFINED.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'foreign oil and gas loss' means the amount by which—

''(I) the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the combined foreign oil and gas income for such year, is exceeded by

''(II) the sum of the deductions properly apportioned or allocated thereto.

''(ii) NET OPERATING LOSS DEDUCTION NOT TAKEN INTO ACCOUNT.—For purposes of clause (i), the net operating loss deduction allowable for the taxable year under section 172(a) shall not be taken into account.

''(iii) EXPROPRIATION AND CASUALTY LOSSES NOT TAKEN INTO ACCOUNT.—For purposes of clause (i), there shall not be taken into account—

''(I) any foreign expropriation loss (as defined in section 172(h) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)) for the taxable year, or

''(II) any loss for the taxable year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

''(iv) FOREIGN OIL EXTRACTION LOSS.—For purposes of subparagraph (B)(ii)(I), foreign oil extraction losses shall be determined under this paragraph as in effect on the day before the date of the enactment of the Energy Advancement and Investment Act of 2007.''.

(c) CARRYBACK AND CARRYOVER OF DISALLOWED CREDITS.—Section 907(f) (relating to carryback and carryover of disallowed credits) is amended—

(1) by striking ''oil and gas extraction taxes'' each place it appears and inserting ''foreign oil and gas taxes'', and

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

''(4) TRANSITION RULES FOR PRE-2008 AND 2008 DISALLOWED CREDITS.—

''(A) PRE-2008 CREDITS.—In the case of any unused credit year beginning before January 1, 2008, this subsection shall be applied to any unused oil and gas extraction taxes carried from such unused credit year to a year beginning after December 31, 2007—

''(i) by substituting 'oil and gas extraction taxes' for 'foreign oil and gas taxes' each place it appears in paragraphs (1), (2), and (3), and

''(ii) by computing, for purposes of paragraph (2)(A), the limitation under subparagraph (A) for the year to which such taxes are carried by substituting 'foreign oil and gas extraction income' for 'foreign oil and gas income' in subsection (a).

''(B) 2008 CREDITS.—In the case of any unused credit year beginning in 2008, the amendments made to this subsection by the Energy Advancement and Investment Act of 2007 shall be treated as being in effect for any preceding year beginning before January 1, 2008, solely for purposes of determining how much of the unused foreign oil and gas taxes for such unused credit year may be deemed paid or accrued in such preceding year.''.

(d) CONFORMING AMENDMENT.—Section 6501(i) is amended by striking ''oil and gas extraction taxes'' and inserting ''foreign oil and gas taxes''.

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

SEC. 883. INCREASE AND EXTENSION OF OIL SPILL LIABILITY TRUST FUND TAX.

(a) INCREASE IN RATE.—

(1) IN GENERAL.—Section 4611(c)(2)(B) (relating to rates) is amended by striking ''5 cents'' and inserting ''10 cents''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply on and after the first day of the first calendar quarter beginning more than 60 days after the date of the enactment of this Act.

(b) EXTENSION.—

(1) IN GENERAL.—Section 4611(f) (relating to application of Oil Spill Liability Trust Fund financing rate) is amended by striking paragraphs (2) and (3) and inserting the following new paragraph:

''(2) TERMINATION.—The Oil Spill Liability Trust Fund financing rate shall not apply after December 31, 2017.''.

(2) CONFORMING AMENDMENT.—Section 4611(f)(1) is amended by striking ''paragraphs (2) and (3)'' and inserting ''paragraph (2)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

SEC. 884. LIMITATION ON DRAWBACK CLAIMED FOR AMOUNTS DEPOSITED INTO THE OIL SPILL LIABILITY TRUST FUND.

Section 313(j) of the Tariff Act of 1930 (19 U.S. C. 1313(j)) is amended by adding at the end the following new paragraph:

''(5) LIMITATION ON CERTAIN DRAWBACKS.—Any tax or fee imposed under section 4611 of the Internal Revenue Code of 1986 for deposit in the Oil Spill Liability Trust Fund pursuant to section 9509 of such Code shall not be eligible for refund as drawback under this section.''.

SEC. 885. TAX ON CRUDE OIL AND NATURAL GAS PRODUCED FROM THE OUTER CONTINENTAL SHELF IN THE GULF OF MEXICO.

(a) IN GENERAL.—Subtitle E (relating to alcohol, tobacco, and certain other excise taxes) is amended by adding at the end the following new chapter:

''CHAPTER 56—TAX ON SEVERANCE OF CRUDE OIL AND NATURAL GAS FROM THE OUTER CONTINENTAL SHELF IN THE GULF OF MEXICO

''SEC. 5896. IMPOSITION OF TAX.

''(a) IN GENERAL.—In addition to any other tax imposed under this title, there is hereby imposed a tax equal to 13 percent of the removal price of any taxable crude oil or natural gas removed from the premises during any taxable period.

''(b) CREDIT FOR FEDERAL ROYALTIES PAID.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by subsection (a) with respect to the production of any taxable crude oil or natural gas an amount equal to the aggregate amount of royalties paid under Federal law with respect to such production.

''(2) LIMITATION.—The aggregate amount of credits allowed under paragraph (1) to any taxpayer for any taxable period shall not exceed the amount of tax imposed by subsection (a) for such taxable period.

''(c) TAX PAID BY PRODUCER.—The tax imposed by this section shall be paid by the producer of the taxable crude oil or natural gas.

''SEC. 5897. TAXABLE CRUDE OIL OR NATURAL GAS AND REMOVAL PRICE.

''(a) TAXABLE CRUDE OIL OR NATURAL GAS.—For purposes of this chapter, the term 'taxable crude oil or natural gas' means crude oil or natural gas which is produced from Federal submerged lands on the outer Continental Shelf in the Gulf of Mexico pursuant to a lease entered into with the United States which authorizes the production.

''(b) REMOVAL PRICE.—For purposes of this chapter—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'removal price' means—

''(A) in the case of taxable crude oil, the amount for which a barrel of such crude oil is sold, and

''(B) in the case of taxable natural gas, the amount per 1,000 cubic feet for which such natural gas is sold.

''(2) SALES BETWEEN RELATED PERSONS.—In the case of a sale between related persons, the removal price shall not be less than the constructive sales price for purposes of determining gross income from the property under section 613.

''(3) OIL OR GAS REMOVED FROM PROPERTY BEFORE SALE.—If crude oil or natural gas is removed from the property before it is sold, the removal price shall be the constructive sales price for purposes of determining gross income from the property under section 613.

''(4) REFINING BEGUN ON PROPERTY.—If the manufacture or conversion of crude oil into refined products begins before such oil is removed from the property—

''(A) such oil shall be treated as removed on the day such manufacture or conversion begins, and

''(B) the removal price shall be the constructive sales price for purposes of determining gross income from the property under section 613.

''(5) PROPERTY.—The term 'property' has the meaning given such term by section 614.

''SEC. 5898. SPECIAL RULES AND DEFINITIONS.

''(a) ADMINISTRATIVE REQUIREMENTS.—

''(1) WITHHOLDING AND DEPOSIT OF TAX.—The Secretary shall provide for the withholding and deposit of the tax imposed under section 5896 on a quarterly basis.

''(2) RECORDS AND INFORMATION.—Each taxpayer liable for tax under section 5896 shall keep such records, make such returns, and furnish such information (to the Secretary and to other persons having an interest in the taxable crude oil or natural gas) with respect to such oil as the Secretary may by regulations prescribe.

''(3) TAXABLE PERIODS; RETURN OF TAX.—

''(A) TAXABLE PERIOD.—Except as provided by the Secretary, each calendar year shall constitute a taxable period.

''(B) RETURNS.—The Secretary shall provide for the filing, and the time for filing, of the return of the tax imposed under section 5896.

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

''(1) PRODUCER.—The term 'producer' means the holder of the economic interest with respect to the crude oil or natural gas.

''(2) CRUDE OIL.—The term 'crude oil' includes crude oil condensates and natural gasoline.

''(3) PREMISES AND CRUDE OIL PRODUCT.—The terms 'premises' and 'crude oil product' have the same meanings as when used for purposes of determining gross income from the property under section 613.

''(c) ADJUSTMENT OF REMOVAL PRICE.—In determining the removal price of oil or natural gas from a property in the case of any transaction, the Secretary may adjust the removal price to reflect clearly the fair market value of oil or natural gas removed.

''(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this chapter.''.

(b) DEDUCTIBILITY OF TAX.—The first sentence of section 164(a) (relating to deduction for taxes) is amended by inserting after paragraph (5) the following new paragraph:

''(6) The tax imposed by section 5896(a) (after application of section 5896(b)) on the severance of crude oil or natural gas from the outer Continental Shelf in the Gulf of Mexico.''.

(c) CLERICAL AMENDMENT.—The table of chapters for subtitle E is amended by adding at the end the following new item:

''CHAPTER 56. Tax on severance of crude oil and natural gas from the outer Continental Shelf in the Gulf of Mexico.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to crude oil or natural gas removed after the date of the enactment of this Act.

SEC. 886. TAXATION OF TAXABLE FUELS IN FOREIGN TRADE ZONES.

(a) TAX IMPOSED ON REMOVALS AND ENTRIES IN FOREIGN TRADE ZONES.—

(1) IN GENERAL.—Subsection (a) of section 4083 (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) UNITED STATES.—The term 'United States' includes any foreign trade zone or bonded warehouse located in the United States.''.

(2) CONFORMING AMENDMENT.—Section 4081(a)(1)(A) (relating to imposition of tax) is amended—

(A) in clause (i), by inserting ''in the United States'' after ''refinery''; and

(B) in clause (ii), by inserting ''in the United States'' after ''terminal''.

(b) TREATMENT OF TAXABLE FUEL IN FOREIGN TRADE ZONES.—Paragraph (2) of section 81c(a) of title 19, United States Code, is amended by inserting ''(other than the provisions relating to taxable fuel (as defined under section 4083(a) of the Internal Revenue Code of 1986))'' after ''thereunder''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to removals and entries after December 31, 2007.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall take effect on January 1, 2008.

SEC. 887. CLARIFICATION OF PENALTY FOR SALE OF FUEL FAILING TO MEET EPA REGULATIONS.

(a) IN GENERAL.—Subsection (a) of section 6720A (relating to penalty with respect to certain adulterated fuels) is amended by striking ''applicable EPA regulations (as defined in section 45H(c)(3))'' and inserting ''the requirements for diesel fuel under section 211 of the Clean Air Act, as determined by the Secretary,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any transfer, sale, or holding out for sale or resale occurring after the date of the enactment of this Act.

SEC. 888. CLARIFICATION OF ELIGIBILITY FOR CERTAIN FUELS CREDITS FOR FUEL WITH INSUFFICIENT NEXUS TO THE UNITED STATES.

(a) IN GENERAL.—

(1) ALCOHOL CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—

''(A) ALCOHOL CREDIT.—No alcohol credit shall be determined under this section with respect to any alcohol unless such alcohol is produced in the United States for consumption in the United States or entered into the United States for consumption in the United States.

''(B) ALCOHOL MIXTURE CREDIT.—No alcohol mixture credit shall be determined under this section with respect to any mixture unless such mixture is produced in the United States for consumption in the United States or entered into the United States for consumption in the United States.

''(C) NO CREDITS FOR ALCOHOL DESTINED FOR EXPORT.—No credit (other than the small ethanol producer credit) shall be determined under this section with respect to any mixture or alcohol if such mixture or alcohol is destined for export from the United States (as determined by the Secretary).

''(D) SPECIAL RULE FOR SMALL PRODUCER CREDITS.—No small ethanol producer credit, small cellulosic alcohol producer credit, or small fossil free alcohol producer credit shall be determined under this section with respect to any alcohol unless such alcohol is produced in the United States.''.

(2) BIODIESEL CREDIT.—Subsection (d) of section 40A is amended by adding at the end the following new paragraph:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—

''(A) BIODIESEL CREDIT.—No biodiesel credit shall be determined under this section with respect to any biodiesel unless such biodiesel is produced in the United States for consumption in the United States or is entered into the United States for consumption in the United States.

''(B) BIODIESEL MIXTURE CREDIT.—No biodiesel mixture credit shall be determined under this section with respect to any mixture unless such mixture is produced in the United States for consumption in the United States or is entered into the United States for consumption in the United States.

''(C) NO CREDITS FOR BIODIESEL DESTINED FOR EXPORT.—No credit (other than the small agri-biodiesel producer credit) shall be determined under this section with respect to any mixture or biodiesel if such mixture or biodiesel is destined for export from the United States (as determined by the Secretary).

''(D) SPECIAL RULE FOR SMALL AGRI-BIODIESEL PRODUCER CREDIT.—No small agri-biodiesel producer credit shall be determined under this section with respect to any agri-biodiesel unless such agri-biodiesel is produced in the United States.''.

(3) EXCISE TAX CREDITS.—Section 6426, as amended by section 833, is amended by adding at the end the following new subsection:

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) MIXTURE CREDITS.—No credit shall be determined under this section with respect to any mixture unless such mixture is produced in the United States for consumption in the United States or is entered into the United States for consumption in the United States.

''(2) ALTERNATIVE FUEL CREDIT.—No alternative fuel credit shall be determined under this section with respect to any alternative fuel unless such alternative fuel is produced in the United States for consumption in the United States or is entered into the United States for consumption in the United States.

''(3) NO CREDITS FOR FUELS DESTINED FOR EXPORT.—No credit shall be determined under this section with respect to any mixture or alternative fuel if such mixture or alternative fuel is destined for export from the United States (as determined by the Secretary).''.

(4) PAYMENTS.—Subsection (e) of section 6427 is amended by redesignating paragraph (5), as amended by this Act, as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(i).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

SEC. 889. TREATMENT OF QUALIFIED ALCOHOL FUEL MIXTURES AND QUALIFIED BIODIESEL FUEL MIXTURES AS TAXABLE FUELS.

(a) IN GENERAL.—Subparagraph (A) of section 4083(a)(3) (relating to diesel fuel) is amended by striking ''and'' at the end of clause (ii), by redesignating clause (iii) as clause (v), and inserting after clause (ii) the following new clauses:

''(iii) any qualified mixture (as defined in section 40(b)(1)(B)) which is a mixture of alcohol and special fuel,

''(iv) any qualified biodiesel mixture (as defined in section 40A(b)(1)(B)), and''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuels removed, entered, or sold after December 31, 2007.

SEC. 890. CALCULATION OF VOLUME OF ALCOHOL FOR FUEL CREDITS.

(a) IN GENERAL.—Paragraph (4) of section 40(d) (relating to volume of alcohol) is amended by striking ''the volume of alcohol'' and all that follows and inserting ''the volume of alcohol shall not include any denaturant added to such alcohol.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuel sold or used after December 31, 2007.

SEC. 891. BULK TRANSFER EXCEPTION NOT TO APPLY TO FINISHED GASOLINE.

(a) IN GENERAL.—Subparagraph (B) of section 4081(a)(1) (relating to tax on removal, entry, or sale) is amended by adding at the end the following new clause:

''(iii) EXCEPTION FOR FINISHED GASOLINE.—Clause (i) shall not apply to any gasoline which meets the requirements for gasoline under section 211 of the Clean Air Act.''.

(b) EXCEPTION TO TAX ON FINISHED GASOLINE FOR PRIOR TAXABLE REMOVALS.—Paragraph (1) of section 4081(a) is amended by adding at the end the following new subparagraph:

''(C) EXEMPTION FOR PREVIOUSLY TAXED FINISHED GASOLINE.—The tax imposed by this paragraph shall not apply to the removal of gasoline described in subparagraph (B)(iii) from any terminal if there was a prior taxable removal or entry of such fuel under clause (i), (ii), or (iii) of subparagraph (A). The preceding sentence shall not apply to the volume of any product added to such gasoline at the terminal unless there was a prior taxable removal or entry of such product under clause (i), (ii), or (iii) of subparagraph (A).''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to fuel removed, entered, or sold after December 31, 2007.

SEC. 892. APPLICATION OF RULES TREATING INVERTED CORPORATIONS AS DOMESTIC CORPORATIONS TO CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.

(a) IN GENERAL.—Section 7874(b) (relating to inverted corporations treated as domestic corporations) is amended to read as follows:

''(b) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—Notwithstanding section 7701(a)(4), a foreign corporation shall be treated for purposes of this title as a domestic corporation if such corporation would be a surrogate foreign corporation if subsection (a)(2) were applied by substituting '80 percent' for '60 percent'.

''(2) SPECIAL RULE FOR CERTAIN TRANSACTIONS OCCURRING AFTER MARCH 20, 2002.—

''(A) IN GENERAL.—If—

''(i) paragraph (1) does not apply to a foreign corporation, but

''(ii) paragraph (1) would apply to such corporation if, in addition to the substitution under paragraph (1), subsection (a)(2) were applied by substituting 'March 20, 2002' for 'March 4, 2003' each place it appears,

then paragraph (1) shall apply to such corporation but only with respect to taxable years of such corporation beginning after December 31, 2006.

''(B) SPECIAL RULES.—Subject to such rules as the Secretary may prescribe, in the case of a corporation to which paragraph (1) applies by reason of this paragraph—

''(i) the corporation shall be treated, as of the close of its last taxable year beginning before January 1, 2007, as having transferred all of its assets, liabilities, and earnings and profits to a domestic corporation in a transaction with respect to which no tax is imposed under this title,

''(ii) the bases of the assets transferred in the transaction to the domestic corporation shall be the same as the bases of the assets in the hands of the foreign corporation, subject to any adjustments under this title for built-in losses,

''(iii) the basis of the stock of any shareholder in the domestic corporation shall be the same as the basis of the stock of the shareholder in the foreign corporation for which it is treated as exchanged, and

''(iv) the transfer of any earnings and profits by reason of clause (i) shall be disregarded in determining any deemed dividend or foreign tax creditable to the domestic corporation with respect to such transfer.

''(C) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including regulations to prevent the avoidance of the purposes of this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 893. MODIFICATION OF EFFECTIVE DATE OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.

(a) LEASES TO FOREIGN ENTITIES.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by adding at the end the following new paragraph:

''(5) LEASES TO FOREIGN ENTITIES.—In the case of tax-exempt use property leased to a tax-exempt entity which is a foreign person or entity, the amendments made by this part shall apply to taxable years beginning after December 31, 2006, with respect to leases entered into on or before March 12, 2004.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

SEC. 894. REVISION OF TAX RULES ON EXPATRIATION OF INDIVIDUALS.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2007, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to

any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

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

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from

the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) TREATMENT OF GIFTS AND INHERITANCES.—

''(A) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date.

''(B) DETERMINATION OF BASIS.—Notwithstanding sections 1015 or 1022, the basis of any property described in subparagraph (A) in the hands of the donee or the person acquiring such property from the decedent shall be equal to the fair market value of the property at the time of the gift, bequest, devise, or inheritance.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.

''(3) DEFINITIONS.—For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation) is inadmissible.''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of this subsection.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

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

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

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

(4) Section 6039G(a) is amended by inserting ''or 877A'' after ''section 877(b)''.

(5) The second sentence of section 6039G(d) is amended by inserting ''or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))'' after ''section 877(a))''.

(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.

Subtitle C—Secure Rural Schools and Community Self-Determination Program

SEC. 901. SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION PROGRAM.

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

''SECTION 1. SHORT TITLE.

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

''SEC. 2. PURPOSES.

''The purposes of this Act are—

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

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

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

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

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

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

''(C) have objectives that may include—

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

''(ii) soil productivity improvement;

''(iii) improvements in forest ecosystem health;

''(iv) watershed restoration and maintenance;

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

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

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

''(3) to improve cooperative relationships among—

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

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

''SEC. 3. DEFINITIONS.

''In this Act:

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

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

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

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

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

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

''(A) the quotient obtained by dividing—

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

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

''(B) the quotient obtained by dividing—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(A) the quotient obtained by dividing—

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

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

''(B) the quotient obtained by dividing—

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

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

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

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

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

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

''(C) for fiscal year 2009 and each fiscal year thereafter, the amount that is equal to

90 percent of the full funding amount for the preceding fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''SEC. 102. PAYMENTS TO STATES AND COUNTIES.

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

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

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

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

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

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

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

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

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

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

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

''(2) DURATION OF ELECTION.—

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

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

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

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

''(B) for fiscal year 2007, any funds appropriated to carry out this Act; and

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

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

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

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

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

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

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

''(1) ALLOCATIONS.—

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

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

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

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

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

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

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

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

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

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

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

''(2) DISTRIBUTION OF FUNDS.—

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

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

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

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

''(3) ELECTION.—

''(A) NOTIFICATION.—

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

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

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

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

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

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

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

''(a) DEFINITIONS.—In this section:

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

''(A) for fiscal year 2007—

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

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

under section 102(b) to receive the county payment for fiscal year 2007;

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

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

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

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

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

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

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

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

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

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

''(b) TRANSITION PAYMENTS.—For each of fiscal years 2007 through 2010, in lieu of the payment amounts that otherwise would have been made under paragraphs (1)(B) and (2)(B) of section 102(a), the Secretary of the Treasury shall pay the adjusted amount to each covered State and the eligible counties within the covered State, as applicable.

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

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

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

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

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

''TITLE II—SPECIAL PROJECTS ON FEDERAL LAND

''SEC. 201. DEFINITIONS.

''In this title:

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

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

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

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

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

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

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

''(B) a land and resource management plan prepared by the Forest Service for units of the National Forest System pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 19741 (16 U.S.C. 1604).

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

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

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

''SEC. 203. SUBMISSION OF PROJECT PROPOSALS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

''(b) ENVIRONMENTAL REVIEWS.—

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

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

''(3) EFFECT OF REFUSAL TO PAY.—

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

''(B) EFFECT OF WITHDRAWAL.—A withdrawal under subparagraph (A) shall be

deemed to be a rejection of the project for purposes of section 207(c).

''(c) DECISIONS OF SECRETARY CONCERNED.—

''(1) REJECTION OF PROJECTS.—

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

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

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

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

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

''(e) IMPLEMENTATION OF APPROVED PROJECTS.—

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

''(2) BEST VALUE CONTRACTING.—

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

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

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

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

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

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

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

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

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

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

''(ii) the sale of the timber.

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

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

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

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

''(iv) For each of fiscal years 2010 and 2011, 50 percent.

''(C) INCLUSION IN PILOT PROGRAM.—The decision whether to use separate contracts to implement a project involving the sale of merchantable timber shall be made by the Secretary concerned after the approval of the project under this title.

''(D) ASSISTANCE.—

''(i) IN GENERAL.—The Secretary concerned may use funds from any appropriated account available to the Secretary for the Federal land to assist in the administration of projects conducted under the pilot program.

''(ii) MAXIMUM AMOUNT OF ASSISTANCE.—The total amount obligated under this subparagraph may not exceed $1,000,000 for any fiscal year during which the pilot program is in effect.

''(E) REVIEW AND REPORT.—

''(i) INITIAL REPORT.—Not later than September 30, 2009, the Comptroller General shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives a report assessing the pilot program.

''(ii) ANNUAL REPORT.—The Secretary concerned shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives an annual report describing the results of the pilot program.

''(f) REQUIREMENTS FOR PROJECT FUNDS.—The Secretary shall ensure that at least 50 percent of all project funds be used for projects that are primarily dedicated—

''(1) to road maintenance, decommissioning, or obliteration; or

''(2) to restoration of streams and watersheds.

''SEC. 205. RESOURCE ADVISORY COMMITTEES.

''(a) ESTABLISHMENT AND PURPOSE OF RESOURCE ADVISORY COMMITTEES.—

''(1) ESTABLISHMENT.—The Secretary concerned shall establish and maintain resource advisory committees to perform the duties in subsection (b), except as provided in paragraph (4).

''(2) PURPOSE.—The purpose of a resource advisory committee shall be—

''(A) to improve collaborative relationships; and

''(B) to provide advice and recommendations to the land management agencies consistent with the purposes of this title.

''(3) ACCESS TO RESOURCE ADVISORY COMMITTEES.—To ensure that each unit of Federal land has access to a resource advisory committee, and that there is sufficient interest in participation on a committee to ensure that membership can be balanced in terms of the points of view represented and the functions to be performed, the Secretary concerned may, establish resource advisory committees for part of, or 1 or more, units of Federal land.

''(4) EXISTING ADVISORY COMMITTEES.—

''(A) IN GENERAL.—An advisory committee that meets the requirements of this section, a resource advisory committee established before September 29, 2006, or an advisory committee determined by the Secretary concerned before September 29, 2006, to meet the requirements of this section may be deemed by the Secretary concerned to be a resource advisory committee for the purposes of this title.

''(B) CHARTER.—A charter for a committee described in subparagraph (A) that was filed on or before September 29, 2006, shall be considered to be filed for purposes of this Act.

''(C) BUREAU OF LAND MANAGEMENT ADVISORY COMMITTEES.—The Secretary of the Interior may deem a resource advisory committee meeting the requirements of subpart 1784 of part 1780 of title 43, Code of Federal Regulations, as a resource advisory committee for the purposes of this title.

''(b) DUTIES.—A resource advisory committee shall—

''(1) review projects proposed under this title by participating counties and other persons;

''(2) propose projects and funding to the Secretary concerned under section 203;

''(3) provide early and continuous coordination with appropriate land management agency officials in recommending projects consistent with purposes of this Act under this title;

''(4) provide frequent opportunities for citizens, organizations, tribes, land management agencies, and other interested parties to participate openly and meaningfully, beginning at the early stages of the project development process under this title;

''(5)(A) monitor projects that have been approved under section 204; and

''(B) advise the designated Federal official on the progress of the monitoring efforts under subparagraph (A); and

''(6) make recommendations to the Secretary concerned for any appropriate changes or adjustments to the projects being monitored by the resource advisory committee.

''(c) APPOINTMENT BY THE SECRETARY.—

''(1) APPOINTMENT AND TERM.—

''(A) IN GENERAL.—The Secretary concerned, shall appoint the members of resource advisory committees for a term of 4 years beginning on the date of appointment.

''(B) REAPPOINTMENT.—The Secretary concerned may reappoint members to subsequent 4-year terms.

''(2) BASIC REQUIREMENTS.—The Secretary concerned shall ensure that each resource advisory committee established meets the requirements of subsection (d).

''(3) INITIAL APPOINTMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary concerned shall make initial appointments to the resource advisory committees.

''(4) VACANCIES.—The Secretary concerned shall make appointments to fill vacancies on any resource advisory committee as soon as practicable after the vacancy has occurred.

''(5) COMPENSATION.—Members of the resource advisory committees shall not receive any compensation.

''(d) COMPOSITION OF ADVISORY COMMITTEE.—

''(1) NUMBER.—Each resource advisory committee shall be comprised of 15 members.

''(2) COMMUNITY INTERESTS REPRESENTED.—Committee members shall be representative of the interests of the following 3 categories:

''(A) 5 persons that—

''(i) represent organized labor or non-timber forest product harvester groups;

''(ii) represent developed outdoor recreation, off highway vehicle users, or commercial recreation activities;

''(iii) represent—

''(I) energy and mineral development interests; or

''(II) commercial or recreational fishing interests;

''(iv) represent the commercial timber industry; or

''(v) hold Federal grazing or other land use permits, or represent nonindustrial private forest land owners, within the area for which the committee is organized.

''(B) 5 persons that represent—

''(i) nationally recognized environmental organizations;

''(ii) regionally or locally recognized environmental organizations;

''(iii) dispersed recreational activities;

''(iv) archaeological and historical interests; or

''(v) nationally or regionally recognized wild horse and burro interest groups, wildlife or hunting organizations, or watershed associations.

''(C) 5 persons that—

''(i) hold State elected office (or a designee);

''(ii) hold county or local elected office;

''(iii) represent American Indian tribes within or adjacent to the area for which the committee is organized;

''(iv) are school officials or teachers; or

''(v) represent the affected public at large.

''(3) BALANCED REPRESENTATION.—In appointing committee members from the 3 categories in paragraph (2), the Secretary concerned shall provide for balanced and broad representation from within each category.

''(4) GEOGRAPHIC DISTRIBUTION.—The members of a resource advisory committee shall reside within the State in which the committee has jurisdiction and, to extent practicable, the Secretary concerned shall ensure local representation in each category in paragraph (2).

''(5) CHAIRPERSON.—A majority on each resource advisory committee shall select the chairperson of the committee.

''(e) APPROVAL PROCEDURES.—

''(1) IN GENERAL.—Subject to paragraph (3), each resource advisory committee shall establish procedures for proposing projects to the Secretary concerned under this title.

''(2) QUORUM.—A quorum must be present to constitute an official meeting of the committee.

''(3) APPROVAL BY MAJORITY OF MEMBERS.—A project may be proposed by a resource advisory committee to the Secretary concerned under section 203(a), if the project has been approved by a majority of members of the committee from each of the 3 categories in subsection (d)(2).

''(f) OTHER COMMITTEE AUTHORITIES AND REQUIREMENTS.—

''(1) STAFF ASSISTANCE.—A resource advisory committee may submit to the Secretary concerned a request for periodic staff assistance from Federal employees under the jurisdiction of the Secretary.

''(2) MEETINGS.—All meetings of a resource advisory committee shall be announced at least 1 week in advance in a local newspaper of record and shall be open to the public.

''(3) RECORDS.—A resource advisory committee shall maintain records of the meetings of the committee and make the records available for public inspection.

''SEC. 206. USE OF PROJECT FUNDS.

''(a) AGREEMENT REGARDING SCHEDULE AND COST OF PROJECT.—

''(1) AGREEMENT BETWEEN PARTIES.—The Secretary concerned may carry out a project submitted by a resource advisory committee under section 203(a) using project funds or other funds described in section 203(a)(2), if, as soon as practicable after the issuance of a decision document for the project and the exhaustion of all administrative appeals and judicial review of the project decision, the Secretary concerned and the resource advisory committee enter into an agreement addressing, at a minimum, the following:

''(A) The schedule for completing the project.

''(B) The total cost of the project, including the level of agency overhead to be assessed against the project.

''(C) For a multiyear project, the estimated cost of the project for each of the fiscal years in which it will be carried out.

''(D) The remedies for failure of the Secretary concerned to comply with the terms of the agreement consistent with current Federal law.

''(2) LIMITED USE OF FEDERAL FUNDS.—The Secretary concerned may decide, at the sole discretion of the Secretary concerned, to cover the costs of a portion of an approved project using Federal funds appropriated or otherwise available to the Secretary for the same purposes as the project.

''(b) TRANSFER OF PROJECT FUNDS.—

''(1) INITIAL TRANSFER REQUIRED.—As soon as practicable after the agreement is reached under subsection (a) with regard to a project to be funded in whole or in part using project funds, or other funds described in section 203(a)(2), the Secretary concerned shall transfer to the applicable unit of National Forest System land or Bureau of Land Management District an amount of project funds equal to—

''(A) in the case of a project to be completed in a single fiscal year, the total amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2); or

''(B) in the case of a multiyear project, the amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2) for the first fiscal year.

''(2) CONDITION ON PROJECT COMMENCEMENT.—The unit of National Forest System land or Bureau of Land Management District concerned, shall not commence a project until the project funds, or other funds described in section 203(a)(2) required to be transferred under paragraph (1) for the project, have been made available by the Secretary concerned.

''(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR PROJECTS.—

''(A) IN GENERAL.—For the second and subsequent fiscal years of a multiyear project to be funded in whole or in part using project funds, the unit of National Forest System land or Bureau of Land Management District concerned shall use the amount of project funds required to continue the project in that fiscal year according to the agreement entered into under subsection (a).

''(B) SUSPENSION OF WORK.—The Secretary concerned shall suspend work on the project if the project funds required by the agreement in the second and subsequent fiscal years are not available.

''SEC. 207. AVAILABILITY OF PROJECT FUNDS.

''(a) SUBMISSION OF PROPOSED PROJECTS TO OBLIGATE FUNDS.—By September 30 of each fiscal year through fiscal year 2011, a resource advisory committee shall submit to the Secretary concerned pursuant to section 203(a)(1) a sufficient number of project proposals that, if approved, would result in the obligation of at least the full amount of the project funds reserved by the participating county in the preceding fiscal year.

''(b) USE OR TRANSFER OF UNOBLIGATED FUNDS.—Subject to section 208, if a resource advisory committee fails to comply with subsection (a) for a fiscal year, any project funds reserved by the participating county in the preceding fiscal year and remaining unobligated shall be available for use as part of the project submissions in the next fiscal year.

''(c) EFFECT OF REJECTION OF PROJECTS.—Subject to section 208, any project funds reserved by a participating county in the preceding fiscal year that are unobligated at the end of a fiscal year because the Secretary concerned has rejected one or more proposed projects shall be available for use as part of the project submissions in the next fiscal year.

''(d) EFFECT OF COURT ORDERS.—

''(1) IN GENERAL.—If an approved project under this Act is enjoined or prohibited by a Federal court, the Secretary concerned shall return the unobligated project funds related to the project to the participating county or counties that reserved the funds.

''(2) EXPENDITURE OF FUNDS.—The returned funds shall be available for the county to expend in the same manner as the funds reserved by the county under subparagraph (B) or (C)(i) of section 102(d)(1).

''SEC. 208. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title shall terminate on September 30, 2011.

''(b) DEPOSITS IN TREASURY.—Any project funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE III—COUNTY FUNDS

''SEC. 301. DEFINITIONS.

''In this title:

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

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

''SEC. 302. USE.

''(a) AUTHORIZED USES.—A participating county, including any applicable agencies of the participating county, shall use county funds, in accordance with this title, only—

''(1) to carry out activities under the Firewise Communities program to provide to homeowners in fire-sensitive ecosystems education on, and assistance with implementing, techniques in home siting, home construction, and home landscaping that can increase the protection of people and property from wildfires;

''(2) to reimburse the participating county for search and rescue and other emergency services, including firefighting, that are—

''(A) performed on Federal land after the date on which the use was approved under subsection (b);

''(B) paid for by the participating county; and

''(3) to develop community wildfire protection plans in coordination with the appropriate Secretary concerned.

''(b) PROPOSALS.—A participating county shall use county funds for a use described in subsection (a) only after a 45-day public comment period, at the beginning of which the participating county shall—

''(1) publish in any publications of local record a proposal that describes the proposed use of the county funds; and

''(2) submit the proposal to any resource advisory committee established under section 205 for the participating county.

''SEC. 303. CERTIFICATION.

''(a) IN GENERAL.—Not later than February 1 of the year after the year in which any county funds were expended by a participating county, the appropriate official of the participating county shall submit to the Secretary concerned a certification that the county funds expended in the applicable year have been used for the uses authorized under section 302(a), including a description of the amounts expended and the uses for which the amounts were expended.

''(b) REVIEW.—The Secretary concerned shall review the certifications submitted under subsection (a) as the Secretary concerned determines to be appropriate.

''SEC. 304. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title terminates on September 30, 2011.

''(b) AVAILABILITY.—Any county funds not obligated by September 30, 2012, shall be returned to the Treasury of the United States.

''TITLE IV—MISCELLANEOUS PROVISIONS

''SEC. 401. REGULATIONS.

''The Secretary of Agriculture and the Secretary of the Interior shall issue regulations to carry out the purposes of this Act.

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this Act for each of fiscal years 2007 through 2011.

''SEC. 403. TREATMENT OF FUNDS AND REVENUES.

''(a) RELATION TO OTHER APPROPRIATIONS.—Funds made available under section 402 and funds made available to a Secretary concerned under section 206 shall be in addition to any other annual appropriations for the Forest Service and the Bureau of Land Management.

''(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—All revenues generated from projects pursuant to title II, including any interest accrued from the revenues, shall be deposited in the Treasury of the United States.''.

(b) FOREST RECEIPT PAYMENTS TO ELIGIBLE STATES AND COUNTIES.—

(1) ACT OF MAY 23, 1908.—The sixth paragraph under the heading ''forest service'' in the Act of May 23, 1908 (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(2) WEEKS LAW.—Section 13 of the Act of March 1, 1911 (commonly known as the ''Weeks Law'') (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(c) PAYMENTS IN LIEU OF TAXES.—

(1) IN GENERAL.—Section 6906 of title 31, United States Code, is amended to read as follows:

''§ 6906. Funding

''For each of fiscal years 2008 through 2012—

''(1) each county or other eligible unit of local government shall be entitled to payment under this chapter; and

''(2) sums shall be made available to the Secretary of the Interior for obligation or expenditure in accordance with this chapter.''.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 69 of title 31, United States Code, is amended by striking the item relating to section 6906 and inserting the following:

''6906. Funding.''.

(3) BUDGET SCOREKEEPING.—

(A) IN GENERAL.—Notwithstanding the Budget Scorekeeping Guidelines and the accompanying list of programs and accounts set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105–217, the amendment made by paragraph (1) shall be treated in the baseline for purposes of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907) (as in effect before September 30, 2002), by the Chairpersons of the Committee on the Budget of the House of Representatives and the Committee on the Budget of the Senate, as appropriate, for purposes of budget enforcement in the House of Representatives and the Senate, and under the Congressional Budget Act of 1974 (2 U.S.C. 601 et seq.) as if Payment in Lieu of Taxes (14-1114-0-1-806) were an account designated as Appropriated Entitlements and Mandatories for Fiscal Year 1997 in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217.

(B) EFFECTIVE DATE.—This paragraph shall—

(i) be effective beginning on the date of enactment of this Act; and

(ii) remain in effect for any fiscal year for which the entitlement in section 6906 of title 31, United States Code (as amended by paragraph (1)), applies.

SA 1705. Mr. KERRY (for himself, Ms. CANTWELL, and Mr. TESTER) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 177, after line 21, insert the following:

SEC. 279. SMALL BUSINESS EMERGENCY FUEL ASSISTANCE.

(a) SHORT TITLE.—This section may be cited as the ''Small Business Emergency Fuel Assistance Act of 2007''.

(b) EMERGENCY FUEL ASSISTANCE PROGRAM.—There is established within the Economic Development Administration of the Department of Commerce, an emergency assistance program for small businesses dependent on fuel.

(c) DECLARATION OF FUEL EMERGENCY.—

(1) BY THE SECRETARY.—The Secretary of Commerce may declare a severe fuel supply interruption for small businesses if—

(A) the retail price of gasoline in the United States is at least 60 percent higher than the 5-year rolling average retail price for 2 consecutive weeks; and

(B) the price differential continues to increase during the most recent week for which price information is available.

(2) BY A GOVERNOR.—If the Secretary does not declare a fuel emergency during a period that meets the criteria described in paragraph (1)—

(A) a Governor may certify that small businesses in the State have incurred economic injury as a result of a fuel interruption in the State;

(B) a Governor may request financial assistance through the program established under this section; and

(C) the Secretary shall provide the Governor with a written determination not later than 30 days after receiving a request under subparagraph (B).

(d) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Secretary of Commerce is authorized to award grants to States under a declaration of fuel supply interruption in accordance with this section.

(2) IN GENERAL.—Subject to paragraph (3), the Secretary shall award grants to States, in accordance with an allocation formula established by the Secretary based on the pro rata share of each State of the total need among all States, as applicable, for emergency assistance for fuel interruption, as determined on the basis of—

(A) the number and percentage of qualifying small businesses operating within the State;

(B) the increase in the retail price of fuel in the State; and

(C) such other factors as the Secretary determines to be appropriate.

(3) ALLOCATION PLAN.—Each State shall establish, after giving notice to the public, an opportunity for public comment, and consideration of public comments received, an allocation plan for the distribution of financial assistance received under this subsection, which shall be submitted to the Secretary, shall be made available to the public by the State, and shall include—

(A) application requirements for qualifying small businesses seeking to receive assistance under this subsection, including a requirement that each application include—

(i) demonstration of need for assistance under this subsection;

(ii) a plan to decrease the total commercial energy usage of the small business through energy efficiency measures, such as those promoted through the Energy Star Program; and

(iii) if a small business has previously received assistance under this subsection, evidence that the small business has implemented the plan previously documented under clause (ii); and

(B) factors for selecting among small businesses that meet the application requirements, with preference given to applicants based on the percentage of operating costs expended on fuel.

(e) ELIGIBILITY.—A small business is eligible for a grant under this section if—

(1) the average gross receipts of the small business for the 3 preceding taxable years does not exceed $5,000,000; or

(2) the small business employed an average of more than 1 and fewer than 50 qualified employees on business days during the preceding taxable year.

(f) DEFINED TERM.—In this section, the term ''aggregate gross assets'' has the meaning given such term in section 1202(d)(2) of the Internal Revenue Code of 1986.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Department of Commerce $100,000,000 for each of the fiscal years 2008 through 2012 to carry out this section.

SA 1706. Mr. KERRY (for himself and Ms. SNOWE) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 161, between lines 2 and 3, insert the following:

SEC. 269. SMALL BUSINESS ENERGY EFFICIENCY.

(a) DEFINITIONS.—In this section—

(1) the terms ''Administration'' and ''Administrator'' mean the Small Business Administration and the Administrator thereof, respectively;

(2) the term ''association'' means the association of small business development centers established under section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A));

(3) the term ''disability'' has the meaning given that term in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102);

(4) the term ''electric utility'' has the meaning given that term in section 3 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602);

(5) the term ''on-bill financing'' means a low interest or no interest financing agreement between a small business concern and

an electric utility for the purchase or installation of equipment, under which the regularly scheduled payment of that small business concern to that electric utility is not reduced by the amount of the reduction in cost attributable to the new equipment and that amount is credited to the electric utility, until the cost of the purchase or installation is repaid;

(6) the term ''small business concern'' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 636);

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

(8) the term ''telecommuting'' means the use of telecommunications to perform work functions under circumstances which reduce or eliminate the need to commute; and

(9) the term ''veteran'' has the meaning given that term in section 101 of title 38, United States Code.

(b) IMPLEMENTATION OF SMALL BUSINESS ENERGY EFFICIENCY PROGRAM.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Administrator shall promulgate final rules establishing the Government-wide program authorized under subsection (d) of section 337 of the Energy Policy and Conservation Act (42 U.S.C. 6307) that ensure compliance with that subsection by not later than 6 months after such date of enactment.

(2) PLAN.—Not later than 90 days after the date of enactment of this Act, the Administrator shall publish a detailed plan regarding how the Administrator will—

(A) assist small business concerns in becoming more energy efficient; and

(B) build on the Energy Star for Small Business Program of the Department of Energy and the Environmental Protection Agency.

(3) ASSISTANT ADMINISTRATOR FOR SMALL BUSINESS ENERGY POLICY.—

(A) IN GENERAL.—There is in the Administration an Assistant Administrator for Small Business Energy Policy, who shall be appointed by, and report to, the Administrator.

(B) DUTIES.—The Assistant Administrator for Small Business Energy Policy shall—

(i) oversee and administer the requirements under this subsection and section 337(d) of the Energy Policy and Conservation Act (42 U.S.C. 6307(d)); and

(ii) promote energy efficiency efforts for small business concerns and reduce energy costs of small business concerns.

(4) REPORTS.—The Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives an annual report on the progress of the Administrator in encouraging small business concerns to become more energy efficient, including data on the rate of use of the Small Business Energy Clearinghouse established under section 337(d)(4) of the Energy Policy and Conservation Act (42 U.S.C. 6307(d)(4)).

(c) SMALL BUSINESS ENERGY EFFICIENCY.—

(1) AUTHORITY.—The Administrator shall establish a Small Business Energy Efficiency Pilot Program (in this subsection referred to as the ''Efficiency Pilot Program'') to provide energy efficiency assistance to small business concerns through small business development centers.

(2) SMALL BUSINESS DEVELOPMENT CENTERS.—

(A) IN GENERAL.—In carrying out the Efficiency Pilot Program, the Administrator shall enter into agreements with small business development centers under which such centers shall—

(i) provide access to information and resources on energy efficiency practices, including on-bill financing options;

(ii) conduct training and educational activities;

(iii) offer confidential, free, one-on-one, in-depth energy audits to the owners and operators of small business concerns regarding energy efficiency practices;

(iv) give referrals to certified professionals and other providers of energy efficiency assistance who meet such standards for educational, technical, and professional competency as the Administrator shall establish; and

(v) act as a facilitator between small business concerns, electric utilities, lenders, and the Administration to facilitate on-bill financing arrangements.

(B) REPORTS.—Each small business development center participating in the Efficiency Pilot Program shall submit to the Administrator and the Administrator of the Environmental Protection Agency an annual report that includes—

(i) a summary of the energy efficiency assistance provided by that center under the Efficiency Pilot Program;

(ii) the number of small business concerns assisted by that center under the Efficiency Pilot Program;

(iii) statistics on the total amount of energy saved as a result of assistance provided by that center under the Efficiency Pilot Program; and

(iv) any additional information determined necessary by the Administrator, in consultation with the association.

(C) REPORTS TO CONGRESS.—Not later than 60 days after the date on which all reports under subparagraph (B) relating to a year are submitted, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report summarizing the information regarding the Efficiency Pilot Program submitted by small business development centers participating in that program.

(3) ELIGIBILITY.—A small business development center shall be eligible to participate in the Efficiency Pilot Program only if that center is certified under section 21(k)(2) of the Small Business Act (15 U.S.C. 648(k)(2)).

(4) SELECTION OF PARTICIPATING STATE PROGRAMS.—

(A) GROUPINGS.—

(i) SELECTION OF PROGRAMS.—The Administrator shall select the small business development center programs of 2 States from each of the groupings of States described in clauses (ii) through (xi) to participate in the pilot program established under this subsection.

(ii) GROUP 1.—Group 1 shall consist of Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(iii) GROUP 2.—Group 2 shall consist of New York, New Jersey, Puerto Rico, and the Virgin Islands.

(iv) GROUP 3.—Group 3 shall consist of Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(v) GROUP 4.—Group 4 shall consist of Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(vi) GROUP 5.—Group 5 shall consist of Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(vii) GROUP 6.—Group 6 shall consist of Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(viii) GROUP 7.—Group 7 shall consist of Missouri, Iowa, Nebraska, and Kansas.

(ix) GROUP 8.—Group 8 shall consist of Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(x) GROUP 9.—Group 9 shall consist of California, Guam, American Samoa, Hawaii, Nevada, and Arizona.

(xi) GROUP 10.—Group 10 shall consist of Washington, Alaska, Idaho, and Oregon.

(5) MATCHING REQUIREMENT.—Subparagraphs (A) and (B) of section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) shall apply to assistance made available under the Efficiency Pilot Program.

(6) GRANT AMOUNTS.—Each small business development center selected to participate in the Efficiency Pilot Program under paragraph (4) shall be eligible to receive a grant in an amount equal to—

(A) not less than $100,000 in each fiscal year; and

(B) not more than $300,000 in each fiscal year.

(7) EVALUATION AND REPORT.—The Comptroller General of the United States shall—

(A) not later than 30 months after the date of disbursement of the first grant under the Efficiency Pilot Program, initiate an evaluation of that pilot program; and

(B) not later than 6 months after the date of the initiation of the evaluation under subparagraph (A), submit to the Administrator, the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives, a report containing—

(i) the results of the evaluation; and

(ii) any recommendations regarding whether the Efficiency Pilot Program, with or without modification, should be extended to include the participation of all small business development centers.

(8) GUARANTEE.—The Administrator may guarantee the timely payment of a loan made to a small business concern through an on-bill financing agreement on such terms and conditions as the Administrator shall establish through a formal rule making, after providing notice and an opportunity for comment.

(9) AUTHORIZATION OF APPROPRIATIONS.—

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

(i) $5,000,000 for the first fiscal year beginning after the date of enactment of this Act; and

(ii) $5,000,000 for each of the 3 fiscal years following the fiscal year described in clause (i).

(B) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out the Efficiency Pilot Program only with amounts appropriated in advance specifically to carry out this subsection.

(10) TERMINATION.—The authority under this subsection shall terminate 4 years after the date of disbursement of the first grant under the Efficiency Pilot Program.

(d) SMALL BUSINESS TELECOMMUTING.—

(1) PILOT PROGRAM.—

(A) IN GENERAL.—In accordance with this subsection, the Administrator shall conduct, in not more than 5 of the regions of the Administration, a pilot program to provide information regarding telecommuting to employers that are small business concerns and to encourage such employers to offer telecommuting options to employees (in this subsection referred to as the ''Telecommuting Pilot Program'').

(B) SPECIAL OUTREACH TO INDIVIDUALS WITH DISABILITIES.—In carrying out the Telecommuting Pilot Program, the Administrator shall make a concerted effort to provide information to—

(i) small business concerns owned by or employing individuals with disabilities, particularly veterans who are individuals with disabilities;

(ii) Federal, State, and local agencies having knowledge and expertise in assisting individuals with disabilities, including veterans who are individuals with disabilities; and

(iii) any group or organization, the primary purpose of which is to aid individuals with disabilities or veterans who are individuals with disabilities.

(C) PERMISSIBLE ACTIVITIES.—In carrying out the Telecommuting Pilot Program, the Administrator may—

(i) produce educational materials and conduct presentations designed to raise awareness in the small business community of the benefits and the ease of telecommuting;

(ii) conduct outreach—

(I) to small business concerns that are considering offering telecommuting options; and

(II) as provided in subparagraph (B); and

(iii) acquire telecommuting technologies and equipment to be used for demonstration purposes.

(D) SELECTION OF REGIONS.—In determining which regions will participate in the Telecommuting Pilot Program, the Administrator shall give priority consideration to regions in which Federal agencies and private-sector employers have demonstrated a strong regional commitment to telecommuting.

(2) REPORT TO CONGRESS.—Not later than 2 years after the date on which funds are first appropriated to carry out this subsection, the Administrator shall transmit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report containing the results of an evaluation of the Telecommuting Pilot Program and any recommendations regarding whether the pilot program, with or without modification, should be extended to include the participation of all regions of the Administration.

(3) TERMINATION.—The Telecommuting Pilot Program shall terminate 4 years after the date on which funds are first appropriated to carry out this subsection.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administration $5,000,000 to carry out this subsection.

(e) ENCOURAGING INNOVATION IN ENERGY EFFICIENCY.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

''(z) ENCOURAGING INNOVATION IN ENERGY EFFICIENCY.—

''(1) FEDERAL AGENCY ENERGY-RELATED PRIORITY.—In carrying out its duties under this section to SBIR and STTR solicitations by Federal agencies, the Administrator shall—

''(A) ensure that such agencies give high priority to small business concerns that participate in or conduct energy efficiency or renewable energy system research and development projects; and

''(B) include in the annual report to Congress under subsection (b)(7) a determination of whether the priority described in subparagraph (A) is being carried out.

''(2) CONSULTATION REQUIRED.—The Administrator shall consult with the heads of other Federal agencies and departments in determining whether priority has been given to small business concerns that participate in or conduct energy efficiency or renewable energy system research and development projects, as required by this section.

''(3) GUIDELINES.—The Administrator shall, as soon as is practicable after the date of enactment of this subsection, issue guidelines and directives to assist Federal agencies in meeting the requirements of this section.

''(4) DEFINITIONS.—In this subsection—

''(A) the term 'biomass'—

''(i) means any organic material that is available on a renewable or recurring basis, including—

''(I) agricultural crops;

''(II) trees grown for energy production;

''(III) wood waste and wood residues;

''(IV) plants (including aquatic plants and grasses);

''(V) residues;

''(VI) fibers;

''(VII) animal wastes and other waste materials; and

''(VIII) fats, oils, and greases (including recycled fats, oils, and greases); and

''(ii) does not include—

''(I) paper that is commonly recycled; or

''(II) unsegregated solid waste;

''(B) the term 'energy efficiency project' means the installation or upgrading of equipment that results in a significant reduction in energy usage; and

''(C) the term 'renewable energy system' means a system of energy derived from—

''(i) a wind, solar, biomass (including biodiesel), or geothermal source; or

''(ii) hydrogen derived from biomass or water using an energy source described in clause (i).''.

SA 1707. Mr. KERRY submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy techniques, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ____—ENERGY EMERGENCIES

SEC. __01. FINDINGS.

Congress finds that—

(1) a significant number of small business concerns in the United States, including nonfarm and agricultural producers, use heating oil, natural gas, propane, or kerosene to heat their facilities and for other purposes;

(2) a significant number of small business concerns in the United States sell, distribute, market, or otherwise engage in commerce directly related to heating oil, natural gas, propane, and kerosene; and

(3) significant increases in the price of heating oil, natural gas, propane, or kerosene—

(A) disproportionately harm small business concerns dependent on those fuels or that use, sell, or distribute those fuels in the ordinary course of their business, and can cause them substantial economic injury;

(B) can negatively affect the national economy and regional economies;

(C) occurred during the winters of 1983 to 1984, 1988 to 1989, 1996 to 1997, 1999 to 2000, 2000 to 2001, and 2004 to 2005; and

(D) can be caused by a host of factors, including international conflicts, global or regional supply difficulties, weather conditions, insufficient inventories, refinery capacity, transportation, and competitive structures in the markets, causes that are often unforeseeable to, and beyond the control of, those who own and operate small business concerns.

SEC. __02. SMALL BUSINESS ENERGY EMERGENCY DISASTER LOAN PROGRAM.

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting after paragraph (3) the following:

''(4) ENERGY EMERGENCIES.—

''(A) DEFINITIONS.—In this paragraph—

''(i) the term 'base price index' means the moving average of the closing unit price on the New York Mercantile Exchange for heating oil, natural gas, or propane for the 10 days, in each of the most recent 2 preceding years, which correspond to the trading days described in clause (ii);

''(ii) the term 'current price index' means the moving average of the closing unit price on the New York Mercantile Exchange, for the 10 most recent trading days, for contracts to purchase heating oil, natural gas, or propane during the subsequent calendar month, commonly known as the 'front month';

''(iii) the term 'heating fuel' means heating oil, natural gas, propane, or kerosene; and

''(iv) the term 'significant increase' means—

''(I) with respect to the price of heating oil, natural gas, or propane, any time the current price index exceeds the base price index by not less than 40 percent; and

''(II) with respect to the price of kerosene, any increase which the Administrator, in consultation with the Secretary of Energy, determines to be significant.

''(B) AUTHORIZATION.—The Administration may make such loans, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, to assist a small business concern that has suffered or that is likely to suffer substantial economic injury as the result of a significant increase in the price of heating fuel occurring on or after October 1, 2004.

''(C) INTEREST RATE.—Any loan or guarantee extended under this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

''(D) MAXIMUM AMOUNT.—No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under this subsection would exceed $1,500,000, unless such borrower constitutes a major source of employment in its surrounding area, as determined by the Administrator, in which case the Administrator, in the discretion of the Administrator, may waive the $1,500,000 limitation.

''(E) DECLARATIONS.—For purposes of assistance under this paragraph—

''(i) a declaration of a disaster area based on conditions specified in this paragraph shall be required, and shall be made by the President or the Administrator; or

''(ii) if no declaration has been made under clause (i), the Governor of a State in which a significant increase in the price of heating fuel has occurred may certify to the Administration that small business concerns have suffered economic injury as a result of such increase and are in need of financial assistance which is not otherwise available on reasonable terms in that State, and upon receipt of such certification, the Administration may make such loans as would have been available under this paragraph if a disaster declaration had been issued.

''(F) USE OF FUNDS.—Notwithstanding any other provision of law, loans made under this paragraph may be used by a small business concern described in subparagraph (B) to convert from the use of heating fuel to a renewable or alternative energy source, including agriculture and urban waste, geothermal

energy, cogeneration, solar energy, wind energy, or fuel cells.''.

(b) CONFORMING AMENDMENTS RELATING TO HEATING FUEL.—Section 3(k) of the Small Business Act (15 U.S.C. 632(k)) is amended—

(1) by inserting '', significant increases in the price of heating fuel'' after ''civil disorders''; and

(2) by inserting ''other'' before ''economic''.

(c) EFFECTIVE PERIOD.—The amendments made by this section shall apply during the 4-year period beginning on the date on which guidelines are published by the Administrator of the Small Business Administration under section __04.

SEC. __03. AGRICULTURAL PRODUCER EMERGENCY LOANS.

(a) IN GENERAL.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in the first sentence—

(A) by striking ''operations have'' and inserting ''operations (i) have''; and

(B) by inserting before '': *Provided*,'' the following: '', or (ii)(I) are owned or operated by such an applicant that is also a small business concern (as defined in section 3 of the Small Business Act (15 U.S.C. 632)), and (II) have suffered or are likely to suffer substantial economic injury on or after October 1, 2004, as the result of a significant increase in energy costs or input costs from energy sources occurring on or after October 1, 2004, in connection with an energy emergency declared by the President or by the Secretary'';

(2) in the third sentence, by inserting before the period at the end the following: ''or by an energy emergency declared by the President or by the Secretary''; and

(3) in the fourth sentence—

(A) by striking ''or natural disaster'' each place such term appears and inserting '', natural disaster, or energy emergency'';

(B) by inserting ''or declaration'' after ''emergency designation''; and

(C) by inserting ''or energy emergency'' after ''such natural disaster''.

(b) FUNDING.—Funds available on the date of the enactment of this Act for emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) shall be available to carry out the amendments made by subsection (a) to meet the needs resulting from energy emergencies.

(c) EFFECTIVE PERIOD.—The amendments made by this section shall apply during the 4-year period beginning on the date on which guidelines are published by the Secretary of Agriculture under section __04.

SEC. __04. GUIDELINES AND RULEMAKING.

(a) GUIDELINES.—Not later than 30 days after the date of the enactment of this Act, the Administrator of the Small Business Administration and the Secretary of Agriculture shall each issue such guidelines as the Administrator or the Secretary, as applicable, determines to be necessary to carry out this title and the amendments made by this title.

(b) RULEMAKING.—Not later than 30 days after the date of enactment of this Act, the Administrator, after consultation with the Secretary of Energy, shall promulgate regulations specifying the method for determining a significant increase in the price of kerosene under section 7(b)(4)(A)(iv)(II) of the Small Business Act, as added by section __02.

SEC. __05. REPORTS.

(a) SMALL BUSINESS ADMINISTRATION.—Not later than 12 months after the date on which the Administrator issues guidelines under section __04, and annually thereafter until the date that is 12 months after the end of the effective period of section 7(b)(4) of the Small Business Act, as added section __02, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, a report on the effectiveness of the assistance made available under such section, including—

(1) the number of small business concerns that applied for a loan under such section and the number of those that received such loans;

(2) the dollar value of those loans;

(3) the States in which the small business concerns that received such loans are located;

(4) the type of heating fuel or energy that caused the significant increase in the cost for the participating small business concerns; and

(5) recommendations for ways to improve the assistance provided under such section, if any.

(b) DEPARTMENT OF AGRICULTURE.—

(1) IN GENERAL.—Not later than 1 year after the date on which the Secretary of Agriculture issues guidelines under section __04, and annually thereafter until the date that is 1 year after the end of the effective period of the amendments made to section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) by this title, the Secretary shall submit a report to the committees listed in paragraph (2) that—

(A) describes the effectiveness of the assistance made available under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)); and

(B) contains recommendations for ways to improve the assistance provided under such section 321(a), if any.

(2) REPORT RECIPIENTS.—The report described in paragraph (1) shall be submitted to—

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

(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(C) the Committee on Small Business of the House of Representatives; and

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

SA 1708. Mr. TESTER (for himself, Mr. COLEMAN) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 177, after line 21, add the following:

SEC. 279. ENERGY EFFICIENT SCHOOLS.

(a) DEFINITIONS.—In this section:

(1) BASELINE ENERGY EFFICIENCY STANDARD.—The term ''baseline energy efficiency standard'' means—

(A) in the case of new construction of a building, the most recent version of applicable provisions of the International Energy Conservation Code; and

(B) in the case of renovation of a building, a standard to be calculated based on a 3-year, weather-normalized average for the building.

(2) HIGH-PERFORMANCE SCHOOL BUILDING.—The term ''high-performance school building'' means a school building that integrates and optimizes all major high-performance building attributes, including energy and water efficiency, renewable energy, indoor air quality, durability, lifecycle cost performance, and occupant productivity.

(3) RENEWABLE ENERGY.—The term ''renewable energy'' means—

(A) energy produced using solar, wind, biomass, ocean, geothermal, or hydroelectric energy; or

(B) heating and cooling from a ground source heat pump.

(4) SCHOOL.—The term ''school'' means an accredited public school that is—

(A) subject to the authority of a State education agency; and

(B)(i) an elementary school or secondary school (as those terms are defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)); or

(ii) a BIA school (within the meaning of section 9101(26)(C) of that Act (20 U.S.C. 7801(26)(C))).

(5) STATE EDUCATIONAL AGENCY.—The term ''State educational agency'' has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)).

(6) STATE ENERGY OFFICE.—The term ''State energy office'' means—

(A) the State agency that is responsible for developing State energy conservation plans under section 362 of the Energy Policy and Conservation Act (42 U.S.C. 6322); or

(B) if an agency described in subparagraph (A) does not exist in a State, a State agency designated by the Governor of the State.

(b) ESTABLISHMENT OF PROGRAM.—There is established in the Department of Energy a program, to be known as the ''High-Performance Schools Program'', under which the Secretary may provide grants to State energy offices to assist school districts in the State—

(1) to improve the energy efficiency of, and use of renewable energy in, school buildings;

(2) to educate students regarding—

(A) energy consumption in buildings; and

(B) the benefits of energy efficiency and renewable energy;

(3) to administer the program; and

(4) to promote participation in the program.

(c) CONDITIONS OF RECEIPT.—As a condition of receiving a grant under this section, a State energy office shall agree to use the grant only to provide assistance to school districts in the State that demonstrate to the satisfaction of the State energy office—

(1) financial need with respect to the construction of new or renovated high-performance school buildings;

(2) a commitment to use the grant funds to develop high-performance school buildings, in accordance with a plan that the State energy office, in consultation with the State educational agency, determines to be feasible and appropriate to achieve the purposes for which the grant is provided;

(3) a commitment to educate students and the public regarding the energy efficiency and renewable energy uses relating to the program; and

(4) that the school district has conducted an energy audit satisfactory to the State energy office of the baseline energy consumption of the district.

(d) ADMINISTRATION.—

(1) SELECTION OF PROJECTS.—In selecting school districts to receive funds provided under this section, the Secretary shall—

(A) give priority to States that carry out, or propose to carry out, projects that—

(i) achieve maximum increases in energy efficiency; and

(ii) achieve maximum cost savings as a result of that increased efficiency; and

(B) ensure geographical diversity of distribution of funds throughout the United States, to the maximum extent practicable.

(2) USE OF GRANTS BY STATE ENERGY OFFICES.—A State energy office may use a portion of a grant received under this section—

(A) to evaluate compliance by school districts in the State with the requirements of this section;

(B) to develop and conduct programs for school board members, school personnel, architects, engineers, and other interested persons to advance the concepts of high-performance school buildings;

(C) to obtain technical services and assistance in planning and designing high-performance school buildings;

(D) to collect and monitor data relating to high-performance school building projects; or

(E) for promotional and marketing activities.

(e) SUPPLEMENTING GRANT FUNDS.—Each State energy office that receives a grant under this section shall encourage each school district provided funds by the State energy office to supplement, to the maximum extent practicable, the funds using funds from other sources in the implementation of the plans of the school districts.

(f) OTHER FUNDS.—Of amounts made available to carry out this section, the Secretary may reserve an amount equal to the lesser of 10 percent of the amounts and $500,000 for a fiscal year to provide assistance to State energy offices with respect to the coordination and implementation of the program under this section, including the development of reference materials—

(1) to clarify and support the purposes of this section; and

(2) to increase the quantity in the States of high-performance school buildings.

(g) REPORT.—Not later than 3 years after the date on which the Secretary provides the initial grant to a State energy office pursuant to this section, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report that describes, with respect to each school that uses funds provided under this section—

(1) the projected quantity of energy savings of the school, as compared to the baseline energy efficiency standard applicable to a similar school that does not use—

(A) energy efficient technologies; or

(B) renewable energy;

(2) the projected amount of savings relating to reduced operation and maintenance costs due to use by the school of—

(A) any energy efficiency technology; or

(B) renewable energy; and

(3) the level of participation of students and faculty members of the school in each applicable energy efficiency and renewable energy technology.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2008 through 2012.

SA 1709. Mr. ENZI proposed an amendment to the bill S. 277, to modify the boundaries of Grand Teton National Park to include certain land within the GT Park Subdivision, and for other purposes; as follows:

Strike section 4 and insert the following:

SEC. 4. CRAIG THOMAS DISCOVERY AND VISITOR CENTER.

(a) FINDINGS.—Congress finds that—

(1) Craig Thomas was raised on a ranch just outside of Cody, Wyoming, near Yellowstone National Park and Grand Teton National Park, where he—

(A) began a lifelong association with those parks; and

(B) developed a deep and abiding dedication to the values of the public land of the United States;

(2) during his 18-year tenure in Congress, including service in both the Senate and the House of Representatives, Craig Thomas forged a distinguished legislative record on issues as diverse as public land management, agriculture, fiscal responsibility, and rural health care;

(3) as Chairman and Ranking Member of the National Parks Subcommittee of the Committee on Energy and Natural Resources of the Senate and a frequent visitor to many units of the National Park System, including Yellowstone National Park and Grand Teton National Park, Craig Thomas was a strong proponent for ensuring that people of all ages and abilities had a wide range of opportunities to learn more about the natural and cultural heritage of the United States;

(4) Craig Thomas authored legislation to provide critical funding and management reforms to protect units of the National Park System into the 21st century, ensuring quality visits to units of the National Park System and the protection of natural and cultural resources;

(5) Craig Thomas strongly supported public-private partnerships and collaboration between the National Park Service and other organizations that foster new opportunities for providing visitor services while encouraging greater citizen involvement in the stewardship of units of the National Park System;

(6) Craig Thomas was instrumental in obtaining the Federal share for a public-private partnership with the Grand Teton National Park Foundation and the Grand Teton Natural History Association to construct a new discovery and visitor center at Grand Teton National Park;

(7) on June 4, 2007, Craig Thomas passed away after battling cancer for 7 months;

(8) Craig Thomas is survived by his wife, Susan, and children, Patrick, Greg, Peter, and Lexie; and

(9) in memory of the distinguished career of service of Craig Thomas to the people of the United States, the dedication of Craig Thomas to units of the National Park System, generally, and to Grand Teton National Park, specifically, and the critical role of Craig Thomas in the new discovery and visitor center at Grand Teton National Park, the Grand Teton Discovery and Visitor Center should be designated as the ''Craig Thomas Discovery and Visitor Center''.

(b) THE CRAIG THOMAS DISCOVERY AND VISITOR CENTER.—

(1) DESIGNATION.—The Grand Teton Discovery and Visitor Center located in Moose, Wyoming, and scheduled for completion in August 2007 shall be known and designated as the ''Craig Thomas Discovery and Visitor Center''.

(2) REFERENCE.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Grand Teton Discovery and Visitor Center referred to in paragraph (1) shall be deemed to be a reference to the ''Craig Thomas Discovery and Visitor Center''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this Act.

SA 1710. Mr. FEINGOLD (for himself, Mr. SANDERS, and Mr. MENENDEZ) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 166, strike lines 17 through 19, and insert the following:

''(1) to reduce fossil fuel emissions created as a result of activities within the boundaries of the States or units of local government in an environmentally sustainable way that, to the maximum extent practicable, maximizes benefits for local and regional communities;

SA 1711. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 239, strike line 16 and all that follows through page 277, line 5 and insert the following:

TITLE V—CORPORATE AVERAGE FUEL ECONOMY STANDARDS

SEC. 501. INCREASING THE EFFICIENCY OF AUTOMOBILES.

(a) DEFINITIONS.—In this section:

(1) AUTOMOBILE.—The term ''automobile'' means, as defined in regulations promulgated by the Administrator of the Environmental Protection Agency that are in effect on the date of the enactment of this Act—

(A) a light-duty truck; or

(B) a light-duty vehicle.

(2) ALTERNATIVE FUEL.—The term ''alternative fuel'' has the meaning given the term in section 32901(a) of title 49, United States Code.

(3) E85.—The term ''E85'' means a fuel blend containing 85 percent denatured ethanol and 15 percent gasoline by volume.

(4) FLEXIBLE FUEL AUTOMOBILE.—The term ''flexible fuel automobile'' means an automobile warrantied by the manufacturer of the vehicle to operate on any combination of gasoline, E85, and M85 or diesel fuel blends containing not less than 20 percent non-petroleum based fuel alternatives.

(5) HYBRID MOTOR VEHICLE.—The term ''hybrid motor vehicle'' means a new qualified hybrid motor vehicle (as defined in section 30B(d)(3) of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy.

(6) M85.—The term ''M85'' means a fuel blend containing 85 percent methanol and 15 percent gasoline by volume.

(7) PLUG-IN HYBRID AUTOMOBILE.—The term ''plug-in hybrid automobile'' means a hybrid automobile that—

(A) has an onboard, rechargeable storage device capable of propelling the vehicle by electricity for at least 10 miles; and

(B) achieves at least 125 percent of the model year 2002 city fuel economy.

(8) QUALIFIED AUTOMOBILE.—The term ''qualified automobile'' means—

(A) a new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)

of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy;

(B) an alternative fueled automobile (as defined in section 32901(a) of title 49, United States Code);

(C) a flexible fuel automobile;

(D) a new qualified fuel cell motor vehicle (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) a hybrid automobile;

(F) a plug-in hybrid automobile;

(G) an electric automobile;

(H) a hydrogen internal combustion engine automobile; and

(I) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model year 2002 city fuel economy, as determined by the Secretary of Transportation, by regulation.

(b) REQUIREMENTS.—

(1) IN GENERAL.—For each model year, the percentage of new automobiles manufactured by a manufacturer for sale in the United States that are qualified automobiles shall be not less than the corresponding percentage in the following table:

For model year:	The percentage that are qualified automobiles shall be not less than:
2012	20 percent
2013	30 percent
2014	40 percent
2015 and thereafter	50 percent

(2) NEW TECHNOLOGY.—Not less than 10 percent of the number of qualified automobiles required to be manufactured by a manufacturer for sale in the United States in each model year after 2016 pursuant to paragraph (1), shall be—

(A) hybrid automobiles;

(B) plug-in hybrid automobiles;

(C) new advanced lean burn technology motor vehicles (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986);

(D) new qualified fuel cell motor vehicles (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) electric automobiles; or

(F) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model year 2002 combined fuel economy, as determined by the Secretary of Transportation, by regulation.

(c) QUALIFIED AUTOMOBILE CREDITS.—

(1) IN GENERAL.—The Secretary shall issue qualified automobile production credits to manufacturers for automobiles manufactured for model year 2012 and for each subsequent model year, in accordance with this subsection.

(2) EFFECT OF CREDIT.—Each credit issued to a manufacturer under this subsection shall reduce the qualified automobile mandate requirement under subsection (b)(1) by 1 automobile for the model year to which the credit applies.

(3) RATE OF CREDIT ISSUANCE.—For each qualified automobile (except for automobiles described in subparagraphs (B) and (C) of subsection (a)(8)) manufactured for model year 2012, 2013, 2014, 2015, or 2016, the manufacturer shall be issued—

(A) 1.25 qualified automobile production credits if the combined fuel economy for such automobile is greater than 110 percent and less than 125 percent of the combined fuel economy of the model year 2002 inertia weight class;

(B) 1.5 qualified automobile production credits if the combined fuel economy for such automobile is at least 125 percent and less than 150 percent of the combined fuel economy of the model year 2002 inertia weight class;

(C) 2.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 150 percent and less than 175 percent of the combined fuel economy of the model year 2002 inertia weight class; and

(D) 3.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 175 percent of the combined fuel economy of the model year 2002 inertia weight class;

(4) DEFINED TERM.—For purposes of this paragraph, the term ''model year 2002 inertia weight class'' has the same meaning as the term ''vehicle inertia weight class'' as defined in Section 30B of the Internal Revenue Code of 1986.

(d) RULEMAKING.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Transportation shall promulgate regulations to carry out this section.

SEC. 502. AVERAGE FUEL ECONOMY STANDARDS FOR AUTOMOBILES.

(a) INCREASED STANDARDS.—Section 32902 of title 49, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

''(a) NONPASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for nonpassenger automobiles manufactured by a manufacturer in that model year.

''(B) STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of nonpassenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2012 THROUGH 2014.—Not later than April 1, 2010, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2012, 2013, and 2014. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2015.—Not later than April 1, 2013, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2015—

''(A) at least 25.3 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2016 THROUGH 2019.—Not later than April 1, 2014, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2016, 2017, 2018, and 2019. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2020.—Not later than April 1, 2018, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2020—

''(A) at least 27.7 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2021 THROUGH 2024.—Not later than April 1, 2019, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2021, 2022, 2023, and 2024. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(7) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2025 AND THEREAFTER.—Not later than April 1, 2023, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2025 and each subsequent model year—

''(A) at least 30 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).''; and

(2) by amending subsection (b) to read as follows:

''(b) PASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year after model year 2011, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for passenger automobiles manufactured by a manufacturer in that model year.

''(B) AUTHORITY FOR PRESCRIPTION OF DIFFERING STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of passenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2012.—Not later than April 1, 2010, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2012—

''(A) at least 29 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2013 THROUGH 2016.—Not later than April 1, 2011, the Secretary shall establish average fuel economy standards for passenger automobiles for each of the model years 2013, 2014, 2015, and 2016. Each such standard shall be set at the maximum feasible average fuel economy level that the

Secretary determines the manufacturers can achieve in each such model year.

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2017.—Not later than April 1, 2015, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2017—

''(A) at least 32.5 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2018 THROUGH 2021.—Not later than April 1, 2016, the Secretary shall establish average fuel economy standards for passenger automobiles for model years 2018, 2019, 2020, and 2021. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2022 AND THEREAFTER.—Not later than April 1, 2020, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2022 and each subsequent model year—

''(A) at least 36 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(7) MINIMUM FOR AVERAGE FUEL ECONOMY STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, for any model year in which the Secretary prescribes average fuel economy standards for passenger automobiles on the basis of vehicle attributes pursuant to subsection (j), the average fuel economy standard for passenger automobiles manufactured by a manufacturer in that model year shall also provide for an alternative minimum standard that shall apply only to a manufacturer's domestically manufactured passenger automobiles, as calculated under section 32904 as in effect on the day before the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

''(B) ALTERNATIVE MINIMUM STANDARD.—The alternative minimum standard referred to in subparagraph (A) shall be the greater of—

''(i) 27.5 miles per gallon; or

''(ii) 92 percent of the average fuel economy projected by the Secretary for the combined domestic and foreign fleets manufactured for sale in the United States by all manufacturers in that model year, which projection shall be published in the Federal Register when the standard for that model year is promulgated in accordance with this section.

''(C) APPLICABILITY.—The alternative minimum standard under this paragraph shall apply to a manufacturer's domestically manufactured passenger automobiles only if the passenger automobile standard established on the basis of vehicle attributes pursuant to subsection (j), excluding any credits transferred by the manufacturer pursuant to subsection (g) from other categories of automobiles described in paragraph (5)(B), would allow that manufacturer to comply with a less stringent passenger automobile standard than the alternative minimum standard.''.

(b) REPEAL OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE FUEL ECONOMY STANDARDS.—

(1) IN GENERAL.—Section 32902 of title 49, United States Code, is amended—

(A) by striking subsection (c); and

(B) by redesignating subsections (d) through (j) as subsections (c) through (i), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Section 32901(a)(12) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(B) Section 32902 of such title is amended—

(i) in subsection (c)(1), as redesignated by paragraph (1)(B), by striking ''under subsection (b) or (c)'' and inserting ''under subsection (b)'';

(ii) in subsection (d)(2), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (b), (c), or (d)'' and inserting ''under subsection (a), (b), or (c)'';

(iii) in subsection (f), as redesignated by paragraph (1)(B)—

(I) in paragraph (1)—

(aa) by striking ''under subsection (a) or (d)'' and inserting ''under subsection (a), (b), or (c)''; and

(bb) by striking ''of subsection (a) or (d)'' and inserting ''of subsection (a), (b), or (c)''; and

(II) in paragraph (2), by striking ''(and submit the amendment to Congress when required under subsection (c)(2) of this section)'';

(iv) in subsection (g), as redesignated by paragraph (1)(B), by striking ''carrying out subsections (c), (f), and (g)'' and inserting ''carrying out subsections (a), (b), (e), and (f)''; and

(v) in subsection (i), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (c), or (g) of this section'' and inserting ''under subsection (a), (b), or (f)''.

(C) Section 32904(a)(1)(B) of such title is amended by striking ''section 32902(b)-(d)'' and inserting ''subsections (b) and (c) of section 32902''.

(D) Section 32907(a)(4) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(E) Section 32909(b) of such title is amended by striking '', except that a petition for review'' and all that follows through ''referred to in section 32902(c)(2)''.

(F) Section 32917(b)(1)(B) of such title is amended by striking ''or (c)''.

(c) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—Section 32902 of title 49, United States Code, as amended by this section, is further amended by adding at the end the following:

''(j) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(1) IN GENERAL.—The authority of the Secretary of Transportation to prescribe by regulation average fuel economy standards for passenger automobiles and nonpassenger automobiles includes the authority to prescribe standards based on vehicle attributes related to fuel economy and to express any such attribute-based standard in the form of a mathematical function.

''(2) TRANSITION PERIOD.—If the Secretary prescribes standards for passenger automobiles on the basis of vehicle attributes, the Secretary shall provide a transition period during the first 3 model years in which an attribute-based standard would apply during which each manufacturer may elect whether to comply with the attribute-based standard or with the single corporate average fuel economy level prescribed under subsection (b).

''(3) PRESCRIPTION OF STANDARDS FOR MULTIPLE YEARS.—The authority of the Secretary to prescribe by regulation average fuel economy standards for automobiles includes the authority to prescribe standards by issuing regulations governing more than 1 model year at a time, up to 5 consecutive model years.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 32901(a) of title 49, United States Code, is amended—

(A) by redesignating paragraph (16) as paragraph (17); and

(B) by inserting after paragraph (15) the following:

''(16) 'nonpassenger automobile' means an automobile that is not a passenger automobile; and''.

(2) Section 32903 of title 49, United States Code, is amended—

(A) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(B) in subsection (a)(2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)''; and

(C) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) TRANSITION FOR PASSENGER AUTOMOBILES.—The standard or standards for passenger automobiles under the authority of section 32902(b) of title 49, United States Code, in effect on the day before the date of the enactment of this Act, shall remain in effect until a standard for passenger automobiles is established under the authority of section 32902(b) of such title, as amended by this section.

(3) AVERAGE FUEL ECONOMY STANDARD FOR NONPASSENGER AUTOMOBILES IN MODEL YEARS THROUGH 2011.—The average fuel economy standard for nonpassenger automobiles, under the authority of section 32902(a) of such title for model years through 2011, shall be the standard described in the final rule issued by the National Highway Traffic Safety Administration entitled ''Average Fuel Economy Standards for Light Trucks Model Years 2008–2011'' (71 Fed. Reg. 17566), as amended in a notice published by the National Highway Traffic Safety Administration on April 14, 2006 (71 Fed. Reg. 19449).

SEC. 503. FUEL ECONOMY TARGET FOR COMMERCIAL MEDIUM-DUTY AND HEAVY-DUTY ON-HIGHWAY VEHICLES.

Section 32902 of title 49, United States Code, as amended by section 502, is further amended by adding at the end the following:

''(k) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLES.—

''(1) STUDY.—Not later than 18 months after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall examine the fuel efficiency of commercial medium- and heavy-duty on-highway vehicles and determine—

''(A) the appropriate test procedures and methodologies for measuring commercial medium- and heavy-duty on-highway vehicle fuel efficiency;

''(B) the appropriate metric for measuring and expressing commercial medium- and heavy-duty on-highway vehicle fuel efficiency performance, taking into consideration, among other things, the work performed by such on-highway vehicles and types of operations in which they are used;

''(C) the range of factors, including, without limitation, design, functionality, use,

duty cycle, infrastructure, and total overall energy consumption and operating costs that effect commercial medium- and heavy-duty on-highway vehicle fuel efficiency; and

''(D) such other factors and conditions that could have an impact on a program to improve commercial medium- and heavy-duty on-highway vehicle fuel efficiency.

''(2) RULEMAKING.—Not later than 24 months after completion of the study required under paragraph (1), the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, and based on the results of that study, shall determine in a rulemaking procedure how to implement a commercial medium- and heavy-duty on-highway vehicle fuel efficiency improvement program and, as appropriate, shall adopt test methods, measurement metrics, fuel efficiency standards, and compliance and enforcement protocols that are appropriate, cost-effective, and technologically feasible for commercial medium- and heavy-duty on-highway vehicles.

''(3) LEAD-TIME; REGULATORY STABILITY.—Any commercial medium- and heavy-duty on-highway vehicle fuel efficiency regulatory program adopted pursuant to this subsection shall provide no less than 4 full model years of regulatory lead-time and 3 full model years of regulatory stability.

''(4) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLE DEFINED.—In this subsection, the term 'commercial medium- and heavy-duty on-highway vehicle' means a commercial on-highway vehicle with a gross vehicle weight rating of more than 10,000 pounds.''.

SEC. 504. CREDIT AVAILABILITY.

(a) IN GENERAL.—Section 32903 of title 49, United States Code, is amended—

(1) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(2) in subsection (a)—

(A) by striking ''3 consecutive model years'' each place it appears and inserting ''5 consecutive model years''; and

(B) in paragraph (2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)'';

(3) in subsection (b)—

(A) in paragraph (1), by striking ''paragraph (2) of this subsection'' and inserting ''paragraph (2) and subsection (g)''; and

(B) in paragraph (2), by striking ''3 model years'' and inserting ''5 model years'';

(4) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''; and

(5) by adding at the end the following:

''(g) CREDIT TRANSFERRING WITHIN A MANUFACTURER'S FLEET.—

''(1) AVERAGE FUEL ECONOMY CREDIT TRANSFERRING PROGRAM.—The Secretary of Transportation shall establish, by regulation, a corporate average fuel economy credit transferring program to allow any manufacturer whose automobiles exceed any of the average fuel economy standards prescribed under section 32902 to transfer the credits earned under this section and to apply them within that manufacturer's fleet to a compliance category of automobiles that fails to achieve the prescribed standards.

''(2) AVAILABILITY OF CREDITS TRANSFERRED.—Credits transferred under this section are available to be used in the same model years that the manufacturer could have applied them under subsections (a), (b), (d) and (e) as well as for the model year in which the manufacturer earned them. The maximum increase in any compliance category attributable to transferred credits is 1.0 mile per gallon in any single model year.

''(3) LIMITATION ON CREDIT TRANSFERS TO CATEGORY OF PASSENGER AUTOMOBILES.—In the case of transfers to the category of automobiles described in paragraph 5(B)(i), the transfer is limited to the extent that the fuel economy level of the manufacturer's fleet of passenger automobiles manufactured domestically shall comply with the provisions established under section 32902(b)(7), excluding any transfers from other categories of automobiles described in paragraph 5(B).

''(4) EFFECTIVE DATE.—A credit transferred in conformance with this section may only be so transferred if such credit is earned no earlier than the first model year after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

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

''(A) FLEET.—The term 'fleet' means all automobiles manufactured by a manufacturer in a given model year.

''(B) COMPLIANCE CATEGORY OF AUTOMOBILES.—The term 'compliance category of automobiles' means any of the 3 categories of automobiles for which compliance is separately calculated under this chapter, namely—

''(i) passenger automobiles manufactured domestically;

''(ii) passenger automobiles not manufactured domestically; and

''(iii) nonpassenger automobiles.''.

(b) FLEXIBLE FUELED VEHICLES.—

(1) EXTENSION OF ALTERNATIVE FUEL AUTOMOBILES MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' each place it appears and inserting ''1993 through 2020.'';

(B) by striking subsections (f) and (g); and

(C) by redesignating subsection (h) as subsection (f).

(2) EXTENSION OF MAXIMUM INCREASE PERIOD.—Section 32906(a) of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' and inserting ''1993 through 2020'';

(B) in paragraph (1)—

(i) in subparagraph (A), by striking ''(A)''; and

(ii) by striking subparagraph (B); and

(C) in paragraph (2), by striking ''described—'' and all that follows and inserting ''is more than 1.2 miles per gallon, the limitation in paragraph (1) applies.''.

SEC. 505. RESEARCH ON AND DEVELOPMENT OF LEAP-AHEAD TECHNOLOGY.

(a) PROGRAM.—The Secretary of Energy (referred to in this section as the ''Secretary''), in cooperation with heads of other Federal agencies, shall carry out a comprehensive program to develop advanced vehicle technologies (including associated components and parts) that will offer—

(1) the potential for significantly-improved fuel economy; and

(2) significant reductions in emissions.

(b) COMPONENTS.—The program carried out under subsection (a) shall include research and development in the areas of—

(1) advanced lightweight materials;

(2) advanced battery technology;

(3) hybrid systems, including—

(A) power electronics, electric motors, power control units, and power controls;

(B) hydraulic accumulators or other energy storage devices; and

(C) testing and analysis;

(4) plug-in hybrids;

(5) advanced clean diesel;

(6) hydrogen internal combustion engines;

(7) fuel cell technology;

(8) hydrogen storage;

(9) fuel cell membranes;

(10) cellulosic ethanol;

(11) biodiesel fuel;

(12) biodiesel fuel and technology;

(13) ethanol and biofuels technology; and

(14) such other related areas as the Secretary determines to be appropriate.

(c) ADVANCED LIGHTWEIGHT MATERIALS.—In carrying out this section, the Secretary shall carry out an advanced lightweight materials research and development program the primary focuses of which shall include—

(1) the provision of—

(A) technical advice for compliance with applicable Federal and State environmental requirements;

(B) assistance in identifying supply sources and securing long-term contracts; and

(C) public outreach, education, and labeling materials; and

(2) the development of—

(A) low-cost, durable, abuse-tolerant lithium ion-based chemistries or other advanced chemistries;

(B) advanced lightweight steels that provide a 30-percent weight reduction;

(C) advanced lightweight metals (such as magnesium, aluminum, and titanium);

(D) advanced composites, particularly carbon fiber precursors and forming; and

(E) advanced forming and joining processes for lightweight materials, including mixed materials (such as combinations of steel, aluminum, magnesium, and carbon fiber into a single assembly or vehicle).

(d) ADVANCED BATTERIES.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out an advanced battery program the primary focuses of which shall be—

(A) research in the chemistry of exploratory battery technologies (other than lithium ion batteries); and

(B) battery and battery systems production process research and development.

(2) INDUSTRY ALLIANCE.—In carrying out the advanced battery program under this subsection, the Secretary shall competitively select an Industry Alliance to represent participants who are private, for-profit firms headquartered in the United States, the primary business of which is the manufacturing of batteries and battery systems.

(3) RESEARCH.—

(A) GRANTS.—The Secretary shall carry out research activities of the Initiative through competitively-awarded grants to—

(i) researchers, including Industry Alliance participants;

(ii) small businesses;

(iii) National Laboratories; and

(iv) institutions of higher education.

(B) INDUSTRY ALLIANCE.—The Secretary shall annually solicit from the Industry Alliance—

(i) comments to identify advanced battery technology needs relevant to electric drive technology;

(ii) an assessment of the progress of research activities of the Initiative; and

(iii) assistance in annually updating advanced battery technology road maps.

(4) AVAILABILITY TO THE PUBLIC.—The information and road maps developed under this subsection shall be available to the public.

(5) PREFERENCE.—In making awards under this subsection, the Secretary shall give preference to participants in the Industry Alliance.

(6) COST SHARING.—In carrying out this subsection, the Secretary shall require cost sharing in accordance with section 120(b) of title 23, United States Code.

(e) HYBRID SYSTEMS.—In carrying out this section, the Secretary shall carry out a program relating to hybrid systems, the primary focus of which shall be research on and development of—

(1) advanced electric traction systems and wheel motors;

(2) advanced power electronics;

(3) systems integration; and

(4) hydraulic accumulators or other energy storage devices.

(f) PLUG-IN HYBRIDS.—In carrying out this section, the Secretary shall carry out a program relating to plug-in hybrids, the primary focus of which shall be—

(1) research on and development of advanced batteries with appropriate power to energy ratios necessary for minimum electric range and vehicle performance, such as acceleration; and

(2) the early demonstration of vehicles and infrastructure through the provision of procurement assistance to fleet purchasers.

(g) ADVANCED CLEAN DIESEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to diesel combustion and emissions, the primary focuses of which shall be—

(1) the development of clean-burn and after treatment technologies, including advanced low-temperature combustion (including homogeneous charge compression-ignition);

(2) the development of mixed mode operation that combines attributes of compression- and spark-ignition engine technologies;

(3) the integration of advanced technologies, including increased expansion ratio, variable valve timing, reduced friction, and improved exhaust gas heat recovery;

(4) the development of NO_X after treatment systems, including absorber-catalysts, selective catalytic reduction, and lean NO_X catalysts;

(5) the development of particulate matter after treatment systems;

(6) the development of powertrain integration of engine and after treatment systems; and

(7) enhancements in durability and reliability and reduction of costs.

(h) HYDROGEN INTERNAL COMBUSTION ENGINES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen internal combustion engines, the primary focuses of which shall be—

(1) to advance hydrogen internal combustion engine technology to a level at which the robustness and durability of such an engine would be acceptable to real-world customers; and

(2) to use those engines to provide an affordable transition to a hydrogen economy by creating a demand for hydrogen refueling infrastructure and bridging to hydrogen-powered fuel cells.

(i) FUEL CELL TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell technology, the primary focuses of which shall be research on and development of—

(1) fuel cell stack components and fuel cell manufacturing processes; and

(2) materials resistant to hydrogen embrittlement.

(j) HYDROGEN STORAGE.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen storage, the primary focus of which shall be research on and development of competitive storage methods for sufficient quantities of hydrogen onboard a vehicle (including a demonstration of hydrogen refueling infrastructure for not less than 10 nor more than 20 stations)—

(1) to enable increased development and use of hydrogen internal combustion engines and hydrogen-powered fuel cell vehicles; and

(2) to meet or surpass the customer-discernable attributes of vehicles available as of the date of enactment of this Act with respect to range and cost per mile.

(k) FUEL CELL MEMBRANES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell membranes, the primary focuses of which shall be—

(1) the achievement of a fundamental understanding of the catalytic materials for fuel cells; and

(2) the development of low-cost fuel cell membranes.

(l) CELLULOSIC ETHANOL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to cellulosic ethanol, the primary focus of which shall be research on and development of enzymes necessary for the production of cellulosic ethanol.

(m) BIODIESEL FUEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the development of a national B–20 standard;

(2) fundamental research on biomass-to-liquid alternatives;

(3) total lifecycle analyses of the total potential for petroleum replacement, total fossil fuel replacement, or greenhouse gas reductions for biodiesel options;

(4) an assessment of feedstock options; and

(5) an assessment of the effects on engine durability and reliability including the effects due to fuel quality variations, stability, and degradation parameters.

(n) BIODIESEL FUEL AND TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the evaluation and optimization of B–100 processing variables to enhance blendstock stability, maintain uniform quality and specifications, and reduce cost;

(2) the development and expansion of processing, blending, and distribution infrastructure;

(3) the development of standardized labeling and dispensing of equipment information;

(4) establishment of a consumer education outreach program;

(5) assessment and evaluation of biodiesel on advanced engine (such as high-pressure injector) and after treatment components; and

(6) assessment of the effects of biodiesel on advanced combustion clean-burn strategies.

(o) ETHANOL AND BIOFUELS TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to ethanol and biofuels technology, the primary focus of which shall be research and development into—

(1) ethanol and biofuels transport systems, such as truck, rail, and pipelines;

(2) advanced high-efficiency combustion research for fuels, such as E–85;

(3) materials compatibility for E–85 fuel;

(4) E–85 vehicle engineering and calibration to speed conversion of systems; and

(5) advanced combustion and after-treatment systems to support fuel efficiency gains

(p) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) to carry out subsection (a), $60,000,000 for each of fiscal years 2008 through 2012;

(2) to carry out subsection (b), $143,000,000 for each of the fiscal years 2008 through 2012;

(3) to conduct research and development into hybrid systems (power electronics, electric motors, hydraulic accumulators, other energy storage devices, testing, and analysis), $64,000,000 for each of the fiscal years 2008 through 2012;

(4) to conduct research and development into plug-in hybrids, $56,000,000 for each of the fiscal years 2008 through 2012;

(5) to conduct research and development into advanced clean diesel, $54,000,000 for each of the fiscal years 2008 through 2010;

(6) to conduct research and development into hydrogen internal combustion engines, $11,000,000 for each of the fiscal years 2008 through 2012;

(7) to conduct research and development into fuel cell technology, $40,000,000 for each of the fiscal years 2008 through 2012;

(8) to conduct research and development into hydrogen storage, $88,000,000 for each of the fiscal years 2008 through 2012;

(9) to conduct research and development into fuel cell membranes, $64,000,000 for each of the fiscal years 2008 through 2012;

(10) to conduct research and development into cellulosic ethanol, $340,000,000 for each of the fiscal years 2008 through 2012;

(11) to conduct research and development into biodiesel fuel and technology, $7,000,000 for each of the fiscal years 2008 through 2012; and

(12) to conduct research and development into ethanol biofuels technology, $23,000,000 for each of the fiscal years 2008 through 2012.

SEC. 506. PROHIBITION ON FRANCHISE AGREEMENT RESTRICTIONS RELATED TO ALTERNATIVE FUEL INFRASTRUCTURE.

(a) IN GENERAL.—Title I of the Petroleum Marketing Practices Act (15 U.S.C. 2801 et seq.) is amended by adding at the end the following:

"SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLATION OF ALTERNATIVE FUEL PUMPS.

''(a) DEFINITION.—In this section:

''(1) ALTERNATIVE FUEL.—The term 'alternative fuel' means any fuel—

''(A) at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or any combination of those fuels; or

''(B) any mixture of biodiesel (as defined in section 40A(d)(1) of the Internal Revenue Code of 1986) and diesel fuel (as defined in section 4083(a)(3) of the Internal Revenue Code of 1986), determined without regard to any use of kerosene and containing at least 20 percent biodiesel.

''(2) FRANCHISE-RELATED DOCUMENT.—The term 'franchise-related document' means—

''(A) a franchise under this Act; and

''(B) any other contract or directive of a franchisor relating to terms or conditions of the sale of fuel by a franchisee.

''(b) PROHIBITIONS.—

''(1) IN GENERAL.—Notwithstanding any provision of a franchise-related document in effect on the date of enactment of this section, no franchisee or affiliate of a franchisee shall be restricted from—

''(A) installing on the marketing premises of the franchisee an alternative fuel pump or storage tank;

''(B) converting an existing tank and pump on the marketing premises of the franchisee for alternative fuel use;

''(C) advertising (including through the use of signage or logos) the sale of any alternative fuel;

''(D) selling alternative fuel in any specified area on the marketing premises of the franchisee (including any area in which a name or logo of a franchisor or any other entity appears);

''(E) purchasing alternative fuel solely from the franchisor if the franchisor does not offer its own renewable fuel for sale by the franchisee;

''(F) listing alternative fuel availability or prices, including on service station signs, fuel dispensers, or light poles; or

''(G) allowing payment of alternative fuel with a credit card.

''(2) ENFORCEMENT.—Any restriction described in paragraph (1) that is contained in a franchise-related document and in effect on the date of enactment of this section—

''(A) shall be considered to be null and void as of that date; and

''(B) shall not be enforced under section 105.

''(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No franchise-related document that requires that 3 grades of gasoline be sold by the applicable franchisee shall prevent the franchisee from selling an alternative fuel in lieu of 1 grade of gasoline.''.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 101(13) of the Petroleum Marketing Practices Act (15 U.S.C. 2801(13)) is amended by adjusting the indentation of subparagraph (C) appropriately.

(2) TABLE OF CONTENTS.—The table of contents of the Petroleum Marketing Practices Act (15 U.S.C. 2801 note) is amended by inserting after the item relating to section 106 the following:

''Sec. 107. Prohibition on restriction of installation of alternative fuel pumps.''.

SEC. 507. PIPELINE FEASIBILITY STUDY.

(a) IN GENERAL.—The Secretary of Energy, in consultation with the Secretary of Transportation, shall conduct a study of the feasibility of the construction of dedicated ethanol pipelines.

(b) FACTORS.—In conducting the study, the Secretary of Energy shall consider—

(1) the quantity of ethanol production that would make dedicated pipelines economically viable;

(2) existing or potential barriers to dedicated ethanol pipelines, including technical, siting, financing, and regulatory barriers;

(3) market risk (including throughput risk) and means of mitigating the risk;

(4) regulatory, financing, and siting options that would mitigate risk in those areas and help ensure the construction of 1 or more dedicated ethanol pipelines;

(5) financial incentives that may be necessary for the construction of dedicated ethanol pipelines, including the return on equity that sponsors of the initial dedicated ethanol pipelines will require to invest in the pipelines;

(6) technical factors that may compromise the safe transportation of ethanol in pipelines, including an identification of any remedial or preventative measures to ensure pipeline integrity; and

(7) such other factors as the Secretary of Energy considers to be appropriate.

(c) REPORT.—Not later than 15 months after the date of enactment of this Act, the Secretary of Energy shall submit to Congress a report describing the results of the study conducted under this section.

SEC. 508. PUBLIC ACCESS TO FEDERAL ALTERNATIVE REFUELING STATIONS.

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL REFUELING STATION.—The term ''alternative fuel refueling station'' has the meaning given the term ''qualified alternative fuel vehicle refueling property'' in section 30C(c)(1) of the Internal Revenue Code of 1986.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(b) ACCESS TO FEDERAL ALTERNATIVE REFUELING STATIONS.—Not later than 18 months after the date of enactment of this Act—

(1) except as provided in subsection (d)(1), any Federal property that includes at least 1 fuel refueling station shall include at least 1 alternative fuel refueling station; and

(2) except as provided in subsection (d)(2), any alternative fuel refueling station located on property owned by the Federal government shall permit full public access for the purpose of refueling using alternative fuel.

(c) DURATION.—The requirements described in subsection (b) shall remain in effect until the sooner of—

(1) the date that is 7 years after the date of enactment of this Act; or

(2) the date on which the Secretary determines that not less than 5 percent of the commercial refueling infrastructure in the United States offers alternative fuels to the general public.

(d) EXCEPTIONS.—

(1) WAIVER.—Subsection (b)(1) shall not apply to any Federal property under the jurisdiction of a Federal agency if the Secretary determines that alternative fuel is not reasonably available to retail purchasers of the fuel, as certified by the head of the agency to the Secretary.

(2) NATIONAL SECURITY EXEMPTION.—Subsection (b)(2) does not apply to property of the Federal government that the Secretary, in consultation with the Secretary of Defense, has certified must be exempt for national security reasons.

(e) REPORT.—Not later than October 31 of each year beginning after the date of enactment of this Act, the President shall submit to Congress a report that describes the progress of the agencies of the Federal Government (including the Executive Office of the President) in complying with—

(1) the Energy Policy Act of 1992 (42 U.S.C. 13201 et seq.);

(2) Executive Order 13149 (65 Fed. Reg. 24595; relating to greening the government through Federal fleet and transportation efficiency); and

(3) the fueling center requirements of this section.

SA 1712. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 239, strike line 16 and all that follows through page 263, line 8 and insert the following:

TITLE V—CORPORATE AVERAGE FUEL ECONOMY STANDARDS

SEC. 501. INCREASING THE EFFICIENCY OF AUTOMOBILES.

(a) DEFINITIONS.—In this section:

(1) AUTOMOBILE.—The term ''automobile'' means, as defined in regulations promulgated by the Administrator of the Environmental Protection Agency that are in effect on the date of the enactment of this Act—

(A) a light-duty truck;

(B) a light-duty vehicle; or

(C) a medium-duty passenger vehicle.

(2) ALTERNATIVE FUEL.—The term ''alternative fuel'' has the meaning given the term in section 32901(a) of title 49, United States Code.

(3) E85.—The term ''E85'' means a fuel blend containing 85 percent denatured ethanol and 15 percent gasoline by volume.

(4) FLEXIBLE FUEL AUTOMOBILE.—The term ''flexible fuel automobile'' means an automobile warrantied by the manufacturer of the vehicle to operate on any combination of gasoline, E85, and M85 or diesel fuel blends containing not less than 20 percent non-petroleum based fuel alternatives.

(5) HYBRID MOTOR VEHICLE.—The term ''hybrid motor vehicle'' means a new qualified hybrid motor vehicle (as defined in section 30B(d)(3) of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy.

(6) M85.—The term ''M85'' means a fuel blend containing 85 percent methanol and 15 percent gasoline by volume.

(7) PLUG-IN HYBRID AUTOMOBILE.—The term ''plug-in hybrid automobile'' means a hybrid automobile that—

(A) has an onboard, rechargeable storage device capable of propelling the vehicle by electricity for at least 10 miles; and

(B) achieves at least 125 percent of the model year 2002 city fuel economy.

(8) QUALIFIED AUTOMOBILE.—The term ''qualified automobile'' means—

(A) a new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy;

(B) an alternative fueled automobile (as defined in section 32901(a) of title 49, United States Code);

(C) a flexible fuel automobile;

(D) a new qualified fuel cell motor vehicle (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) a hybrid automobile;

(F) a plug-in hybrid automobile;

(G) an electric automobile;

(H) a hydrogen internal combustion engine automobile; and

(I) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model year 2002 city fuel economy, as determined by the Secretary of Transportation, by regulation.

(b) REQUIREMENTS.—

(1) IN GENERAL.—For each model year, the percentage of new automobiles manufactured by a manufacturer for sale in the United States that are qualified automobiles shall be not less than the corresponding percentage in the following table:

For model year:	The percentage that are qualified automobiles shall be not less than:
2012	20 percent
2013	30 percent
2014	40 percent
2015 and thereafter	50 percent

(2) NEW TECHNOLOGY.—Not less than 10 percent of the number of qualified automobiles required to be manufactured by a manufacturer for sale in the United States in each model year after 2016 pursuant to paragraph (1), shall be—

(A) hybrid automobiles;

(B) plug-in hybrid automobiles;

(C) new advanced lean burn technology motor vehicles (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986);

(D) new qualified fuel cell motor vehicles (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) electric automobiles; or

(F) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model year 2002 combined fuel economy, as determined by the Secretary of Transportation, by regulation.

(c) QUALIFIED AUTOMOBILE CREDITS.—

(1) IN GENERAL.—The Secretary shall issue qualified automobile production credits to

manufacturers for automobiles manufactured for model year 2012 and for each subsequent model year, in accordance with this subsection.

(2) EFFECT OF CREDIT.—Each credit issued to a manufacturer under this subsection shall reduce the qualified automobile mandate requirement under subsection (b)(1) by 1 automobile for the model year to which the credit applies.

(3) RATE OF CREDIT ISSUANCE.—For each qualified automobile (except for automobiles described in subparagraphs (B) and (C) of subsection (a)(8)) manufactured for model year 2012, 2013, 2014, 2015, or 2016, the manufacturer shall be issued—

(A) 1.25 qualified automobile production credits if the combined fuel economy for such automobile is greater than 110 percent and less than 125 percent of the combined fuel economy of the model year 2002 inertia weight class;

(B) 1.5 qualified automobile production credits if the combined fuel economy for such automobile is at least 125 percent and less than 150 percent of the combined fuel economy of the model year 2002 inertia weight class;

(C) 2.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 150 percent and less than 175 percent of the combined fuel economy of the model year 2002 inertia weight class; and

(D) 3.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 175 percent of the combined fuel economy of the model year 2002 inertia weight class;

(4) DEFINED TERM.—For purposes of this paragraph, the term ''model year 2002 inertia weight class'' has the same meaning as the term ''vehicle inertia weight class'' as defined in Section 30B of the Internal Revenue Code of 1986.

(d) RULEMAKING.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Transportation shall promulgate regulations to carry out this section.

SEC. 502. AVERAGE FUEL ECONOMY STANDARDS FOR AUTOMOBILES.

(a) INCREASED STANDARDS.—Section 32902 of title 49, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

''(a) NONPASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for nonpassenger automobiles manufactured by a manufacturer in that model year.

''(B) STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of nonpassenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2012 THROUGH 2014.—Not later than April 1, 2010, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2012, 2013, and 2014. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2015.—Not later than April 1, 2013, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2015—

''(A) at least 25.3 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2016 THROUGH 2019.—Not later than April 1, 2014, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2016, 2017, 2018, and 2019. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2020.—Not later than April 1, 2018, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2020—

''(A) at least 27.7 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2021 THROUGH 2024.—Not later than April 1, 2019, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2021, 2022, 2023, and 2024. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(7) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2025 AND THEREAFTER.—Not later than April 1, 2023, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2025 and each subsequent model year—

''(A) at least 30 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).''; and

(2) by amending subsection (b) to read as follows:

''(b) PASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year after model year 2011, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for passenger automobiles manufactured by a manufacturer in that model year.

''(B) AUTHORITY FOR PRESCRIPTION OF DIFFERING STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of passenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2012.—Not later than April 1, 2010, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2012—

''(A) at least 29 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2013 THROUGH 2016.—Not later than April 1, 2011, the Secretary shall establish average fuel economy standards for passenger automobiles for each of the model years 2013, 2014, 2015, and 2016. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2017.—Not later than April 1, 2015, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2017—

''(A) at least 32.5 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2018 THROUGH 2021.—Not later than April 1, 2016, the Secretary shall establish average fuel economy standards for passenger automobiles for model years 2018, 2019, 2020, and 2021. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2022 AND THEREAFTER.—Not later than April 1, 2020, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2022 and each subsequent model year—

''(A) at least 36 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(7) MINIMUM FOR AVERAGE FUEL ECONOMY STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, for any model year in which the Secretary prescribes average fuel economy standards for passenger automobiles on the basis of vehicle attributes pursuant to subsection (j), the average fuel economy standard for passenger automobiles manufactured by a manufacturer in that model year shall also provide for an alternative minimum standard that shall apply only to a manufacturer's domestically manufactured passenger automobiles, as calculated under section 32904 as in effect on the day before the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

''(B) ALTERNATIVE MINIMUM STANDARD.—The alternative minimum standard referred

to in subparagraph (A) shall be the greater of—

''(i) 27.5 miles per gallon; or

''(ii) 92 percent of the average fuel economy projected by the Secretary for the combined domestic and foreign fleets manufactured for sale in the United States by all manufacturers in that model year, which projection shall be published in the Federal Register when the standard for that model year is promulgated in accordance with this section.

''(C) APPLICABILITY.—The alternative minimum standard under this paragraph shall apply to a manufacturer's domestically manufactured passenger automobiles only if the passenger automobile standard established on the basis of vehicle attributes pursuant to subsection (j), excluding any credits transferred by the manufacturer pursuant to subsection (g) from other categories of automobiles described in paragraph (5)(B), would allow that manufacturer to comply with a less stringent passenger automobile standard than the alternative minimum standard.''.

(b) REPEAL OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE FUEL ECONOMY STANDARDS.—

(1) IN GENERAL.—Section 32902 of title 49, United States Code, is amended—

(A) by striking subsection (c); and

(B) by redesignating subsections (d) through (j) as subsections (c) through (i), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Section 32901(a)(12) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(B) Section 32902 of such title is amended—

(i) in subsection (c)(1), as redesignated by paragraph (1)(B), by striking ''under subsection (b) or (c)'' and inserting ''under subsection (b)'';

(ii) in subsection (d)(2), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (b), (c), or (d)'' and inserting ''under subsection (a), (b), or (c)'';

(iii) in subsection (f), as redesignated by paragraph (1)(B)—

(I) in paragraph (1)—

(aa) by striking ''under subsection (a) or (d)'' and inserting ''under subsection (a), (b), or (c)''; and

(bb) by striking ''of subsection (a) or (d)'' and inserting ''of subsection (a), (b), or (c)''; and

(II) in paragraph (2), by striking ''(and submit the amendment to Congress when required under subsection (c)(2) of this section)'';

(iv) in subsection (g), as redesignated by paragraph (1)(B), by striking ''carrying out subsections (c), (f), and (g)'' and inserting ''carrying out subsections (a), (b), (e), and (f)''; and

(v) in subsection (i), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (c), or (g) of this section'' and inserting ''under subsection (a), (b), or (f)''.

(C) Section 32904(a)(1)(B) of such title is amended by striking ''section 32902(b)-(d)'' and inserting ''subsections (b) and (c) of section 32902''.

(D) Section 32907(a)(4) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(E) Section 32909(b) of such title is amended by striking '', except that a petition for review'' and all that follows through ''referred to in section 32902(c)(2)''.

(F) Section 32917(b)(1)(B) of such title is amended by striking ''or (c)''.

(c) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—Section 32902 of title 49, United States Code, as amended by this section, is further amended by adding at the end the following:

''(j) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(1) IN GENERAL.—The authority of the Secretary of Transportation to prescribe by regulation average fuel economy standards for passenger automobiles and nonpassenger automobiles includes the authority to prescribe standards based on vehicle attributes related to fuel economy and to express any such attribute-based standard in the form of a mathematical function.

''(2) TRANSITION PERIOD.—If the Secretary prescribes standards for passenger automobiles on the basis of vehicle attributes, the Secretary shall provide a transition period during the first 3 model years in which an attribute-based standard would apply during which each manufacturer may elect whether to comply with the attribute-based standard or with the single corporate average fuel economy level prescribed under subsection (b).

''(3) PRESCRIPTION OF STANDARDS FOR MULTIPLE YEARS.—The authority of the Secretary to prescribe by regulation average fuel economy standards for automobiles includes the authority to prescribe standards by issuing regulations governing more than 1 model year at a time, up to 5 consecutive model years.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 32901(a) of title 49, United States Code, is amended—

(A) by redesignating paragraph (16) as paragraph (17); and

(B) by inserting after paragraph (15) the following:

''(16) 'nonpassenger automobile' means an automobile that is not a passenger automobile; and''.

(2) Section 32903 of title 49, United States Code, is amended—

(A) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(B) in subsection (a)(2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)''; and

(C) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) TRANSITION FOR PASSENGER AUTOMOBILES.—The standard or standards for passenger automobiles under the authority of section 32902(b) of title 49, United States Code, in effect on the day before the date of the enactment of this Act, shall remain in effect until a standard for passenger automobiles is established under the authority of section 32902(b) of such title, as amended by this section.

(3) AVERAGE FUEL ECONOMY STANDARD FOR NONPASSENGER AUTOMOBILES IN MODEL YEARS THROUGH 2011.—The average fuel economy standard for nonpassenger automobiles, under the authority of section 32902(a) of such title for model years through 2011, shall be the standard described in the final rule issued by the National Highway Traffic Safety Administration entitled ''Average Fuel Economy Standards for Light Trucks Model Years 2008–2011'' (71 Fed. Reg. 17566), as amended in a notice published by the National Highway Traffic Safety Administration on April 14, 2006 (71 Fed. Reg. 19449).

SEC. 503. FUEL EFFICIENCY TARGET FOR COMMERCIAL MEDIUM-DUTY AND HEAVY-DUTY ON-HIGHWAY VEHICLES.

Section 32902 of title 49, United States Code, as amended by section 502, is further amended by adding at the end the following:

''(k) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLES.—

''(1) STUDY.—Not later than 18 months after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall examine the fuel efficiency of commercial medium- and heavy-duty on-highway vehicles and determine—

''(A) the appropriate test procedures and methodologies for measuring commercial medium- and heavy-duty on-highway vehicle fuel efficiency;

''(B) the appropriate metric for measuring and expressing commercial medium- and heavy-duty on-highway vehicle fuel efficiency performance, taking into consideration, among other things, the work performed by such on-highway vehicles and types of operations in which they are used;

''(C) the range of factors, including, without limitation, design, functionality, use, duty cycle, infrastructure, and total overall energy consumption and operating costs that effect commercial medium- and heavy-duty on-highway vehicle fuel efficiency; and

''(D) such other factors and conditions that could have an impact on a program to improve commercial medium- and heavy-duty on-highway vehicle fuel efficiency.

''(2) RULEMAKING.—Not later than 24 months after completion of the study required under paragraph (1), the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, and based on the results of that study, shall determine in a rulemaking procedure how to implement a commercial medium- and heavy-duty on-highway vehicle fuel efficiency improvement program and, as appropriate, shall adopt test methods, measurement metrics, fuel efficiency targets, and compliance and enforcement protocols that are appropriate, cost-effective, and technologically feasible for commercial medium- and heavy-duty on-highway vehicles.

''(3) LEAD-TIME; REGULATORY STABILITY.—Any commercial medium- and heavy-duty on-highway vehicle fuel efficiency regulatory program adopted pursuant to this subsection shall provide no less than 4 full model years of regulatory lead-time and 3 full model years of regulatory stability.

''(4) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLE DEFINED.—In this subsection, the term 'commercial medium- and heavy-duty on-highway vehicle' means a commercial on-highway vehicle with a gross vehicle weight rating of more than 10,000 pounds.''.

SEC. 504. CREDIT AVAILABILITY.

(a) IN GENERAL.—Section 32903 of title 49, United States Code, is amended—

(1) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(2) in subsection (a)—

(A) by striking ''3 consecutive model years'' each place it appears and inserting ''5 consecutive model years''; and

(B) in paragraph (2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)'';

(3) in subsection (b)—

(A) in paragraph (1), by striking ''paragraph (2) of this subsection'' and inserting ''paragraph (2) and subsection (g)''; and

(B) in paragraph (2), by striking ''3 model years'' and inserting ''5 model years'';

(4) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''; and

(5) by adding at the end the following:

''(g) CREDIT TRANSFERRING WITHIN A MANUFACTURER'S FLEET.—

''(1) AVERAGE FUEL ECONOMY CREDIT TRANSFERRING PROGRAM.—The Secretary of Transportation shall establish, by regulation, a corporate average fuel economy credit transferring program to allow any manufacturer whose automobiles exceed any of the average fuel economy standards prescribed under section 32902 to transfer the credits earned under this section and to apply them within that manufacturer's fleet to a compliance category of automobiles that fails to achieve the prescribed standards.

''(2) AVAILABILITY OF CREDITS TRANSFERRED.—Credits transferred under this section are available to be used in the same model years that the manufacturer could have applied them under subsections (a), (b), (d) and (e) as well as for the model year in which the manufacturer earned them. The maximum increase in any compliance category attributable to transferred credits is 1.0 mile per gallon in any single model year.

''(3) LIMITATION ON CREDIT TRANSFERS TO CATEGORY OF PASSENGER AUTOMOBILES.—In the case of transfers to the category of automobiles described in paragraph 5(B)(i), the transfer is limited to the extent that the fuel economy level of the manufacturer's fleet of passenger automobiles manufactured domestically shall comply with the provisions established under section 32902(b)(7), excluding any transfers from other categories of automobiles described in paragraph 5(B).

''(4) EFFECTIVE DATE.—A credit transferred in conformance with this section may only be so transferred if such credit is earned no earlier than the first model year after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

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

''(A) FLEET.—The term 'fleet' means all automobiles manufactured by a manufacturer in a given model year.

''(B) COMPLIANCE CATEGORY OF AUTOMOBILES.—The term 'compliance category of automobiles' means any of the 3 categories of automobiles for which compliance is separately calculated under this chapter, namely—

''(i) passenger automobiles manufactured domestically;

''(ii) passenger automobiles not manufactured domestically; and

''(iii) nonpassenger automobiles.''.

(b) FLEXIBLE FUELED VEHICLES.—

(1) EXTENSION OF ALTERNATIVE FUEL AUTOMOBILES MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' each place it appears and inserting ''1993 through 2020.'';

(B) by striking subsections (f) and (g); and

(C) by redesignating subsection (h) as subsection (f).

(2) EXTENSION OF MAXIMUM INCREASE PERIOD.—Section 32906(a) of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' and inserting ''1993 through 2020'';

(B) in paragraph (1)—

(i) in subparagraph (A), by striking ''(A)''; and

(ii) by striking subparagraph (B); and

(C) in paragraph (2), by striking ''described—'' and all that follows and inserting ''is more than 1.2 miles per gallon, the limitation in paragraph (1) applies.''.

SEC. 505. RESEARCH ON AND DEVELOPMENT OF LEAP-AHEAD TECHNOLOGY.

(a) PROGRAM.—The Secretary of Energy (referred to in this section as the ''Secretary''), in cooperation with heads of other Federal agencies, shall carry out a comprehensive program to develop advanced vehicle technologies (including associated components and parts) that will offer—

(1) the potential for significantly-improved fuel economy; and

(2) significant reductions in emissions.

(b) COMPONENTS.—The program carried out under subsection (a) shall include research and development in the areas of—

(1) advanced lightweight materials;

(2) advanced battery technology and battery systems;

(3) hybrid systems, including—

(A) power electronics, electric motors, power control units, and power controls;

(B) hydraulic accumulators or other energy storage devices; and

(C) testing and analysis;

(4) plug-in hybrids;

(5) advanced clean diesel;

(6) hydrogen internal combustion engines;

(7) fuel cell technology;

(8) hydrogen storage;

(9) fuel cell membranes;

(10) cellulosic ethanol;

(11) biodiesel fuel;

(12) biodiesel fuel and technology;

(13) ethanol and biofuels technology; and

(14) such other related areas as the Secretary determines to be appropriate.

(c) ADVANCED LIGHTWEIGHT MATERIALS.—In carrying out this section, the Secretary shall carry out an advanced lightweight materials research and development program the primary focuses of which shall include—

(1) the provision of—

(A) technical advice for compliance with applicable Federal and State environmental requirements;

(B) assistance in identifying supply sources and securing long-term contracts; and

(C) public outreach, education, and labeling materials; and

(2) the development of—

(A) low-cost, durable, abuse-tolerant lithium ion-based chemistries or other advanced chemistries;

(B) advanced lightweight steels that provide a 30-percent weight reduction;

(C) advanced lightweight metals (such as magnesium, aluminum, and titanium);

(D) advanced composites, particularly carbon fiber precursors and forming; and

(E) advanced forming and joining processes for lightweight materials, including mixed materials (such as combinations of steel, aluminum, magnesium, and carbon fiber into a single assembly or vehicle).

(d) ADVANCED BATTERIES.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out an advanced battery program the primary focuses of which shall be—

(A) research in the chemistry of exploratory battery technologies (other than lithium ion batteries); and

(B) battery and battery systems production process research and development.

(2) INDUSTRY ALLIANCE.—In carrying out the advanced battery program under this subsection, the Secretary shall competitively select an Industry Alliance to represent participants who are private, for-profit firms headquartered in the United States, the primary business of which is the manufacturing of batteries and battery systems.

(3) RESEARCH.—

(A) GRANTS.—The Secretary shall carry out research activities of the Initiative through competitively-awarded grants to—

(i) researchers, including Industry Alliance participants;

(ii) small businesses;

(iii) National Laboratories; and

(iv) institutions of higher education.

(B) INDUSTRY ALLIANCE.—The Secretary shall annually solicit from the Industry Alliance—

(i) comments to identify advanced battery technology needs relevant to electric drive technology;

(ii) an assessment of the progress of research activities of the Initiative; and

(iii) assistance in annually updating advanced battery technology road maps.

(4) AVAILABILITY TO THE PUBLIC.—The information and road maps developed under this subsection shall be available to the public.

(5) PREFERENCE.—In making awards under this subsection, the Secretary shall give preference to participants in the Industry Alliance.

(6) COST SHARING.—In carrying out this subsection, the Secretary shall require cost sharing in accordance with section 120(b) of title 23, United States Code.

(e) HYBRID SYSTEMS.—In carrying out this section, the Secretary shall carry out a program relating to hybrid systems, the primary focus of which shall be research on and development of—

(1) advanced electric traction systems and wheel motors;

(2) advanced power electronics;

(3) systems integration; and

(4) hydraulic accumulators or other energy storage devices.

(f) PLUG-IN HYBRIDS.—In carrying out this section, the Secretary shall carry out a program relating to plug-in hybrids, the primary focus of which shall be—

(1) research on and development of advanced batteries with appropriate power to energy ratios necessary for minimum electric range and vehicle performance, such as acceleration; and

(2) the early demonstration of vehicles and infrastructure through the provision of procurement assistance to fleet purchasers.

(g) ADVANCED CLEAN DIESEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to diesel combustion and emissions, the primary focuses of which shall be—

(1) the development of clean-burn and after treatment technologies, including advanced low-temperature combustion (including homogeneous charge compression-ignition);

(2) the development of mixed mode operation that combines attributes of compression- and spark-ignition engine technologies;

(3) the integration of advanced technologies, including increased expansion ratio, variable valve timing, reduced friction, and improved exhaust gas heat recovery;

(4) the development of NO_x after treatment systems, including absorber-catalysts, selective catalytic reduction, and lean NO_x catalysts;

(5) the development of particulate matter after treatment systems;

(6) the development of powertrain integration of engine and after treatment systems; and

(7) enhancements in durability and reliability and reduction of costs.

(h) HYDROGEN INTERNAL COMBUSTION ENGINES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen internal combustion engines, the primary focuses of which shall be—

(1) to advance hydrogen internal combustion engine technology to a level at which the robustness and durability of such an engine would be acceptable to real-world customers; and

(2) to use those engines to provide an affordable transition to a hydrogen economy by creating a demand for hydrogen refueling infrastructure and bridging to hydrogen-powered fuel cells.

(i) FUEL CELL TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell technology, the primary focuses of which shall be research on and development of—

(1) fuel cell stack components and fuel cell manufacturing processes; and

(2) materials resistant to hydrogen embrittlement.

(j) HYDROGEN STORAGE.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen storage, the primary focus of which shall be research on and development of competitive storage methods for sufficient quantities of hydrogen onboard a vehicle (including a demonstration of hydrogen refueling infrastructure for not less than 10 nor more than 20 stations)—

(1) to enable increased development and use of hydrogen internal combustion engines and hydrogen-powered fuel cell vehicles; and

(2) to meet or surpass the customer-discernable attributes of vehicles available as of the date of enactment of this Act with respect to range and cost per mile.

(k) FUEL CELL MEMBRANES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell membranes, the primary focuses of which shall be—

(1) the achievement of a fundamental understanding of the catalytic materials for fuel cells; and

(2) the development of low-cost fuel cell membranes.

(l) CELLULOSIC ETHANOL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to cellulosic ethanol, the primary focus of which shall be research on and development of enzymes necessary for the production of cellulosic ethanol.

(m) BIODIESEL FUEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the development of a national B–20 standard;

(2) fundamental research on biomass-to-liquid alternatives;

(3) total lifecycle analyses of the total potential for petroleum replacement, total fossil fuel replacement, or greenhouse gas reductions for biodiesel options;

(4) an assessment of feedstock options; and

(5) an assessment of the effects on engine durability and reliability including the effects due to fuel quality variations, stability, and degradation parameters.

(n) BIODIESEL FUEL AND TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the evaluation and optimization of B–100 processing variables to enhance blendstock stability, maintain uniform quality and specifications, and reduce cost;

(2) the development and expansion of processing, blending, and distribution infrastructure;

(3) the development of standardized labeling and dispensing of equipment information;

(4) establishment of a consumer education outreach program;

(5) assessment and evaluation of biodiesel on advanced engine (such as high-pressure injector) and after treatment components; and

(6) assessment of the effects of biodiesel on advanced combustion clean-burn strategies.

(o) ETHANOL AND BIOFUELS TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to ethanol and biofuels technology, the primary focus of which shall be research and development into—

(1) ethanol and biofuels transport systems, such as truck, rail, and pipelines;

(2) advanced high-efficiency combustion research for fuels, such as E–85;

(3) materials compatibility for E–85 fuel;

(4) E–85 vehicle engineering and calibration to speed conversion of systems; and

(5) advanced combustion and after-treatment systems to support fuel efficiency gains.

(p) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) to carry out subsection (a), $60,000,000 for each of fiscal years 2008 through 2012;

(2) to carry out subsection (b), $143,000,000 for each of the fiscal years 2008 through 2012;

(3) to conduct research and development into hybrid systems (power electronics, electric motors, hydraulic accumulators, other energy storage devices, testing, and analysis), $64,000,000 for each of the fiscal years 2008 through 2012;

(4) to conduct research and development into plug-in hybrids, $56,000,000 for each of the fiscal years 2008 through 2012;

(5) to conduct research and development into advanced clean diesel, $54,000,000 for each of the fiscal years 2008 through 2010;

(6) to conduct research and development into hydrogen internal combustion engines, $11,000,000 for each of the fiscal years 2008 through 2012;

(7) to conduct research and development into fuel cell technology, $40,000,000 for each of the fiscal years 2008 through 2012;

(8) to conduct research and development into hydrogen storage, $88,000,000 for each of the fiscal years 2008 through 2012;

(9) to conduct research and development into fuel cell membranes, $64,000,000 for each of the fiscal years 2008 through 2012;

(10) to conduct research and development into cellulosic ethanol, $340,000,000 for each of the fiscal years 2008 through 2012;

(11) to conduct research and development into biodiesel fuel and technology, $7,000,000 for each of the fiscal years 2008 through 2012; and

(12) to conduct research and development into ethanol biofuels technology, $23,000,000 for each of the fiscal years 2008 through 2012.

SEC. 506. PROHIBITION ON FRANCHISE AGREEMENT RESTRICTIONS RELATED TO ALTERNATIVE FUEL INFRASTRUCTURE.

(a) IN GENERAL.—Title I of the Petroleum Marketing Practices Act (15 U.S.C. 2801 et seq.) is amended by adding at the end the following:

"SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLATION OF ALTERNATIVE FUEL PUMPS.

''(a) DEFINITION.—In this section:

''(1) ALTERNATIVE FUEL.—The term 'alternative fuel' means any fuel—

''(A) at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or any combination of those fuels; or

''(B) any mixture of biodiesel (as defined in section 40A(d)(1) of the Internal Revenue Code of 1986) and diesel fuel (as defined in section 4083(a)(3) of the Internal Revenue Code of 1986), determined without regard to any use of kerosene and containing at least 20 percent biodiesel.

''(2) FRANCHISE-RELATED DOCUMENT.—The term 'franchise-related document' means—

''(A) a franchise under this Act; and

''(B) any other contract or directive of a franchisor relating to terms or conditions of the sale of fuel by a franchisee.

''(b) PROHIBITIONS.—

''(1) IN GENERAL.—Notwithstanding any provision of a franchise-related document in effect on the date of enactment of this section, no franchisee or affiliate of a franchisee shall be restricted from—

''(A) installing on the marketing premises of the franchisee an alternative fuel pump or storage tank;

''(B) converting an existing tank and pump on the marketing premises of the franchisee for alternative fuel use;

''(C) advertising (including through the use of signage or logos) the sale of any alternative fuel;

''(D) selling alternative fuel in any specified area on the marketing premises of the franchisee (including any area in which a name or logo of a franchisor or any other entity appears);

''(E) purchasing alternative fuel solely from the franchisor if the franchisor does not offer its own renewable fuel for sale by the franchisee;

''(F) listing alternative fuel availability or prices, including on service station signs, fuel dispensers, or light poles; or

''(G) allowing payment of alternative fuel with a credit card.

''(2) ENFORCEMENT.—Any restriction described in paragraph (1) that is contained in a franchise-related document and in effect on the date of enactment of this section—

''(A) shall be considered to be null and void as of that date; and

''(B) shall not be enforced under section 105.

''(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No franchise-related document that requires that 3 grades of gasoline be sold by the applicable franchisee shall prevent the franchisee from selling an alternative fuel in lieu of 1 grade of gasoline.''.

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 101(13) of the Petroleum Marketing Practices Act (15 U.S.C. 2801(13)) is amended by adjusting the indentation of subparagraph (C) appropriately.

(2) TABLE OF CONTENTS.—The table of contents of the Petroleum Marketing Practices Act (15 U.S.C. 2801 note) is amended by inserting after the item relating to section 106 the following:

''Sec. 107. Prohibition on restriction of installation of alternative fuel pumps.''.

SEC. 507. PUBLIC ACCESS TO FEDERAL ALTERNATIVE REFUELING STATIONS.

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL REFUELING STATION.—The term ''alternative fuel refueling station'' has the meaning given the term ''qualified alternative fuel vehicle refueling property'' in section 30C(c)(1) of the Internal Revenue Code of 1986.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(b) ACCESS TO FEDERAL ALTERNATIVE REFUELING STATIONS.—Not later than 18 months after the date of enactment of this Act—

(1) except as provided in subsection (d)(1), any Federal property that includes at least 1 fuel refueling station shall include at least 1 alternative fuel refueling station; and

(2) except as provided in subsection (d)(2), any alternative fuel refueling station located on property owned by the Federal government shall permit full public access for the purpose of refueling using alternative fuel.

(c) DURATION.—The requirements described in subsection (b) shall remain in effect until the sooner of—

(1) the date that is 7 years after the date of enactment of this Act; or

(2) the date on which the Secretary determines that not less than 5 percent of the commercial refueling infrastructure in the United States offers alternative fuels to the general public.

(d) EXCEPTIONS.—

(1) WAIVER.—Subsection (b)(1) shall not apply to any Federal property under the jurisdiction of a Federal agency if the Secretary determines that alternative fuel is not reasonably available to retail purchasers of the fuel, as certified by the head of the agency to the Secretary.

(2) NATIONAL SECURITY EXEMPTION.—Subsection (b)(2) shall not apply to property of the Federal government that the Secretary, in consultation with the Secretary of Defense, has certified must be exempt for national security reasons.

(e) REPORT.—Not later than October 31 of each year beginning after the date of enactment of this Act, the President shall submit to Congress a report that describes the progress of the agencies of the Federal Government (including the Executive Office of the President) in complying with—

(1) the Energy Policy Act of 1992 (42 U.S.C. 13201 et seq.);

(2) Executive Order 13149 (65 Fed. Reg. 24595; relating to greening the government through Federal fleet and transportation efficiency); and

(3) the fueling center requirements of this section.

SEC. 508. LABELS FOR FUEL ECONOMY AND GREENHOUSE GAS EMISSIONS.

Section 32908(b) of title 49, United States Code, is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraph (F) as subparagraph (H); and

(B) by inserting after subparagraph (E) the following:

''(F) a label (or a logo imprinted on a label required by this paragraph) that—

''(i) reflects an automobile's performance on the basis of criteria developed by the Administrator to reflect the fuel economy and greenhouse gas and other emissions consequences of operating the automobile over its likely useful life;

''(ii) permits consumers to compare performance results under clause (i) among all automobiles; and

''(iii) is designed to encourage the manufacture and sale of automobiles that meet or exceed applicable fuel economy standards under section 32902.

''(G) a fuelstar under paragraph (5).''; and

(2) by adding at the end the following:

''(4) GREEN LABEL PROGRAM.—

''(A) MARKETING ANALYSIS.—Not later than 2 years after the date of the enactment of the Ten-in-Ten Fuel Economy Act, the Administrator shall implement a consumer education program and execute marketing strategies to improve consumer understanding of automobile performance described in paragraph (1)(F).

''(B) ELIGIBILITY.—Not later than 3 years after the date described in subparagraph (A), the Administrator shall issue requirements for the label or logo required under paragraph (1)(F) to ensure that an automobile is not eligible for the label or logo unless it—

''(i) meets or exceeds the applicable fuel economy standard; or

''(ii) will have the lowest greenhouse gas emissions over the useful life of the vehicle of all vehicles in the vehicle attribute class to which it belongs in that model year.

''(5) FUELSTAR PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a program, to be known as the 'Fuelstar Program', under which stars shall be imprinted on or attached to the label required by paragraph (1).

''(B) GREEN STARS.—Under the Fuelstar Program, a manufacturer may include on the label maintained on an automobile under paragraph (1)—

''(i) 1 green star for any automobile that meets the average fuel economy standard for the model year under section 32902;

''(ii) 1 additional green star for each 2 miles per gallon by which the automobile exceeds such standard; and

''(iii) 1 additional green star for the use of thermal management technologies, including energy efficient air conditioning systems, glass, and powertrain systems.

''(C) GOLD STARS.—Under the Fuelstar Program, a manufacturer may include a gold star on the label maintained on an automobile under paragraph (1) if the automobile attains a fuel economy of at least 50 miles per gallon.''.

SEC. 509. NATIONAL ACADEMY OF SCIENCES STUDIES.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of Transportation shall execute an agreement with the National Academy of Sciences to develop a report evaluating vehicle fuel economy standards, including—

(1) an assessment of automotive technologies and costs to reflect developments since the Academy's 2002 report evaluating the corporate average fuel economy standards was conducted;

(2) an analysis of existing and potential technologies that may be used practically to improve automobile fuel economy;

(3) an analysis of how such technologies may be practically integrated into the automotive manufacturing process; and

(4) an assessment of how such technologies may be used to meet the new fuel economy standards under chapter 329 of title 49, United States Code, as amended by this title.

(b) QUINQUENNIAL UPDATES.—After submitting the initial report, the Academy shall update the report at 5 year intervals thereafter through 2025.

(c) REPORT.—The Academy shall submit the report to the Secretary, the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Energy and Commerce, with its findings and recommendations no later than 18 months after the date on which the Secretary executes the agreement with the Academy.

SEC. 510. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES.

(a) IN GENERAL.—Section 32917 of title 49, United States Code, is amended to read as follows:

''§ 32917. Standards for Executive agency automobiles

''(a) FUEL EFFICIENCY.—The head of an Executive agency shall ensure that each new automobile procured by the Executive agency is as fuel efficient as practicable.

''(b) DEFINITIONS.—In this section:

''(1) EXECUTIVE AGENCY.—The term 'Executive agency' has the meaning given that term in section 105 of title 5.

''(2) NEW AUTOMOBILE.—The term 'new automobile', with respect to the fleet of automobiles of an executive agency, means an automobile that is leased for at least 60 consecutive days or bought, by or for the Executive agency, after September 30, 2008. The term does not include any vehicle designed for combat-related missions, law enforcement work, or emergency rescue work.''.

(b) REPORT.—The Administrator of the General Services Administration shall develop a report describing and evaluating the efforts of the heads of the Executive agencies to comply with section 32917 of title 49, United States Code, for fiscal year 2009. The Administrator shall submit the report to Congress no later than December 31, 2009.

SA 1713. Mr. PRYOR (for himself, Mr. BOND, Mr. LEVIN, Mr. VOINOVICH, Ms. STABENOW, and Mrs. MCCASKILL) submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 239, strike line 16 and all that follows through page 263, line 8 and insert the following:

TITLE V—CORPORATE AVERAGE FUEL ECONOMY STANDARDS

SEC. 501. INCREASING THE EFFICIENCY OF AUTOMOBILES.

(a) DEFINITIONS.—In this section:

(1) AUTOMOBILE.—The term ''automobile'' means, as defined in regulations promulgated by the Administrator of the Environmental Protection Agency that are in effect on the date of the enactment of this Act—

(A) a light-duty truck;

(B) a light-duty vehicle; or

(C) a medium-duty passenger vehicle.

(2) ALTERNATIVE FUEL.—The term ''alternative fuel'' has the meaning given the term in section 32901(a) of title 49, United States Code.

(3) E85.—The term ''E85'' means a fuel blend containing 85 percent denatured ethanol and 15 percent gasoline by volume.

(4) FLEXIBLE FUEL AUTOMOBILE.—The term ''flexible fuel automobile'' means an automobile warrantied by the manufacturer of the vehicle to operate on any combination of gasoline, E85, and M85 or diesel fuel blends containing not less than 20 percent non-petroleum based fuel alternatives.

(5) HYBRID MOTOR VEHICLE.—The term ''hybrid motor vehicle'' means a new qualified hybrid motor vehicle (as defined in section 30B(d)(3) of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy.

(6) M85.—The term ''M85'' means a fuel blend containing 85 percent methanol and 15 percent gasoline by volume.

(7) PLUG-IN HYBRID AUTOMOBILE.—The term ''plug-in hybrid automobile'' means a hybrid automobile that—

(A) has an onboard, rechargeable storage device capable of propelling the vehicle by electricity for at least 10 miles; and

(B) achieves at least 125 percent of the model year 2002 city fuel economy.

(8) QUALIFIED AUTOMOBILE.—The term ''qualified automobile'' means—

(A) a new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986) that achieves at least 125 percent of the model year 2002 city fuel economy;

(B) an alternative fueled automobile (as defined in section 32901(a) of title 49, United States Code);

(C) a flexible fuel automobile;

(D) a new qualified fuel cell motor vehicle (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) a hybrid automobile;

(F) a plug-in hybrid automobile;

(G) an electric automobile;

(H) a hydrogen internal combustion engine automobile; and

(I) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model

year 2002 city fuel economy, as determined by the Secretary of Transportation, by regulation.

(b) REQUIREMENTS.—

(1) IN GENERAL.—For each model year, the percentage of new automobiles manufactured by a manufacturer for sale in the United States that are qualified automobiles shall be not less than the corresponding percentage in the following table:

For model year:	The percentage that are qualified automobiles shall be not less than:
2012	20 percent
2013	30 percent
2014	40 percent
2015 and thereafter	50 percent

(2) NEW TECHNOLOGY.—Not less than 10 percent of the number of qualified automobiles required to be manufactured by a manufacturer for sale in the United States in each model year after 2016 pursuant to paragraph (1), shall be—

(A) hybrid automobiles;

(B) plug-in hybrid automobiles;

(C) new advanced lean burn technology motor vehicles (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986);

(D) new qualified fuel cell motor vehicles (as defined in section 30B(b)(3) of the Internal Revenue Code of 1986);

(E) electric automobiles; or

(F) any other appropriate automobile that uses substantially new technology and achieves at least 175 percent of the model year 2002 combined fuel economy, as determined by the Secretary of Transportation, by regulation.

(c) QUALIFIED AUTOMOBILE CREDITS.—

(1) IN GENERAL.—The Secretary shall issue qualified automobile production credits to manufacturers for automobiles manufactured for model year 2012 and for each subsequent model year, in accordance with this subsection.

(2) EFFECT OF CREDIT.—Each credit issued to a manufacturer under this subsection shall reduce the qualified automobile mandate requirement under subsection (b)(1) by 1 automobile for the model year to which the credit applies.

(3) RATE OF CREDIT ISSUANCE.—For each qualified automobile (except for automobiles described in subparagraphs (B) and (C) of subsection (a)(8)) manufactured for model year 2012, 2013, 2014, 2015, or 2016, the manufacturer shall be issued—

(A) 1.25 qualified automobile production credits if the combined fuel economy for such automobile is greater than 110 percent and less than 125 percent of the combined fuel economy of the model year 2002 inertia weight class;

(B) 1.5 qualified automobile production credits if the combined fuel economy for such automobile is at least 125 percent and less than 150 percent of the combined fuel economy of the model year 2002 inertia weight class;

(C) 2.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 150 percent and less than 175 percent of the combined fuel economy of the model year 2002 inertia weight class; and

(D) 3.0 qualified automobile production credits if the combined fuel economy for such automobile is at least 175 percent of the combined fuel economy of the model year 2002 inertia weight class;

(4) DEFINED TERM.—For purposes of this paragraph, the term ''model year 2002 inertia weight class'' has the same meaning as the term ''vehicle inertia weight class'' as defined in Section 30B of the Internal Revenue Code of 1986.

(d) RULEMAKING.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Transportation shall promulgate regulations to carry out this section.

SEC. 502. AVERAGE FUEL ECONOMY STANDARDS FOR AUTOMOBILES.

(a) INCREASED STANDARDS.—Section 32902 of title 49, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

''(a) NONPASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for nonpassenger automobiles manufactured by a manufacturer in that model year.

''(B) STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of nonpassenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2012 THROUGH 2014.—Not later than April 1, 2010, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2012, 2013, and 2014. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2015.—Not later than April 1, 2013, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2015—

''(A) at least 25.3 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2016 THROUGH 2019.—Not later than April 1, 2014, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2016, 2017, 2018, and 2019. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2020.—Not later than April 1, 2018, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2020—

''(A) at least 27.7 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2021 THROUGH 2024.—Not later than April 1, 2019, the Secretary shall establish average fuel economy standards for nonpassenger automobiles for each of the model years 2021, 2022, 2023, and 2024. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(7) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2025 AND THEREAFTER.—Not later than April 1, 2023, the Secretary shall establish the average fuel economy standard for nonpassenger automobiles for model year 2025 and each subsequent model year—

''(A) at least 30 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).''; and

(2) by amending subsection (b) to read as follows:

''(b) PASSENGER AUTOMOBILES.—

''(1) ANNUAL PRESCRIPTION OF AVERAGE FUEL ECONOMY STANDARDS.—

''(A) IN GENERAL.—Not later than 18 months before the beginning of each model year after model year 2011, the Secretary of Transportation shall prescribe by regulation average fuel economy standards for passenger automobiles manufactured by a manufacturer in that model year.

''(B) AUTHORITY FOR PRESCRIPTION OF DIFFERING STANDARDS BASED ON CLASS.—The Secretary may prescribe separate standards for different classes of passenger automobiles.

''(C) STANDARDS BASED ON VEHICLE ATTRIBUTES.—The Secretary may prescribe such standards based on vehicle attributes pursuant to subsection (j).

''(D) MINIMUM STANDARD.—Each standard prescribed under this paragraph shall be the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in that model year, consistent with subsection (e).

''(2) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEAR 2012.—Not later than April 1, 2010, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2012—

''(A) at least 29 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(3) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2013 THROUGH 2016.—Not later than April 1, 2011, the Secretary shall establish average fuel economy standards for passenger automobiles for each of the model years 2013, 2014, 2015, and 2016. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(4) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2017.—Not later than April 1, 2015, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2017—

''(A) at least 32.5 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by

the average fuel economy standard described in subparagraph (A).

''(5) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2018 THROUGH 2021.—Not later than April 1, 2016, the Secretary shall establish average fuel economy standards for passenger automobiles for model years 2018, 2019, 2020, and 2021. Each such standard shall be set at the maximum feasible average fuel economy level that the Secretary determines the manufacturers can achieve in each such model year.

''(6) AVERAGE FUEL ECONOMY STANDARD FOR MODEL YEARS 2022 AND THEREAFTER.—Not later than April 1, 2020, the Secretary shall establish the average fuel economy standard for passenger automobiles for model year 2022 and each subsequent model year—

''(A) at least 36 miles per gallon, consistent with paragraph (1)(D); or

''(B) if the Secretary prescribes average fuel economy standards on the basis of vehicle attributes pursuant to subsection (j), at a level that yields estimated fuel savings not less than those that would be achieved by the average fuel economy standard described in subparagraph (A).

''(7) MINIMUM FOR AVERAGE FUEL ECONOMY STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, for any model year in which the Secretary prescribes average fuel economy standards for passenger automobiles on the basis of vehicle attributes pursuant to subsection (j), the average fuel economy standard for passenger automobiles manufactured by a manufacturer in that model year shall also provide for an alternative minimum standard that shall apply only to a manufacturer's domestically manufactured passenger automobiles, as calculated under section 32904 as in effect on the day before the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

''(B) ALTERNATIVE MINIMUM STANDARD.—The alternative minimum standard referred to in subparagraph (A) shall be the greater of—

''(i) 27.5 miles per gallon; or

''(ii) 92 percent of the average fuel economy projected by the Secretary for the combined domestic and foreign fleets manufactured for sale in the United States by all manufacturers in that model year, which projection shall be published in the Federal Register when the standard for that model year is promulgated in accordance with this section.

''(C) APPLICABILITY.—The alternative minimum standard under this paragraph shall apply to a manufacturer's domestically manufactured passenger automobiles only if the passenger automobile standard established on the basis of vehicle attributes pursuant to subsection (j), excluding any credits transferred by the manufacturer pursuant to subsection (g) from other categories of automobiles described in paragraph (5)(B), would allow that manufacturer to comply with a less stringent passenger automobile standard than the alternative minimum standard.''.

(b) REPEAL OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE FUEL ECONOMY STANDARDS.—

(1) IN GENERAL.—Section 32902 of title 49, United States Code, is amended—

(A) by striking subsection (c); and

(B) by redesignating subsections (d) through (j) as subsections (c) through (i), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Section 32901(a)(12) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(B) Section 32902 of such title is amended—

(i) in subsection (c)(1), as redesignated by paragraph (1)(B), by striking ''under subsection (b) or (c)'' and inserting ''under subsection (b)'';

(ii) in subsection (d)(2), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (b), (c), or (d)'' and inserting ''under subsection (a), (b), or (c)'';

(iii) in subsection (f), as redesignated by paragraph (1)(B)—

(I) in paragraph (1)—

(aa) by striking ''under subsection (a) or (d)'' and inserting ''under subsection (a), (b), or (c)''; and

(bb) by striking ''of subsection (a) or (d)'' and inserting ''of subsection (a), (b), or (c)''; and

(II) in paragraph (2), by striking ''(and submit the amendment to Congress when required under subsection (c)(2) of this section)'';

(iv) in subsection (g), as redesignated by paragraph (1)(B), by striking ''carrying out subsections (c), (f), and (g)'' and inserting ''carrying out subsections (a), (b), (e), and (f)''; and

(v) in subsection (i), as redesignated by paragraph (1)(B), by striking ''under subsection (a), (c), or (g) of this section'' and inserting ''under subsection (a), (b), or (f)''.

(C) Section 32904(a)(1)(B) of such title is amended by striking ''section 32902(b)-(d)'' and inserting ''subsections (b) and (c) of section 32902''.

(D) Section 32907(a)(4) of such title is amended by striking ''section 32902(d)'' and inserting ''section 32902(c)''.

(E) Section 32909(b) of such title is amended by striking '', except that a petition for review'' and all that follows through ''referred to in section 32902(c)(2)''.

(F) Section 32917(b)(1)(B) of such title is amended by striking ''or (c)''.

(c) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—Section 32902 of title 49, United States Code, as amended by this section, is further amended by adding at the end the following:

''(j) AUTHORITY OF THE SECRETARY TO PRESCRIBE STANDARDS BASED ON VEHICLE ATTRIBUTES.—

''(1) IN GENERAL.—The authority of the Secretary of Transportation to prescribe by regulation average fuel economy standards for passenger automobiles and nonpassenger automobiles includes the authority to prescribe standards based on vehicle attributes related to fuel economy and to express any such attribute-based standard in the form of a mathematical function.

''(2) TRANSITION PERIOD.—If the Secretary prescribes standards for passenger automobiles on the basis of vehicle attributes, the Secretary shall provide a transition period during the first 3 model years in which an attribute-based standard would apply during which each manufacturer may elect whether to comply with the attribute-based standard or with the single corporate average fuel economy level prescribed under subsection (b).

''(3) PRESCRIPTION OF STANDARDS FOR MULTIPLE YEARS.—The authority of the Secretary to prescribe by regulation average fuel economy standards for automobiles includes the authority to prescribe standards by issuing regulations governing more than 1 model year at a time, up to 5 consecutive model years.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 32901(a) of title 49, United States Code, is amended—

(A) by redesignating paragraph (16) as paragraph (17); and

(B) by inserting after paragraph (15) the following:

''(16) 'nonpassenger automobile' means an automobile that is not a passenger automobile; and''.

(2) Section 32903 of title 49, United States Code, is amended—

(A) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(B) in subsection (a)(2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)''; and

(C) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) TRANSITION FOR PASSENGER AUTOMOBILES.—The standard or standards for passenger automobiles under the authority of section 32902(b) of title 49, United States Code, in effect on the day before the date of the enactment of this Act, shall remain in effect until a standard for passenger automobiles is established under the authority of section 32902(b) of such title, as amended by this section.

(3) AVERAGE FUEL ECONOMY STANDARD FOR NONPASSENGER AUTOMOBILES IN MODEL YEARS THROUGH 2011.—The average fuel economy standard for nonpassenger automobiles, under the authority of section 32902(a) of such title for model years through 2011, shall be the standard described in the final rule issued by the National Highway Traffic Safety Administration entitled ''Average Fuel Economy Standards for Light Trucks Model Years 2008–2011'' (71 Fed. Reg. 17566), as amended in a notice published by the National Highway Traffic Safety Administration on April 14, 2006 (71 Fed. Reg. 19449).

SEC. 503. FUEL EFFICIENCY TARGET FOR COMMERCIAL MEDIUM-DUTY AND HEAVY-DUTY ON-HIGHWAY VEHICLES.

Section 32902 of title 49, United States Code, as amended by section 502, is further amended by adding at the end the following:

''(k) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLES.—

''(1) STUDY.—Not later than 18 months after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007, the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, shall examine the fuel efficiency of commercial medium- and heavy-duty on-highway vehicles and determine—

''(A) the appropriate test procedures and methodologies for measuring commercial medium- and heavy-duty on-highway vehicle fuel efficiency;

''(B) the appropriate metric for measuring and expressing commercial medium- and heavy-duty on-highway vehicle fuel efficiency performance, taking into consideration, among other things, the work performed by such on-highway vehicles and types of operations in which they are used;

''(C) the range of factors, including, without limitation, design, functionality, use, duty cycle, infrastructure, and total overall energy consumption and operating costs that effect commercial medium- and heavy-duty on-highway vehicle fuel efficiency; and

''(D) such other factors and conditions that could have an impact on a program to improve commercial medium- and heavy-duty on-highway vehicle fuel efficiency.

''(2) RULEMAKING.—Not later than 24 months after completion of the study required under paragraph (1), the Secretary of Transportation, in consultation with the Secretary of Energy and the Administrator

of the Environmental Protection Agency, and based on the results of that study, shall determine in a rulemaking procedure how to implement a commercial medium- and heavy-duty on-highway vehicle fuel efficiency improvement program and, as appropriate, shall adopt test methods, measurement metrics, fuel efficiency targets, and compliance and enforcement protocols that are appropriate, cost-effective, and technologically feasible for commercial medium- and heavy-duty on-highway vehicles.

''(3) LEAD-TIME; REGULATORY STABILITY.—Any commercial medium- and heavy-duty on-highway vehicle fuel efficiency regulatory program adopted pursuant to this subsection shall provide no less than 4 full model years of regulatory lead-time and 3 full model years of regulatory stability.

''(4) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-HIGHWAY VEHICLE DEFINED.—In this subsection, the term 'commercial medium- and heavy-duty on-highway vehicle' means a commercial on-highway vehicle with a gross vehicle weight rating of more than 10,000 pounds.''.

SEC. 504. CREDIT AVAILABILITY.

(a) IN GENERAL.—Section 32903 of title 49, United States Code, is amended—

(1) by striking ''section 32902(b)–(d) of this title'' each place it appears and inserting ''subsections (b) and (c) of section 32902'';

(2) in subsection (a)—

(A) by striking ''3 consecutive model years'' each place it appears and inserting ''5 consecutive model years''; and

(B) in paragraph (2), by striking ''clause (1) of this subsection,'' and inserting ''paragraph (1)'';

(3) in subsection (b)—

(A) in paragraph (1), by striking ''paragraph (2) of this subsection'' and inserting ''paragraph (2) and subsection (g)''; and

(B) in paragraph (2), by striking ''3 model years'' and inserting ''5 model years'';

(4) in subsection (e), by striking ''automobiles that are not passenger automobiles'' and inserting ''nonpassenger automobiles''; and

(5) by adding at the end the following:

''(g) CREDIT TRANSFERRING WITHIN A MANUFACTURER'S FLEET.—

''(1) AVERAGE FUEL ECONOMY CREDIT TRANSFERRING PROGRAM.—The Secretary of Transportation shall establish, by regulation, a corporate average fuel economy credit transferring program to allow any manufacturer whose automobiles exceed any of the average fuel economy standards prescribed under section 32902 to transfer the credits earned under this section and to apply them within that manufacturer's fleet to a compliance category of automobiles that fails to achieve the prescribed standards.

''(2) AVAILABILITY OF CREDITS TRANSFERRED.—Credits transferred under this section are available to be used in the same model years that the manufacturer could have applied them under subsections (a), (b), (d) and (e) as well as for the model year in which the manufacturer earned them. The maximum increase in any compliance category attributable to transferred credits is 1.0 mile per gallon in any single model year.

''(3) LIMITATION ON CREDIT TRANSFERS TO CATEGORY OF PASSENGER AUTOMOBILES.—In the case of transfers to the category of automobiles described in paragraph 5(B)(i), the transfer is limited to the extent that the fuel economy level of the manufacturer's fleet of passenger automobiles manufactured domestically shall comply with the provisions established under section 32902(b)(7), excluding any transfers from other categories of automobiles described in paragraph 5(B).

''(4) EFFECTIVE DATE.—A credit transferred in conformance with this section may only be so transferred if such credit is earned no earlier than the first model year after the date of the enactment of the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007.

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

''(A) FLEET.—The term 'fleet' means all automobiles manufactured by a manufacturer in a given model year.

''(B) COMPLIANCE CATEGORY OF AUTOMOBILES.—The term 'compliance category of automobiles' means any of the 3 categories of automobiles for which compliance is separately calculated under this chapter, namely—

''(i) passenger automobiles manufactured domestically;

''(ii) passenger automobiles not manufactured domestically; and

''(iii) nonpassenger automobiles.''.

(b) FLEXIBLE FUELED VEHICLES.—

(1) EXTENSION OF ALTERNATIVE FUEL AUTOMOBILES MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' each place it appears and inserting ''1993 through 2020.'';

(B) by striking subsections (f) and (g); and

(C) by redesignating subsection (h) as subsection (f).

(2) EXTENSION OF MAXIMUM INCREASE PERIOD.—Section 32906(a) of title 49, United States Code, is amended—

(A) by striking ''1993–2010'' and inserting ''1993 through 2020'';

(B) in paragraph (1)—

(i) in subparagraph (A), by striking ''(A)''; and

(ii) by striking subparagraph (B); and

(C) in paragraph (2), by striking ''described—'' and all that follows and inserting ''is more than 1.2 miles per gallon, the limitation in paragraph (1) applies.''.

SEC. 505. RESEARCH ON AND DEVELOPMENT OF LEAP-AHEAD TECHNOLOGY.

(a) PROGRAM.—The Secretary of Energy (referred to in this section as the ''Secretary''), in cooperation with heads of other Federal agencies, shall carry out a comprehensive program to develop advanced vehicle technologies (including associated components and parts) that will offer—

(1) the potential for significantly-improved fuel economy; and

(2) significant reductions in emissions.

(b) COMPONENTS.—The program carried out under subsection (a) shall include research and development in the areas of—

(1) advanced lightweight materials;

(2) advanced battery technology and battery systems;

(3) hybrid systems, including—

(A) power electronics, electric motors, power control units, and power controls;

(B) hydraulic accumulators or other energy storage devices; and

(C) testing and analysis;

(4) plug-in hybrids;

(5) advanced clean diesel;

(6) hydrogen internal combustion engines;

(7) fuel cell technology;

(8) hydrogen storage;

(9) fuel cell membranes;

(10) cellulosic ethanol;

(11) biodiesel fuel;

(12) biodiesel fuel and technology;

(13) ethanol and biofuels technology; and

(14) such other related areas as the Secretary determines to be appropriate.

(c) ADVANCED LIGHTWEIGHT MATERIALS.—In carrying out this section, the Secretary shall carry out an advanced lightweight materials research and development program the primary focuses of which shall include—

(1) the provision of—

(A) technical advice for compliance with applicable Federal and State environmental requirements;

(B) assistance in identifying supply sources and securing long-term contracts; and

(C) public outreach, education, and labeling materials; and

(2) the development of—

(A) low-cost, durable, abuse-tolerant lithium ion-based chemistries or other advanced chemistries;

(B) advanced lightweight steels that provide a 30-percent weight reduction;

(C) advanced lightweight metals (such as magnesium, aluminum, and titanium);

(D) advanced composites, particularly carbon fiber precursors and forming; and

(E) advanced forming and joining processes for lightweight materials, including mixed materials (such as combinations of steel, aluminum, magnesium, and carbon fiber into a single assembly or vehicle).

(d) ADVANCED BATTERIES.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall carry out an advanced battery program the primary focuses of which shall be—

(A) research in the chemistry of exploratory battery technologies (other than lithium ion batteries); and

(B) battery and battery systems production process research and development.

(2) INDUSTRY ALLIANCE.—In carrying out the advanced battery program under this subsection, the Secretary shall competitively select an Industry Alliance to represent participants who are private, for-profit firms headquartered in the United States, the primary business of which is the manufacturing of batteries and battery systems.

(3) RESEARCH.—

(A) GRANTS.—The Secretary shall carry out research activities of the Initiative through competitively-awarded grants to—

(i) researchers, including Industry Alliance participants;

(ii) small businesses;

(iii) National Laboratories; and

(iv) institutions of higher education.

(B) INDUSTRY ALLIANCE.—The Secretary shall annually solicit from the Industry Alliance—

(i) comments to identify advanced battery technology needs relevant to electric drive technology;

(ii) an assessment of the progress of research activities of the Initiative; and

(iii) assistance in annually updating advanced battery technology road maps.

(4) AVAILABILITY TO THE PUBLIC.—The information and road maps developed under this subsection shall be available to the public.

(5) PREFERENCE.—In making awards under this subsection, the Secretary shall give preference to participants in the Industry Alliance.

(6) COST SHARING.—In carrying out this subsection, the Secretary shall require cost sharing in accordance with section 120(b) of title 23, United States Code.

(e) HYBRID SYSTEMS.—In carrying out this section, the Secretary shall carry out a program relating to hybrid systems, the primary focus of which shall be research on and development of—

(1) advanced electric traction systems and wheel motors;

(2) advanced power electronics;

(3) systems integration; and

(4) hydraulic accumulators or other energy storage devices.

(f) PLUG-IN HYBRIDS.—In carrying out this section, the Secretary shall carry out a program relating to plug-in hybrids, the primary focus of which shall be—

(1) research on and development of advanced batteries with appropriate power to energy ratios necessary for minimum electric range and vehicle performance, such as acceleration; and

(2) the early demonstration of vehicles and infrastructure through the provision of procurement assistance to fleet purchasers.

(g) ADVANCED CLEAN DIESEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to diesel combustion and emissions, the primary focuses of which shall be—

(1) the development of clean-burn and after treatment technologies, including advanced low-temperature combustion (including homogeneous charge compression-ignition);

(2) the development of mixed mode operation that combines attributes of compression- and spark-ignition engine technologies;

(3) the integration of advanced technologies, including increased expansion ratio, variable valve timing, reduced friction, and improved exhaust gas heat recovery;

(4) the development of NO_x after treatment systems, including absorber-catalysts, selective catalytic reduction, and lean NO_x catalysts;

(5) the development of particulate matter after treatment systems;

(6) the development of powertrain integration of engine and after treatment systems; and

(7) enhancements in durability and reliability and reduction of costs.

(h) HYDROGEN INTERNAL COMBUSTION ENGINES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen internal combustion engines, the primary focuses of which shall be—

(1) to advance hydrogen internal combustion engine technology to a level at which the robustness and durability of such an engine would be acceptable to real-world customers; and

(2) to use those engines to provide an affordable transition to a hydrogen economy by creating a demand for hydrogen refueling infrastructure and bridging to hydrogen-powered fuel cells.

(i) FUEL CELL TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell technology, the primary focuses of which shall be research on and development of—

(1) fuel cell stack components and fuel cell manufacturing processes; and

(2) materials resistant to hydrogen embrittlement.

(j) HYDROGEN STORAGE.—In carrying out this section, the Secretary shall carry out a program of research and development relating to hydrogen storage, the primary focus of which shall be research on and development of competitive storage methods for sufficient quantities of hydrogen onboard a vehicle (including a demonstration of hydrogen refueling infrastructure for not less than 10 nor more than 20 stations)—

(1) to enable increased development and use of hydrogen internal combustion engines and hydrogen-powered fuel cell vehicles; and

(2) to meet or surpass the customer-discernable attributes of vehicles available as of the date of enactment of this Act with respect to range and cost per mile.

(k) FUEL CELL MEMBRANES.—In carrying out this section, the Secretary shall carry out a program of research and development relating to fuel cell membranes, the primary focuses of which shall be—

(1) the achievement of a fundamental understanding of the catalytic materials for fuel cells; and

(2) the development of low-cost fuel cell membranes.

(l) CELLULOSIC ETHANOL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to cellulosic ethanol, the primary focus of which shall be research on and development of enzymes necessary for the production of cellulosic ethanol.

(m) BIODIESEL FUEL.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the development of a national B–20 standard;

(2) fundamental research on biomass-to-liquid alternatives;

(3) total lifecycle analyses of the total potential for petroleum replacement, total fossil fuel replacement, or greenhouse gas reductions for biodiesel options;

(4) an assessment of feedstock options; and

(5) an assessment of the effects on engine durability and reliability including the effects due to fuel quality variations, stability, and degradation parameters.

(n) BIODIESEL FUEL AND TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to biodiesel fuel, the primary focuses of which shall be—

(1) the evaluation and optimization of B–100 processing variables to enhance blendstock stability, maintain uniform quality and specifications, and reduce cost;

(2) the development and expansion of processing, blending, and distribution infrastructure;

(3) the development of standardized labeling and dispensing of equipment information;

(4) establishment of a consumer education outreach program;

(5) assessment and evaluation of biodiesel on advanced engine (such as high-pressure injector) and after treatment components; and

(6) assessment of the effects of biodiesel on advanced combustion clean-burn strategies.

(o) ETHANOL AND BIOFUELS TECHNOLOGY.—In carrying out this section, the Secretary shall carry out a program of research and development relating to ethanol and biofuels technology, the primary focus of which shall be research and development into—

(1) ethanol and biofuels transport systems, such as truck, rail, and pipelines;

(2) advanced high-efficiency combustion research for fuels, such as E–85;

(3) materials compatibility for E–85 fuel;

(4) E–85 vehicle engineering and calibration to speed conversion of systems; and

(5) advanced combustion and after-treatment systems to support fuel efficiency gains

(p) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) to carry out subsection (a), $60,000,000 for each of fiscal years 2008 through 2012;

(2) to carry out subsection (b), $143,000,000 for each of the fiscal years 2008 through 2012;

(3) to conduct research and development into hybrid systems (power electronics, electric motors, hydraulic accumulators, other energy storage devices, testing, and analysis), $64,000,000 for each of the fiscal years 2008 through 2012;

(4) to conduct research and development into plug-in hybrids, $56,000,000 for each of the fiscal years 2008 through 2012;

(5) to conduct research and development into advanced clean diesel, $54,000,000 for each of the fiscal years 2008 through 2010;

(6) to conduct research and development into hydrogen internal combustion engines, $11,000,000 for each of the fiscal years 2008 through 2012;

(7) to conduct research and development into fuel cell technology, $40,000,000 for each of the fiscal years 2008 through 2012;

(8) to conduct research and development into hydrogen storage, $88,000,000 for each of the fiscal years 2008 through 2012;

(9) to conduct research and development into fuel cell membranes, $64,000,000 for each of the fiscal years 2008 through 2012;

(10) to conduct research and development into cellulosic ethanol, $340,000,000 for each of the fiscal years 2008 through 2012;

(11) to conduct research and development into biodiesel fuel and technology, $7,000,000 for each of the fiscal years 2008 through 2012; and

(12) to conduct research and development into ethanol biofuels technology, $23,000,000 for each of the fiscal years 2008 through 2012.

SEC. 506. LABELS FOR FUEL ECONOMY AND GREENHOUSE GAS EMISSIONS.

Section 32908(b) of title 49, United States Code, is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraph (F) as subparagraph (H); and

(B) by inserting after subparagraph (E) the following:

''(F) a label (or a logo imprinted on a label required by this paragraph) that—

''(i) reflects an automobile's performance on the basis of criteria developed by the Administrator to reflect the fuel economy and greenhouse gas and other emissions consequences of operating the automobile over its likely useful life;

''(ii) permits consumers to compare performance results under clause (i) among all automobiles; and

''(iii) is designed to encourage the manufacture and sale of automobiles that meet or exceed applicable fuel economy standards under section 32902.

''(G) a fuelstar under paragraph (5).''; and

(2) by adding at the end the following:

''(4) GREEN LABEL PROGRAM.—

''(A) MARKETING ANALYSIS.—Not later than 2 years after the date of the enactment of the Ten-in-Ten Fuel Economy Act, the Administrator shall implement a consumer education program and execute marketing strategies to improve consumer understanding of automobile performance described in paragraph (1)(F).

''(B) ELIGIBILITY.—Not later than 3 years after the date described in subparagraph (A), the Administrator shall issue requirements for the label or logo required under paragraph (1)(F) to ensure that an automobile is not eligible for the label or logo unless it—

''(i) meets or exceeds the applicable fuel economy standard; or

''(ii) will have the lowest greenhouse gas emissions over the useful life of the vehicle of all vehicles in the vehicle attribute class to which it belongs in that model year.

''(5) FUELSTAR PROGRAM.—

''(A) IN GENERAL.—The Secretary shall establish a program, to be known as the 'Fuelstar Program', under which stars shall be imprinted on or attached to the label required by paragraph (1).

''(B) GREEN STARS.—Under the Fuelstar Program, a manufacturer may include on the label maintained on an automobile under paragraph (1)—

''(i) 1 green star for any automobile that meets the average fuel economy standard for the model year under section 32902;

''(ii) 1 additional green star for each 2 miles per gallon by which the automobile exceeds such standard; and

''(iii) 1 additional green star for the use of thermal management technologies, including energy efficient air conditioning systems, glass, and powertrain systems.

''(C) GOLD STARS.—Under the Fuelstar Program, a manufacturer may include a gold star on the label maintained on an automobile under paragraph (1) if the automobile

attains a fuel economy of at least 50 miles per gallon.''.

SEC. 507. NATIONAL ACADEMY OF SCIENCES STUDIES.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of Transportation shall execute an agreement with the National Academy of Sciences to develop a report evaluating vehicle fuel economy standards, including—

(1) an assessment of automotive technologies and costs to reflect developments since the Academy's 2002 report evaluating the corporate average fuel economy standards was conducted;

(2) an analysis of existing and potential technologies that may be used practically to improve automobile fuel economy;

(3) an analysis of how such technologies may be practically integrated into the automotive manufacturing process; and

(4) an assessment of how such technologies may be used to meet the new fuel economy standards under chapter 329 of title 49, United States Code, as amended by this title.

(b) QUINQUENNIAL UPDATES.—After submitting the initial report, the Academy shall update the report at 5 year intervals thereafter through 2025.

(c) REPORT.—The Academy shall submit the report to the Secretary, the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Energy and Commerce, with its findings and recommendations no later than 18 months after the date on which the Secretary executes the agreement with the Academy.

SEC. 508. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES.

(a) IN GENERAL.—Section 32917 of title 49, United States Code, is amended to read as follows:

''§ 32917. Standards for Executive agency automobiles

''(a) FUEL EFFICIENCY.—The head of an Executive agency shall ensure that each new automobile procured by the Executive agency is as fuel efficient as practicable.

''(b) DEFINITIONS.—In this section:

''(1) EXECUTIVE AGENCY.—The term 'Executive agency' has the meaning given that term in section 105 of title 5.

''(2) NEW AUTOMOBILE.—The term 'new automobile', with respect to the fleet of automobiles of an executive agency, means an automobile that is leased for at least 60 consecutive days or bought, by or for the Executive agency, after September 30, 2008. The term does not include any vehicle designed for combat-related missions, law enforcement work, or emergency rescue work.''.

(b) REPORT.—The Administrator of the General Services Administration shall develop a report describing and evaluating the efforts of the heads of the Executive agencies to comply with section 32917 of title 49, United States Code, for fiscal year 2009. The Administrator shall submit the report to Congress no later than December 31, 2009.

SA 1714. Mr. SCHUMER (for Mr. KENNEDY) proposed an amendment to the bill H.R. 1429, to reauthorize the Head Start Act, to improve program quality, to expand access, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Head Start for School Readiness Act''.

SEC. 2. STATEMENT OF PURPOSE.

Section 636 of the Head Start Act (42 U.S.C. 9831) is amended to read as follows:

''SEC. 636. STATEMENT OF PURPOSE.

''It is the purpose of this subchapter to promote the school readiness of low-income children by enhancing their cognitive and social development—

''(1) with a learning environment that supports cognitive development (including the growth of language, pre-literacy, and prematheamtics skills) and the growth of social, emotional, and physical skills; and

''(2) through the provision to low-income children and their families of health, educational, nutritional, social, and other services that are determined, based on family needs assessments, to be necessary.''.

SEC. 3. DEFINITIONS.

Section 637 of the Head Start Act (42 U.S.C. 9832) is amended—

(1) in paragraph (2), by inserting ''(including a community-based organization, as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801))'' after ''nonprofit'';

(2) in paragraph (3)(C), by inserting '', including financial literacy,'' after ''Parent literacy'';

(3) in paragraph (17), by striking ''Mariana Islands,'' and all that follows and inserting ''Mariana Islands.''; and

(4) by adding at the end the following:

''(18) The term 'deficiency' means—

''(A) a systemic or substantial material failure of an agency in an area of performance that the Secretary determines involves—

''(i) a threat to the health, safety, or civil rights of children or staff;

''(ii) a denial to parents of the exercise of their full roles and responsibilities related to program operations;

''(iii) a failure to comply with standards related to early childhood development and health services, family and community partnerships, or program design and management;

''(iv) the misuse of funds under this subchapter;

''(v) loss of legal status or financial viability, loss of permits, debarment from receiving Federal grants or contracts, or the improper use of Federal funds; or

''(vi) failure to meet any other Federal or State requirement that the agency has shown an unwillingness or inability to correct, after notice from the Secretary, within the period specified;

''(B) systemic failure of the board of directors of an agency to fully exercise its legal and fiduciary responsibilities;

''(C) substantial failure of an agency to meet the administrative requirements of section 644(b);

''(D) failure of an agency to demonstrate that the agency attempted to meet the coordination and collaboration requirements with entities described in section 640(a)(5)(D)(ii)(I); or

''(E) having an unresolved area of noncompliance.

''(19) The term 'homeless child' means a child described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)).

''(20) The term 'institution of higher education' has the meaning given the term in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

''(21) The term 'interrater reliability' means the extent to which 2 or more independent raters or observers consistently obtain the same result when using the same assessment tool.

''(22) The term 'limited English proficient', used with respect to a child, means a child—

''(A) who is enrolled or preparing to enroll in a Head Start program (which may include an Early Head Start program), or other early care and education program;

''(B)(i) who was not born in the United States or whose native language is a language other than English;

''(ii)(I) who is a Native American, Alaska Native, or a native resident of an outlying area (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)); and

''(II) who comes from an environment where a language other than English has had a significant impact on the child's level of English language proficiency; or

''(iii) who is migratory, whose native language is a language other than English, and who comes from an environment where a language other than English is dominant; and

''(C) whose difficulties in speaking or understanding the English language may be sufficient to deny such child—

''(i) the ability to successfully achieve in a classroom in which the language of instruction is English; or

''(ii) the opportunity to participate fully in society.

''(23) The term 'unresolved area of noncompliance' means failure to correct a noncompliance item within 120 days, or within such additional time (if any) authorized by the Secretary, after receiving from the Secretary notice of such noncompliance item, pursuant to section 641A(d).''.

SEC. 4. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638 of the Head Start Act (42 U.S.C. 9833) is amended by inserting ''for a period of 5 years'' after ''provide financial assistance to such agency''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

Section 639 of the Head Start Act (42 U.S.C. 9834) is amended to read as follows:

''SEC. 639. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated for carrying out the provisions of this subchapter $7,350,000,000 for fiscal year 2008, $7,650,000,000 for fiscal year 2009, $7,995,000,000 for fiscal year 2010, and such sums as may be necessary for each of fiscal years 2011 and 2012.

''(b) SPECIFIC PROGRAMS.—From the amount appropriated under subsection (a), the Secretary shall make available to carry out research, demonstration, and evaluation activities, including longitudinal studies under section 649, not more than $20,000,000 for fiscal year 2008, and such sums as may be necessary for each of fiscal years 2009 through 2012, of which not more than $7,000,000 for each of fiscal years 2008 through 2012 shall be available to carry out impact studies under section 649(g).''.

SEC. 6. ALLOTMENT OF FUNDS.

(a) ALLOTMENT.—Section 640(a) of the Head Start Act (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (2)—

(A) by striking subparagraph (A) and inserting the following:

''(A) Indian Head Start programs, services for children with disabilities, and migrant and seasonal Head Start programs, except that the Secretary shall reserve for each fiscal year for use by Indian Head Start and migrant and seasonal Head Start programs (referred to in this paragraph as 'covered programs'), on a nationwide basis, a sum that is the total of a percentage specified by the Secretary that is not less than 4 percent of the amount appropriated under section 639 for that fiscal year (for Indian Head Start programs) and a percentage specified by the Secretary that is not less than 5 percent of that appropriated amount (for migrant and seasonal Head Start programs) (referred to in this paragraph as the 'specified percentages'), except that—

''(i) if reserving the specified percentages would reduce the number of children served

by Head Start programs, relative to the number of children served on the date of enactment of the Head Start for School Readiness Act, taking into consideration an appropriate adjustment for inflation, the Secretary shall reserve percentages that approach, as closely as practicable, the specified percentages and that do not cause such a reduction; and

''(ii) notwithstanding any other provision of this subparagraph, the Secretary shall reserve for each fiscal year for use by Indian Head Start programs and by migrant and seasonal Head Start programs, on a nationwide basis, not less than the amount that was obligated for use by Indian Head Start programs and by migrant and seasonal Head Start programs for the previous fiscal year;'';

(B) by striking subparagraph (C) and inserting the following:

''(C) training and technical assistance activities that are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in any of paragraphs (1) through (18) of section 648(d), in an amount for each fiscal year that is not less than 2 percent of the amount appropriated under section 639 for such fiscal year, of which—

''(i) 50 percent shall be made available to Head Start agencies to use directly, or by establishing local or regional agreements with community experts, institutions of higher education, or private consultants, for any of the following training and technical assistance activities, including—

''(I) activities that ensure that Head Start programs meet or exceed the performance standards described in section 641A(a)(1);

''(II) activities that ensure that Head Start programs have adequate numbers of trained, qualified staff who have skills in working with children and families, including children who are limited English proficient and their families and children with disabilities;

''(III) activities to pay expenses, including direct training for expert consultants working with any staff, to improve the management and implementation of Head Start services and systems;

''(IV) activities that help ensure that Head Start programs have qualified staff who can promote language skills and literacy growth of children and who can provide children with a variety of skills that have been identified as predictive of later reading achievement, school success, and the skills, knowledge, abilities, development, and progress described in section 641A(a)(1)(B)(ii);

''(V) activities to improve staff qualifications and to assist with the implementation of career development programs and to encourage the staff to continually improve their skills and expertise, including developing partnerships with programs that recruit, train, place, and support college students in Head Start centers to deliver an innovative early childhood development program to preschool children;

''(VI) activities that help local programs ensure that the arrangement, condition, and implementation of the learning environments in Head Start programs are conducive to providing effective program services to children and families;

''(VII) activities to provide training necessary to improve the qualifications of Head Start staff and to support staff training, child counseling, health services, and other services necessary to address the needs of children enrolled in Head Start programs, including children from families in crises, children who experience chronic violence or homelessness, children who experience substance abuse in their families, and children under 3 years of age, where applicable;

''(VIII) activities to provide classes or in-service-type programs to improve or enhance parenting skills, job skills, adult and family literacy, including financial literacy, or training to become a classroom aide or bus driver in a Head Start program;

''(IX) additional activities determined appropriate for the improvement of Head Start agencies' programs, as determined in the agencies' technical assistance and training plans; or

''(X) any other activities regarding the use of funds as determined by the Secretary;

''(ii) 50 percent shall be made available to the Secretary—

''(I) to provide directly training and technical assistance on early childhood education and care or to support, through grants or other arrangements, a State system of training and technical assistance (which may include such a system for a consortium of States within a region); and

''(II) to assist local programs (including Indian Head Start programs and migrant and seasonal Head Start programs) in meeting the performance standards described in section 641A(a)(1); and

''(iii) not less than $3,000,000 of the amount in clause (ii) appropriated for such fiscal year shall be made available to carry out activities described in section 648(d)(4);'';

(C) in subparagraph (D), by striking ''agencies;'' and inserting ''agencies);''; and

(D) by adding at the end of the flush matter at the end the following: ''In no case shall the Secretary use funds appropriated under this subchapter to expand or create additional slots or services in non-Indian and non-migrant and seasonal Head Start programs until the amounts based on the specified percentages for Indian Head Start programs and migrant and seasonal Head Start programs pursuant to subparagraph (A) are reached. The Secretary shall require each Head Start agency to report at the end of each budget year on how funds provided to carry out subparagraph (C)(i) were used.'';

(2) in paragraph (3)—

(A) in subparagraph (A)(i)(I)—

(i) by striking ''60 percent of such excess amount for fiscal year 1999'' and all that follows through ''2003;''; and

(ii) by inserting the following: ''30 percent of such excess amount for fiscal year 2008, and 40 percent of such excess amount for each of fiscal years 2009 through 2012;'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''performance standards'' and all that follows and inserting ''performance standards pursuant to section 641A(a)(1).'';

(ii) by striking clause (ii) and inserting the following:

''(ii) Ensuring that such programs have adequate numbers of qualified staff, and that such staff is furnished adequate training, including training to promote the development of language, premathematics, and pre-literacy skills in young children and in working with limited English proficient children, children in foster care, children referred by child welfare services, and children with disabilities, when appropriate.'';

(iii) by striking clause (iii) and inserting the following:

''(iii) Developing and financing the salary scales and benefits standards under section 644(a) and section 653, in order to ensure that salary levels and benefits are adequate to attract and retain qualified staff for such programs.'';

(iv) by striking clause (iv) and inserting the following:

''(iv) Using salary increases to—

''(I) assist with the implementation of quality programs and improve staff qualifications;

''(II) ensure that staff can promote the language skills and literacy growth of children and can provide children with a variety of skills that have been identified, through scientifically based early reading research, as predictive of later reading achievement, as well as the skills, knowledge, abilities, development, and progress described in section 641A(a)(1)(B)(ii); and

''(III) encourage the staff to continually improve their skills and expertise—

''(aa) through the implementation of career development programs; and

''(bb) through the completion of postsecondary coursework in early childhood education.'';

(v) in clause (v)—

(I) by striking ''community-wide'' and inserting ''communitywide''; and

(II) by inserting '', including collaborations to increase program participation by underserved populations of eligible children'' before the period; and

(vi) by striking clauses (vii) and (viii) and inserting the following:

''(vii) Providing assistance to complete postsecondary coursework, to enable Head Start teachers to improve competencies and the resulting child outcomes, including informing the teachers of the availability of Federal and State incentive and loan forgiveness programs.

''(viii) Promoting the regular attendance and stability of all Head Start children with particular attention to highly mobile children, including children of migrant or seasonal farmworkers (where appropriate), homeless children, and children in foster care.

''(ix) Making such other improvements in the quality of such programs as the Secretary may designate.'';

(C) in subparagraph (C)—

(i) in clause (i)(I), by striking the last sentence and inserting ''Salary increases, in excess of cost-of-living allowances, provided with such funds shall be subject to the specific standards governing salaries and salary increases established pursuant to section 644(a).'';

(ii) in clause (ii)—

(I) in the matter preceding subclause (I), by striking ''education performance'' and all that follows through ''641A(a)(1)(B)''and inserting ''standards and measures described in section 641A'';

(II) in subclause (I), by inserting '', pre-literacy,'' after ''language'';

(III) by striking subclause (II) and inserting the following:

''(II) to help limited English proficient children attain the knowledge, skills, abilities, and development specified in section 641A(a)(1)(B)(ii) and to promote the acquisition of the English language by such children and their families;''; and

(IV) by striking subclause (IV) and inserting the following:

''(IV) to provide education and training necessary to improve the qualifications of Head Start staff, particularly assistance to enable more instructors to be fully competent and to meet the degree requirements under section 648A(a)(2)(A), and to support staff training, child counseling, and other services necessary to address the challenges of children participating in Head Start programs, including children from immigrant, refugee, and asylee families, children from families in crisis, homeless children, children in foster care, children referred to Head Start programs by child welfare agencies, and children who are exposed to chronic violence or substance abuse.'';

(iii) in clause (iii), by inserting '', educational staff who have the qualifications described in section 648A(a),'' after ''ratio'';

(iv) in clause (v), by striking ''programs, including'' and all that follows and inserting ''programs.'';

(v) by redesignating clause (vi) as clause (x); and

(vi) by inserting after clause (v) the following:

''(vi) To conduct outreach to homeless families in an effort to increase the program participation of homeless children.

''(vii) To conduct outreach to migrant and seasonal farmworker families and families with limited English proficient children.

''(viii) To partner with institutions of higher education and nonprofit organizations, including community-based organizations, that recruit, train, place, and support college students, to serve as mentors and reading partners to preschool children in Head Start programs.

''(ix) To upgrade the qualifications and skills of educational personnel to meet the professional standards described in section 648A(a)(1), including certification and licensure as bilingual education teachers, as teachers of English as a second language, and for other educational personnel who serve limited English proficient children.'';

(3) in paragraph (4), in the first sentence—

(A) in subparagraph (A), by striking ''1998'' and inserting ''2007''; and

(B) by striking subparagraph (B) and inserting the following:

''(B) any amount available after all allotments are made under subparagraph (A) for such fiscal year shall be distributed as follows:

''(i) Each State shall receive an amount sufficient to serve the same number of children in Head Start programs in each State as were served on the date of enactment of the Head Start for School Readiness Act, taking into consideration an appropriate adjustment for inflation.

''(ii) After ensuring that each State has received the amount described in clause (i), the Secretary shall distribute the remaining balance, by—

''(I) distributing 65 percent of the balance among the States serving less than 60 percent (as determined by the Secretary) of children who are 3 or 4 years of age from families whose income is below the poverty line, by allotting to each of those States an amount that bears the same relationship to that 65 percent as the number of children who are less than 5 years of age from families whose income is below the poverty line (referred to in this clause as 'young low-income children') in that State bears to the number of young low-income children in all those States; and

''(II) distributing 35 percent of the balance among the States, by allotting to each State an amount that bears the same relationship to that 35 percent as the number of young low-income children in that State bears to the number of young low-income children in all the States.'';

(4) in paragraph (5)—

(A) in subparagraph (A), by inserting after ''paragraph (4)'' the following: ''(and amounts reserved, before such allotments, for national administrative offices)'';

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

(C) by striking subparagraphs (B), (C), and (D) and inserting the following:

''(B)(i) From the reserved sums, the Secretary shall award a collaboration grant to each State and to each national administrative office serving Indian Head Start programs and migrant and seasonal Head Start programs to facilitate collaboration between Head Start agencies and entities (including the State or national administrative office) that carry out other activities designed to benefit low-income families and children from birth to school entry. The national administrative offices shall use the funds made available through the grants to carry out the authorities and responsibilities described in subparagraphs (B) and (C).

''(ii) Grants described in clause (i) shall be used to—

''(I) assist Head Start agencies to collaborate with entities involved in State and local planning processes to better meet the needs of low-income families and children from birth to school entry;

''(II) assist Head Start agencies to coordinate activities with the State agency responsible for administering the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and entities providing resource and referral services in the State, to make full-working-day and full calendar year services available to children;

''(III) promote alignment of Head Start services with the Head Start Child Outcomes Framework and, as appropriate, State early learning standards;

''(IV) promote better linkages between Head Start agencies and other child and family agencies, including agencies that provide health, mental health, or family services, or other child or family supportive services, such as services provided under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.); and

''(V) carry out the activities of the State Director of Head Start Collaboration authorized in subparagraph (D).

''(C) In order to improve coordination and delivery of early childhood education and care to children in the State, a State that receives a collaboration grant under subparagraph (B) shall—

''(i) appoint or designate an individual to serve as, or carry out the responsibilities of, the State Director of Head Start Collaboration;

''(ii) ensure that the State Director of Head Start Collaboration holds a position with sufficient authority and access to ensure that the collaboration described in subparagraph (B) is effective and involves a range of State agencies; and

''(iii) involve the State Head Start Association in the selection of the Director and involve the Association in determinations relating to the ongoing direction of the collaboration office involved.

''(D) The State Director of Head Start Collaboration, shall—

''(i) not later than 1 year after the State receives a collaboration grant under subparagraph (B), conduct an assessment that—

''(I) addresses the needs of Head Start agencies in the State with respect to collaboration, coordination of services, and alignment of services with the Head Start Child Outcomes Framework and, as appropriate, State early learning standards;

''(II) shall be updated on an annual basis; and

''(III) shall be made available to the general public within the State;

''(ii) develop a strategic plan that is based on the assessment described in clause (i) that will—

''(I) enhance collaboration and coordination of Head Start services with other entities providing early childhood education and care (such as child care or services offered by museums), health care, mental health care, welfare, child protective services, education and community service activities, family literacy services, reading readiness programs (including such programs offered by public and school libraries), services relating to children with disabilities, other early childhood education and care for limited English proficient children and homeless children, and services provided for children in foster care and children referred to Head Start programs by child welfare agencies, including agencies and State officials responsible for such services;

''(II) assist Head Start agencies to develop a plan for the provision of full-working-day, full calendar year services for children enrolled in Head Start programs who need such care;

''(III) assist Head Start agencies to align services with the Head Start Child Outcomes Framework and, as appropriate, State early learning standards; and

''(IV) enable Head Start agencies in the State to better access professional development opportunities for Head Start staff, such as by—

''(aa) working with local Head Start agencies to meet the degree requirements described in section 648A(a)(2)(A), including providing distance learning opportunities for Head Start staff, where needed to make higher education more accessible to Head Start staff; and

''(bb) enabling the State Head Start agencies to better conduct outreach to eligible families;

''(iii) promote partnerships between Head Start agencies, State and local governments, and the private sector to help ensure that children from low-income families, who are in Head Start programs or are preschool age, are receiving comprehensive services to prepare the children to enter school ready to learn;

''(iv) consult with the chief State school officer, local educational agencies, and providers of early childhood education and care, regarding early childhood education and care at both the State and local levels;

''(v) promote partnerships (such as the partnerships involved with the Free to Grow initiative) between Head Start agencies, schools, law enforcement, relevant community-based organizations, and substance abuse and mental health treatment agencies to strengthen family and community environments and to reduce the impact on child development of substance abuse, child abuse, domestic violence, and other high risk behaviors that compromise healthy development;

''(vi) promote partnerships between Head Start agencies and other organizations in order to enhance the Head Start curriculum, including partnerships to promote inclusion of more books in Head Start classrooms and partnerships to promote coordination of activities with the Ready-to-Learn Television program carried out under subpart 3 of part D of title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6775 et seq.); and

''(vii) identify other resources and organizations (both public and private) for the provision of in-kind services to Head Start agencies in the State.

''(E)(i) The Governor of the State shall—

''(I) designate or establish a council to serve as the State Advisory Council on Early Childhood Education and Care, for children from birth to school entry (in this subchapter referred to as the 'State Advisory Council'); and

''(II) designate an individual to coordinate activities of the State Advisory Council, as described in clause (iv)(I).

''(ii) The Governor may designate an existing entity to serve as the State Advisory Council, if the entity includes representatives consistent with clause (iii).

''(iii) Members of the State Advisory Council shall include, to the maximum extent possible—

''(I) the State Director of Head Start Collaboration;

''(II) a representative of the State educational agency and local educational agencies;

''(III) a representative of institutions of higher education;

''(IV) a representative (or representatives) of the State agency (or agencies) responsible for health or mental health care;

''(V) a representative of the State agency responsible for professional standards, certification, and licensing for early childhood educators;

''(VI) a representative of the State agency responsible for child care;

''(VII) early childhood educators, including professionals with expertise in second language acquisition and instructional strategies in teaching limited English proficient children;

''(VIII) kindergarten teachers and teachers in grades 1 through 3;

''(IX) health care professionals;

''(X) child development specialists, including specialists in prenatal, infant, and toddler development;

''(XI) a representative of the State agency responsible for assisting children with developmental disabilities;

''(XII) a representative of the State agency responsible for programs under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

''(XIII) a representative of the State interagency coordinating councils established under section 641 of the Individuals with Disabilities Education Act (20 U.S.C. 1441);

''(XIV) a representative of the State Head Start Association (where appropriate), and other representatives of Head Start programs in the State;

''(XV) a representative of the State network of child care resource and referral agencies;

''(XVI) a representative of community-based organizations;

''(XVII) a representative of State and local providers of early childhood education and care;

''(XVIII) a representative of Indian Head Start programs (where appropriate) and a representative of migrant and seasonal Head Start programs (where appropriate);

''(XIX) parents;

''(XX) religious and business leaders;

''(XXI) the head of the State library administrative agency;

''(XXII) representatives of State and local organizations and other entities providing professional development to early childhood educators and child care providers;

''(XXIII) a representative from the Office of Coordinator for Education of Homeless Children and Youths in the State;

''(XXIV) a State legislator; and

''(XXV) a representative of other entities determined to be relevant by the Governor of the State.

''(iv)(I) The State Advisory Council shall be responsible for, in addition to responsibilities assigned to the council by the Governor of the State—

''(aa) conducting a periodic statewide needs assessment concerning early childhood education and care for children from birth to school entry and assessing the availability of high quality prekindergarten services for low-income children in the State;

''(bb) identifying barriers to, and opportunities for, collaboration and coordination among entities carrying out federally-funded and State-funded child development, child care, and early childhood education programs;

''(cc) developing recommendations regarding means of establishing a unified data collection system for early childhood education and care throughout the State;

''(dd) developing a statewide professional development and career ladder plan for early childhood education and care in the State;

''(ee) assisting 2-year and 4-year public and private institutions of higher education, which may include assisting the institutions with development of articulation agreements or model programs of early childhood education and care, including practica or internships for students to spend time in a Head Start or prekindergarten program; and

''(ff) undertaking collaborative efforts to develop, and make recommendations for improvements in, State early learning standards.

''(II) The State Advisory Council shall hold public hearings and provide an opportunity for public comment on the activities described in subclause (I). The State Advisory Council shall submit a statewide strategic report addressing the activities described in subclause (I) to the State Director of Head Start Collaboration and the Governor of the State.

''(III) After submission of a statewide strategic report under subclause (II), the State Advisory Council shall meet periodically to review any implementation of the recommendations in such report and any changes in State and local needs.

''(F)(i)(I) Prior to carrying out paragraph (4), the Secretary shall reserve a portion to carry out this subparagraph for a fiscal year. The Secretary shall reserve the portion from the amount (if any) by which the funds appropriated under section 639(a) for the fiscal year exceed the adjusted prior year appropriation (as defined in paragraph (3)(A)(ii)), without reducing the share available for quality improvement funds described in paragraph (3)(B).

''(II) To the extent consistent with subclause (I), the Secretary shall reserve $100,000,000 for fiscal year 2008. Funds reserved under this subclause shall remain available for obligation through fiscal year 2012.

''(ii) The Secretary shall use the portion reserved under clause (i) to award, on a competitive basis, one-time startup grants of not less than $500,000 to eligible States to enable such States to pay for the Federal share of the cost of further developing and implementing the recommendations and plans for which the State's State Advisory Council is responsible under subparagraph (E)(iv)(I). Such grants shall—

''(I) facilitate the development of high-quality systems of early childhood education and care designed to improve school preparedness;

''(II) increase and make effective use of existing and new delivery systems and funds for early childhood education and care; and

''(III) enhance existing early childhood education and care (in existence on the date on which the grant involved is awarded).

''(iii) To be eligible to receive a grant under this subparagraph, a State shall prepare and submit to the Secretary an application, for a 3-year period, at such time, in such manner, and containing such information as the Secretary shall require, including—

''(I) a description of the State's State Advisory Council's responsibilities under subparagraph (E)(iv)(I);

''(II) a description, for each fiscal year, of how the State will make effective use of funds available under this subparagraph, with funds described in clause (iv), to create an early childhood education and care system, by developing or enhancing programs and activities described in subparagraph (E)(iv)(I);

''(III) a description of the State early learning standards and the State's goals for increasing the number of children entering kindergarten ready to learn;

''(IV) information identifying the agency or joint interagency office and individual designated to carry out the activities under this subparagraph, which may be the individual designated under subparagraph (E)(i)(II); and

''(V) a description of how the State plans to sustain activities under this subparagraph beyond the grant period.

''(iv) The Federal share of the cost described in clause (ii) shall be 30 percent, and the State shall provide the non-Federal share.

''(v) Funds made available under this subparagraph shall be used to supplement, and not supplant, other Federal, State, and local funds expended to carry out activities related to early childhood education and care in the State.

''(vi) Not later than 18 months after the date a State receives a grant under this subparagraph, the State shall submit an interim report to the Secretary. A State that receives a grant under this subparagraph shall submit a final report to the Secretary at the end of the grant period.''; and

(D) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph—

(i) in clause (i)(I), by striking ''child care and early childhood education programs and resources'' and inserting ''early childhood education and care programs and resources''; and

(ii) in clause (ii), by striking ''Federal child care or early childhood education'' and inserting ''Federal early childhood education or child care''; and

(5) in paragraph (6)—

(A) in subparagraph (A), by striking ''7.5 percent'' and all that follows and inserting ''not less than 12 percent for fiscal year 2008, not less than 14 percent for fiscal year 2009, not less than 16 percent for fiscal year 2010, not less than 18 percent for fiscal year 2011, and not less than 20 percent for fiscal year 2012, of the amount appropriated pursuant to section 639(a).'';

(B) by striking subparagraph (B);

(C) in subparagraph (C)(i), by striking ''required to be'' each place it appears; and

(D) by redesignating subparagraph (C) as subparagraph (B).

(b) MINIMUM ENROLLMENT REQUIREMENT FOR CHILDREN WITH DISABILITIES.—The first sentence of section 640(d) of the Head Start Act (42 U.S.C. 9835(d)) is amended to read as follows: ''The Secretary shall establish policies and procedures to assure that, for fiscal year 2008 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start agency and each delegate agency will be children with disabilities who are eligible for special education or early intervention services, as appropriate, as determined under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and that the Head Start agency or delegate agency involved will collaborate with the State or local agency providing services under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.) to ensure the provision of services to meet the special needs of such children.''.

(c) SERVICE DELIVERY MODELS.—Section 640(f) of the Head Start Act (42 U.S.C. 9835(f)) is amended—

(1) by striking ''(f) The'' and inserting ''(f)(1) Not later than 1 year after the date of enactment of the Head Start for School Readiness Act, the'';

(2) by striking ''needs.'' and inserting ''needs, including models that leverage the capacity and capabilities of the delivery system of early childhood education and care.''; and

(3) by adding at the end the following:

''(2) In establishing the procedures the Secretary shall establish procedures to provide for—

''(A) the conversion of part-day programs to full-day programs or part-day slots to full-day slots; and

''(B) serving additional infants and toddlers pursuant to section 645(a)(5).''.

(d) ADDITIONAL FUNDS.—Section 640(g)(2) of the Head Start Act (42 U.S.C. 9835(g)(2)) is amended—

(1) by striking subparagraph (C) and inserting the following:

''(C) the extent to which the applicant has undertaken communitywide strategic planning and needs assessments involving other community organizations and Federal, State, and local public agencies serving children and families (including organizations and agencies providing family support services and protective services to children and families and organizations serving families in whose homes English is not the language customarily spoken), and individuals, organizations, and public entities serving children with disabilities, children in foster care, and homeless children including the local educational agency liaison designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii));'';

(2) in subparagraph (D)—

(A) by striking ''community'' the first place it appears and inserting ''community-wide''; and

(B) by striking ''other local'' and inserting ''the State and local'';

(3) in subparagraph (E)—

(A) by inserting ''would like to participate but'' after ''community who''; and

(B) by striking ''early childhood program'' and inserting ''early childhood education and care program'';

(4) in subparagraph (G), by inserting ''leverage the existing delivery systems of such services (existing as of the date of the allocation decision) and'' after ''manner that will''; and

(5) in subparagraph (H), by inserting '', including the local educational agency liaison designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii)),'' after ''community involved''.

(e) VEHICLE SAFETY REQUIREMENTS.—Section 640(i) of the Head Start Act (42 U.S.C. 9835(i)) is amended—

(1) by striking ''(i)'' and inserting ''(i)(1)'';

(2) in paragraph (1), as so designated, by adding at the end the following: ''The regulations shall also establish requirements to ensure the appropriate supervision of, and appropriate background checks for, individuals with whom the agencies contract to transport those children.''; and

(3) by adding at the end the following:

''(2)(A) Section 1310.12(a) of title 45, Code of Federal Regulations, shall take effect 30 days after the date of enactment of this Act.

''(B)(i) Not later than 60 days after the National Highway Traffic Safety Administration of the Department of Transportation submits its study on occupant protection on Head Start transit vehicles (related to Government Accountability Office report GAO–06–767R), the Secretary of Health and Human Services shall review and shall revise as necessary the allowable alternate vehicle standards described in part 1310 of that title (or any corresponding similar regulation or ruling) relating to allowable alternate vehicles used to transport children for a Head Start program. In making any such revision, the Secretary shall revise the standards to be consistent with the findings contained in such study, including making a determination on the exemption of such a vehicle from Federal seat spacing requirements, and Federal supporting seating requirements related to compartmentalization, if such vehicle meets all other applicable Federal motor vehicle safety standards, including standards for seating systems, occupant crash protection, seat belt assemblies, and child restraint anchorage systems consistent with that part 1310 (or any corresponding similar regulation or ruling).

''(ii) Notwithstanding subparagraph (A), until such date as the Secretary of Health and Human Services completes the review and any necessary revision specified in clause (i), the provisions of section 1310.12(a) of that title relating to Federal seat spacing requirements, and Federal supporting seating requirements related to compartmentalization, for allowable alternate vehicles used to transport children for a Head Start program, shall not apply to such a vehicle if such vehicle meets all other applicable Federal motor vehicle safety standards, as described in clause (i).''.

(f) MIGRANT AND SEASONAL HEAD START PROGRAMS.—Section 640(l) of the Head Start Act (42 U.S.C. 9835(l)) is amended—

(1) in paragraph (1), by striking ''and seasonal farmworker families'' and inserting ''or seasonal farmworkers''; and

(2) by striking paragraph (3) and inserting the following:

''(3) In carrying out this subchapter, the Secretary shall continue the administrative arrangement at the national level for meeting the needs of Indian children and children of migrant or seasonal farmworkers and shall ensure—

''(A) that appropriate funding is provided to meet such needs, including training and technical assistance provided by staff with knowledge of and experience in working with such populations; and

''(B) the appointment of a national Indian Head Start collaboration director and a national migrant and seasonal Head Start program collaboration director.

''(4)(A) For the purposes of paragraph (3), the Secretary shall conduct an annual consultation in each affected Head Start region, with tribal governments operating Head Start (including Early Head Start) programs.

''(B) The consultations shall be for the purpose of better meeting the needs of American Indian and Alaska Native children and families pertinent to subsection (a)(2)(A), taking into consideration funding allocations, distribution formulas, and other issues affecting the delivery of Head Start services within tribal communities.

''(C) The Secretary shall publish a notification of the consultations in the Federal Register prior to conducting the consultations.

''(D) A detailed report of each consultation shall be prepared and made available, on a timely basis, to all tribal governments receiving funds under this subchapter.

''(5)(A) In order to increase access to Head Start services for children of migrant or seasonal farmworkers, the Secretary shall work in collaboration with providers of migrant and seasonal Head Start programs, the Secretary of Agriculture, the Secretary of Labor, and the Secretary of Education to—

''(i) collect, report, and share data on farmworkers and their families in order to adequately account for the number of children of migrant or seasonal farmworkers who are eligible for Head Start services and determine how many of such children receive the services; and

''(ii) identify barriers that prevent children of migrant or seasonal farmworkers who are eligible for Head Start services from accessing Head Start services, and develop a plan for eliminating such barriers, including certain requirements relating to tracking, health records, and educational documents.

''(B) Not later than 1 year after the date of enactment of the Head Start for School Readiness Act, the Secretary shall publish in the Federal Register a notice about how the Secretary plans to carry out the activities identified in subparagraph (A) and shall provide a period for public comment. To the extent practicable, the Secretary shall consider comments received before implementing any of the activities identified in subparagraph (A).

''(C) Not later than 18 months after the date of enactment of the Head Start for School Readiness Act, the Secretary shall submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate detailing how the Secretary plans to carry out the activities identified in subparagraph (A).

''(D) The Secretary shall take appropriate caution to ensure the protection of the confidentiality of any personally identifiable data, information, and records collected or maintained regarding children and families served by migrant and seasonal Head Start programs.

''(E) Nothing in this paragraph shall be construed to authorize the development of a nationwide database of personally identifiable data, information, or records on individuals involved in studies or other collections of data under this paragraph.''.

(g) HOMELESS CHILDREN.—Section 640 of the Head Start Act (42 U.S.C. 9835) is amended by adding at the end the following:

''(m) ENROLLMENT OF HOMELESS CHILDREN.—The Secretary shall issue regulations to remove barriers to the enrollment and participation of homeless children in Head Start programs. Such regulations shall require Head Start agencies to—

''(1) implement policies and procedures to ensure that homeless children are identified and receive priority for enrollment;

''(2) allow homeless children to apply to, enroll in, and attend Head Start programs while required documents, such as proof of residency, proof of immunization, and other medical records, birth certificates, and other documents, are obtained within a reasonable timeframe; and

''(3) coordinate individual Head Start programs with efforts to implement subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.).

''(n) RULE OF CONSTRUCTION.—Nothing in this subchapter shall be construed to require a State to establish a program of early childhood education and care for children in the State, to require any child to participate in a program in order to attend preschool, or to participate in any initial screening prior to participation in a program of early childhood education and care, except as provided under section 612(a)(3) of the Individuals with Disabilities Education Act (20 U.S.C. 1412(a)(3)) and consistent with section 635(a)(5) of such Act (20 U.S.C. 1435(a)(5)).

''(o) CURRICULA.—All curricula funded under this subchapter shall be scientifically based, developmentally and linguistically based (to the extent practicable), and age appropriate. The curricula shall reflect all areas of child development and learning. Parents shall have the opportunity to examine any such curricula or instructional materials funded under this subchapter.''.

SEC. 7. DESIGNATION OF HEAD START AGENCIES.

Section 641 of the Head Start Act (42 U.S.C. 9836) is amended to read as follows:

''SEC. 641. DESIGNATION OF HEAD START AGENCIES.

''(a) DESIGNATION.—

''(1) IN GENERAL.—The Secretary is authorized to designate as a Head Start agency any local public or private nonprofit or for-profit agency, within a community, including a community-based organization that—

''(A) has power and authority to carry out the purpose of this subchapter and perform the functions set forth in section 642 within a community; and

''(B) is determined to have the capacity to plan, conduct, administer, and evaluate, either directly or by other arrangements, a Head Start program.

''(2) REQUIRED GOALS FOR DESIGNATION.—In order to be designated as a Head Start agency, an entity described in paragraph (1) shall—

''(A) establish program goals for improving the school readiness of children participating in a program under this subchapter, including goals for meeting the performance standards described in section 641A(a)(1) and shall establish results-based school readiness goals that are aligned with the Head Start Child Outcomes Framework, State early learning standards (as appropriate), and requirements and expectations for local public schools; and

''(B) have a governing body—

''(i) with legal and fiscal responsibility for administering and overseeing programs under this subchapter;

''(ii) that fully participates in the development, planning, and evaluation of the programs to ensure the operation of programs of high quality;

''(iii) that is responsible for ensuring compliance with Federal laws and regulations, including the performance standards described in section 641A(a)(1), as well as applicable State, tribal, and local laws and regulations, including laws defining the nature and operations of the governing body; and

''(iv) that has procedures to facilitate meaningful consultation and collaboration about decisions of the governing body and the policy council established under paragraph (3).

''(3) ESTABLISHMENT OF POLICY COUNCIL UPON DESIGNATION.—Upon receiving designation as a Head Start agency, the agency shall establish a policy council that—

''(A) in accordance with paragraph (5)(C), shall make decisions that influence the character of programs consistent with paragraph (5)(F); and

''(B) with the governing body, shall establish processes to resolve internal disputes.

''(4) ELIGIBILITY FOR SUBSEQUENT GRANTS.—In order to receive a grant under this subchapter subsequent to the initial grant provided following the date of enactment of the Head Start for School Readiness Act, an entity described in paragraph (1) shall demonstrate that the entity has met or is making progress toward meeting the goals described in paragraph (2)(A).

''(5) GOVERNING BODY AND POLICY COUNCIL.—

''(A) ESTABLISHMENT OF GOVERNING BODY.—Each Head Start agency shall establish a governing body in accordance with paragraph (2)(B).

''(B) COMPOSITION OF GOVERNING BODY.—

''(i) IN GENERAL.—The governing body shall be composed as follows:

''(I) Not less than 1 member of the governing body shall have a background in fiscal management.

''(II) Not less than 1 member of the governing body shall have a background in early childhood education and care.

''(III) Not less than 1 member of the governing body shall be a licensed attorney familiar with issues that come before the governing body.

''(IV) Additional members shall reflect the community to be served, and include parents of children who are currently, or were formerly, enrolled in Head Start programs.

''(V) In the case in which the governing body is a part of a Head Start agency that is a public agency, members of the governing body shall include elected or appointed public officials.

''(ii) CONSULTANTS.—In the case that persons described in clause (i) are not available to serve as members of the governing body, the governing body shall make use of consultants in the areas described in clause (i) to work directly with the governing body.

''(iii) CONFLICT OF INTEREST.—Members of the governing body shall—

''(I) not have a conflict of interest with the Head Start agency (including any delegate agency); and

''(II) not receive compensation for the purposes of serving on the governing body or for providing services to the Head Start agency.

''(C) RESPONSIBILITIES OF GOVERNING BODY.—

''(i) IN GENERAL.—The governing body shall be responsible for—

''(I) the selection of delegate agencies and such agencies' service areas;

''(II) establishing procedures and criteria for recruitment, selection, and enrollment;

''(III) all funding applications and amendments to funding applications for programs under this subchapter;

''(IV) establishing procedures and guidelines to access and collect the information described in paragraph (6);

''(V) review and approval of—

''(aa) the annual self-assessment, financial audit, and findings from the Federal monitoring review, of the Head Start agency (including any delegate agency); and

''(bb) such agency's progress in carrying out the programmatic and fiscal intent of such agency's grant application;

''(VI) developing procedures for how members of the policy council of the Head Start agency are selected, consistent with subparagraph (E)(ii);

''(VII) financial audits, accounting, and reporting;

''(VIII) personnel policies and procedures regarding hiring, termination, salary scales (and changes made to the scale), and salaries of the Executive Director, Head Start Director, the Director of Human Resources, the Chief Fiscal Officer, and any equivalent position; and

''(IX) review and approval of the community assessment, including any updates to such assessment.

''(ii) CONDUCT OF RESPONSIBILITIES.—The governing body shall ensure the development and approval of an internal control structure to facilitate those responsibilities in order to—

''(I) safeguard Federal funds;

''(II) comply with laws and regulations that have an impact on financial statements;

''(III) detect or prevent noncompliance with this subchapter; and

''(IV) receive financial audit reports and direct and monitor staff implementation of corrective actions.

''(iii) COMMITTEES.—The governing body shall, to the extent practicable and appropriate, establish—

''(I) advisory committees to oversee responsibilities related to financial auditing and finances of the Head Start agency, as well as compliance with Federal, State, and local laws and regulations; and

''(II) at the discretion of the governing body, additional advisory committees to study and make recommendations on areas related to the improvement of the Head Start program.

''(D) ESTABLISHMENT OF POLICY COUNCIL.—Each Head Start agency shall establish a policy council in accordance with paragraph (3).

''(E) COMPOSITION OF POLICY COUNCIL.—

''(i) IN GENERAL.—The policy council shall consist of—

''(I) parents of children currently enrolled in the programs of the Head Start agency (including any delegate agency), which shall constitute a majority of the membership of the policy council; and

''(II) members at large of the community served by the Head Start agency, which may include parents of children previously enrolled in the programs of the Head Start agency (including any delegate agency).

''(ii) SELECTION.—Parents serving on the policy council shall be elected by parents of children currently enrolled in the programs of the Head Start agency (including any delegate agency) and shall represent, proportionately, all program options and settings operated by the Head Start agency (including any delegate agency).

''(iii) CONFLICT OF INTEREST.—Members of the policy council shall—

''(I) not have a conflict of interest with the Head Start agency (including any delegate agency); and

''(II) not receive compensation for serving on the policy council or for providing services to the Head Start agency.

''(F) RESPONSIBILITIES OF POLICY COUNCIL.—The policy council shall be responsible for—

''(i) program planning, including—

''(I) program design, including long and short term program goals, all funding applications and amendments to funding applications, and objectives based on the annual communitywide assessment and self-assessment;

''(II) program recruitment, selection, and enrollment priorities; and

''(III) budget planning for program expenditures consistent with subparagraph (C)(i)(VII), including polices for reimbursement and participation in policy council activities;

''(ii) program operation consistent with subparagraph (C)(i)(VIII), including implementation of standards of conduct for program staff, contractors, and volunteers and criteria for the employment and dismissal of program staff; and

''(iii) activities to support the active involvement of parents in supporting program operations, including policies to ensure that the Head Start program is responsive to community and parent needs.

''(6) INFORMATION SHARING.—The governing body and the policy council shall share with each other regular and accurate information for use by both entities about program planning, policies, and Head Start agency operations, including—

''(A) monthly financial statements (including detailed credit card account expenditures for any employee with a Head Start agency credit card or who seeks reimbursement for charged expenses);

''(B) monthly program information summaries;

''(C) program enrollment reports, including attendance reports for children whose care is partially subsidized by another public agency;

''(D) monthly reports of meals and snacks provided through programs of the Department of Agriculture;

''(E) the financial audit;

''(F) the annual self-assessment, including any findings related to the annual self-assessment;

''(G) the community assessment of the Head Start agency's service area and any applicable updates;

''(H) communication and guidance from the Secretary; and

''(I) the program information reports.

''(7) TRAINING AND TECHNICAL ASSISTANCE.—Appropriate training and technical assistance shall be provided to the members of the

governing body and the policy council to ensure that the members understand the information the members receive and can effectively oversee and participate in the programs of the Head Start agency.

''(b) COMMUNITIES.—For purposes of this subchapter, a community may be a city, county, or multicity or multicounty unit within a State, an Indian reservation (including Indians in any off-reservation area designated by an appropriate tribal government in consultation with the Secretary), or a neighborhood or other area (irrespective of boundaries or political subdivisions) that provides a suitable organizational base and possesses the commonality of interest needed to operate a Head Start program.

''(c) REDESIGNATION.—

''(1) IN GENERAL.—In administering the provisions of this section, the Secretary shall, in consultation with the Governor of the State involved, redesignate as a Head Start agency any Head Start agency (including any delegate agency) that is high performing, as determined by meeting each of the following criteria:

''(A) Is receiving assistance under this subchapter.

''(B) Meets or exceeds standards described in section 641A(a)(1) (including program and financial management requirements).

''(C) Has no unresolved deficiencies, including having resolved any deficiencies found during the last triennial review under section 641A(c).

''(D) Can demonstrate, through agreements such as memoranda of understanding, active collaboration with the State or local community in the provision of services for children (such as the provision of extended day services, education, professional development and training for staff, and other types of cooperative endeavors).

''(E) Completes and submits the appropriate reapplication forms as required by the Secretary.

''(2) LIMITATION.—A Head Start agency with a triennial review under section 641A(c) scheduled not later than 18 months after the date of enactment of the Head Start for School Readiness Act shall not be subject to the criteria described in paragraph (1) for that review in order to be redesignated. The Head Start agency shall be subject to the criteria for any subsequent triennial review.

''(d) DESIGNATION WHEN NO ENTITY IS REDESIGNATED.—If no entity in a community is redesignated according to subsection (c), the Secretary shall, after conducting an open competition, designate a Head Start agency from among qualified applicants in such community.

''(e) EFFECTIVENESS.—In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall consider the effectiveness of each such applicant to provide Head Start services, based on—

''(1) any past performance of such applicant in providing services comparable to Head Start services, including how effectively such applicant provided such comparable services;

''(2) the plan of such applicant to provide comprehensive health, educational, nutritional, social, and other services needed to aid participating children in attaining their full potential, and to prepare children to succeed in school;

''(3) the capacity of such applicant to serve eligible children with programs that use scientifically based research that promote school readiness of children participating in the program;

''(4) the plan of such applicant to meet standards set forth in section 641A(a)(1), with particular attention to the standards set forth in subparagraphs (A) and (B) of such section;

''(5) the plan of such applicant to coordinate the Head Start program the applicant proposes to carry out with other preschool programs, including—

''(A) the Early Reading First and Even Start programs under subparts 2 and 3 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6371 et seq., 6381 et seq.);

''(B) other preschool program under title I of that Act (20 U.S.C. 6301 et seq.);

''(C) programs under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

''(D) State prekindergarten programs;

''(E) child care programs;

''(F) the educational programs that the children in the Head Start program involved will enter at the age of compulsory school attendance; and

''(G) reading readiness programs such as those conducted by public and school libraries;

''(6) the plan of such applicant to coordinate the Head Start program that the applicant proposes to carry out with public and private entities who are willing to commit resources to assist the Head Start program in meeting its program needs;

''(7) the plan of such applicant to collaborate with a local library, where available, that is interested in that collaboration, to—

''(A) develop innovative programs to excite children about the world of books, such as programs that involve—

''(i) taking children to the library for a story hour;

''(ii) promoting the use of library cards;

''(iii) developing a lending library or using a mobile library van; and

''(iv) providing fresh books in the Head Start classroom on a regular basis;

''(B) assist in literacy training for Head Start teachers; and

''(C) support parents and other caregivers in literacy efforts;

''(8) the plan of such applicant—

''(A) to facilitate the involvement of parents of participating children in activities (at home and in the center involved where practicable) designed to help such parents become full partners in the education of their children;

''(B) to afford such parents the opportunity to participate in the development and overall conduct of the program at the local level, including through providing transportation costs;

''(C) to offer (directly or through referral to local entities, such as entities carrying out Even Start programs under subpart 3 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6381 et seq.), public and school libraries, and entities carrying out family support programs) to such parents—

''(i) family literacy services; and

''(ii) parenting skills training;

''(D) to offer to parents of participating children substance abuse counseling (either directly or through referral to local entities), if needed, including information on the effect of drug exposure on infants and fetal alcohol syndrome;

''(E) at the option of such applicant, to offer (directly or through referral to local entities) to such parents—

''(i) training in basic child development (including cognitive development);

''(ii) assistance in developing literacy and communication skills;

''(iii) opportunities to share experiences with other parents (including parent mentor relationships);

''(iv) regular in-home visitation; or

''(v) any other activity designed to help such parents become full partners in the education of their children;

''(F) to provide, with respect to each participating family, a family needs assessment that includes consultation with such parents (including foster parents and grandparents, where applicable) about the benefits of parent involvement and about the activities described in subparagraphs (C), (D), and (E) in which such parents may choose to become involved (taking into consideration their specific family needs, work schedules, and other responsibilities); and

''(G) to extend outreach to fathers, in appropriate cases, in order to strengthen the role of fathers in families, in the education of their young children, and in the Head Start program, by working directly with fathers and father figures through activities such as—

''(i) in appropriate cases, including fathers in home visits and providing opportunities for direct father-child interactions; and

''(ii) targeting increased male participation in the conduct of the program;

''(9) the ability of such applicant to carry out the plans described in paragraphs (2), (4), and (5);

''(10) other factors related to the requirements of this subchapter;

''(11) the plan of such applicant to meet the needs of limited English proficient children and their families, including procedures to identify such children, plans to provide trained personnel, and plans to provide services to assist the children in making progress toward the acquisition of the English language;

''(12) the plan of such applicant to meet the needs of children with disabilities, including procedures to identify such children, procedures for referral of such children for evaluation to State and local agencies providing services under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq), and plans for collaboration with those State and local agencies;

''(13) the plan of such applicant who chooses to assist younger siblings of children who will participate in the Head Start program, to obtain health services from other sources;

''(14) the plan of such applicant to collaborate with other entities providing early childhood education and care in the community;

''(15) the plan of such applicant to meet the needs of homeless children and children in foster care, including the transportation needs of such children; and

''(16) the plan of such applicant to recruit and retain qualified staff.

''(f) INVOLVEMENT OF PARENTS AND AREA RESIDENTS.—The Secretary shall continue the practice of involving parents and area residents who are affected by programs under this subchapter in the selection of qualified applicants for designation as Head Start agencies.

''(g) PRIORITY.—In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to applicants that have demonstrated capacity in providing effective, comprehensive, and well-coordinated early childhood education and care to children and their families.

''(h) INTERIM BASIS.—If there is not a qualified applicant in a community for designation as a Head Start agency, the Secretary shall designate a qualified agency to carry out the Head Start program in the community on an interim basis until a qualified applicant from the community is so designated.

''(i) PROHIBITION AGAINST NON-INDIAN HEAD START AGENCY RECEIVING A GRANT FOR AN INDIAN HEAD START PROGRAM.—

''(1) IN GENERAL.—Notwithstanding any other provision of law except as provided in paragraph (2), under no condition may a non-Indian Head Start agency receive a grant to carry out an Indian Head Start program.

''(2) EXCEPTION.—In a community in which there is no Indian Head Start agency available for designation to carry out an Indian Head Start program, a non-Indian Head Start agency may receive a grant to carry out an Indian Head Start program but only until such time as an Indian Head Start agency in such community becomes available and is designated pursuant to this section.''.

SEC. 8. QUALITY STANDARDS; MONITORING OF HEAD START AGENCIES AND PROGRAMS.

Section 641A of the Head Start Act (42 U.S.C. 9836a) is amended—

(1) in subsection (a)—

(A) in paragraph (1)(A), by striking ''642(d)'' and inserting ''642(c)'';

(B) in paragraph (1)(B)—

(i) in clause (i), by striking ''education performance standards'' and inserting ''educational performance standards''; and

(ii) by striking clause (ii) and inserting the following:

''(ii) additional educational standards based on the recommendations of the National Academy of Sciences panel described in section 649(h) and other experts in the field, to ensure that the curriculum involved addresses, and that the children participating in the program show appropriate progress toward developing and applying, the recommended educational outcomes, after the panel considers the appropriateness of additional educational standards relating to—

''(I) language skills related to listening, understanding, speaking, and communicating;

''(II) pre-literacy knowledge and skills;

''(III) prematheматics knowledge and skills;

''(IV) scientific abilities;

''(V) general cognitive abilities related to academic achievement and child development;

''(VI) social and emotional development related to early learning and school success;

''(VII) physical development; and

''(VIII) in the case of limited English proficient children, progress toward acquisition of the English language (which may include progress made with linguistically appropriate instructional services) while making meaningful progress in attaining the knowledge, skills, abilities, and development described in subclauses (I) through (VII);'';

(C) in paragraph (1)(D), by striking ''projects; and'' and inserting ''projects, including regulations that require that the facilities used by Head Start agencies (including Early Head Start agencies and including any delegate agencies) for regularly scheduled center-based and combination program option classroom activities—

''(i) shall be in compliance with State and local requirements concerning licensing for such facilities; and

''(ii) shall be accessible by State and local authorities for purposes of monitoring and ensuring compliance; and'';

(D) in paragraph (2)—

(i) in subparagraph (B)—

(I) in clause (i), by striking ''the date of enactment of this section'' and inserting ''the date of enactment of the Head Start for School Readiness Act'';

(II) in clause (ii), by striking ''the date of enactment of this Act'' and inserting ''the date of enactment of the Head Start for School Readiness Act'';

(III) in clause (iii)—

(aa) by striking ''early childhood education and development'' and inserting ''early childhood education and care''; and

(bb) by inserting ''homeless children, children in foster care,'' after ''children with disabilities,'';

(IV) in clause (vi), by striking ''including the language'' and all that follows and inserting ''and the language background and family structure of such children, and changes in the population and number of such children who are in foster care or are homeless children'';

(V) by striking clause (vii) and inserting the following:

''(vii) the need for Head Start agencies to maintain close and frequent communications with parents, including conducting periodic meetings to discuss the progress of individual children in Head Start programs; and

''(viii) the unique challenges faced by individual programs, including those programs that are seasonal or short term and those programs that serve rural populations;'';

(ii) in subparagraph (C)(ii), by striking ''the date of enactment of the Coats Human Services Reauthorization Act of 1998.'' and inserting ''the date of enactment of the Head Start for School Readiness Act; and''; and

(iii) by adding at the end the following:

''(D) consult with Indian tribes, American Indian and Alaska Native experts in early childhood education and care, linguists, and the National Indian Head Start Directors Association on the review and promulgation of standards under this subchapter (including standards for language acquisition and school readiness).'';

(E) by adding at the end the following:

''(4) EVALUATIONS AND CORRECTIVE ACTIONS FOR DELEGATE AGENCIES.—

''(A) PROCEDURES.—

''(i) IN GENERAL.—Subject to clause (ii), the Head Start agency shall establish procedures relating to its delegate agencies, including—

''(I) procedures for evaluating delegate agencies;

''(II) procedures for defunding delegate agencies; and

''(III) procedures for appealing a defunding decision relating to a delegate agency.

''(ii) TERMINATION.—The Head Start agency may not terminate a delegate agency's contract or reduce a delegate agency's service area without showing cause or demonstrating the cost-effectiveness of such a decision.

''(B) EVALUATIONS.—Each Head Start agency—

''(i) shall evaluate its delegate agencies using the procedures established pursuant to this section, including subparagraph (A); and

''(ii) shall inform the delegate agencies of the deficiencies identified through the evaluation that shall be corrected.

''(C) REMEDIES TO ENSURE CORRECTIVE ACTIONS.—In the event that the Head Start agency identifies a deficiency for a delegate agency through the evaluation, the Head Start agency shall take action, which may include—

''(i) initiating procedures to terminate the designation of the agency unless the agency corrects the deficiency;

''(ii) conducting monthly monitoring visits to such delegate agency until all deficiencies are corrected or the Head Start agency decides to defund such delegate agency; and

''(iii) releasing funds to such delegate agency—

''(I) only as reimbursements, until all deficiencies are corrected or the Head Start agency decides to defund such delegate agency; and

''(II) only if there is continuity of services for children and families.

''(D) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to impact or obviate the responsibilities of the Secretary with respect to Head Start agencies (including any delegate agencies) receiving funding under this subchapter.'';

(2) in subsection (b)—

(A) in paragraph (2)—

(i) by striking the paragraph heading and inserting the following:

''(2) CHARACTERISTICS AND USE OF MEASURES.—'';

(ii) in subparagraph (B), by striking '', not later than July 1, 1999; and'' and inserting a semicolon;

(iii) in subparagraph (C), by striking the period and inserting a semicolon;

(iv) by striking the flush matter following subparagraph (C); and

(v) by adding at the end the following:

''(D) measure characteristics that are strongly predictive (as determined on a scientific basis) of a child's school readiness and later performance in school;

''(E) be appropriate for the population served; and

''(F) be reviewed not less than every 4 years, based on advances in the science of early childhood development.

The performance measures shall be issued by regulation and shall include the performance standards and additional educational standards described in subparagraphs (A) and (B) of subsection (a)(1).'';

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''; and'' and inserting a semicolon;

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

(iii) by adding at the end the following:

''(C) to enable Head Start agencies to individualize programs of instruction to better meet the needs of the child involved.'';

(C) by striking paragraph (4);

(D) by redesignating paragraph (5) as paragraph (4); and

(E) by adding at the end the following:

''(5) RULE OF CONSTRUCTION.—Nothing in this subchapter shall be construed to authorize or permit the Secretary or any employee or contractor of the Department of Health and Human Services to mandate, direct, control, or suggest the selection of a curriculum, a program of instruction, or instructional materials, for a Head Start program.'';

(3) in subsection (c)—

(A) in paragraph (1)—

(i) by striking subparagraph (C) and inserting the following:

''(C) Unannounced site inspections for health and safety reasons, as appropriate.'';

(ii) by redesignating subparagraph (D) as subparagraph (E); and

(iii) by inserting after subparagraph (C) the following:

''(D) Followup reviews, including—

''(i) prompt return visits as necessary for failure to meet 1 or more of the performance measures developed by the Secretary under subsection (b);

''(ii) a review of agencies and programs with citations that include findings of deficiencies not later than 6 months after the date of such citation; and

''(iii) followup reviews that incorporate a monitoring visit without prior notice of the visit to the agency or program involved or with such limited prior notice as is necessary to ensure the participation of parents and key staff members.''; and

(B) by striking paragraph (2) and inserting the following:

''(2) CONDUCT OF REVIEWS.—

''(A) IN GENERAL.—The Secretary shall ensure that reviews described in paragraph (1)—

''(i) are performed, to the maximum extent practicable, by employees of the Department of Health and Human Services who are knowledgeable about Head Start programs;

''(ii) are conducted by review teams that shall include individuals who are knowledgeable about Head Start programs and other early childhood education and care and, to the maximum extent practicable, the diverse (including linguistic and cultural) needs of eligible children (including children with disabilities, homeless children, and children in foster care) and limited English proficient children and their families, and personnel management, financial accountability, and systems development and monitoring;

''(iii) include as part of the reviews of the programs, a review and assessment of program effectiveness, including strengths and weaknesses, as measured in accordance with the results-based performance measures developed by the Secretary pursuant to subsection (b) and with the performance standards established pursuant to subsection (a)(1);

''(iv) seek information from the communities and States where Head Start programs exist about innovative or effective collaborative efforts, barriers to collaboration, and the efforts of the Head Start agencies to collaborate with the entities providing early childhood education and care in the community;

''(v) include as part of the reviews of the programs, a review and assessment of whether the programs are in conformity with the income eligibility requirements under section 645 and regulations promulgated under such section;

''(vi) include as part of the reviews of the programs, a review and assessment of whether programs have adequately addressed population and community needs (including needs of populations of limited English proficient children and children of migrant or seasonal farmworkers);

''(vii) include as part of the reviews of the programs, a review and assessment of whether programs have adequately addressed the needs of children with disabilities, including whether the agencies involved have met the 10 percent minimum enrollment requirement specified in section 640(d) and whether the agencies have made sufficient efforts to collaborate with State and local agencies providing services under section 619 or part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

''(viii) include as part of the reviews of the programs, data from the results of periodic child assessments, and a review and assessment of child outcomes and performance as they relate to agency-determined school readiness goals described in section 641(a)(2)(A); and

''(ix) in the case of Early Head Start agencies and programs, are conducted by a review team that includes individuals who are knowledgeable about the development of infants and toddlers.

''(B) TRAINING; QUALITY AND CONSISTENCY.—The Secretary, from funds available under section 640(a)(2)(D), shall provide periodic training for supervisors and members of review teams in such topics as program management and financial audit performance. The Secretary shall ensure the quality and consistency across and within regions of reviews and non-compliance and deficiency determinations by conducting periodic interrater reliability checks.'';

(4) in subsection (d)(1)—

(A) in the matter preceding subparagraph (A), by inserting ''or fails to address the communitywide strategic plan and needs assessment identified in section 640(g)(2)(C),'' after ''subsection (b),''; and

(B) in subparagraph (A), by inserting ''and identify the assistance to be provided consistent with paragraph (3)'' after ''corrected'';

(5) in subsection (e), by striking the last sentence and inserting ''The information contained in such report shall be made available to parents with children receiving assistance under this subchapter in an understandable and uniform format, and to the extent practicable, in a language that the parents can understand. Such information shall be made widely available through public means such as distribution through public agencies, and, at a minimum, by posting such information on the Internet immediately upon publication.''; and

(6) by adding at the end the following:

''(f) SELF-ASSESSMENTS.—

''(1) IN GENERAL.—Not less frequently than once each program year, with the consultation and participation of policy councils, and, as applicable, policy committees, and, as appropriate, other community members, each agency receiving funds under this subchapter shall conduct a comprehensive self-assessment of the agency's effectiveness and progress in meeting program goals and objectives and in implementing and complying with performance standards described in subsection (a)(1).

''(2) REPORT AND IMPROVEMENT PLANS.—

''(A) REPORT.—An agency conducting a self-assessment shall report the findings of the self-assessment to the relevant policy council, policy committee, governing body, and regional office of the Administration for Children and Families of the Department of Health and Human Services. Each self-assessment shall identify areas of strength and weakness.

''(B) IMPROVEMENT PLAN.—The agency shall develop an improvement plan approved by the governing body of the agency to strengthen any areas identified in the self-assessment as weaknesses or in need of improvement. The agency shall report the areas to the appropriate regional office of the Administration for Children and Families.

''(3) ONGOING MONITORING.—Each Head Start agency (including each Early Head Start agency and including any delegate agency) shall establish and implement procedures for the ongoing monitoring of their Head Start (including Early Head Start) programs, to ensure that the operations of the programs work toward meeting program goals and objectives and Head Start performance standards.

''(4) TRAINING AND TECHNICAL ASSISTANCE.—Funds may be made available, through section 648(d), for training and technical assistance to assist agencies in conducting self-assessments.

''(g) REDUCTION OF GRANTS AND REDISTRIBUTION OF FUNDS IN CASES OF UNDER-ENROLLMENT.—

''(1) DEFINITIONS.—In this subsection:

''(A) ACTUAL ENROLLMENT.—The term 'actual enrollment' means, with respect to the program of a Head Start agency, the actual number of children enrolled in such program and reported by the agency (as required in paragraph (2)) in a given month.

''(B) BASE GRANT.—The term 'base grant' means, with respect to a Head Start agency for a fiscal year, that portion of the grant derived—

''(i) from amounts reserved for use in accordance with section 640(a)(2)(A), for a Head Start agency administering an Indian Head Start program or migrant or seasonal Head Start program;

''(ii) from amounts reserved for payments under section 640(a)(2)(B); or

''(iii) from amounts available under section 640(a)(2)(D) or allotted among States under section 640(a)(4).

''(C) FUNDED ENROLLMENT.—The term 'funded enrollment' means, with respect to the program of a Head Start agency in a fiscal year, the number of children that the agency is funded to serve through a grant for the program during such fiscal year, as indicated in the grant award.

''(2) ENROLLMENT REPORTING REQUIREMENT FOR CURRENT FISCAL YEAR.—Each entity carrying out a Head Start program shall report on a monthly basis to the Secretary and the relevant Head Start agency—

''(A) the actual enrollment in such program; and

''(B) if such actual enrollment is less than the funded enrollment, any apparent reason for such enrollment shortfall.

''(3) SECRETARIAL REVIEW AND PLAN.—The Secretary shall—

''(A) on a semiannual basis, determine which Head Start agencies are operating with an actual enrollment that is less than the funded enrollment based on not less than 4 consecutive months of data;

''(B) for each such Head Start agency operating a program with an actual enrollment that is less than 95 percent of its funded enrollment, as determined under subparagraph (A), develop, in collaboration with such agency, a plan and timetable for reducing or eliminating under-enrollment taking into consideration—

''(i) the quality and extent of the outreach, recruitment, and communitywide needs assessment conducted by such agency;

''(ii) changing demographics, mobility of populations, and the identification of new underserved low-income populations;

''(iii) facilities-related issues that may impact enrollment;

''(iv) the ability to provide full-day programs, where needed, through funds made available under this subchapter or through collaboration with entities carrying out other preschool or child care programs, or programs with other funding sources (where available);

''(v) the availability and use by families of other preschool and child care options (including parental care) in the community served; and

''(vi) agency management procedures that may impact enrollment; and

''(C) provide timely and ongoing technical assistance to each agency described in subparagraph (B) for the purpose of implementing the plan described in such subparagraph.

''(4) IMPLEMENTATION.—Upon receipt of the technical assistance described in paragraph (3)(C), a Head Start agency shall immediately implement the plan described in paragraph (3)(B).

''(5) SECRETARIAL ACTION FOR CONTINUED UNDER-ENROLLMENT.—If, 1 year after the date of implementation of the plan described in paragraph (3)(B), the Head Start agency continues to operate a program at less than funded enrollment, the Secretary shall, where determined appropriate, continue to provide technical assistance to such agency.

''(6) SECRETARIAL REVIEW AND ADJUSTMENT FOR CHRONIC UNDER-ENROLLMENT.—

''(A) IN GENERAL.—If, after receiving technical assistance and developing and implementing a plan to the extent described in paragraphs (3), (4), and (5) for 9 months, a Head Start agency is still operating a program with an actual enrollment that is less than 95 percent of its funded enrollment, the Secretary may—

''(i) designate such agency as chronically under-enrolled; and

''(ii) recapture, withhold, or reduce the base grant for the program by a percentage

equal to the percentage difference between funded enrollment and actual enrollment for the program for the most recent year in which the agency is determined to be underenrolled under paragraph (3)(A).

''(B) WAIVER OR LIMITATION OF REDUCTIONS.—If the Secretary, after the implementation of the plan described in paragraph (3)(B), finds that—

''(i) the causes of the enrollment shortfall, or a portion of the shortfall, are beyond the agency's control (such as serving significant numbers of children of migrant or seasonal farmworkers, homeless children, children in foster care, or other highly mobile children);

''(ii) the shortfall can reasonably be expected to be temporary; or

''(iii) the number of slots allotted to the agency is small enough that under-enrollment does not constitute a significant shortfall, the Secretary may, as appropriate, waive or reduce the percentage recapturing, withholding, or reduction otherwise required by subparagraph (A).

''(C) PROCEDURAL REQUIREMENTS; EFFECTIVE DATE.—The actions taken by the Secretary under this paragraph with respect to a Head Start agency shall take effect 1 day after the date on which—

''(i) the time allowed for appeal under section 646(a) expires without an appeal by the agency; or

''(ii) the action is upheld in an administrative hearing under section 646.

''(7) REDISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—The Secretary shall use amounts recovered from a Head Start agency through recapturing, withholding, or reduction under paragraph (6) in a fiscal year—

''(i) in the case of a Head Start agency administering an Indian Head Start program or a migrant or seasonal Head Start program, whose base grant is derived from amounts specified in paragraph (1)(B)(i), to redirect funds to 1 or more agencies that—

''(I) are administering Head Start programs serving the same special population; and

''(II) demonstrate that the agencies will use such redirected funds to increase enrollment in their Head Start programs in such fiscal year; or

''(ii) in the case of a Head Start agency in a State, whose base grant is derived from amounts specified in clause (ii) or (iii) of paragraph (1)(B), to redirect funds to 1 or more agencies that—

''(I) are administering Head Start programs in the same State; and

''(II) make the demonstration described in clause (i)(II).

''(B) SPECIAL RULE.—If there is no agency located in a State that meets the requirements of subclauses (I) and (II) of subparagraph (A)(ii), in the case of a Head Start agency described in subparagraph (A)(ii), the Secretary shall use amounts described in subparagraph (A) to redirect funds to Head Start agencies located in other States that make the demonstration described in subparagraph (A)(i)(II).

''(C) ADJUSTMENT TO FUNDED ENROLLMENT.—The Secretary shall adjust as necessary the requirements relating to funded enrollment indicated in the grant agreement of a Head Start agency receiving redistributed amounts under this paragraph.

''(h) CONTRACT WITH NONPROFIT INTERMEDIARY ORGANIZATION.—From funds reserved under clause (i) or (ii) of section 640(a)(2)(C) or from whatever other resources the Secretary determines appropriate, in carrying out the provisions of this section, the Secretary or a Head Start agency may contract with a nonprofit intermediary organization that—

''(1) provides evaluations and technical assistance to improve overall performance management; and

''(2) has an exclusive focus of improving the performance management and the use of technology in assessing performance and meeting Head Start regulations and can provide on-site, hands-on guidance with the implementation of Head Start programs.''.

SEC. 9. CENTERS OF EXCELLENCE IN EARLY CHILDHOOD.

The Head Start Act is amended by inserting after section 641A (42 U.S.C. 9836a) the following:

''SEC. 641B. CENTERS OF EXCELLENCE IN EARLY CHILDHOOD.

''(a) DEFINITION.—In this section, the term 'center of excellence' means a Center of Excellence in Early Childhood designated under subsection (b).

''(b) DESIGNATION AND BONUS GRANTS.—The Secretary shall, subject to the availability of funds under this subchapter, including under subsection (f), establish a program under which the Secretary shall—

''(1) designate not more than 200 exemplary Head Start agencies (including Early Head Start agencies, Indian Head Start agencies, and migrant and seasonal Head Start agencies) as Centers of Excellence in Early Childhood; and

''(2) make bonus grants to the centers of excellence to carry out the activities described in subsection (d).

''(c) APPLICATION AND DESIGNATION.—

''(1) APPLICATION.—

''(A) NOMINATION AND SUBMISSION.—

''(i) IN GENERAL.—To be eligible to receive a designation as a center of excellence under subsection (b), except as provided in clause (ii), a Head Start agency in a State shall be nominated by the Governor of the State and shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(ii) INDIAN AND MIGRANT AND SEASONAL HEAD START PROGRAMS.—In the case of an Indian Head Start agency or a migrant or seasonal Head Start agency, to be eligible to receive a designation as a center of excellence under subsection (b), such an agency shall be nominated by the head of the appropriate regional office of the Department of Health and Human Services and shall submit an application to the Secretary in accordance with clause (i).

''(B) CONTENTS.—At a minimum, the application shall include—

''(i) evidence that the Head Start program carried out by the agency has significantly improved the school readiness of, and enhanced academic outcomes for, children who have participated in the program;

''(ii) evidence that the program meets or exceeds performance standards described in section 641A(a)(1), as evidenced by successful completion of programmatic and monitoring reviews, and has no findings of deficiencies with respect to such standards;

''(iii) evidence that the program is making progress toward meeting the requirements described in section 648A;

''(iv) evidence demonstrating the existence of a collaborative partnership among the Head Start agency, the State (or a State agency), and other providers of early childhood education and care in the local community involved;

''(v) a nomination letter from the Governor, or appropriate regional office, demonstrating the agency's ability to provide the coordination, transition, and training services of the program to be carried out under the bonus grant involved, including coordination of activities with State and local agencies that provide early childhood education and care to children and families in the community served by the agency;

''(vi) information demonstrating the existence of a local council for excellence in early childhood, which shall include representatives of all the institutions, agencies, and groups involved in the work of the center for, and the local provision of services to, eligible children and other at-risk children, and their families; and

''(vii) a description of how the Center, in order to expand accessibility and continuity of quality early childhood education and care, will coordinate activities assisted under this section with—

''(I) programs carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.);

''(II) other programs carried out under this subchapter, including the Early Head Start programs carried out under section 645A;

''(III)(aa) Early Reading First and Even Start programs carried out under subparts 2 and 3 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6371 et seq., 6381 et seq.);

''(bb) other preschool programs carried out under title I of that Act (20 U.S.C. 6301 et seq.); and

''(cc) the Ready-to-Learn Television program carried out under subpart 3 of part D of title II of that Act (20 U.S.C. 6775 et seq.);

''(IV) programs carried out under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.);

''(V) State prekindergarten programs; and

''(VI) other programs of early childhood education and care.

''(2) SELECTION.—In selecting agencies to designate as centers of excellence under subsection (b), the Secretary shall designate not less than 1 from each of the 50 States, the District of Columbia, an Indian Head Start program, a migrant or seasonal Head Start program, and the Commonwealth of Puerto Rico.

''(3) PRIORITY.—In making bonus grant determinations under this section, the Secretary shall give priority to programs that, through their applications, demonstrate that they are of exceptional quality and would serve as exemplary models for programs in the same geographic region. The Secretary may also consider the populations served by the applicants, such as programs that serve large proportions of families of limited English proficient children or other underserved populations, and may make bonus grants to programs that do an exceptional job meeting the needs of children in such populations.

''(4) TERM OF DESIGNATION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall designate a Head Start agency as a center of excellence for a 5-year term. During the period of that designation, subject to the availability of appropriations, the agency shall be eligible to receive a bonus grant under subsection (b).

''(B) REVOCATION.—The Secretary may revoke an agency's designation under subsection (b) if the Secretary determines that the agency is not demonstrating adequate performance or has had findings of deficiencies described in paragraph (1)(B)(ii).

''(5) AMOUNT OF BONUS GRANT.—The Secretary shall base the amount of funding provided through a bonus grant made under subsection (b) to a center of excellence on the number of children eligible for Head Start services in the community involved. The Secretary shall, subject to the availability of funding, make such a bonus grant in an amount of not less than $200,000 per year.

''(d) USE OF FUNDS.—

''(1) ACTIVITIES.—A center of excellence that receives a bonus grant under subsection (b)—

''(A) shall use the funds made available through the bonus grant to model and disseminate, to other Head Start centers in the State involved, best practices for achieving early academic success, including—

''(i) best practices for achieving school readiness and developing pre-literacy and prematheamtics skills for at-risk children and achieving the acquisition of the English language for limited English proficient children; and

''(ii) best practices for providing seamless service delivery for eligible children and their families;

''(B) may use the funds made available through the bonus grant—

''(i) to provide Head Start services to additional eligible children;

''(ii) to better meet the needs of working families in the community served by the center by serving more children in existing Early Head Start programs (existing as of the date the center is designated under this section) or in full-working-day, full calendar year Head Start programs;

''(iii) to further coordinate early childhood education and care and social services available in the community served by the center for at-risk children (birth through age 8), their families, and pregnant women;

''(iv) to provide training and cross training for Head Start teachers and staff, child care providers, public and private preschool and elementary school teachers, and other providers of early childhood education and care, and training and cross training to develop agency leaders;

''(v) to provide effective transitions between Head Start programs and elementary school, to facilitate ongoing communication between Head Start and elementary school teachers concerning children receiving Head Start services, and to provide training and technical assistance to providers who are public elementary school teachers and other staff of local educational agencies, child care providers, family service providers, and other providers of early childhood education and care, to help the providers described in this clause increase their ability to work with low-income, at-risk children and their families;

''(vi) to develop or maintain partnerships with institutions of higher education and nonprofit organizations, including community-based organizations, that recruit, train, place, and support college students to serve as mentors and reading partners to preschool children in Head Start programs; and

''(vii) to carry out other activities determined by the center to improve the overall quality of the Head Start program carried out by the agency and the program carried out under the bonus grant involved.

''(2) INVOLVEMENT OF OTHER HEAD START AGENCIES AND PROVIDERS.—A center that receives a bonus grant under subsection (b), in carrying out activities under this subsection, shall work with the center's delegate agencies and several additional Head Start agencies (especially agencies that are low-performing on the performance standards described in section 641A(a)(1)), and other providers of early childhood education and care in the community involved, to encourage the agencies and providers described in this paragraph to carry out model programs.

''(e) RESEARCH AND REPORTS.—

''(1) RESEARCH.—The Secretary shall, subject to the availability of funds to carry out this subsection, award a grant or contract to an independent organization to conduct research on the ability of the centers of excellence to improve the school readiness of children receiving Head Start services, and to positively impact school results in the earliest grades. The organization shall also conduct research to measure the success of the centers of excellence at encouraging the center's delegate agencies, additional Head Start agencies, and other providers of early childhood education and care in the communities involved to meet measurable improvement goals, particularly in the area of school readiness.

''(2) REPORT.—Not later than 48 months after the date of enactment of the Head Start for School Readiness Act, the organization shall prepare and submit to the Secretary and Congress a report containing the results of the research described in paragraph (1).

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each of fiscal years 2008 through 2012—

''(1) $90,000,000 to make bonus grants to centers of excellence under subsection (b) to carry out activities described in subsection (d);

''(2) $500,000 to pay for the administrative costs of the Secretary in carrying out this section; and

''(3) $2,000,000 for research activities described in subsection (e).''.

SEC. 10. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

Section 642 of the Head Start Act (42 U.S.C. 9837) is amended—

(1) by striking all that precedes ''In order'' the first place it appears and inserting the following:

''SEC. 642. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

''(a) IN GENERAL.—''; and

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

''(b) ADDITIONAL REQUIREMENTS.—In order to be designated as a Head Start agency under this subchapter, a Head Start agency shall also—

''(1) establish a program with all standards set forth in section 641A(a)(1), with particular attention to the standards set forth in subparagraphs (A) and (B) of such section;

''(2) demonstrate the capacity to serve eligible children with scientifically based curricula and other interventions and support services that help promote the school readiness of children participating in the program;

''(3) establish effective procedures and provide for the regular assessment of Head Start children, including observational and direct formal assessment, where appropriate;

''(4) establish effective procedures, for determining the needs of children, that include high quality research based developmental screening tools that have been demonstrated to be valid, reliable, and accurate for children from a range of backgrounds;

''(5) establish effective procedures for timely referral of children with disabilities to State and local agencies providing services under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.), and collaboration with those agencies;

''(6) establish effective procedures for providing necessary services to children with disabilities prior to an eligibility determination by the State or local agency responsible for providing services under section 619 or part C of such Act;

''(7) require each delegate agency to create a policy committee, which shall—

''(A) be comprised of members of the community to be served, including parents of children who are currently enrolled in the Head Start programs of the Head Start agency; and

''(B) serve in an advisory capacity to the delegate agency, to make decisions and recommendations regarding program planning and operation and parental involvement.

''(8) seek the involvement of parents, area residents, and local business in the design and implementation of the program;

''(9) provide for the regular participation of parents and area residents in the implementation of the program;

''(10) provide technical and other support needed to enable such parents and area residents to secure, on their own behalf, available assistance from public and private sources;

''(11) establish effective procedures to carry out subparagraphs (A) and (B) of section 641(f)(8);

''(12) conduct outreach to schools in which Head Start children will enroll, local educational agencies, the local business community, community-based organizations, faith-based organizations, museums, and libraries to generate support and leverage the resources of the entire local community in order to improve school readiness;

''(13) establish effective procedures to carry out section 641(f)(8)(C);

''(14) establish effective procedures to carry out section 641(f)(8)(D);

''(15) establish effective procedures to carry out section 641(f)(8)(E);

''(16) establish effective procedures to carry out section 641(f)(8)(F);

''(17) consider providing services to assist younger siblings of children participating in its Head Start program, to obtain health services from other sources;

''(18) perform community outreach to encourage individuals previously unaffiliated with Head Start programs to participate in its Head Start program as volunteers;

''(19)(A) inform custodial parents in single-parent families that participate in programs, activities, or services carried out or provided under this subchapter about the availability of child support services for purposes of establishing paternity and acquiring child support; and

''(B) refer eligible parents to the child support offices of State and local governments;

''(20) provide parents of limited English proficient children outreach and information in an understandable and uniform format and, to the extent practicable, in a language that the parents can understand; and

''(21) at the option of such agency, partner with an institution of higher education and a nonprofit organization to provide college students with the opportunity to serve as mentors or reading partners to Head Start participants.

''(c) TRANSITION ACTIVITIES TO FACILITATE CONTINUED PROGRESS.—

''(1) IN GENERAL.—Each Head Start agency shall collaborate with the entities listed in this subsection, to the maximum extent possible, to ensure the successful transition of Head Start children to school, so that such children are able to build upon the developmental and educational gains achieved in Head Start programs in further schooling.

''(2) COORDINATION.—

''(A) LOCAL EDUCATIONAL AGENCY.—In communities where both public prekindergarten programs and Head Start programs operate, a Head Start agency shall collaborate and coordinate activities with the local educational agency or other public agency responsible for the operation of the prekindergarten program and providers of prekindergarten, including outreach activities to identify eligible children.

''(B) ELEMENTARY SCHOOLS.—Head Start staff shall, with the permission of the parents of children enrolled in Head Start programs, regularly communicate with the elementary schools such children will be attending to—

''(i) share information about such children;

''(ii) collaborate with the teachers in such elementary schools regarding teaching strategies and options; and

''(iii) ensure a smooth transition to elementary school for such children.

''(C) OTHER PROGRAMS.—The head of each Head Start agency shall coordinate activities and collaborate with the State agency responsible for administering the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), other entities providing early childhood education and care, and the agencies responsible for administering section 106 of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5106a), parts B and E of title IV of the Social Security Act (42 U.S.C. 621 et seq. and 670 et seq.), programs under subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.), Even Start programs under subpart 3 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6381 et seq.), and programs under section 619 and part C of the Individuals with Disabilities Education Act (20 U.S.C. 1419, 1431 et seq.), serving the children and families served by the Head Start agency.

''(3) COLLABORATION.—A Head Start agency shall take steps to coordinate activities with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including—

''(A) collaborating on the shared use of transportation and facilities, in appropriate cases;

''(B) collaborating to reduce the duplication of services while increasing the program participation of underserved populations of eligible children; and

''(C) exchanging information on the provision of noneducational services to such children.

''(4) PARENTAL INVOLVEMENT.—In order to promote the continued involvement of the parents of children that participate in Head Start programs in the education of their children, the Head Start agency shall—

''(A) provide training to the parents—

''(i) to inform the parents about their rights and responsibilities concerning the education of their children; and

''(ii) to enable the parents, upon the transition of their children to school—

''(I) to understand and work with schools in order to communicate with teachers and other school personnel;

''(II) to support the schoolwork of their children; and

''(III) to participate as appropriate in decisions relating to the education of their children; and

''(B) take other actions, as appropriate and feasible, to support the active involvement of the parents with schools, school personnel, and school-related organizations.

''(d) ASSESSMENT OR EVALUATION.—Each Head Start agency shall adopt, in consultation with experts in child development and with classroom teachers, an assessment or evaluation to measure whether classroom teachers have mastered the functions described in section 648A(a)(1) and have attained a level of literacy appropriate to implement Head Start curricula.

''(e) FUNDED ENROLLMENT; WAITING LIST.—Each Head Start agency shall enroll 100 percent of its funded enrollment and maintain an active waiting list at all times with ongoing outreach to the community and activities to identify underserved populations.

''(f) TECHNICAL ASSISTANCE AND TRAINING PLAN.—In order to receive funds under this subchapter, a Head Start agency shall develop an annual technical assistance and training plan. Such plan shall be based on the agency's self-assessment, the communitywide needs assessment, and the needs of parents to be served by such agency.''.

SEC. 11. HEAD START TRANSITION.

Section 642A of the Head Start Act (42 U.S.C. 9837a) is amended to read as follows:

''SEC. 642A. HEAD START TRANSITION AND ALIGNMENT WITH K–12 EDUCATION.

''(a) IN GENERAL.—Each Head Start agency shall take steps to coordinate activities with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, which may include—

''(1) developing and implementing a systematic procedure for transferring, with parental consent, Head Start program records for each participating child to the school in which such child will enroll;

''(2) establishing ongoing channels of communication between Head Start staff and their counterparts in the schools (including, as appropriate, teachers, social workers, health staff, and local educational agency liaisons designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii))) to—

''(A) facilitate coordination of programs;

''(B) develop continuity of developmentally appropriate curricular objectives and practices, in order to ensure an effective transition to school and appropriate shared expectations for the learning and development of children as they make the transition to school; and

''(C) provide appropriate linkages between the Head Start program and educational services, including services related to language, literacy, and numeracy, provided by such local educational agency;

''(3) establishing comprehensive transition policies and procedures that support children transitioning to school, including by engaging the local education agency in the establishment of such policies;

''(4) conducting outreach to parents, elementary school (such as kindergarten) teachers, and Head Start teachers to discuss the educational, developmental, and other needs of individual children;

''(5) organizing and participating in joint training, including transition-related training of school staff and Head Start staff;

''(6) developing and implementing a family outreach and support program, in cooperation with entities carrying out parental involvement efforts under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), and family outreach and support efforts under subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.), taking into consideration the language needs of parents of limited English proficient children;

''(7) assisting families, administrators, and teachers in enhancing educational and developmental continuity and continuity of parental involvement in activities between Head Start services and elementary school classes;

''(8) helping parents understand the importance of parental involvement in a child's academic success while teaching the parents strategies for maintaining parental involvement as their child moves from the Head Start program to elementary school;

''(9) helping parents understand the instructional and other services provided by the school in which their child will enroll after participation in the Head Start program; and

''(10) coordinating activities and collaborating to ensure that curricula used in the Head Start program are aligned with the Head Start Child Outcomes Framework and, as appropriate, State early learning standards, with regard to cognitive development (including language, pre-literacy, and prematheamtics competencies), and social, emotional, and physical competencies that children entering kindergarten are expected to demonstrate.

''(b) CONSTRUCTION.—In this section, a reference to a Head Start agency, or its program, services, facility, or personnel, shall not be construed to be a reference to an Early Head Start agency, or its program, services, facility, or personnel.''.

SEC. 12. SUBMISSION OF PLANS TO GOVERNORS.

Section 643 of the Head Start Act (42 U.S.C. 9838) is amended—

(1) in the first sentence—

(A) by striking ''chief executive officer'' and inserting ''Governor''; and

(B) by striking ''45'' and inserting ''30'';

(2) in the last sentence, by striking '', however,''; and

(3) by adding at the end the following: ''This section shall not apply to contracts, agreements, grants, loans, or other assistance for Indian Head Start programs and migrant and seasonal Head Start programs.''.

SEC. 13. COSTS OF DEVELOPING AND ADMINISTERING A PROGRAM.

Section 644(b) of the Head Start Act (42 U.S.C. 9839(b)) is amended—

(1) by striking ''Except'' and inserting ''(1) Except''; and

(2) by adding at the end the following:

''(2)(A) The limitation prescribed by paragraph (1) shall not prohibit a Head Start agency from expending an amount in excess of allowable direct costs associated with developing and administering a program assisted under this subchapter, if—

''(i) the agency submits an application for a grant year containing an assurance that—

''(I) the agency will serve a greater percentage of children in the community involved than were served in the preceding grant year; and

''(II) the agency will not diminish services provided to currently enrolled children (as of the date of the application), including the number of hours and days such services are provided;

''(ii) any such excess amount does not exceed 5 percent of the total costs, including the required non-Federal contributions to such costs, of such program; and

''(iii) in the event that the applicant applies to expend any such excess amount in a subsequent grant year, the applicant continues to serve the same number of children as proposed in the initial application submitted under this paragraph and accomplishes, relative to the prior Head Start agency, at least 3 of the 5 improved outcomes.

''(B) In subparagraph (A), the term 'improved outcome' means—

''(i) an increase in average teacher salary;

''(ii) an increase in the number of qualified teachers;

''(iii) a significant increase in the number of children who receive full-day Head Start services;

''(iv) a decrease in the caseload for family workers; or

''(v) an increase in transportation options for families.

''(C) The Secretary shall approve not more than 10 applications described in subparagraph (A) for a fiscal year, and to the extent practicable shall ensure participation under this paragraph of a diverse group of Head Start agencies, including public, private nonprofit, and for-profit agencies operating Head Start programs.''.

SEC. 14. PARTICIPATION IN HEAD START PROGRAMS.

Section 645 of the Head Start Act (42 U.S.C. 9840) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) by inserting ''130 percent of'' after ''below''; and

(II) by striking ''and'' at the end;

(ii) by redesignating subparagraph (B) as subparagraph (C);

(iii) by inserting after subparagraph (A) the following:

''(B) that the Head Start agencies involved make efforts to ensure that the programs serve children from families with incomes below the poverty line prior to serving other income-eligible children; and''; and

(iv) in the flush matter at the end, by adding at the end the following: ''A homeless child shall be deemed eligible for Head Start services.''; and

(B) by adding at the end the following:

''(3)(A) In this paragraph:

''(i) The term 'dependent' has the meaning given the term in paragraphs (2)(A) and (4)(A)(i) of section 401(a) of title 37, United States Code.

''(ii) The terms 'member' and 'uniformed services' have the meanings given the terms in paragraphs (23) and (3), respectively, of section 101 of title 37, United States Code.

''(B) The following amounts of pay and allowance of a member of the uniformed services shall not be considered to be income for purposes of determining the eligibility of a dependent of such member for programs funded under this subchapter:

''(i) The amount of any special pay payable under section 310 of title 37, United States Code, relating to duty subject to hostile fire or imminent danger.

''(ii) The amount of basic allowance payable under section 403 of such title, including any such amount that is provided on behalf of the member for housing that is acquired or constructed under the alternative authority for the acquisition and improvement of military housing under subchapter IV of chapter 169 of title 10, United States Code, or any other related provision of law.

''(4) After demonstrating a need through a communitywide needs assessment, a Head Start agency may apply to the Secretary to convert part-day sessions, particularly consecutive part-day sessions, into full-day sessions.

''(5)(A) Consistent with a communitywide needs assessment, a Head Start agency may apply to the Secretary to serve additional infants and toddlers if the agency submits an application to the Secretary containing—

''(i) a description of how the needs of pregnant women, infants, and toddlers will be addressed in accordance with section 645A(b), and with regulations prescribed by the Secretary pursuant to section 641A in areas including the agency's approach to child development and provision of health services, approach to family and community partnerships, and approach to program design and management;

''(ii) a description of how the needs of eligible Head Start children are being and will be served;

''(iii) assurances that the agency will participate in technical assistance activities (including a planning period, start-up site visits, and national training activities) in the same manner as recipients of grants under section 645A; and

''(iv) evidence that the agency meets the same eligibility criteria as recipients of grants under section 645A.

''(B) In approving such applications, the Secretary shall take into account the costs of serving persons under section 645A.

''(C) Any Head Start agency designated under this section and permitted to use grant funds under subparagraph (A) to serve additional infants and toddlers shall be considered to be an Early Head Start agency and shall be subject to the same rules, regulations, and conditions as apply to recipients of grants under section 645A for those grant funds.''; and

(2) in the first sentence of subsection (c), by striking ''(age 3 to compulsory school attendance)'' and inserting ''(other than children eligible for an Early Head Start program)''; and

(3) in subsection (d), by adding at the end the following:

''(4) Notwithstanding any other provision of this Act, an Indian tribe that operates both an Early Head Start program under section 645A and a Head Start program may, at its discretion, at any time during the grant period involved, reallocate funds between the Early Head Start program and the Head Start program in order to address fluctuations in client population, including pregnant women and children birth to compulsory school age. The reallocation of such funds between programs by an Indian tribe shall not serve as the basis for the Secretary to reduce a base grant (as defined in section 641A(g)(1)) for either program in succeeding years.''.

SEC. 15. EARLY HEAD START PROGRAMS.

Section 645A of the Head Start Act (42 U.S.C. 9840a) is amended—

(1) by striking the section heading and inserting the following:

''SEC. 645A. EARLY HEAD START PROGRAMS.'';

(2) in subsection (b)—

(A) in paragraph (4), by striking ''provide services to parents to support their role as parents'' and inserting ''provide additional services and research-based activities to parents to support their role as parents (including parenting skills training and training in basic child development)'';

(B) by redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (6), (8), (11), (12), and (13), respectively;

(C) by inserting after paragraph (4) the following:

''(5) where appropriate and in conjunction with services provided under this section to the children's immediate families (or as approved by the Secretary), provide home-based services to family child care homes, and kin caregivers, caring for infants and toddlers who also participate in Early Head Start programs, to provide continuity in supporting the children's cognitive, social, emotional, and physical development;'';

(D) in paragraph (6), as redesignated by subparagraph (B)—

(i) by inserting ''(including home-based services)'' after ''with services'';

(ii) by inserting ''and homeless infants and toddlers'' after ''disabilities''; and

(iii) by inserting '', and family support services'' after ''health services'';

(E) by inserting after paragraph (6), as redesignated by subparagraph (B), the following:

''(7) ensure that children with documented behavioral problems, including problems involving behavior related to prior or existing trauma, receive appropriate screening and referral;'';

(F) by inserting after paragraph (8), as redesignated by subparagraph (B), the following:

''(9) develop and implement a systematic procedure for transitioning children and parents from an Early Head Start program to a Head Start program or another local program of early childhood education and care;

''(10) establish channels of communication between staff of Early Head Start programs and staff of Head Start programs or other local providers of early childhood education and care, to facilitate the coordination of programs;''; and

(G) in paragraph (12), as redesignated by subparagraph (B)—

(i) by striking ''and providers'' and inserting '', providers''; and

(ii) by inserting '', and the agencies responsible for administering section 106 of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5106a) and parts B and E of title IV of the Social Security Act (42 U.S.C. 621 et seq. and 670 et seq.)'' after ''(20 U.S.C. 1400 et seq.)'';

(3) in subsection (d)—

(A) in paragraph (1), by inserting '', including tribal governments and entities operating migrant and seasonal Head Start programs'' after ''subchapter''; and

(B) in paragraph (2), by inserting '', including community-based organizations'' after ''private entities'';

(4) in subsection (g)(2)—

(A) in subparagraph (A), by adding at the end the following: ''In determining the amount so reserved, the Secretary shall consider the number of Early Head Start programs newly funded for that fiscal year.''; and

(B) in subparagraph (B)—

(i) in clause (ii), by inserting '', including supporting infant and toddler specialists to assist such staff and improve the programs carried out under this section'' after ''section''; and

(ii) by striking clause (iv) and inserting the following:

''(iv) providing professional development and personnel enhancement activities, including the provision of funds to recipients of grants under subsection (a), relating to—

''(I) effective methods of conducting parent education, home visiting, and promoting quality early childhood development;

''(II) recruiting and retaining qualified staff; and

''(III) increasing program participation for underserved populations of eligible children.''; and

(5) by adding at the end the following:

''(h) STAFF QUALIFICATIONS AND DEVELOPMENT.—

''(1) CENTER-BASED STAFF.—The Secretary shall establish staff qualification goals to ensure that, not later than September 30, 2012, all teachers providing direct services to Early Head Start children and families in Early Head Start centers have a minimum of a child development associate credential or an associate degree, and have been trained (or have equivalent course work) in early childhood development with a focus on infant and toddler development.

''(2) HOME VISITOR STAFF.—

''(A) STANDARDS.—In order to further enhance the quality of home visiting services provided to families of children participating in home-based, center-based, or combination program options under this subchapter, the Secretary shall establish standards for training, qualifications, and the conduct of home visits for home visitor staff in Early Head Start programs.

''(B) CONTENTS.—The standards for training, qualifications, and the conduct of home visits shall include content related to—

''(i) structured child-focused home visiting that promotes parents' ability to support the child's cognitive, social, emotional, and physical development;

''(ii) effective strengths-based parent education, including methods to encourage parents as their child's first teachers;

''(iii) early childhood development with respect to children from birth through age 3;

''(iv) methods to help parents promote emergent literacy in their children from

birth through age 3, including use of research-based strategies to support the development of literacy and language skills for children who are limited English proficient;

''(v) health, vision, hearing, and developmental screenings;

''(vi) strategies for helping families coping with crisis; and

''(vii) the relationship of health and well-being of pregnant women to prenatal and early child development.''.

SEC. 16. APPEALS, NOTICE, AND HEARING AND RECORDS AND FINANCIAL AUDITS.

(a) APPEALS, NOTICE, AND HEARING.—Section 646(a) of the Head Start Act (42 U.S.C. 9841(a)) is amended by striking paragraphs (3) and (4) and inserting the following:

''(3) financial assistance under this subchapter may be terminated or reduced, and an application for refunding may be denied, after the recipient has been afforded reasonable notice and opportunity for a full and fair hearing, including—

''(A) a right to file a notice of appeal of a decision not later than 30 days after notice of the decision from the Secretary; and

''(B) access to a full and fair hearing of the appeal, not later than 120 days after receipt by the Secretary of the notice of appeal;

''(4) the Secretary shall develop and publish procedures (including mediation procedures) to be used in order to—

''(A) resolve in a timely manner conflicts potentially leading to an adverse action between—

''(i) recipients of financial assistance under this subchapter; and

''(ii) delegate agencies, or policy councils of Head Start agencies;

''(B) avoid the need for an administrative hearing on an adverse action; and

''(C) prohibit a Head Start agency from expending financial assistance awarded under this subchapter for the purpose of paying legal fees pursuant to an appeal under paragraph (3), except that such fees shall be reimbursed by the Secretary if the agency prevails in such decision; and

''(5) the Secretary may suspend funds to a grantee under this subchapter—

''(A) except as provided in subparagraph (B), for not more than 30 days; or

''(B) in the case of a grantee under this subchapter that has multiple and recurring deficiencies for 180 days or more and has not made substantial and significant progress toward meeting the goals of the grantee's quality improvement plan or eliminating all deficiencies identified by the Secretary, during the hearing of an appeal described in paragraph (3), for any amount of time, including permanently.''.

(b) RECORDS AND FINANCIAL AUDITS.—

(1) HEADING.—Section 647 of the Head Start Act (42 U.S.C. 9842) is amended by striking the section heading and inserting the following: ''RECORDS AND FINANCIAL AUDITS''.

(2) RECIPIENTS.—Section 647(a) of the Head Start Act (42 U.S.C. 9842(a)) is amended by striking ''Each recipient of'' and inserting ''Each Head Start center, including each Early Head Start center, receiving''.

(3) FINANCIAL AUDITS.—Subsections (a) and (b) of section 647 of the Head Start Act (42 U.S.C. 9842) are amended by striking ''audit'' and inserting ''financial audit''.

(4) ACCOUNTING.—Section 647 of the Head Start Act (42 U.S.C. 9842) is amended by adding at the end the following:

''(c) Each Head Start center, including each Early Head Start center, receiving financial assistance under this subchapter shall maintain, and annually submit to the Secretary, a complete accounting of its administrative expenses, including expenses for salaries and compensation funded under this subchapter and provide such additional documentation as the Secretary may require.''.

SEC. 17. TECHNICAL ASSISTANCE AND TRAINING.

Section 648 of the Head Start Act (42 U.S.C. 9843) is amended—

(1) in subsection (a)(2), by striking ''(b) and (c)'' and inserting ''(b), (c), and (d)'';

(2) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively;

(3) by inserting after subsection (a) the following:

''(b) The Secretary shall make available funds set aside in section 640(a)(2)(C)(ii) to support a State system of training and technical assistance (which may include such a system for a consortium of States within a region) that improves the capacity of Head Start programs to deliver services in accordance with the standards described in section 641A(a)(1), with particular attention to the standards described in subparagraphs (A) and (B) of such section. The Secretary shall—

''(1) ensure that agencies with demonstrated expertise in providing high-quality training and technical assistance to improve the delivery of Head Start services, including the State Head Start Associations, State agencies, Indian Head Start agencies, migrant and seasonal Head Start agencies, and other entities providing training and technical assistance in early childhood education and care, for the State (including such a consortium of States within a region), are included in the planning and coordination of the system; and

''(2) encourage States (including such consortia) to supplement the funds authorized in section 640(a)(2)(C)(ii) with Federal, State, or local funds other than funds made available under this subchapter, to expand training and technical assistance activities beyond Head Start agencies to include other providers of other early childhood education and care within a State (including such a consortium).'';

(4) in paragraph (3) of subsection (c), as redesignated by paragraph (2), by striking ''child care and early childhood programs'' and inserting ''early childhood education and care programs'';

(5) in subsection (d), as redesignated by paragraph (2)—

(A) in paragraph (1)(B)(ii), by striking ''educational performance measures'' and inserting ''measures'';

(B) in paragraph (2), by inserting ''and for activities described in section 1222(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6372(d))'' after ''children with disabilities'';

(C) in paragraph (3), by striking ''early childhood professional development systems'' and inserting ''professional development systems regarding early childhood education and care'';

(D) in paragraph (5), by inserting '', including assessing the needs of homeless children and their families'' after ''needs assessment'';

(E) by striking paragraph (7) and inserting the following:

''(7) assist Head Start agencies in better serving the needs of families with very young children, including providing support and program planning and implementation assistance for Head Start agencies that apply to serve or are serving additional infants and toddlers with funds previously used for 3- and 4-year-olds in accordance with section 645(a)(5);'';

(F) in paragraph (10), by striking ''; and'' and inserting a semicolon;

(G) in paragraph (11), by striking the period and inserting a semicolon; and

(H) by adding at the end the following:

''(12) assist Head Start agencies in increasing the program participation of homeless children;

''(13) provide training and technical assistance to members of governing bodies, policy councils, and, as appropriate, policy committees, to ensure that the members can fulfill their functions;

''(14) provide training and technical assistance to Head Start agencies to assist such agencies in conducting self-assessments;

''(15) assist Head Start agencies in improving outreach to, and the quality of services available to, families of limited English proficient children, including such services to help such families learn English, particularly in communities that have experienced a large percentage increase in the population of such families;

''(16) assist Head Start agencies and improve programs to increase the capacity of classroom staff to meet the needs of children with disabilities in Head Start classrooms;

''(17) provide activities that help ensure that Head Start programs have qualified staff who can promote prevention of childhood obesity by integrating into the programs developmentally appropriate research-based initiatives that stress the importance of physical activity and nutrition choices made by children and family, through daily classroom and family routines; and

''(18) assist Indian Head Start agencies to provide on-site and off-site training to staff, using approaches that identify and enhance the positive resources and strengths of Indian children and families, to improve parent and family engagement and staff development, particularly with regard to child and family development.'';

(6) in subsection (e), as redesignated by paragraph (2), by inserting ''including community-based organizations,'' after ''nonprofit entities,'';

(7) in subsection (f), as redesignated by paragraph (2)—

(A) by striking ''early childhood development and child care programs'' and inserting ''early childhood education and care programs''; and

(B) by inserting ''or providing services to children determined to be abused or neglected, training for personnel providing services to children referred by entities providing child welfare services or receiving child welfare services,'' after ''English language)''; and

(8) by adding at the end the following:

''(g) The Secretary shall provide, either directly or through grants or other arrangements, funds for training of Head Start personnel in addressing the unique needs of children with disabilities and their families, migrant and seasonal farmworker families, families of children with limited English proficiency, and homeless families.

''(h) Funds used under this section shall be used to provide high quality, sustained, and intensive, training and technical assistance in order to have a positive and lasting impact on classroom instruction. Funds shall be used to carry out activities related to 1 or more of the following:

''(1) Education and early childhood development.

''(2) Child health, nutrition, and safety.

''(3) Family and community partnerships.

''(4) Other areas that impact the quality or overall effectiveness of Head Start programs.

''(i) Funds used under this section for training shall be used for needs identified annually by a grant applicant (including any delegate agency) in its program improvement plan, except that funds shall not be used for long-distance travel expenses for training activities—

''(1) available locally or regionally; or

''(2) substantially similar to locally or regionally available training activities.

''(j)(1) To support local efforts to enhance early language and preliteracy development of children in Head Start programs, and to provide the children with high-quality oral language skills, and environments that are rich in literature, in which to acquire language and preliteracy skills, each Head Start agency, in coordination with the appropriate State office and the relevant State Head Start collaboration office, shall ensure that all of the agency's Head Start teachers receive ongoing training in language and emergent literacy (referred to in this subsection as 'literacy training'), including appropriate curricula and assessments to improve instruction and learning. Such training shall include training in methods to promote phonological awareness (including phonemic awareness) and vocabulary development in an age-appropriate and culturally and linguistically appropriate manner.

''(2) The literacy training shall be provided at the local level in order—

''(A) to be provided, to the extent feasible, in the context of the Head Start programs of the State involved and the children the program involved serves; and

''(B) to be tailored to the early childhood literacy background and experience of the teachers involved.

''(3) The literacy training shall be culturally and linguistically appropriate and support children's development in their home language.

''(4) The literacy training shall include training in how to work with parents to enhance positive language and early literacy development at home.

''(5) The literacy training shall include specific methods to best address the needs of children who are limited English proficient.

''(6) The literacy training shall include training on how to best address the language and literacy needs of children with disabilities, including training on how to work with specialists in language development.''.

SEC. 18. STAFF QUALIFICATION AND DEVELOPMENT.

Section 648A of the Head Start Act (42 U.S.C. 9843a) is amended—

(1) in subsection (a)—

(A) by striking paragraph (2) and inserting the following:

''(2) DEGREE REQUIREMENTS.—

''(A) IN GENERAL.—The Secretary shall establish staff qualification goals to ensure that—

''(i) not later than September 30, 2012, all Head Start teachers nationwide in center-based programs have at least—

''(I)(aa) an associate degree (or equivalent coursework) relating to early childhood; or

''(bb) an associate degree in a related educational area and, to the extent practicable, coursework relating to early childhood; and

''(II) demonstrated teaching competencies, as determined by the program director involved (including, at a minimum, an appropriate level of literacy, a demonstrated capacity to be highly engaged with children, and a demonstrated ability to effectively implement an early childhood curriculum);

''(ii) not later than September 30, 2010, all Head Start curriculum specialists and education coordinators nationwide in center-based programs have—

''(I) the capacity to offer assistance to other teachers in the implementation and adaptation of curricula to the group and individual needs of a class; and

''(II)(aa) a baccalaureate or advanced degree relating to early childhood; or

''(bb) a baccalaureate or advanced degree and coursework equivalent to a major relating to early childhood;

''(iii) not later than September 30, 2010, all Head Start teaching assistants nationwide in center-based programs have—

''(I) at least a child development associate credential;

''(II) enrolled in a program leading to an associate or baccalaureate degree; or

''(III) enrolled in a child development associate credential program to be completed within 2 years; and

''(iv) not later than September 30, 2013, 50 percent of all Head Start teachers in center-based programs in each State (and geographic region for Indian Head Start programs and for migrant and seasonal Head Start programs) have a baccalaureate degree relating to early childhood (or a related educational area), and demonstrated teaching competencies, as determined by the program director involved (including, at a minimum, an appropriate level of literacy, a demonstrated capacity to be highly engaged with children, and a demonstrated ability to effectively implement an early childhood curriculum).

''(B) TEACHER IN-SERVICE REQUIREMENT.—Each Head Start teacher shall attend not less than 15 clock hours of professional development per year. Such professional development shall be high quality, sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction and the teacher's performance in the classroom, and regularly evaluated for effectiveness.

''(C) PROGRESS.—

''(i) REPORT.—The Secretary shall—

''(I) require Head Start agencies to—

''(aa) describe continuing progress each year toward achieving the goals described in subparagraph (A);

''(bb) submit to the Secretary a report indicating the number and percentage of classroom instructors in center-based programs with child development associate credentials or associate, baccalaureate, or advanced degrees; and

''(II) compile and submit a summary of all program reports described in subclause (I)(bb) to the Committee on Education and Labor of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

''(ii) DEMONSTRATE PROGRESS.—A Head Start agency may demonstrate that progress by partnering with institutions of higher education or other programs that recruit, train, place, and support college students to deliver an innovative program of early childhood education and care to preschool children.

''(D) SERVICE REQUIREMENTS.—The Secretary shall establish requirements to ensure that, in order to enable Head Start agencies to comply with the requirements of subparagraph (A), individuals who receive financial assistance under this subchapter to pursue a degree or credential described in subparagraph (A) shall—

''(i) teach or work in a Head Start program for a minimum of 3 years after receiving the degree; or

''(ii) repay the total or a prorated amount of the financial assistance received based on the length of service completed after receiving the degree.''; and

(B) in paragraph (3), by striking ''(i) or (ii)'' and inserting ''(i) or (iv)'';

(2) in subsection (c)—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(4) promote the use of appropriate strategies to meet the needs of special populations (including populations of limited English proficient children).'';

(3) in subsection (d)(3)(C) by inserting '', including a center,'' after ''any agency''; and

(4) by adding at the end the following:

''(f) PROFESSIONAL DEVELOPMENT PLANS.—Every Head Start agency and center shall create, in consultation with employees of the agency or center (including family service workers), a professional development plan for employees who provide direct services to children, including a plan for classroom teachers, curriculum specialists, and education coordinators, and teaching assistants to meet the requirements set forth in subsection (a).

''(g) CONSTRUCTION.—In this section, a reference to a Head Start agency, or its program, services, facility or personnel, shall not be considered to be a reference to an Early Head Start agency, or its program, services, facility or personnel. For purposes of this section, a teacher who is providing services, in a migrant or seasonal Head Start program, in a classroom for children under age 3, shall be considered to be a teacher in an Early Head Start program, as described in section 645A.''.

SEC. 19. TRIBAL COLLEGES AND UNIVERSITIES HEAD START PARTNERSHIP.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by inserting after section 648A the following:

''SEC. 648B. TRIBAL COLLEGE OR UNIVERSITY HEAD START PARTNERSHIP PROGRAM.

''(a) PURPOSE.—The purpose of this section is to promote social competencies and school readiness in Indian children.

''(b) TRIBAL COLLEGE OR UNIVERSITY HEAD START PARTNERSHIP PROGRAM.—

''(1) GRANTS.—The Secretary is authorized to award grants, for periods of not less than 5 years, to Tribal Colleges and Universities to—

''(A) implement education programs that include education concerning tribal culture and language and increase the number of associate, baccalaureate, and advanced degrees in early childhood education and related fields that are earned by Indian Head Start agency staff members, parents of children served by such an agency, and members of the tribal community involved;

''(B) develop and implement the programs under subparagraph (A) in technology-mediated formats, including providing the programs through such means as distance learning and use of advanced technology, as appropriate; and

''(C) provide technology literacy programs for Indian Head Start agency staff members and children and families of children served by such an agency.

''(2) STAFFING.—The Secretary shall ensure that the American Indian Programs Branch of the Head Start Bureau of the Department of Health and Human Services shall have staffing sufficient to administer the programs under this section and to provide appropriate technical assistance to Tribal Colleges and Universities receiving grants under this section.

''(c) APPLICATION.—Each Tribal College or University desiring a grant under this section shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including a certification that the Tribal College or University has established a partnership with 1 or more Indian Head Start agencies for the purpose of conducting the activities described in subsection (b).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $10,000,000 for fiscal year 2008 and such sums as may be necessary for each of fiscal years 2009 through 2012.

''(e) DEFINITIONS.—In this section:

''(1) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given such term in section

101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

''(2) TRIBAL COLLEGE OR UNIVERSITY.—The term 'Tribal College or University'—

''(A) has the meaning given such term in section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059c); and

''(B) means an institution determined to be accredited or a candidate for accreditation by a nationally recognized accrediting agency or association.''.

SEC. 20. RESEARCH, DEMONSTRATIONS, AND EVALUATION.

Section 649 of the Head Start Act (42 U.S.C. 9844) is amended—

(1) in subsection (a)(1)(B), by inserting '', children determined to be abused or neglected, homeless children, and children in foster care'' after ''children with disabilities'';

(2) in subsection (d)—

(A) by redesignating paragraphs (5), (6), (7), (8), (9), and (10), as paragraphs (6), (8), (9), (10), (11), and (12);

(B) by inserting after paragraph (4) the following:

''(5)(A) identify successful strategies that promote good oral health and provide effective linkages to quality dental services through pediatric dental referral networks, for infants and toddlers participating in Early Head Start programs and children participating in other Head Start programs; and

''(B) identify successful strategies that promote good vision health through vision screenings for such infants, toddlers, and children, and referrals for appropriate followup care for those identified as having a vision problem;'';

(C) in paragraph (6), as redesignated by subparagraph (A), by striking ''child care, early childhood education, or child development services'' and inserting ''early childhood education and care services'';

(D) by inserting after that paragraph (6) the following:

''(7)(A) contribute to understanding the impact of services related to children with disabilities, delivered in Head Start classrooms, on both children with disabilities and typically-developing children; and

''(B) disseminate promising practices for increasing the availability and quality of such services;'';

(E) in paragraph (10), as redesignated by subparagraph (A), by adding ''and'' after the semicolon;

(F) by striking paragraph (11), as redesignated by subparagraph (A);

(G) by redesignating paragraph (12), as redesignated by subparagraph (A), as paragraph (11); and

(H) by striking the last sentence;

(3) in subsection (e)(3), by striking ''child care, early childhood education, or child development services'' and inserting ''early childhood education and care services'';

(4) in subsection (g)—

(A) in paragraph (1)(A)—

(i) in the matter preceding clause (i), by striking ''education, and early childhood programs'' and inserting ''and early childhood education and care programs'';

(ii) by striking clause (i); and

(iii) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively;

(B) in paragraph (2), by striking '', and research, education, and early childhood programs'' and inserting ''and research, and early childhood education and care programs'';

(C) in paragraph (5)(D)—

(i) in clause (i), by striking ''early childhood programs'' and inserting ''early childhood education and care programs''; and

(ii) in clause (ii), by striking ''early childhood program'' and inserting ''early childhood education and care program''; and

(D) in paragraph (7)(C)—

(i) in clause (i), by striking ''2003'' and inserting ''2008''; and

(ii) in clause (ii)—

(I) by striking ''Education and the Workforce'' and inserting ''Education and Labor''; and

(II) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(5) by striking subsection (h) and inserting the following:

''(h) REVIEW OF ASSESSMENTS.—

''(1) APPLICATION OF STUDY.—When the study on Developmental Outcomes and Assessments for Young Children by the National Academy of Sciences is made available to the Secretary, the Secretary shall—

''(A) incorporate the results of the study, as appropriate and in accordance with paragraphs (2) and (3), into each assessment used in the Head Start programs; and

''(B) use the results of the study to develop, inform, and revise the standards and measures described in section 641A.

''(2) DEVELOPMENT AND REFINEMENT.—In developing and refining any assessment used in the Head Start programs, the Secretary shall—

''(A) receive recommendations from the Panel on Developmental Outcomes and Assessments for Young Children of the National Academy of Sciences; and

''(B) with respect to the development or refinement of such assessment, ensure—

''(i) consistency with relevant, nationally recognized professional and technical standards;

''(ii) validity and reliability for all purposes for which assessments under this subchapter are designed and used;

''(iii) developmental and linguistic appropriateness of such assessments for children assessed, including children who are limited English proficient; and

''(iv) that the results can be used to improve the quality of, accountability of, and training and technical assistance in, Head Start programs.

''(3) ADDITIONAL REQUIREMENTS.—The Secretary, in carrying out the process described under paragraph (2), shall ensure that—

''(A) staff administering any assessments under this subchapter have received appropriate training to administer such assessments;

''(B) appropriate accommodations for children with disabilities and children who are limited English proficient are made;

''(C) the English and Spanish (and any other language, as appropriate) forms of such assessments are valid and reliable; and

''(D) such assessments are not used to exclude children from Head Start programs.

''(4) SUSPENDED IMPLEMENTATION OF NATIONAL REPORTING SYSTEM.—The Secretary shall—

''(A) suspend implementation and terminate further development and use of the National Reporting System; and

''(B) incorporate, as appropriate, recommendations under paragraph (2)(A) into any assessment used in the Head Start programs.

''(i) SPECIAL RULE.—The use of assessment items and data on any assessment authorized under this subchapter by any agent of the Federal Government to rank or compare individual children or teachers, or to provide rewards or sanctions for individual children or teachers is prohibited. The Secretary shall not use the results of a single assessment as the sole method for assessing program effectiveness or making grantee funding determinations at the national, regional, or local level under this subchapter.

''(j) SERVICES TO LIMITED ENGLISH PROFICIENT CHILDREN AND FAMILIES.—

''(1) STUDY.—The Secretary shall conduct a study on the status of limited English proficient children and their families in Head Start (including Early Head Start) programs.

''(2) REPORT.—The Secretary shall prepare and submit to Congress, not later than September 2011, a report containing the results of the study, including information on—

''(A) the demographics of limited English proficient children from birth through age 5, including the number of such children receiving Head Start (including Early Head Start) services and the geographic distribution of children described in this subparagraph;

''(B) the nature of Head Start (including Early Head Start) services provided to limited English proficient children and their families, including the types, content, duration, intensity, and costs of family services, language assistance, and educational services;

''(C) procedures in Head Start programs for the assessment of language needs and the transition of limited English proficient children to kindergarten, including the extent to which Head Start programs meet the requirements of section 642A for limited English proficient children;

''(D) the qualifications of and training provided to Head Start (including Early Head Start) teachers serving limited English proficient children and their families;

''(E) the rate of progress made by limited English proficient children and their families in Head Start (including Early Head Start) programs, including—

''(i) the rate of progress of the limited English proficient children toward meeting the additional educational standards described in section 641A(a)(1)(B)(ii) while enrolled in Head Start programs, measured between 1990 and 2006;

''(ii) the correlation between the progress described in this subparagraph and the type of instruction and educational program provided to the limited English proficient children; and

''(iii) the correlation between the progress described in this subparagraph and the health and family services provided by Head Start programs to limited English proficient children and their families; and

''(F) the extent to which Head Start programs make use of funds under section 640(a)(3) to improve the quality of Head Start services provided to limited English proficient children and their families.

''(k) RESEARCH AND EVALUATION ACTIVITIES RELEVANT TO DIVERSE COMMUNITIES.—For purposes of conducting the study in described in subsection (j), activities described in section 640(1)(5)(A), and other research and evaluation activities relevant to limited English proficient children and their families, migrant and seasonal farmworker families, and other families from diverse populations served by Head Start programs, the Secretary shall award, on a competitive basis, funds from amounts made available under section 639(b) to 1 or more organizations with a demonstrated capacity for serving and studying the populations involved.''.

SEC. 21. REPORTS.

Section 650 of the Head Start Act (42 U.S.C. 9846) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking ''Education and the Workforce'' and inserting ''Education and Labor'';

(ii) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(iii) by striking ''(including disabled and non-English language background children)'' and inserting ''(including children with disabilities, limited English proficient children,

and children participating in Indian Head Start programs and migrant and seasonal Head Start programs)'';

(B) in paragraph (8), by inserting ''homelessness, children in foster care,'' after ''ethnic background,'';

(C) in paragraph (12), by inserting ''vision care,'' after ''dental care,'';

(D) in paragraph (14)—

(i) by striking ''Alaskan Natives'' and inserting ''Alaska Natives''; and

(ii) by striking ''migrant and'' and inserting ''migrant or''; and

(E) in the flush matter at the end—

(i) by striking ''Education and the Workforce'' and inserting ''Education and Labor''; and

(ii) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(2) in subsection (b)—

(A) by striking ''Education and the Workforce'' and inserting ''Education and Labor'';

(B) by striking ''Labor and Human Resources'' and inserting ''Health, Education, Labor, and Pensions''; and

(C) by striking ''Native Alaskan'' and inserting ''Alaska Native''.

SEC. 22. COMPARABILITY OF WAGES.

Section 653 of the Head Start Act (42 U.S.C. 9848) is amended—

(1) by striking ''The Secretary shall take'' and inserting ''(a) The Secretary shall take''; and

(2) by adding at the end the following:

''(b) No Federal funds shall be used to pay the compensation of an individual employed by a Head Start agency in carrying out programs under this subchapter, either as direct or indirect costs or any proration of such costs, in an amount in excess of an amount based on the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.''.

SEC. 23. LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES.

Section 655 of the Head Start Act (42 U.S.C. 9850) is amended by inserting ''or in'' after ''assigned by''.

SEC. 24. POLITICAL ACTIVITIES.

Section 656 of the Head Start Act (42 U.S.C. 9851) is amended—

(1) by striking all that precedes ''chapter 15'' and inserting the following:

''SEC. 656. POLITICAL ACTIVITIES.

''(a) STATE OR LOCAL AGENCY.—For purposes of''; and

(2) by striking subsection (b) and inserting the following:

''(b) RESTRICTIONS.—

''(1) IN GENERAL.—A program assisted under this subchapter, and any individual employed by, or assigned to or in, a program assisted under this subchapter (during the hours in which such individual is working on behalf of such program), shall not engage in—

''(A) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office; or

''(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election.

''(2) RULES AND REGULATIONS.—The Secretary, after consultation with the Director of the Office of Personnel Management, may issue rules and regulations to provide for the enforcement of this section, which may include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.''.

SEC. 25. PARENTAL CONSENT REQUIREMENT FOR HEALTH SERVICES.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by adding at the end the following new section:

''SEC. 657A. PARENTAL CONSENT REQUIREMENT FOR NONEMERGENCY INTRUSIVE PHYSICAL EXAMINATIONS.

''(a) DEFINITION.—The term 'nonemergency intrusive physical examination' means, with respect to a child, a physical examination that—

''(1) is not immediately necessary to protect the health or safety of the child involved or the health or safety of another individual; and

''(2) requires incision or is otherwise invasive, or involves exposure of private body parts.

''(b) REQUIREMENT.—A Head Start agency shall obtain written parental consent before administration of any nonemergency intrusive physical examination of a child in connection with participation in a program under this subchapter.

''(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit agencies from using established methods, for handling cases of suspected or known child abuse and neglect, that are in compliance with applicable Federal, State, or tribal law.''.

SEC. 26. CONFORMING AMENDMENT.

Section 2501(c)(1)(C) of the Children's Health Act of 2000 (42 U.S.C. 247b–1 note) is amended by striking ''9840a(h)'' and inserting ''9840a''.

SEC. 27. COMPLIANCE WITH THE IMPROPER PAYMENTS INFORMATION ACT OF 2002.

(a) DEFINITIONS.—In this section, the term—

(1) ''appropriate committees'' means—

(A) the Committee on Health, Education, Labor, and Pensions of the Senate; and

(B) the Committee on Education and Labor of the House of Representatives; and

(2) ''improper payment'' has the meaning given that term under section 2(d)(2) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note).

(b) REQUIREMENT FOR COMPLIANCE CERTIFICATION AND REPORT.—The Secretary of Health and Human Services shall submit a report to the appropriate committees that—

(1) contains a certification that the Department of Health and Human Services has, for each program and activity of the Administration for Children and Families, performed and completed a risk assessment to determine programs and activities that are at significant risk of making improper payments; and

(2) describes the actions to be taken to reduce improper payments for the programs and activities determined to be at significant risk of making improper payments.

SA 1715. Mr. CRAIG submitted an amendment intended to be proposed to amendment SA 1502 proposed by Mr. REID to the bill H.R. 6, to reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes; which was ordered to lie on the table; as follows:

On page 221, line 21, strike ''and''.

On page 221, between lines 21 and 22, insert the following:

(iv) wood products that are certified under all nationally recognized sustainable forest certification programs, as determined by the Director, that are carried out by a third party; and

On page 221, line 22, strike ''(iv)'' and insert ''(v)''.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources. The hearing will be held on June 27, 2007, at 2:30 p.m. in Room 366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on S. 1171, a bill to amend the Colorado River Storage Project Act and Public Law 87–483; to authorize the construction and rehabilitation of water infrastructure in northwestern New Mexico; to authorize the use of the reclamation fund to fund the Reclamation Water Settlements Fund; to authorize the conveyance of certain reclamation land and infrastructure; to authorize the Commissioner of Reclamation to provide for the delivery of water; and to resolve the Navajo Nation's water rights claims in the San Juan River basin in New Mexico.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send it to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510–6150, or by email to *Gina_Weinstock@energy.senate.gov*.

For further information, please contact Michael Connor at (202) 224–5479 or Gina Weinstock at (202) 224–5684.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. BROWN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, June 19, 2007, at 9:30 a.m., in open session to consider the nomination of the honorable Preston M. Geren, to be Secretary of the Army.

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

COMMITTEE ON FINANCE

Mr. BROWN. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Tuesday, June 19, 2007, at 10 a.m., in 215 Dirksen Senate Office Building, to consider an original bill entitled the ''Energy Advancement and Investment Act of 2007.''

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